

[Translation-----Traduction]

AGREEMENT¹ 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. SIGNED AT BELGRADE, ON 30 NOVEMBER 1963

The President of the Socialist Federal Republic of Yugoslavia, Iosip Broz Tito, and the Chairman of the State Council of the Romanian People's Republic, Gheorghe Gheorghiu-Dej, considering

---That the two countries wish, through economic and technical co-operation, to facilitate the utilization, for the benefit of their peoples, of the water power resources of the River Danube, which belong to them, and at the same time to promote the use, in the general interest, of the opportunities afforded by that river for the development of navigation;

---That the two countries have decided to develop the water power potential of the Danube in the Iron Gates sector and, having regard to the Convention of 18 August 1948² regarding the regime of navigation on the Danube, to improve navigation conditions in that sector,

Have agreed as follows:

Article 1

The Contracting Parties undertake to construct and operate the Iron Gates Water Power and Navigation System on the River Danube, hereinafter referred to as "the Iron Gates System", under the conditions laid down in this Agreement.

Article 2

1. Iron Gates System, the construction and operation of which are the subject of this Agreement, shall consist of:

(A) Structures and works for the utilization of the water power potential of the River Danube and for the improvement of navigation conditions in the Iron Gates sector; the said structures and works shall be situated in the area between Sip and Gura Vaii and shall consist primarily of:

- (a) Two electric power plants having the same parameters and technical characteristics, one near the left bank and the other near the right bank of the Danube, and linked by a high-tension electric line;
- (b) An overflow-spillway dam in the bed of the Danube;
- (c) Two locks having the same parameters and technical characteristics, one near the left bank and the other near the right bank of the Danube;
- (d) A road and the works required for the subsequent construction of a railway on the dam;
- (e) The regulated bed of the Danube downstream of the dam;

(B) Auxiliary structures and works required for the utilization of the structures referred to in paragraph A, subparagraphs (a), (b) and (c), of this article:

(C) Structures and works necessitated by the creation of the storage lake and required for the protection of the riparian lands thereof.

2. The structures and works comprising the Iron Gates System shall be specified and described in detail in the preliminary design for the System, which shall be prepared in accordance with the provisions of this Agreement.

Article 3

1. The Iron Gates System shall be constructed in such a way as to permit operation with the level of the headwater variable at the dam up to an elevation of 69.50 metres above the Adriatic Sea.
2. The installed discharge shall be 8,500 cubic metres per second, the installed capacity of the two electric power plants approximately 10,000 million kWh.

3. The lock-chambers shall have a working length of 310 metres, a working width of 34 metres and a depth of 4.50 metres at the sill.
4. The technical characteristics and parameters of the structures and works of the Iron Gates System shall be specified in the preliminary design for the System.

Article 4

1. The Iron Gates System shall be designed to operate in such a way that the level of the Danube at the mouth of the Nera does not exceed an elevation of 69.00 metres above the Adriatic Sea during periods in which a higher level would cause damage to the riparian lands of the storage lake, except during those periods in which the level exceeds that elevation under natural flow conditions. Works for the protection of the riparian lands shall be undertaken to the extent necessary to maintain the level of the Danube at the mouth of the Nera at an elevation of 68.00 metres above the Adriatic Sea.

2. The Contracting Parties shall determine by agreement, at a later date, the advisability of and the conditions for sharing the additional investments and working expenses required in order to operate the Iron Gates System with the Danube at the mouth of the Nera at a long-term maximum storage level of 69.50 metres above the Adriatic Sea.

