

No. 22019

**FEDERAL REPUBLIC OF GERMANY
and
PAKISTAN**

**Agreement concerning financial co-operation (with annex).
Signed at Bonn on 19 October 1981**

Authentic texts: German and English.

Registered by the Federal Republic of Germany on 28 June 1983.

**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE
et
PAKISTAN**

**Accord de coopération financière (avec annexe). Signé à
Bonn le 19 octobre 1981**

Textes authentiques : allemand et anglais.

Enregistré par la République fédérale d'Allemagne le 28 juin 1983.

AGREEMENT¹ BETWEEN THE PRESIDENT OF THE ISLAMIC REPUBLIC OF PAKISTAN AND THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY CONCERNING FINANCIAL 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 these 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 recipients to be determined jointly by the two Governments to obtain from the Kreditanstalt für Wiederaufbau (Development Loan Corporation), Frankfurt/Main, loans and financial contributions of up to a total of DM 135,000,000 (one hundred and thirty-five million Deutsche Mark).

(2) The loans shall be used in accordance with paragraphs 3 to 5 below, the financial contributions in accordance with paragraph 6 below.

(3) Up to DM 78,000,000 (seventy-eight million Deutsche Mark) shall be used for projects to be determined jointly by the two Governments, if, after examination, the projects 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 agricultural inputs (programme-tied 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 this Agreement (general commodity assistance). The supplies and services must be such as are covered by the list annexed to this Agreement and for which transport and foreign exchange licences have been issued after 31 December 1980.

(6) Up to DM 7,000,000 (seven million Deutsche Mark) shall be used to purchase trucks for the Chief Commissioner for Afghan Refugees (programme-tied

¹ Came into force on 19 October 1981 by signature, in accordance with article 8.

commodity assistance) and to establish a Study and Expert Fund (SEF) designed for preparatory and necessary attendant implementation and support measures for Financial Co-operation projects.

(7) 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.

(8) 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 Deutsche Mark so loaned for development projects.

(9) 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.

The financial contributions shall be converted into loans in the event that they are not used for measures pursuant to paragraph 6 above.

Article 2. (1) The utilization of the loans and the financial contributions as well as the terms and conditions on which they are made available shall be governed by the provisions of the agreements to be concluded between the recipients 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 referred to in 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 and the financial contributions, abstain from taking any measures that might exclude or impair the fair and equal participation 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) of this Agreement 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 and the financial contributions, 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 Bonn on 19 October 1981, 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 19 OCTOBER 1981 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 19 October 1981:

- (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, medicines,
- (e) Other industrial products of importance for the development of Pakistan,
- (f) Advisory services, patents 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.

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 Naik — Signé par Naik.

² Signed by B. von Staden — Signé par B. von Staden.

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