

No. 18494

**FEDERAL REPUBLIC OF GERMANY
and
PAKISTAN**

**Agreement concerning financial co-operation (with annex).
Signed at Islamabad on 12 October 1978**

Authentic texts: German and English.

Registered by the Federal Republic of Germany on 14 April 1980.

**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE
et
PAKISTAN**

**Accord de coopération financière (avec annexe). Signé à
Islamabad le 12 octobre 1978**

Textes authentiques : allemand et anglais.

Enregistré par la République fédérale d'Allemagne le 14 avril 1980.

AGREEMENT¹ BETWEEN THE PRESIDENT OF THE ISLAMIC
REPUBLIC OF PAKISTAN AND THE GOVERNMENT OF THE
FEDERAL REPUBLIC OF GERMANY CONCERNING FINAN-
CIAL CO-OPERATION

The Government of the Islamic Republic of Pakistan and the Government of the Federal Republic of Germany,

In the spirit of the friendly relations existing between the Islamic Republic of Pakistan and the Federal Republic of Germany,

Desiring to strengthen and intensify those friendly relations by fruitful co-operation in the field of development assistance,

Aware that the maintenance of those relations constitutes the basis of the present Agreement,

In supplementation of the assistance previously granted to the Government of the Islamic Republic of Pakistan by the Government of the Federal Republic of Germany,

Intending to contribute to economic and social development in the Islamic Republic of Pakistan,

Have agreed as follows:

Article 1. (1) The Government of the Federal Republic of Germany shall enable the Government of the Islamic Republic of Pakistan to raise with the Kreditanstalt für Wiederaufbau (Development Loan Corporation), Frankfurt/Main, a loan up to DM 55,000,000 (fifty-five million German Marks).

(2) The loan shall be used to meet foreign exchange costs resulting from the purchase of goods and services to cover Pakistan's current civilian requirements.

These supplies and services must be such as are covered by the list annexed to the present Agreement and for which import and foreign exchange licences have been issued after 31 December 1977.

(3) When utilizing the amount referred to above, sympathetic consideration shall be given to the requirements of enterprises established in Pakistan with German financial participation. The Government of the Federal Republic of Germany proceeds on the understanding that the Government of the Islamic Republic of Pakistan will use the Rupee counterpart funds accruing from the sale of the loaned German Marks for development projects.

Article 2. (1) The loan shall bear interest at the rate of 0.75 per cent per annum. It shall have a maturity of fifty years including ten years of grace.

(2) The utilization of the loan as well as the other terms and conditions on which it is granted in each case shall be governed by the provisions of the agreements to be concluded between the borrower and the Kreditanstalt für Wiederaufbau, which shall be subject to the laws and regulations applicable in the Federal Republic of Germany.

¹ Came into force on 12 October 1978 by signature, in accordance with article 7.

Article 3. The Government of the Islamic Republic of Pakistan shall exempt the Kreditanstalt für Wiederaufbau from all taxes and other public charges levied by the Islamic Republic of Pakistan at the time of the conclusion or during the implementation of the agreements referred to in article 2 (2) of the present Agreement.

Article 4. The Government of the Islamic Republic of Pakistan shall allow passengers and suppliers free choice of transport enterprises for such transportation by sea or air of persons and goods as results from the granting of the loans, abstain from taking any measures that might exclude or impair the participation on equal terms of transport enterprises having their place of business in the German area of application of the present Agreement, and grant permits for the participation of such enterprises as required.

Article 5. With regard to supplies resulting from the granting of the loan, the Government of the Federal Republic of Germany attaches particular importance to preferential use being made of the economic potential of Land Berlin.

Article 6. With the exception of those provisions of article 4 which refer to air transport, this Agreement shall also apply to Land Berlin, provided that the Government of the Federal Republic of Germany does not make a contrary declaration to the Government of the Islamic Republic of Pakistan within three months of the date of entry into force of this Agreement.

Article 7. The present Agreement shall enter into force on the date of signature thereof.

DONE at Islamabad on 12 October 1978 in duplicate in the English and German languages, both texts being equally authentic.

[Signed — Signé]¹

For the Government
of the Federal Republic of Germany

[Signed — Signé]²

For the Government
of the Islamic Republic of Pakistan

ANNEX TO THE AGREEMENT OF 12 OCTOBER 1978 BETWEEN THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN AND THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY CONCERNING FINANCIAL CO-OPERATION

(1) List of goods and services eligible for financing from the loan up to a total value of DM 55,000,000 (fifty-five million German Marks) under article 1 of the Agreement of 12 October 1978:

- (a) Industrial raw and auxiliary materials as well as semi-manufactures,
- (b) Industrial equipment,
- (c) Spare parts and accessories of all kinds,
- (d) Chemical products, in particular fertilizers, plant protection agents, pesticides, medicaments,
- (e) Agricultural machinery and implements,
- (f) Other industrial products important for Pakistan's development,

¹ Signed by Ulrich Scheske — Signé par Ulrich Scheske.

² Signed by Aftab Ahmad Khan — Signé par Aftab Ahmad Khan.

- (g) The costs, also in local currency, of transport, insurance and assembly arising in connexion with the importation of goods financed under the present Agreement,
- (h) Advisory services and licence fees.

(2) Imports not included in the above list may only be financed with the prior approval of the Government of the Federal Republic of Germany.

The importation of consumer goods for personal needs, especially luxury goods, as well as any goods and facilities serving military purposes, may not be financed from the loan.