Article 5

1. The total volume of investments required for the construction of the Iron Gates System is approximately \$US400 million. This total sum shall be broken down in accordance with the provisions of the Convention concerning the determination of the value of investments and mutual accounting.¹

2. The volume of investments referred to in paragraph 1 of this article shall also include compensation for damage occasioned directly in the territory of the two States by the flooding or impairment of the use of property, by the removal or adaptation of structures and installations or by the interruption of their use as a result of the creation of the storage lake for the Iron Gates System. The procedure for determining damage and calculating compensation shall be laid down in the Convention concerning compensation for damage.²

3. Of the total sum referred to in paragraph 1 of this article, \$US95 million represents the value of the structures and works required and sufficient for the improvement of existing navigation conditions in the Iron Gates sector. The two Contracting Parties shall credit this sum, in equal shares, to the River Administration of the Iron Gates, it being understood that the said sum shall be reimbursed to them in accordance with the provisions of article 6, paragraph 2, of this Agreement.

Article 6

1. The two Contracting Parties shall participate in equal shares in the total investments referred to in article 5 of this Agreement.

2. The sum invested for the improvement of navigation conditions in the Iron Gates sector, as specified in article 5, paragraph 3, of this Agreement, shall be recovered by the River Administration of the Iron Gates by the levying of appropriate charges to be fixed by the Administration in accordance with the provisions of the Convention of 18 August 1948 regarding the regime of navigation on the Danube and of article 18, paragraph 5, of this Agreement, and shall be reimbursed, in equal shares, to the two Parties which advanced the said sum.

Article 7

1. Each Contracting party shall execute those structures and works of the Iron Gate System which are to be situated in its territory.
2. For the purpose of equalizing the participation of the two Parties in the total investments in the construction of the Iron Gates System, the Contracting Parties agree that the Party in whose territory the value of investments amounts to less than half of the total value of investments in the Iron Gates System shall be responsible, by way of exception to the provisions of paragraph 1 of this article for executing certain structures and works of the Iron Gates System in the territory of the other Party. The application of this provision shall be governed by the Convention concerning the execution of works¹ and the Convention concerning the determination of the value of investments and mutual accounting.²
3. Each Contracting Party shall finance the structures and works which it executes, regardless of the territory in which they are situated.

Article 8

The two Contracting Parties agree to utilize the water power potential harnessed by the Iron Gates System at all storage levels, in equal shares, throughout the entire life of the System. The application of this provision shall be governed by the Convention concerning the operation of the Iron Gates System.³

Article 9

1. The present frontier between the two States on the Danube shall remain unchanged except in the area of the main structures, where the following adjustments shall be made:
 - a) Within ninety days after the entry into force of this Agreement, the frontier shall be modified in such a way that, from the point at which the present frontier meets the upstream side of the dam foundation, it shall follow the river-bed along the upstream side of the foundation until it reaches the centre of the overflow-spill-way dam, where it shall turn off at a right angle, intersect the overflow-spillway dam in the centre and then follow the river-bed along the downstream side of the floor of the dam towards the left bank of the Danube, up to the point where it meets the present frontier; this adjustment shall be made in conformity with the configuration of the dam as shown in the preliminary design for the Iron Gates System;
 - b) Within thirty days after the technical examination and acceptance of the dam, carried out in accordance with article 30 of the Convention concerning the execution of works, the frontier shall be further modified in such a way that, from the point downstream of

the dam where the present frontier intersects the straight line drawn perpendicular to the dam in the middle of the overflow-spillway dam, it shall follow the said line along the river-bed, pass through the

centre of the overflow-spillway dam until it reaches the upstream side of the dam foundation, and then proceed in a straight line upstream of the dam 700 metres until it reaches the present frontier.

2. Special protocols shall be drawn up concerning the frontier adjustments described in paragraph I of this article. These adjustments shall remain in effect throughout the period of operation of the Iron Gates System dam, following which the present frontier shall be restored.
3. The conditions governing crossing of the frontier in areas where crossings are necessary during the construction of the Iron Gates System are specified in the Protocol concerning crossing of the frontier.¹
4. The structures and works to be executed in Yugoslav territory under this Agreement shall be the property of the Socialist Federal Republic of Yugoslavia, and the structures and works to be executed in Romanian territory shall be the property of the Romanian People's Republic. Each State shall have ownership of the part of the overflow-spillway dam up to the cross-section corresponding to the frontier line on the overflow-spillway dam established in accordance with the provisions of paragraph 1 of this article.

