



Eidgenössisches Volkswirtschaftsdepartement

HANDELSABTEILUNG

Département fédéral de l'économie publique

DIVISION DU COMMERCE

Je/me - Pak.861.5

3003 BERN, den

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The Division of Commerce of the Federal Department of Public Economy presents its compliments to the Embassy of Pakistan and has the honour to acknowledge receipt of the Embassy's note, dated February 5, 1979, inquiring on the latest position of the Government of the Swiss Confederation regarding the extension of a fresh credit of 50 million Swiss francs to Pakistan.

The Division of Commerce attaches importance to recalling, herewith, the major elements of official development assistance granted during the past few years by Switzerland to the Government of Pakistan.

Through the transfer credit agreement of 1970, a mixed credit of 45 million Swiss francs was extended to the Government of Pakistan, financed to the extent of fifty per cent by the Government of the Swiss Confederation on concessional terms with regard to the rate of interest and the period of repayment and to fifty per cent by a Swiss Bank Consortium. As of January 1, 1978, the utilized portion of the above mentioned public credit tranche, amounting to 21,4 million Swiss francs, was converted into a grant. This conversion represented part of the Swiss contribution to the special action programme agreed upon at the Conference on International Economic Co-operation, held in 1976 and 1977 in Paris.

Embassy of Pakistan

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Moreover, the Swiss Government has participated in three debt relief operations in favour of Pakistan finalized within the framework of the Pakistan Consortium. The most recent exercise resulted in a soft term rescheduling loan amounting to 44,1 million Swiss francs granted to the Government of Pakistan by the Swiss Government on the basis of the agreement of December 5, 1974 (maturity: 30 years; rate of interest: 2,5 %). Finally, in the field of aid from multilateral donors, the Asian Development Bank, of which Switzerland is a member, has extended soft term credits and loans of considerable amounts to the Government of Pakistan during the last few years.

In the context of bilateral technical co-operation, the financial contribution from the Swiss Government towards the financing of development projects in Pakistan has, over the years, undergone a considerable increase. Recently, a Swiss development aid co-ordinator has been accredited with the Government of Pakistan and attached to the Swiss Embassy in Islamabad. This reflects the importance which we attach to our development co-operation with Pakistan and our determination to contribute to the economic and social development of its people.

The funds at present available to the Division of Commerce permit to finance only a very limited number of mixed credits. It is further our aim to diversify the range of countries which may benefit from these credits. It is also the view of the Swiss Government, that, when applying this type of semi-concessional assistance, due regard should be paid to the financial position of a country and its indebtedness in particular.

In this context, it will be remembered that at the meeting of the Pakistan Consortium in Paris on June 1 and 2, 1978, the Pakistan Delegation, on behalf of its Government, requested the Consortium

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to give urgent attention to its request for continued debt relief. The Government of Pakistan felt that such action was justified by the country's grave balance of payments situation.

After careful consideration of all the relevant matters mentioned above, the Division of Commerce regrets to inform the Embassy of Pakistan that it is, for the present, not in a position to extend a new mixed credit to the Government of Pakistan.

The Federal Division of Commerce trusts that this decision will be met with understanding by the Embassy of Pakistan and avails itself of this opportunity to renew to the Embassy of Pakistan the assurances of its highest consideration.



Kopie an: Schweizerische Botschaft, Islamabad
Direktion für Entwicklungszusammenarbeit und
humanitäre Hilfe, EPD

HH. Ja, vT, Sa, Pi, Wo, Kn, Schä, Je