

Convention¹ Between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the Romanian People's Republic Concerning the Determination of the Value of Investments and Mutual Accounting in Connexion with the Construction of the Iron Gates Water Power and Navigation System on the River Danube. Signed at Belgrade on 30 November 1963

The Government of the Socialist Federal Republic of Yugoslavia and the Government of the Romanian People's Republic, having regard to the provision concerning the determination of the value of investments and mutual accounting which are contained in the Agreement concerning the construction and operation of the Iron Gates Water Power and Navigation System on the River Danube, signed on 30 November 1963, have agreed as follows:

I. General Provisions

Article 1

1. Each Contracting Party shall finance those of the works required for the construction of the Iron Gates Water Power and Navigation System on the River Danube (hereinafter referred to as "the Iron Gates System") for whose execution it arranges in accordance with the provisions of the Agreement and Convention concerning the Iron Gates System and of the preliminary design for the System.
2. The Two Contracting Parties shall participate in equal shares in the total investments required for the construction of the Iron Gates System.
3. For the purpose of applying the principle laid down in paragraph 2 of this article, the accounting for and equalization of investments shall be effected on the basis of the provision.

Article 2

1. All values determined or accounted for under the provisions of this Convention shall be expressed in United States dollars, on the basis of average prices on representative world markets.
2. The rules for determining and applying average world prices are laid down in annex No. 2, which shall constitute an integral part of this Convention.
3. The average world prices for materials, construction appliances and equipment and the wage rates to be applied in determining estimated values are shown in annexes Nos.2-A, 2-B,2-C and 2-D, which shall constitute an integral part of this Convention.

II. Method of Determining the Estimated Value of Investments

Article 3

The total estimated value of investments for the construction of the Iron Gates System shall be indicated in the general estimate forming part of the preliminary design. This estimated value shall be particularized in the next phase of design for the items specified in article 14 of this Convention.

¹ Came into force on 16 July 1964 by the exchange of notes concerning approval, in accordance with article 32.

Article 4

1. The general estimate of investments in the preliminary design shall be drawn up according to the chapters and items of the schedule of investments contained in annex No.1, which shall constitute an integral part of this Convention.
2. In the general estimate, the value of each chapter and item of the schedule of investments shall be broken down according to:
 - The territory in which the structures and works specified in the item in question are situated;
 - The Party which is to execute the structures and works specified in the item in question.

Article 5

1. For the following items of the schedule of investments, the estimated value provided for in article 3 shall be determined on the basis of calculations made by applying the rules laid down in annex No.3 which shall constitute an integral part of this Convention:

Preparatory works (I.2.)

Diversion of the river and maintenance of navigation while construction is in progress (I.3.)

Construction works on the dam (I.4.1)

Construction works on the electric power plants (I.5.1.)

Construction works on the locks (I.6.1.1.)

Construction works on the outer basins (I.6.2.1.)

Construction works on the navigable channel in the Iron Gates sector, with mooring for vessels (I.7.1)

Construction works on the fishways (I.8.1.)

Regulation of the bed of the Danube downstream of the dam (I.9.)

Approaches to the main structure (I.10.)

2. The estimated value of the preparatory works (I.2.) which relate to the structures and works specified in items I.3 to I.10. and in the items in chapter II of the schedule of investments shall be determined on the basis of the construction organization scheme, which shall be worked out to the degree of accuracy of a working design and included in the preliminary design.

Article 6

For the following items of the schedule of investments, the estimated value provided for in article 3 shall be determined on the basis of the prices shown in annex No.2-C to this Convention and the average weight of the equipment or the tenders obtained by the Parties from the manufactures:

Equipment, including transport and assembly, for the dam (I.4.2.)

Equipment, including transport and assembly, for the electric power plants (I.5.2.)

Equipment, including transport and assembly, for the locks (I.6.1.2.)

Equipment, including transport and assembly, for the outer basins (I.6.2.2.)

Signalling installations, including transport and assembly (I.7.2.)

Equipment, including transport and assembly, for the fishways (I.8.2.)

and the values thus obtained shall be increased by 5 per cent to allow for equipment not provided for or not specified. The estimated values provided for in this article shall be fixed in equal amounts for the two Parties.

