

No. 4979

**UNION OF SOVIET SOCIALIST REPUBLICS
and
IRAQ**

Agreement on economic and technical co-operation (with annexes). Signed at Moscow, on 16 March 1959

Official texts: Russian and Arabic.

Registered by the Union of Soviet Socialist Republics on 21 December 1959.

**UNION DES RÉPUBLIQUES SOCIALISTES
SOVIÉTIQUES
et
IRAK**

Accord de coopération économique et technique (avec annexes). Signé à Moscou, le 16 mars 1959

Textes officiels russe et arabe.

Enregistré par l'Union des Républiques socialistes soviétiques le 21 décembre 1959.

[TRANSLATION — TRADUCTION]

No. 4979. AGREEMENT¹ ON ECONOMIC AND TECHNICAL
CO-OPERATION BETWEEN THE UNION OF SOVIET
SOCIALIST REPUBLICS AND THE REPUBLIC OF IRAQ.
SIGNED AT MOSCOW, ON 16 MARCH 1959

The Government of the Union of Soviet Socialist Republics and the Government of the Republic of Iraq,

Considering the friendly relations existing between the Soviet Union and the Republic of Iraq, and

Desiring to expand and strengthen their economic and technical co-operation, based on the principles of equality, non-interference in domestic affairs and full respect for the national dignity and sovereignty of the two countries,

Have agreed on the following provisions :

Article 1

The Government of the Union of Soviet Socialist Republics, with a view to promoting the economic development of the Republic of Iraq and in order to meet the wishes of the Government of the Republic of Iraq, expresses its consent to co-operate with the Government of the Republic of Iraq in the implementation of plans for the development of Iraq's economy in the spheres of the metallurgical, chemical, mechanical engineering, electrical engineering, textile, food and pharmaceutical industries, means of transportation and communication, agricultural production, irrigation and land reclamation, and also in the sphere of geological exploration for minerals.

The projects and operations with respect to which the Soviet organizations will furnish technical assistance to the Iraqi State organizations are enumerated in annex 1² to this Agreement.

Article 2

For the purpose of furnishing the co-operation provided for in article 1 of this Agreement, the Government of the USSR shall, through the appropriate Soviet organizations, ensure :

The carrying out, in co-operation with the Iraqi State organizations, of geological surveys and planning, exploratory and research work, and the supply of machinery and equipment with the regular complement of spare parts, and of

¹ Came into force on 16 April 1959, the date of the exchange of the instruments of ratification at Baghdad, in accordance with article 12.

² See p. 154 of this volume.

certain materials unobtainable in Iraq, for the construction of the projects and the completion of the operations specified in annex 1 to this Agreement;

The provision by Soviet experts of technical assistance in the selection of construction sites and the collection of initial planning data, in the construction of the projects through consultations and direct supervision by the originators of the plans, in the assembly and adjustment of equipment, and in the initial operation of projects being constructed with the assistance of the Soviet Union; and the provision of assistance, for a period agreed on by the Parties, in organizing the operation of those projects and bringing them up to their planned capacities;

The provision of assistance in the training of Iraqi national personnel for work at the projects which are to be constructed with the assistance of the USSR, through the dispatch to Iraq of Soviet expert-instructors, and also the admission to the USSR, if the Iraqi Party so desires, of Iraqi citizens for industrial and technical training at similar projects.

Article 3

The Government of the Union of Soviet Socialist Republics shall ensure the delivery to the Government of the Republic of Iraq by the Soviet organizations of drawings and descriptions of technological processes necessary for organizing the output of the appropriate products at the projects constructed with the assistance of the USSR under this Agreement.

The delivery of these documents shall be effected without charge save for the repayment of actual expenditures in connexion with their preparation and delivery.

It is understood that the documents aforesaid shall be used within the Republic of Iraq and shall not be delivered to foreign persons, either natural or juridical.

Deviations from this principle may be permitted only with the consent of the appropriate Soviet organizations in each individual case.

Article 4

The Government of the Republic of Iraq shall, through the appropriate Iraqi organizations, carry out the construction of the projects and the completion of the operations enumerated in annex 1 to this Agreement, and shall arrange for their financing. It is understood in this connexion that the organization of the construction and assembly work, the supply of labour for the construction work and of such of the requisite materials as are obtainable in Iraq, as well as the construction of subsidiary establishments and the provision of communal services shall be the responsibility of the Iraqi Party.

