

No. 21718

**FEDERAL REPUBLIC OF GERMANY
and
PAKISTAN**

Agreement concerning financial co-operation (with annex and exchange of letters). Signed at Islamabad on 8 October 1980

Authentic texts: German and English.

Registered by the Federal Republic of Germany on 17 March 1983.

**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE
et
PAKISTAN**

Accord de coopération financière (avec annexe et échange de lettres). Signé à Islamabad le 8 octobre 1980

Textes authentiques : allemand et anglais.

Enregistré par la République fédérale d'Allemagne le 17 mars 1983.

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 President 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 through financial co-operation in a spirit of partnership,

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

In supplementation of previous assistance accorded 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 or other borrowers to be determined jointly by the two Governments to raise with the Kreditanstalt für Wiederaufbau (Development Loan Corporation), Frankfurt/Main, loans up to DM 110,000,000 (one hundred and ten million deutsche mark).

(2) The loans pursuant to paragraph 1 above shall be used in accordance with paragraphs 3 to 5 below.

(3) Up to DM 60,000,000 (sixty million deutsche mark) shall be used for projects to be determined jointly by the two Governments if, after examination, they have been found eligible for promotion.

(4) Up to DM 20,000,000 (twenty million deutsche mark) shall be used to meet foreign exchange costs resulting from the purchase of equipment for the Pakistan Railways (programme-related commodity assistance) if, after examination, this has been found eligible for promotion.

(5) Up to DM 30,000,000 (thirty million deutsche mark) shall be used to meet foreign exchange costs resulting from the purchase of goods and services to cover current civilian requirements, and to meet foreign exchange and local currency costs of transport, insurance and assembly arising in connection with the importation of goods financed under the present Agreement (general commodity assistance). These supplies and services must be such as are covered by the list annexed to the present Agreement and for which transport and foreign exchange licences have been issued after 31 December 1979.

¹ Came into force on 8 October 1980 by signature, in accordance with article 8.

(6) When utilizing the amount referred to in paragraph 5 above, sympathetic consideration shall be given to the requirements of enterprises established in Pakistan with German financial participation.

(7) 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 arising from the sale of the deutsche mark so loaned for development projects.

(8) The projects referred to in paragraphs 3 and 4 above may be replaced by other projects if the Government of the Islamic Republic of Pakistan and the Government of the Federal Republic of Germany so agree.

Article 2. (1) The utilization of the loans as well as the terms and conditions on which they are granted shall be governed by the provisions of the agreements to be concluded between the borrowers and the Kreditanstalt für Wiederaufbau, which shall be subject to the laws and regulations applicable in the Federal Republic of Germany.

(2) The Government of the Islamic Republic of Pakistan, insofar as it is not itself the borrower, shall guarantee to the Kreditanstalt für Wiederaufbau all payments in Deutsche Mark to be made in fulfilment of the borrowers' liabilities under the agreements to be concluded pursuant to paragraph 1 above.

Article 3. The Government of the Islamic Republic of Pakistan shall exempt the Kreditanstalt für Wiederaufbau from all taxes and other public charges levied in the Islamic Republic of Pakistan in connection with the conclusion and implementation of the agreements to be concluded pursuant to article 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, land 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 this Agreement, and grant any necessary permits for the participation of such enterprises.

Article 5. Supplies and services for projects financed from the loans pursuant to article 1 (3) and (4) above shall, unless otherwise provided for in individual cases, be subject to international public tender.

Article 6. With regard to supplies and services resulting from the granting of the loans, the Government of the Federal Republic of Germany attaches particular importance to preferential use being made of the economic potential of Land Berlin.

Article 7. 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 8. This Agreement shall enter into force on the date of signature thereof.

DONE at Islamabad 8 October 1980 in duplicate in the English and German languages, both texts being equally authentic.