Article 10

1. In constructing and operating the Iron Gates System, the Contracting Parties shall bear in mind that the System constitutes a single unit from the standpoint of water power and navigation.

2. Each Contracting Party shall be bound to ensure that those structures and works of the Iron Gates System which belong to it and which are essential to the normal operation of the System as a water power and navigation unit are used for the purposes for which they were constructed and are maintained, throughout their standard working life, in a fit condition for operation under the conditions laid down in this Agreement.

3. In the event that normal physical wear and tear in any of the structures or works of the Iron Gates System prevents or hinders the operation of the System under the conditions laid down in this Agreement and in the Convention concerning operation, the Party to which such structures or works belong shall be bound to arrange for their replacement or reconstruction and to bear the cost of such replacement or reconstruction. Upon the proposal of the Mixed Commission, the two Governments may also agree on another technical solution.

4. The cost of replacing or rebuilding structures and works used in navigation shall be shared equally by the Contracting Parties and shall be recovered by the River Administration of the Iron Gates by the levying of appropriate charges and reimbursed, in equal shares, to the two Parties which bore the said cost.

5. The cost of replacing or rebuilding structures or installations constructed as part of the Iron Gates System for the purpose of protecting the riparian lands of the storage lake, in the cases provided for in paragraph 3 of this article, shall, by way of exception to the provisions of that paragraph, be borne by the Contracting Parties in equal shares, unless they agree on another solution upon the proposal of the Mixed Commission.

6. When the Iron Gates System comes into full operation, the Mixed Commission shall fix the standard working life of the structures, installations and works referred to in paragraph 5 of this article and shall determine what costs are to be regarded as costs of replacement or reconstruction.

7. Each Contracting Party undertakes to refrain from any action which might hinder the use of structures and works of the Iron Gates System belonging to the other Party.

8. Any alteration in the structures and works of the Iron Gates System which might have the effect of changing the parameters of structures and works of the System belonging to the other Party may be undertaken only by prior agreement between the two Contracting Parties.

Article 11

1. With a view to maintaining permanent co-operation and co-ordination ensuring the fulfillment and application of the provisions of the Agreement, Conventions and Protocols concerning the Iron Gates System, the Contracting Parties shall establish, as a mixed organ of the two Governments, the Mixed Yugoslav-Romanian Commission for the Iron Gates, hereinafter referred to as "the Mixed Commission.

2. The functions of the Mixed Commission and of its organs are defined in this Agreement, in the Conventions and Protocols concerning the Iron Gates System, and in the Statute¹ of the Mixed Commission.

3. The organization and work of the Mixed Commission shall be governed by the Statute drawn up by the two Parties

Article 12

1. Each Contracting Party shall designate its own design agency to prepare, in the capacity of chief Design Agency, the necessary designs for the construction of the Iron Gates System.

¹United Nations, *Treaty Series*, Vol. 513, p. 154.

2. To ensure the execution of the structures and works of the Iron Gates System for which it is responsible, each Contracting Party shall designate an agency as Investor.

3. With view to ensuring co-ordination and co-operation between the Investors, the Mixed Commission shall establish, as its permanent organ, a Local Operational Co-ordination Authority composed of representatives of the Investors.

Article 13

1. Each Contracting party shall designate an enterprise to manage, operate, and maintain the power structures belonging to it within the Iron Gates System.
2. The River Administration Of the Iron Gates shall manage, operate and maintain the structures and works of the Iron Gates System which are used in navigation.
3. Structures and works which are temporarily brought into use during the period of construction of the Iron Gates System shall be operated and maintained by the Investor of the Party to which such structures and works belong.
4. With a view to co-ordinating the activities of the organizations referred to in paragraphs 1 and 2 of this article, which are to manage, operate and maintain the structures and works of the Iron Gates System, the Mixed Commission shall establish a joint Co-ordination Authority, composed of representatives to be appointed by the said organizations.
5. Permanent operational co-ordination of the activities of the two power enterprises referred to in paragraph 1 of this article shall be the responsibility of a Joint Energy Control Service to be established by the Mixed Commission.