Article 7

1. The estimated value of the preliminary works for items I.3. to I.10 of the schedule of investments shall be determined by applying the following percentages to the estimated values specified in the preliminary design:

(A) For studies and research (I.1.1.), 4 per cent to the estimated value of the following items of the schedule of investments:

Diversion of the river and maintenance of navigation while construction is in progress (I.3.)

Construction works on the dam (I.4.1.)

Construction works on the electric power plants (I.5.1.)

Construction works on the locks (I.6.1.1.)

Construction works on the outer basins (I.6.2.1.)

Construction works on the navigable channel in the Iron Gates sector with moorings for vessels (I.8.1.)

Construction works on the fishways (I.8.1.)

Regulation of the bed of the Danube downstream of the dam Approaches to the main structure (I.10.)

(B) For design and technical supervision (I.1.2.)

(a) 2 per cent to the estimated value of the following items of the schedule of investments:

Preparatory works (I.2.)

Diversion of the river and maintenance of navigation while construction is in progress (I.3.)

Construction works on the dam (I.4.1.)

Construction works on the electric power plants (I.5.1.)

Construction works on the locks (I.6.1.1.)

Construction works on the outer basins (I.6.2.1.)

Construction works on the navigable channels in the Iron Gates sector with mooring for vessels (I.71.)

Construction works on the fishways (I.8.1.)

Regulation of the bed of the Danube downstream of the dam (I.9.)

Approaches to the main structure (I.10.)

(b) 0.75 per cent to the estimated value of the following items of the schedule of investments :

Equipment, including transport and assembly, for the dam (I.4.2.)

Equipment, including transport and assembly, for the electric power plants (I.5.2.)

Equipment, including transport and assembly, for the locks (I.6.1.2.)

Equipment, including transport and assembly, for the outer basins (I.6.2.2.)

Signalling installations, including transport and assembly (I.7.2.)

Equipment, including transport and assembly, for the fishways (I.8.2.)

1. The estimated value of the preliminary works for the main structure shall be fixed in equal amounts for the two Parties.

Article 8

1. The estimated value provided for in article 3 of this Convention for chapter II of the schedule of investments shall be determined in the following manner:

(A) The First step shall be to determine :

(a) The value of the construction works on the electric link between the switching stations at the electric power plants (II.2.1.) according to the method prescribed in article 5, paragraph 1, of this Convention ;

(b) The value of the following items:

Construction works on the switching stations at the electric power plants (II.1.1.)

Buildings, workshops, indoor and outdoor storage facilities (II.3.)

Permanent housing (II.4.)

in fixed and equal amounts for the two Parties;

(c) The value of equipment for the following items:

Equipment, including transport and assembly, for the switching stations at the electric power plants (II.1.2.)

Equipment, including transport and assembly, for the electric link between the switching stations at the electric power plants (II.2.2.)

According to the method prescribed in article 6 of this Convention, in equal amounts for the two Parties.

(B) The sums obtained by applying the provisions of sub-paragraph (A) of this paragraph shall be increased as follows:

(a) For studies and research, by 4 per cent for the following items:

Construction works on the switching stations at the electric power plants (II.1.1.)

Construction works on the electric link between the switching stations at the electric power plants. (II.2.1.)

(b) For design and technical supervision, by 2 per cent for the following items:

Construction works on the switching stations at the electric power plants (II.1.1.)

Construction works on the electric link between the switching stations at the power plants (II.2.1.)

Administration buildings (II.3.1.)

Construction works on the workshops (II.3.2.1.)

Indoor storage facilities (II.3.3.)

Outdoor storage facilities (II.3.4.)

Permanent housing (II.4.)

(c) For design and technical supervision, by 0.75 per cent for the following items:

Equipment, including transport and assembly, for the switching stations at the electric power plants (II.1.2.)

Equipment, including transport and assembly, for the electric link between the switching stations at the electric power plants (II.2.2.)

Equipment, including transport and assembly, for the workshops (II.3.2.2.)

1. The value of the preparatory works for chapter II of the schedule of investments shall not be included in estimated value under this article because it is covered by the estimated value of item (I.2.) in accordance with article 5, paragraph 2, of this Convention.