For the President
of the Islamic Republic of Pakistan:

[Signed — Signé]¹

For the Government
of the Federal Republic of Germany:

[Signed — Signé]²

[Signed — Signé]³

ANNEX TO THE AGREEMENT OF 8 OCTOBER 1980 BETWEEN THE PRESIDENT 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 under article 1 (5) of the Agreement of 8 October 1980

- (a) Industrial raw and auxiliary materials as well as semi-manufactures,
- (b) industrial equipment as well as agricultural machinery and implements,
- (c) spare parts and accessories of all kinds,
- (d) chemical products, in particular fertilizers, plant protection agents, pesticides, medicaments,
- (e) other industrial products of importance for the development of the Islamic Republic of Pakistan
- (f) advisory services, patents and licence fees.
- (g) supplementary equipment and advisory services for the Swat Ceramics Company Ltd. up to an amount of DM 2,000,000 (two million deutsche mark).

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.

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

¹ Signed by S. G. Ahmad — Signé par S. G. Ahmad.

² Signed by Klaus Terfloth — Signé par Klaus Terfloth.

³ Signed by Dr. F. Klamser — Signé par F. Klamser.

EXCHANGE OF LETTERS — ÉCHANGE DE LETTRES

I

[GERMAN TEXT — TEXTE ALLEMAND]

DER LEITER DER DEUTSCHEN DELEGATION

Islamabad, den 8. Oktober 1980

Sehr geehrter Herr Ahmad,

ich habe die Ehre, Ihnen unter Bezugnahme auf das heute abgeschlossene Abkommen über Finanzielle Zusammenarbeit folgendes mitzuteilen:

Der Präsident der Islamischen Republik Pakistan hat zum Ausdruck gebracht, daß er das Darlehen gemäß Artikel 1 Absatz 4 des Abkommens in Höhe von 10 Millionen DM (in Worten: Zehn Millionen Deutsche Mark) zur Deckung des Einfuhrbedarfs aus der Bundesrepublik Deutschland benötigt. Demgemäß wird dieses Darlehen zur Finanzierung von Lieferungen und Leistungen von Unternehmen mit Sitz in der Bundesrepublik Deutschland einschließlich des Landes Berlin verwendet werden.

Ich darf Sie bitten, Herr Ahmad, mir das Einverständnis des Präsidenten der Islamischen Republik Pakistan zum Vorstehenden bestätigen zu wollen.

Genehmigen Sie, Herr Ahmad, die Versicherung meiner ausgezeichneten Hochachtung.

[Signed — Signé]

Dr. F. KLAMSER

Herrn Syed Ghulam Ahmad
Joint Secretary der Regierung
der Islamischen Republik Pakistan
Economic Affairs Division
Islamabad

[TRANSLATION — TRADUCTION]

THE LEADER OF THE GERMAN DELEGATION

Islamabad, October 8th, 1980

Dear Mr. Ahmad,

With reference to the Agreement concluded today concerning Financial Cooperation I have the honour to inform you as follows:

The President of the Islamic Republic of Pakistan has indicated that he requires the loan pursuant to article 1 (4) of the Agreement amounting to DM 10,000,000 (ten million deutsche mark) for necessary imports from the Federal Republic of Germany. This loan will accordingly be used to finance supplies and services from enterprises having their place of business in the Federal Republic of Germany, including Land Berlin.

I should be grateful, Mr. Ahmad, if you would confirm the agreement of the President of the Islamic Republic of Pakistan to the foregoing.

Accept, Mr. Ahmad, the assurances of my highest consideration.

[Signed]

Dr. F. KLAMSER

Mr. Syed Ghulam Ahmad
Joint Secretary of the Government
of the Islamic Republic of Pakistan
Economic Affairs Division
Islamabad

II

GOVERNMENT OF PAKISTAN
MINISTRY OF FINANCE AND ECONOMIC AFFAIRS
ECONOMIC AFFAIRS DIVISION

No. VI(1)CM.V/80

Joint Secretary

Islamabad, the 8th October 1980

Excellency,

I have the honour to acknowledge receipt of your side letter dated the 8th October, 1980 to the Agreement between the Government of the Federal Republic of Germany and the President of the Islamic Republic of Pakistan concerning Financial Cooperation signed on October 8, 1980 which reads as follows:

[See letter I]

2. I hereby confirm that the Government of the Islamic Republic of Pakistan accepts the contents of the side letter reproduced above.

3. Accept, Excellency, the assurances of my highest consideration.

[Signed]

SYED GHULAM AHMAD

His Excellency Dr. Klaus Terfloth
Ambassador of the Federal Republic
of Germany
Islamabad