Article 14

1. The Chief Design Agencies shall jointly prepare the preliminary design for the Iron Gates System.
2. The preliminary design shall contain the basic technical and economic documentation concerning the technical and economic feasibility of constructing the Iron Gates System, the technical solutions, the main parameters, the sites of the structures and works, the characteristics of the equipment, and II the necessary technical and economic indicators.
3. In addition to the technical and economic documentation referred to in paragraph 2 of this article, the preliminary design shall contain:
 - (a) The general estimate of investments;

(b) The master construction plan.

4. The Chief Design Agencies shall prepare the preliminary design of the other designs and technical and economic documentation for the Iron Gates System in the manner prescribed in the Convention concerning the preparation of designs,¹ the Convention concerning the determination of the value of investments and mutual accounting² and the Convention concerning compensation for damage.³

5. The review and expert appraisal of the preliminary design and other designs and of the technical and economic documentation shall be undertaken in accordance with the provisions of the Convention concerning the preparation of designs for the Iron Gates System.

6. The preliminary design for the Iron Gates System shall be approved by the two Governments. The other designs and the technical and economic documentation shall be approved by the Mixed Commission or by agencies duly authorized for the purpose by the Commission.

Article 15

1. The structures and works to be executed by each Contracting Party and the

time-table for their execution shall be specified in the preliminary design, the master construction plan and the annual construction plans. Each Contracting Party shall ensure that the structures and works which it is to execute are constructed and assembled within the specified time-limits. Each Contracting Party shall for that purpose provide the necessary materials, equipment, construction appliances and manpower.

2. With the exception of those structures and works which, under the Convention concerning the execution of works and the Convention concerning compensation for damage, may be executed by each Party according to its own designs and ideas, the structures and works of the Iron Gates System shall be executed in all respects in conformity with the designs approved jointly in accordance with article 14, paragraph 6, of this Agreement.

3. The Contracting Parties shall take the necessary measures, as provided in the Convention concerning the execution of works, to ensure that interference with navigation during the period of construction of the Iron Gates System is held to a minimum in the area in which works are executed in the bed of the Danube.

4. Supervision of the fulfillment of the master construction plan and the annual construction plans, and verification of the quality of the structures and works and of their execution in accordance with the designs, shall be undertaken by each Contracting Party in respect of the structures and works which it executes and by the two Parties jointly in accordance with the provisions of the Convention concerning the execution of works for the Iron Gates System.

5. The technical examination and acceptance of each structure and work of the Iron Gates System shall take place when the execution of the given structure or work is completed. The final technical examination and acceptance of the entire System shall take place after all the structures

and works have been accepted. Technical examination and acceptance shall be effected in accordance with the provisions of the Convention concerning the execution of works.

6. When construction of the Iron Gates System has been completed, Mixed Commission shall draw up a record indicating the completion of work, with an inventory of the structures and works executed; the fulfillment of the mutual obligations of the Contracting Parties with regard to construction of the Iron Gates System, and the readiness of the System for full and final entry into operation. The record shall be submitted to the two Governments for approval. For purposes of the application of the Convention concerning operation, the Iron Gates System shall be considered to have come into operation on the date on which the two Governments notify each other of their approval of the said record.

Article 16

1. All values determined or subject to accounting between the Contracting Parties in connexion with the construction of the Iron Gates System shall be expressed in United States dollars on the basis of average prices on representative world markets, in accordance with the provisions of the Convention concerning the determination of the value of investments and mutual accounting.

2. In determining the accounting value of investments, account shall be taken of price variations on representative world markets, as provided in the Convention concerning the determination of the value of investments and mutual accounting.

3. In the accounting between the Contracting Parties, each Party shall be credited with the value of the works which it has executed in accordance with the master construction plan and the annual construction plans, with the value of compensation for damage and with the other sums to which it is entitled under the Convention concerning the determination of the value of investments and mutual accounting. The method of calculating the accounting value of investments and the balance resulting from the accounting is specified in the Convention concerning the determination of the value of investments and mutual accounting.