The estimated value provided for in article 3 of this Convention for items III.1., III.2., III.3., III.4., III.5.4., III.5.5. and III.5.7. of the schedule of investments shall be determined in the following manner:

(A) The first step shall be to determine:

(a) The value of construction works on the following items:

Dikes and other hydraulic engineering works (III.1.1.)

Rubble drains and discharge channels (III.1.2.)

Construction works on the pumping stations (III.1.3.1.)

Construction works on the structures and installations to protect inhabited localities, industrial plant and water conduits from the effects of storage (III.1.4.1.)

Structures and installations to protect the storage lake from silting by torrents (III.2.)

Regulation and cleaning of the storage lake bottom (III.4.)

Compensation for damage to mines (III.5.4.)

Compensation for damage to historic monuments (III.5.7.)

According to the method prescribed in article 5, paragraph 1, of this Convention;

(c) The value of equipment for the following items:

Equipment, including transport and assembly, for the pumping stations (III.1.3.2.)

Equipment, including transport and assembly, for the structures and installations to protect inhabited localities, industrial plant and water conduits from the effects of storage (III.1.4.2.)

Boats for ice-breaking and maintenance of structures (III.3.)

According to the method prescribed in article 6 of this Convention.

(A) The sums obtained by applying the provisions of paragraph (A) of this article shall be increased as follows:

(a) For studies and research for the following items:

Dikes and other hydraulic engineering works (III.1.1.) by 3%

Rubble drains and discharge channels (III.1.2.) by 3%

Construction works on the structures and installations to protect inhabited localities; industrial plant and water conduits from the effects of storage (III.1.4.1.) by 3%

Structures and installations to protect the storage lake from silting by torrents (III.2.) by 2.5%

Compensation for damage to mines (III.5.4.) by 2 %

Compensation for damage to communications (III.5.5.) by 2 %

(b) For design and technical supervision, by 1.5 per cent for the following items:

Dikes and other hydraulic engineering works (III.1.1.)

Rubble drains and discharge channels (III.1.2.)

Construction works on the pumping stations (III.1.3.1.)

Construction works on the structures and installations to protect inhabited localities; industrial plant and water conduits from the effects of storage (III.1.4.1.)

Structures and installations to protect the storage lake from silting by torrents (III.2.)

Regulation and cleaning of the storage lake bottom (III.4.)

Compensation for damage to mines (III.5.4.)

By 2 per cent for the following item :

Compensation for damage to communications (III.5.5.)

and by 0.75 per cent for the following items:

Equipment, including transport and assembly, for the pumping stations (III.1.3.2.)

Equipment, including transport and assembly, for the structures and installations to protect inhabited localities, industrial plant and water conduits from the effects of storage (III.1.4.2.)

(c) For preparatory works for the following items:

Dikes and other hydraulic engineering works (III.1.1.) by 6%

Rubble drains and discharge channels (III.1.2.) by 6%

Construction works on the pumping stations (III.1.3.1.) by 8%

Equipment, including transport and assembly, for the pumping stations (III.1.3.2.) by 3%

Construction works on the structures and installations to protect inhabited localities; industrial plant and water conduits from the effects of storage (III.1.4.1.) by 4%

Equipment, including transport and assembly, for the structures and installations to protect inhabited localities, industrial plant and water conduits from the effects of storage (III.4.2.) by 3%

Structures and installations to protect the storage lake from silting by torrents (III.2.) by 3%

Compensation for damage to mines (III.5.4.) by 4%

Compensation for damage to communications (III.5.5.) by 6%

Compensation for damage to historic monuments (III.5.7.) by 3%

(d) For the cost of occupying land outside the storage lake, in the amounts calculated according to the rules laid down in annex 3 to this Convention, for the following items :

Dikes and other hydraulic engineering works (III.1.1.)

Rubble drains and discharge channels (III.1.2.)

Construction works on the pumping stations (III.1.3.1.)

Construction works on the structures and installations to protect inhabited localities, industrial plant and water conduits from the effects of storage (III.1.4.1.)

Article 10

The estimated value of the following items of the schedule of investments :

Compensation for damage to land (III.5.1.)

Compensation for damage to buildings (III.5.2.)

Compensation for damage to industrial organizations (III.5.3.)

