

No. 26687

**FEDERAL REPUBLIC OF GERMANY
and
PAKISTAN**

**Agreement concerning financial cooperation (with annex).
Signed at Bonn on 9 July 1987**

Authentic texts: German and English.

Registered by the Federal Republic of Germany on 16 June 1989.

**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE
et
PAKISTAN**

**Accord de coopération financière (avec annexe). Signé à Bonn
le 9 juillet 1987**

Textes authentiques : allemand et anglais.

Enregistré par la République fédérale d'Allemagne le 16 juin 1989.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE ISLAMIC
REPUBLIC OF PAKISTAN AND THE GOVERNMENT OF THE
FEDERAL REPUBLIC OF GERMANY CONCERNING FINAN-
CIAL CO-OPERATION IN 1987

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 through financial
co-operation in a spirit of partnership,

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

Intending to contribute to social and economic development in the Islamic Re-
public of Pakistan,

With reference to the Minutes of 9 July 1987 of the intergovernmental negotia-
tions held in Bonn from 7 to 9 July 1987,

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 contribu-
tions up to a total of DM 130,000,000 (one hundred and thirty million Deutsche
Mark); of this amount DM 108,000,000 (one hundred and eight million Deutsche
Mark) shall be provided as loans and DM 22,000,000 (twenty-two million Deutsche
Mark) as financial contributions.

(2) The loans shall be used according to the specifications of paragraphs 3
to 6 below and the financial contributions according to the specifications of para-
graphs 7 to 9 below.

(3) A loan of up to DM 15,500,000 (fifteen million five hundred thousand
Deutsche Mark) shall be used to meet foreign exchange costs for the project "500-kw
transmission line, Lahore-Jamshoro, (WAPDA V) if, after examination, the project
has been found eligible for promotion.

(4) A loan of up to DM 50,000,000 (fifty million Deutsche Mark) shall be used
to meet foreign exchange costs for the project "Expansion and improvement of
telecommunication (Phase II)" if, after examination, the project has been found
eligible for promotion.

(5) A loan of up to DM 32,500,000 (thirty-two million five hundred thousand
Deutsche Mark) shall be used to meet foreign exchange costs for the project

¹ Came into force on 9 July 1987 by signature, in accordance with article 7.

“Chasma Barrage low-head hydro-power station” if, after examination, the project has been found eligible for promotion.

(6) A loan of up to DM 10,000,000 (ten 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. The supplies and services must be such as are covered by the list annexed to this Agreement and for which supply or service contracts were concluded after 1 June 1987.

(7) A financial contribution of up to DM 2,000,000 (two million Deutsche Mark) shall be used to establish a Study and Expert Fund for the preparation of financial co-operation projects and for attendant measures required for their implementation and support.

(8) A financial contribution of up to DM 10,000,000 (ten million Deutsche Mark) shall be used for the project “Wana Plain and Jani Khel (NWFP) groundwater development” if, after examination, the project has been found eligible for promotion.

(9) A financial contribution of up to DM 10,000,000 (ten million Deutsche Mark) shall be used for the project “Drinking-water supply in refugee-affected areas of North West Frontier Province (Phase II)” if, after examination, the project has been found eligible for promotion.

(10) The projects referred to in paragraphs 3 to 5 and 7 to 9 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.

(11) For the projects referred to in paragraphs 3 to 5 above the Kreditanstalt für Wiederaufbau has earmarked further funds amounting to DM 116,000,000 (one hundred and sixteen million Deutsche Mark) within the scope of mixed financing. The Government of the Federal Republic of Germany is ready in principle to assume guarantees up to the amount of such financing loans under existing national directives and provided the other conditions for cover are met.

Article 2

(1) The utilization of the loans and the financial contributions referred to in Article 1 of this Agreement and the terms and conditions on which they are made available, as well as the procedure for awarding contracts, shall be governed by the provisions of the agreements to be concluded between the recipient of the loans and the financial contributions 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 land, sea 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 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

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 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

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

DONE at Bonn on 9 July 1987 in duplicate in the English and German languages, both texts being equally authentic.

For the Government
of the Islamic Republic
of Pakistan:

[Signed — Signé]¹

For the Government
of the Federal Republic
of Germany:

[Signed — Signé]²

¹ Signed by Aftab Ahmad Khan — Signé par Aftab Ahmad Khan.

² Signed by Schlagintweil — Signé par Schlagintweil.

ANNEX TO THE AGREEMENT OF 9 JULY 1987 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 under Article 1 (6) of the Agreement of 9 July 1987:

- (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 plant protection agents, pesticides, medicaments, colouring agents.

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.