4. The balance resulting from the accounting shall be entered in special accounts opened for the purpose with the National Bank of Yugoslavia and the State Bank the Romanian People's Republic. The time-limit for opening the said accounts and their mode of operation shall be determined by a banking arrangement to be concluded between the two Banks. The balance shall bear interest at the rate of 2.5 per cent per annum.

5.If a balance remains between the two Parties after the construction of the Iron Gates System

has been completed, the said balance, together with the interest accruing, shall be liquidated within a two-year period in the manner agreed upon by the two Parties. In the event of a change in the gold parity of the United States dollar prevailing on the date of signature of this Agreement, the Contracting Parties shall agree on the necessary measures to restore financial equilibrium in liquidating the balance, so that neither Party suffers any loss as a result.

Article 17

The Contracting Parties agree that the Iron Gates System shall come into full operation in the year 1971. For that purpose, the Parties have fixed the following time-limits:

- The preliminary design for the Iron Gates System and the construction organization scheme for the main structure shall be completed during the first quarter of 1964 ;
- The preparatory works shall begin in the middle of 1964
- Execution of the structures and works shall begin in 1965;
- The first units of the electric power plants shall come into operation in 1970.

Article 18

1. The Contracting Parties undertake to co-ordinate the operation and maintenance of the structures and works to the extent required for the efficient operation of the entire Iron Gates System under the conditions laid down in this Agreement.

2. Each Contracting Party shall arrange for the management, operation and maintenance of those structures and works of the Iron Gates System which belong to it, with the exception of those

structures and works which the two Parties entrust to the River Administration of the Iron Gates for management, operation and maintenance in accordance with the Convention concerning the operation of the Iron Gates System.

3. By way of exception to the provisions of paragraph 2 of this article, the work of dredging the storage lake and of supplying electric energy to the pumping stations for the purpose of removing ground water and surface water whose presence is due to the existence of the Iron Gates System shall be undertaken jointly by the two Parties, to the extent and under the conditions specified in the Convention concerning the operation of the Iron Gates System.

4. Each Contracting Party and the River Administration of the Iron Gates shall bear the entire cost of such management, operation and maintenance as they carry out in accordance with paragraphs 2 and 3 of this article.

5. The cost of managing, operating and maintaining the structures and works of the Iron Gates System which are used in navigation and the reimbursement, in accordance with article 6, paragraph 2, of this Agreement, of the sum invested for the improvement of navigation conditions in the Iron Gates sector shall be financed out of charges fixed by the River Administration of the Iron Gates sector in accordance with the provisions of the Convention of 18 August 1948 regarding the regime of navigation on the Danube. The charges shall be expressed in gold francs of weight 10/31 gramme and fineness 0.900. The procedure for levying the said charges shall be worked out by the River Administration of the Iron Gates in agreement with the Danube Commission.

6. The application of this article shall be governed by the Convention concerning the operation of the Iron Gates System.

7. The Contracting Parties agree to the provisions of this Agreement, in good time, the Agreement establishing the River Administration of the Iron Gates, concluded on 31 May 1953.

Article 19

1. Liability for damage occasioned to third parties in the course of the construction and operation of the Iron Gates System shall rest with the construction or operating organization whose activities occasioned the damage. The liability of the organizations of each Contracting Party and the question of judicial competence shall be determined on the basis of the laws in force in the country to which the organization in question belongs.

2. Cases of extra-contractual liability for damage occasioned by the activities of an organization of one Contracting Party to the organizations of the other Contracting Party shall be considered and settled in accordance with the procedure specified in article 21 of this Agreement.

Article 20

1. Liability for damage occasioned during the construction period, by reason of *force majeure*, to structures and works of the Iron Gates System shall rest with the Party executing such structures and works. The application of this provision to structures and works executed by one Party in the territory of the other Party shall be governed by the Convention concerning the determination of the value of investments and mutual accounting.