Compensation for damage to communal structures and installation (III.5.6.)

Shall be calculated in accordance with the Convention concerning compensation for damage caused by the construction of the Iron Gates System.

Article 11

The value of other capital expenditure (chapter IV of the schedule of investments) shall be fixed at an amount representing 2 per cent of the estimated value of investments specified in the preliminary design for chapters, I, II and III of the schedule of investments.

Article 12

The estimated value of intercalary interest (chapter V of the schedule of investments) shall be determined by applying a rate of 3 per cent a year, for the period prescribed in the Agreement for the construction of the Iron Gates System, to the estimated value of investments specified in the preliminary design for chapters I,II, III and IV of the schedule of investments.

Article 13

1. The prices and wage rates specified in annexes Nos. 2-A, 2-B, 2-C and 2-D may be modified by the Chief Design Agencies, having regard to the rules laid down in annex No.2, in agreement with the Mixed Commission, up to the date of approval of the preliminary design by the two Governments.
2. Prices and wage rates which are not covered by annexes Nos.2-A, 2-B, 2-C, and 2-D and other particulars which are not specified in this Convention but which are needed to work out the general estimate shall be determined by agreement between the Chief Design Agencies, which shall be bound to take into account the rules laid down in annex No.2 to this Convention.

Article 14

The estimated value of investments specified in the preliminary design shall be particularized in the preparation of working designs for the structures and works covered by the following items of the schedule of investments :

- Construction works on the dam (I.4.1.)
- Construction works on the electric power plants (I.5.1.)
- Construction works on the locks (I.6.1.1.)
- Construction works on the outer basins (I.6.2.1.)
- Construction works on the navigable channel in the Iron Gates sector, with moorings for vessels (I.7.1.)
- Construction works on the fishways (I.8.1.)
- Regulation of the bed of the Danube downstream of the dam (I.9.)
- Approaches to the main structure (I.10.)
- Construction works on the electric link between the switching stations at the electric power plants (II.2.1.)
- Dikes and other hydraulic engineering works (III.1.1.)
- Rubble drains and discharge channels (III.1.2.)
- Construction works on the pumping stations (III.1.3.1.)
- Construction works on structures and installations to protect inhabited localities, industrial plant and water conduits from the effects of storage (III.1.4.1.)
- Compensation for damage to mines (III.5.4.)
- Compensation for damage to communications (III.5.5.)
- Compensation for damage to historic monuments (III.5.7.)

Article 15

1. The two Governments shall take the necessary steps to ensure that the Chief Design Agencies, in particularizing the estimated values in the working designs referred to in article

14 of this Convention, do not exceed the following estimated values as specified in the preliminary design:

- (a) The total estimated value of investments under chapter I of the schedule of investments;
- (b) The total estimated value of investments under chapter I of the schedule of investments in the territory of each Contracting Party;
- (c) The total estimated value of investments under chapter III of the schedule of investments;
- (d) The total estimated value of investments under chapter III of the schedule of investments in the territory of each Contracting Party.

III. Method of Determining the Accounting Value of Investments.

Article 16

1. The estimated value indicated in the general estimate in the preliminary design shall constitute at the same time the basis for determining the accounting value of each Party's investments for all items in chapters I, II, III and IV of the schedule of investments with the exception of the items specified in article 14 of this convention. For the Items specified in article 14 of this Convention, this estimated value, which shall be particularized in the working designs, shall constitute at the same time the basis for determining the accounting value of each Party's investments provided that, in particularizing the estimated value in the working design phase, the total estimated values enumerated in article 15 of this Convention are not exceeded.
2. If, in the working design phase, any of the total estimated values enumerated in article 15 of this Convention is exceeded, the Mixed Commission shall examine the situation which has arisen and shall submit appropriate proposals to the two Governments. In the event that no agreement is reached in the Mixed Commission on the proposals to be made to the two Governments, or that the Governments do not approve the Mixed Commission's proposals, the following shall be recognized in the accounting between the Parties as the basis for calculating the accounting value of investments:
 - (a) For items whose estimated value, as particularized in the working design, does not exceed the estimated value shown in the preliminary design: the estimated values as particularized in the working design;
 - (b) For items whose estimated value, as particularized in the working design, exceeds the estimated value shown in the preliminary design: the estimated value, as particularized in the working design, reduced by the Mixed Commission subject to the provisions of article 15 of this Convention.