The Iraqi organizations shall provide the Soviet organizations with all preliminary data necessary for the planning of the projects enumerated in annex 1

to this Agreement, agreement being reached beforehand between the Parties on the planning specifications.

Article 5

For the purpose of the repayment of the expenditures incurred in the provision by the Soviet Union of technical assistance in the construction of the projects and the completion of the operations enumerated in annex 1 to this Agreement, the Government of the Union of Soviet Socialist Republics shall grant the Government of the Republic of Iraq a loan of 550 million roubles (1 rouble is equivalent to 0.222168 gramme of fine gold) at 2.5 per cent interest per annum which may be drawn upon over a period of seven years from the date of the entry into force of this Agreement.

The loan granted in accordance with this article shall be used to pay for :

(a) The geological surveys and planning, exploratory and research work to be carried out by the Soviet organizations;

(b) The machinery and equipment for the construction of projects and the completion of operations, and certain materials necessary for construction and unobtainable in Iraq, to be delivered from the USSR to Iraq c.i.f. Iraqi ports;

(c) The travel to and from Iraq of Soviet experts sent to furnish technical assistance;

(d) The cost of the industrial and technical training of Iraqi citizens in the USSR; and

(e) The actual cost of preparing and delivering the technical documents mentioned in article 3 of this Agreement.

If the gold value of the rouble should change, the portions of the loan expressed in roubles shall be recalculated in accordance with such change in order to preserve the gold equivalent of the amount of the loan granted.

If the cost of the geological surveys, the planning, exploratory and research work, the supplies of equipment, machinery and materials and the other services carried out or furnished by the Soviet Party, for the projects and operations specified in annex 1 to this Agreement, proves to be less than the amount of the loan aforesaid, the Parties shall agree at a later date on a list of supplementary projects for which technical assistance shall be given under the loan. If the cost of the services of the Soviet Party exceeds the amount of the loan aforesaid, the sum in excess shall be paid by the Iraqi Party by means of deliveries to the USSR of Iraqi goods in accordance with the Trade Agreement in force between the USSR and the Republic of Iraq and/or in a convertible currency to be determined by agreement between the State Bank of the USSR and the Central Bank of the Republic of Iraq.

Article 6

The Government of the Republic of Iraq shall repay those portions of the loan granted to it in accordance with article 5 of this Agreement which are used

for each project in equal annual instalments over a period of twelve years, beginning one year after the delivery from the USSR of the complete set of equipment provided for in the contracts relating to that project has been completed.

Where the provision of technical assistance with respect to a particular project is not linked with the delivery from the USSR of a complete set of equipment, the amount of the loan used shall be repaid by the Iraqi Party, over a period of twelve years beginning from the date on which the account is rendered for the operations completed by the Soviet organizations.

Interest on the loan shall accrue from the date on which the relevant portion of the loan is taken down, and shall be paid during the first quarter of the year following the year for which it is payable. The date of the bill of lading shall be deemed to be the date on which the loan was taken down for the purchase of equipment, machinery and materials, and the date of the rendering of the account shall be deemed to be that on which the loan was taken down to pay for the planning, geological-survey and other operations, and also for the travel to and from Iraq of the Soviet experts, the industrial and technical training of Iraqi citizens in the USSR and other costs.

Article 7

The repayment of the loan and the payment of accrued interest thereon shall be made by the Government of the Republic of Iraq by the deposit of the sums due in Iraqi dinars (1 dinar = 2.48828 grammes of fine gold) in a separate account to be opened in the Central Bank of Iraq in the name of the State Bank of the USSR.

The conversion of roubles into Iraqi dinars shall be effected on the basis of the gold value of the rouble and the Iraqi dinar on the day of payment.

The sums deposited in this account may be used by the Soviet Union for the purchase of Iraqi goods in accordance with the terms of the Trade Agreement in force between the USSR and the Republic of Iraq and/or may be converted into a convertible currency to be determined by agreement between the State Bank of the USSR and the Central Bank of the Republic of Iraq.

The conversion of Iraqi dinars into the convertible currency shall be effected on the basis of the gold value of the two currencies on the day of conversion.

If the exchange rate of the Iraqi dinar is changed, the balance existing in the account of the State Bank of the USSR in the Central Bank of the Republic of Iraq on the day of such change shall be adjusted proportionally to the change which has taken place in the gold value of the Iraqi dinar.

Article 8

For the purpose of recording transactions relating to the use and repayment of the loan to be granted in accordance with this Agreement, and the payment of