2. Liability for damage occasioned during the period of the Iron Gates System, by reason or *force majeure*, to structures and works whose deterioration or destruction would hinder or prevent operation by the two Parties under the conditions laid down in this Agreement shall be shared equally by the two Contracting Parties. The application of this provision shall be governed by the Convention concerning the operation of the Iron Gates System.

3. In the case of damage occasioned during the period of operation, by reason of *force majeure*, to structures and works which are used in navigation, the cost of repair or rebuilding such structures and works shall be shared equally by the Contracting Parties and shall be recovered by the River Administration of the Iron Gates by the levying of appropriate charges and reimbursed, in equal shares, to the two Parties which bore the said cost.

4. Liability for damage occasioned during the period of operation of the Iron Gates System, by reason of *force majeure*, to structures and works for which no provision is made in paragraphs 2 and 3 of this article shall rest with the Party in whose territory they are situated.

5. For the purposes of this article, the term "*force majeure*" shall refer to natural disasters. Floodwater, ice and earthquakes shall be deemed to constitute *force majeure* only if they occur on a scale greater than that for which provision is made in the designs for the Iron Gates System.

Article 21

1. Any difference relating to the interpretation or application of the provisions of this Agreement, or of the Conventions and Protocols concerning the Iron Gates System, and any other dispute of a legal nature relating to the construction or operation of the System shall be settled by the Mixed Commission.

2. Where differences cannot be settled in the Mixed Commission, they shall be submitted to the two Governments for settlement by diplomatic means.

3. Where agreement cannot be reached on the settlement of differences in accordance with paragraph 2 of this article, the Contracting Parties undertake to settle the said differences by arbitration and, for that purpose, to take all necessary steps to set up an arbitral commission within the shortest possible time.

4. The Contracting Parties agree to employ the following procedure in the cases referred to in paragraph 3 of this article: within a period of one month after the submission of a request by either Party, each Government shall appoint an arbitrator; the arbitrators shall endeavour to settle the difference; if the two arbitrators fail to agree on a settlement of the difference within a period of three months, they shall select an umpire who is a national of neither of the two States; if the two arbitrators fail to agree on the selection of an umpire within a period of two months, the umpire shall be appointed by the Government of a third State or by the executive organ of an international organization; in the last-mentioned case, the third State or international organization shall be selected by agreement between the two Governments within the shortest possible time.

Article 22

This Agreement, the Conventions, the Protocols and all the other instruments concluded in connexion with the construction and operation of the Iron Gates System, which are enumerated

in the Final Act this day,¹ shall constitute a single unit. They shall be interpreted and applied with due regard to their interrelationship and in the spirit of the general principles of permanent co-operation and community of interests in which they have been concluded by the two Parties.

Article 23

This Agreement shall be ratified by the two Contracting Parties in conformity with the constitutional and statutory provisions of each Party.

The Agreement is concluded for an unlimited period.

The Agreement shall enter into force on the date of the exchange of the instruments of ratification, which shall take place at Bucharest as soon as possible.

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

The President of the Socialist Federal
Republic of Yugoslavia:
TITO

The Chairman of the State Council
of the Romanian People's Republic:
GHEORGHIU-DEJ

¹ Came in to force on 16 July 1964 by the exchange of the instruments of ratification at Bucharest, in accordance with article 23.

² United Nations, *treaty Series*, vol.33.p181.

¹ United Nations, Treaty Series, Vol.513, p56

² See p.208 of this volume

¹See p. 152 of this volume.

²United Nations, *Treaty Series*, Vol. 513, p. 56.

³United Nations, *Treaty Series*, Vol. 513, p. 126.

¹ ¹United Nations, *Treaty Series*, Vol. 513, p. 184.

No.7438

¹ ¹See p. 94 of this volume.

²United Nations, *Treaty Series*, Vol. 513, p. 56.

3. See p.208 of this volume

[1](#)