Article 17

1. The following shall be specified in the master construction plan:
 - (a) The volume of work to be carried out by each Party each year, and the time-limits for the individual phases of execution;
 - (b) The time-table of investment, expressed in :

- Annual allocations of the estimated value shown in the general estimate for each time in chapters I,II,III and IV of the schedule of investments, as a whole and for each separately;
- Percentages of the estimated value shown in the general estimates for each item of the schedule of investments, corresponding to the above allocations, as a whole and for each Party separately;
- Annual allocations of each Party's total investments.

2. The following shall be specified in the annual construction plans:

(a) The volume of work to be carried out by each Party during the year in question in respect of each item, which shall be worked out in detail on the basis of the particulars contained in the master construction plan, having regard to the fulfillment of the previous annual construction plan;

(b) The benchmarks with which to determine, without taking detailed measurements, the volume of work completed on the structures and works specified in article 3 of the Convention concerning the execution of works for the Iron Gates System;

(c) The annual allocations of investment capital to be made by each Party for each item of the schedule of investments during the year in question.

3. When the working designs referred to in article 14 have been approved under the conditions laid down in article 15 and 16 of this Convention, the necessary adjustments shall be made in the corresponding items of the master construction plan and of the general estimate.

Article 18

3. The local Operational Co-ordination Authority shall determine for each of the items specified in article 3 of the Convention concerning the execution of works for the Iron Gates System, by means of the benchmarks provided for in article 17, paragraph 2 (b), of this Convention, and without taking detailed measurements, whether or not the volume of work prescribed by the annual construction plan has been carried out. If the said volume of work has been carried out, the annual allocation provided for in article 17, paragraph 2 (c), of this Convention shall be taken as the basis for determining the annual value of work under the item concerned. If it is found that the volume of work prescribed by the annual construction plan has not been carried out for certain items, the value of work under these items shall be corrected in a proportion to be determined by the Local Operational Co-ordination Authority. The registers of work completed may also be used to correct the value.

4. The accounting value for the items referred to in paragraph 1 of this article, with the exception of item III.4. of the schedule of investments, shall be determined by applying the variation in prices and wages to the value of the work executed under the items concerned in the course of the year; this shall be done in the following manner:

(a) The Investors shall follow the variation in prices and wages in respect only of the representative materials and manpower shown in annex No.4 on the basis of the technical publications listed in the said annex, which shall constitute an integral part of this Convention;

(b) For each category of materials or manpower shown in annex No.4, the average prices or wages on representative world markets shall be determined, from the sources listed in the said annex, for each accounting year. For each category of materials or manpower, the relationship between these prices or wages and the prices or wages in the base year (1962), as quoted in annexes Nos.2-A and 2-D, shall then be calculated in order to determine the percentage variation in prices or wages;

- (a) If the percentage variation in prices or wages for particular categories of materials or manpower shown in annex No.4 exceeds ± 3 per cent, the prices or wages in the base year (1962) for these categories shall be replaced by new prices or wages.

3. For item III.4. of the schedule of investments, the value of work carried out, as determined in accordance with paragraph 1 of this article, shall be taken as the accounting value.

Article 19

For all items in chapters I, II, III and IV of the schedule of investments which are not provided for in article 18 of this Convention, the value to be taken as the accounting value shall be the estimated value determined in accordance with article 16 of this Convention, without applying the variation in prices or wages but in accordance with the time-table laid down by the master construction plan and the annual construction plans.

IV. Method of Accounting Between the Parties.

Article 20

An accounting of investments between the Parties shall be carried out at the end of each calendar year and after the completion of construction of the Iron Gates System.

Article 21

1. The annual accounting between the Parties shall cover:
 - (b) The accounting value of investments, calculated as the sum of the accounting values determined for each Party, for the year in question, in accordance with the provision of article 18 and 19 of this Convention;
 - (c) The value of such design, study, research and other work as each Party has carried out on behalf of the other Party, during the year, within the meaning of article 11 of the Convention concerning the preparation of designs of the Iron Gates System;
 - (d) The value of outstanding loans made under article 23 of the Convention concerning the execution of works for the Iron Gates System;
 - (e) The amount of compensation for delay fixed in accordance with article 26 of the Convention concerning the execution of works for the Iron Gates System.

1. Intercalary interest (chapter V of the schedule of investments) shall not be included in the accounting between the Parties.

Article 22

In the event that one of the Parties carries out a greater volume of work than that provided for by the annual construction plan, the value of such additional work shall be included in the accounting between the Parties not for the year in which the said work was carried out but for the year in which its execution is prescribed by the master construction plan and the annual construction plans.

Article 23

The value of loans made under article 23 of the Convention concerning the execution of works from the Iron Gates System shall be determined on the basis of the prices and wage rates shown in annexes Nos. 2-A, 2-B and 2-D, as corrected in accordance with article 18, paragraph 2, of this Convention.

Article 24

1. For the purpose of determining the annual balances, the Investors of the two Parties shall submit to the local Operational Co-ordination Authority the data needed to determine the values referred to in article 21 of this Convention. The Local Operational Co-ordination Authority shall verify these data and calculate the annual balance in the following manner : the Contracting Party which has the greater accounting value of investments (article 21, paragraph 1 (a)) shall be credited with half the difference between the accounting values of investments; to this sum shall be added the credit balances, and from it shall be subtracted the debit balances of that Party as obtained by applying article 21, paragraph 1 (b), (c) and (d). The result thus obtained shall represent the credit balance of the one Contracting Party or the debit balance of the other Contracting Party.

2. The balances calculated under paragraph 1 of this article and the supporting documentation shall be transmitted by the Local Operational Co-ordination Authority to the Mixed Commission for approval.

Article 25

The Mixed Commission shall decide whether to approve or to correct the annual accounting submitted and shall determine the annual credit or debit balance, which it shall communicate to the National Bank of Yugoslavia (Narodna banka Jugoslavije) and the State Bank of the Romanian People's Republic (Banca de Stat a Republicii Populare Române) not later than 1 March of each year for the previous year.

Article 26

The value of works carried out before the entry into force of this Convention shall be accounted for in accordance with the provisions of article 24 of this Convention. The accounting shall be effected within a period of three months after the entry into force of this Convention; within the said period, the Mixed Commission shall communicate to the Banks the credit or debit balance of each Party.

Article 27

The two Banks shall determine, within a period of three months after the entry into force of this Convention, the technical banking procedures required for the application of this Convention and shall within the same period open for each other the following special accounts, with United States dollars as the money of account:

- (a) A special interest-bearing account for balances, in which all balances under article 25 and 26 of this Convention shall be entered.
- (b) A special non-interest-bearing account in which the interest shall be entered.

Article 28

The interest on the balances referred to in articles 25 and 26 of this Convention shall be at the rate of 2.5 per cent per annum and shall accrue, on the balances referred to in article 25, from 1 August of the year for which the balance is determined and , on the balance referred to in article 26, from the date of the entry in to force of this Convention.

Article 29

After the completion of construction and the final technical acceptance of the Iron Gates System, the Mixed Commission shall determine the final credit or debit balance. The time-limit for the communication of the final balance to the two Banks shall be ninety days from the date of adoption of the decision concerning the final technical acceptance of the Iron Gates System.

V. Method of Liquidating Balances During the Construction and After the Completion of Construction of the Iron Gates System.

Article 30

1. In order to equalize the participation of the two Parties in the construction of the Iron Gates System, the volume of construction works on the dam, of river diversion works and of works to regulate the bed of the Danube downstream of the dam, including the appropriate preparatory works therefore, to be carried out by the Romanian Party in Yugoslav territory shall be specified in the preliminary design, the master construction plan and the annual construction plans.

2. While the works are in progress, the credit balance of one of the Parties shall remain in the special accounts in accordance with article 27 of this Convention until it is liquidated by work.

3. If , on the completion of construction of the Iron Gates System, there is left outstanding to the credit of one Party a balance which it has not been possible to liquidate by work in accordance with paragraph 1 of this article, the said balance together with the interest accruing, shall be settled in accordance with article 16, paragraph 5, of the Agreement.

VI. Method of Determining the Final Value of Investments

Article 31

1. The Mixed Commission may decide that, after the construction of the Iron Gates System has been completed, the final value of the investments shall be determined. This final value of the investments shall not affect the accounting between the Parties.
2. The final value of the investments shall be the sum of the annual values provided for in article 21, paragraph 1 (a), of this Convention. plus intercalary interest.
3. Intercalary interest, at the rate and for the items specified in article 12 of this Convention, shall be computed from 1 August of each year, on the investments made in that year, up to the date of the record concerning completion of work provided for in article 15, paragraph 6, of the Agreement.
4. On investments made before the entry into force of this Convention, intercalary interest shall be computed from the date on which the Mixed Commission approves the accounting for the said investments between the Parties, in accordance with the provision of article 26 of this Convention.
5. The Mixed Commission may decide, after the construction of the Iron Gates System is completed, that the final value of the investments in the said System shall be corrected by revaluation. The result of such revaluation shall not be taken into consideration in the accounting between the Parties.

VII. Final Provisions

Article 32

This Convention shall be approved by the two Contracting Parties in conformity with the constitutional and statutory provisions of each State and shall enter into force on the same date as the Agreement of 30 November 1963 between the Socialist Federal Republic of Yugoslavia and the Romanian People's Republic concerning the construction and operation of the Iron Gates Water Power and Navigation System on the River Danube, in accordance with the procedure laid down in the Final Act signed this day.

Done at Belgrade on 30 November 1963 in two original copies, each in the Serbo-Croat and Romanian languages, both texts being equally authentic.

For the Government
of the Socialist Federal Republic
of Yugoslavia:
B. Stojanović

For the Government
of the Romanian People's Republic:
N. Gheorghiu

Annex No1
Schedule of Investments
I. Main Structure

I.1 Preliminary works

- I.1.1. Studies and research
- I.1.2. Design and technical supervision

I.2. Preparatory works

- I.2.1. Communications
- I.2.2. Electric power supply to work sites
- I.2.3. Industrial and drinking water supply to work sites and drainage of effluents
- I.2.4. Rigging of platforms
- I.2.5. Equipment for the production and transport of aggregates and concrete
- I.2.6. Workshops
- I.2.7. Garages and services for construction appliances
- I.2.8. Work-site laboratories
- I.2.9. Facilities for the transport and assembly of equipment
- I.2.10. Indoor and outdoor storage facilities
- I.2.11 Work-site offices
- I.2.12 Provisional housing
- I.2.13 Other structures, works and expenses

I.3 Diversion of the river and maintenance of navigation while constructions is in progress

- I.3.1. Structures, works and installations for diversion of the river
- I.3.2. Structures, works and installations for and cost of maintenance of navigation

- I.3.2.1. Structures and installations
- I.3.2.2. Additional traction
- I.3.2.3. Protection from ice
- I.3.2.4 Other structures, works, installations, and expenses

I.4.Dam

- I.4.1. Construction works
- I.4.2. Equipment, including transport and assembly

I.5. Electric power plants

- I.5.1. Construction works

I.5.2. Equipment, including transport and assembly

I.6. Locks and other basins

I.6.1. Locks

I.6.1.1. Construction works

I.6.1.2. Equipment, including transport and assembly

I.6.2. Outer basins

I.6.2.1. Construction works

I.6.2.2. Equipment, including transport and assembly

I.7. Navigable channel in the Iron Gates sector, with moorings for vessels

I.7.1. Construction works

I.7.2. Signalling installation, including transport and assembly

I.8. Fishways

I.8.1. Construction works

I.8.2. Equipment, including transport and assembly

I.9. Regulation of the bed of the Danube downstream of the dam

I.10 Approaches to the main structure

II. Auxiliary Structures, Equipment and Installations Required for the Operation of the System

II.1. Switching stations at the electric power plants

II.1.1. Construction works

II.1.2. Equipment, including transport and assembly

II.2. Electric link between the switching stations at the electric power plants

II.2.1. Construction works

II.2.2. Equipment, including transport and assembly

II.3. Buildings, workshops, indoor and outdoor storage facilities

II.3.1. Administration buildings

II.3.2. Workshops

II.3.2.1. Construction works

II.3.2.2. Equipment, including transport and assembly

II.3.3. Indoor storage facilities

II.3.4. Outdoor storage facilities

II.4. Permanent housing

III. Storage Lake and Riparian Lands

III.1.1. Dikes and other hydraulic engineering works

III.1.2. Rubble drains and discharge channels

III.1.3. Pumping stations

III.1.3.1. Construction works

III.1.3.2. Equipment, including transport and assembly

III.1.4. Structures and installations to protect inhabited localities, industrial plant and water conduits from the effect of storage

III.1.4.1. Construction works

III.1.4.2. Equipment, including transport and assembly

III.2. Structures and installations to protect the storage lake from silting by torrents

III.3. Boats for ice-breaking and maintenance of structures

III.3.1. Ice-breakers

III.3.2. Maintenance craft

III.4. Regulation and cleaning of the storage lake bottom

III.5. Compensation for damage

III.5.1. To land

III.5.2. To buildings

III.5.3. To industrial organizations

III.5.4. To mines

III.5.5. To communications

III.5.6. To Communal structures and installations

III.5.7. To historic monuments

IV. Other Capital Expenditure

IV.1. Investors' expenses

IV.2. Expenses of the Mixed Yugoslav – Romanian Commission

IV.3. Expert opinions and advice

IV.4. Training of skilled workers

IV.5. Other expenses

V. Intercalary Interest

Annex No.2

Rules for Determining the Prices of Materials, Construction Appliances and Equipment and Wage Rates

1. The prices quoted in annexes Nos.2-A, 2-B and 2-C have been calculated, as a general rule, on the basis of the average prices on representative world markets in 1962.

The expression "representative world markets" shall be understood to mean, for the purposes of these rules, the markets in which the greatest volume of transactions is carried on in world trade in general, and in European trade in particular, in the goods listed in annexes Nos.2-A, 2-B and 2-C.

Economic publications and the tenders received by the foreign trade organizations of the two Parties have been used as sources. The sources of the prices and wage rates whose variation is to be followed in accordance with article 18 of this Convention are indicated in annex No.4.

2. The prices quoted in annexes Nos.2-A,2-B and 2-C have, as a general rule, been taken from the technical sources f.o.b. at the port or free at the frontier of the exporting country. All prices shall be understood to be prices free on wagon at the station or f.o.b.barge at the port for the Iron Gates System work site.

The cost of unloading and storing the materials listed in annex No.2-A and of local transport of the said materials to the place of use shall be determined by agreement between the Chief Design Agencies.

The cost of unloading, local transport and assembly of construction appliances and equipment shall be deemed to be included in the prices quoted in annex Nos.2-B and 2-C.

2. The wage rates for the various categories of manpower listed in annex No.2-D have been determined on the basis of the average hourly earnings of construction workers in Italy in 1962. These hourly averages include bonuses, cost of living, taxes, social insurance contributions payable by the employed person, family allowances and, in some cases, payments in kind. The hourly averages do not include social insurance contributions payable by the employers or other social contributions.

4. In the event that the percentage variation in average world prices for particular items in annex No.4 cannot be determined on the basis of the technical economic publications listed in the said annex because they have ceased publication, and that the said variation cannot be determined on the basis of tenders from representative markets either, other means of price determination – for example, comparison with world prices for similar goods, estimates and the documentation of the foreign trade organizations of the two Parties, or other technical sources- shall be employed by agreement.

In the event that particular sources quote prices c.i.f. or free at the frontier of the importing country, these prices shall be reduced to f.o.b. at the port or free at the frontier of the exporting country by deducting from them the average cost of transport.

The percentage variation in wage rates in each accounting year shall be determined for all the categories of manpower shown in annex No.2-D by taking as index number 100 the rates shown in the said annex and comparing them with the index numbers for the same categories of manpower obtained from the sources listed in annex No.4 for the accounting year in question.

Annex No.2-A
Basic Materials Price List

Annex No.2-B
Construction Appliance Price List

Annex No.2-C
Equipment Price List

Annex No.3

Rules for Determining Unit Prices of Construction Works, Value of Construction Works and Cost of Occupying land Outside the Storage Lake

Annex No.4

List of Materials and Categories of Manpower to which price and wage variations shall apply, with list of technical publications to be used in following price and wage variations