



Treaty Series No. 18 (1977)

Exchange of Notes

concerning a Loan by the Government
of the United Kingdom of Great Britain
and Northern Ireland to the Government
of the Kingdom of Thailand
(United Kingdom/Thailand Loan Agreement 1976)

Bangkok, 29 September 1976

[The Agreement entered into force on 29 September, 1976]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
March 1977*

LONDON

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**EXCHANGE OF NOTES
CONCERNING A LOAN BY THE GOVERNMENT OF
THE UNITED KINGDOM OF GREAT BRITAIN AND
NORTHERN IRELAND TO THE GOVERNMENT
OF THE KINGDOM OF THAILAND**

No. 1

*Her Majesty's Ambassador at Bangkok to the
Minister of Finance of Thailand*

*British Embassy,
Bangkok.*

Your Excellency,

29 September, 1976.

1. I have the honour to refer to the recent discussions concerning development aid from the Government of the United Kingdom of Great Britain and Northern Ireland to the Royal Thai Government and to inform Your Excellency that the Government of the United Kingdom are prepared to conclude an Agreement with the Royal Thai Government in the following terms. The position of the Government of the United Kingdom with regard to the provision of finance and the commitment of that Government and of the Royal Thai Government as regards associated matters shall be respectively set out in Part A and Part B below.

- A. The Government of the United Kingdom declare that it is their intention to make available to the Royal Thai Government by way of a loan a sum not exceeding £2,500,000 (two million five hundred thousand pounds sterling) towards the purchase in the United Kingdom and certain developing countries of certain goods and services for the Sukhothai Groundwater project (hereinafter referred to as "the project").
- B. (1) The Government of the United Kingdom shall adopt the arrangements and procedures described in the following paragraphs of this Note insofar as they relate to things to be done by or on behalf of that Government. The Royal Thai Government shall adopt the arrangements and procedures so described insofar as they relate to things done by or on behalf of that Government.
- (2) The list of goods and services to be purchased from the loan will be as arranged between the Royal Thai Government and the Government of the United Kingdom and drawings from the loan will be applied, subject to paragraph 4 of this Note, to payments under contracts made for the purchase of such goods and services. After such arrangements

are made the Royal Thai Government will forward details of the goods to be provided under the loan to the Crown Agents for Overseas Governments and Administrations, 4 Millbank, London SW1 (hereinafter referred to as "the Crown Agents") who will arrange the procurement and shipment thereof.

- (3) (a) For the purpose of these arrangements the Royal Thai Government shall, by a request in the form set out in Annex A to this Note, open a special account (hereinafter referred to as "the Account") with the Crown Agents. The Account shall be operated solely for the purpose of the loan and in accordance with the instructions contained in the said request.
- (b) As soon as the Account is opened and before taking any other steps required by these arrangements for obtaining any part of the loan, the Royal Thai Government shall furnish the Government of the United Kingdom with a copy of their instructions to the Crown Agents given in accordance with the foregoing provisions of this paragraph. The Royal Thai Government, or the Crown Agents on their behalf, shall at the same time, and so often as any change is made therein, notify the Government of the United Kingdom of the names of the officers who are duly authorised to sign on its behalf the Requests for Drawing hereinafter provided and shall furnish a specimen signature in duplicate for each such officer.
- (4) Save to the extent (if any) to which the Government of the United Kingdom may otherwise agree, drawings from the loan shall be used only:
- (a) for payments under a contract for the purchase in the United Kingdom (which expression in this Note shall be deemed to include the Channel Islands and the Isle of Man) of goods wholly produced or manufactured in the United Kingdom or, in the case of chemical and allied products, goods which are duly declared to be of United Kingdom origin on the form set out in Annex B (chemicals) to this Note, or for work to be done or for services to be rendered by persons ordinarily resident or carrying on business in the United Kingdom or for two or more of such purposes, being a contract which:—
- (i) provides for payment in sterling to persons carrying on business in the United Kingdom;
 - (ii) is approved on behalf of the Royal Thai Government and accepted by the Crown Agents acting on behalf of the Government of the United Kingdom for financing from the loan; and
 - (iii) is a contract entered into after the date of this Note and before 30 September 1980.
- (b) for payments in sterling or if necessary in foreign currency under a contract for the purchase of goods wholly produced in certain developing countries which is a contract approved on behalf of the Royal Thai Government and accepted by the Crown Agents acting

on behalf of the Government of the United Kingdom for financing from the loan and is a contract entered into after the date of this Note and before 30 September 1980.

- (c) for payment of sterling charges and commissions payable in the United Kingdom to the Crown Agents in respect of their services on behalf of the Royal Thai Government in connection with the loan.
- (5) Where the Royal Thai Government proposes that part of the loan shall be applied to a contract, that Government shall ensure that the Crown Agents acting on their behalf obtain at the earliest opportunity a copy of the contract and two copies of a certificate from the United Kingdom or other contractors concerned in the form set out in Annex B or Annex B (Chemicals) (whichever is appropriate) to this Note.
- (6) (a) After the Crown Agents acting on behalf of the Government of the United Kingdom have considered the documents obtained in pursuance of the procedure described in the foregoing provisions of this Note, they shall decide whether and to what extent a contract is eligible for payment from the loan.
- (b) To the extent that the Crown Agents acting on behalf of the Government of the United Kingdom so accept a contract or transaction and agree to payment from the Account, the Government of the United Kingdom shall, on receipt of a request from the Crown Agents acting on behalf of the Royal Thai Government, in the form set out in Annex C to this Note, make payments in sterling into the Account, and each such payment shall constitute a drawing on the loan.
- (c) Unless the Government of the United Kingdom otherwise agrees payments into the Account shall not be made after 30 June 1981.
- (7) Withdrawals from the Account shall be made only in the manner and subject to the conditions set out in this paragraph:
- (a) for payments due under a contract to which paragraph B (4) (a) and B (4) (b) refer, withdrawals shall be made only on receipt by the Crown Agents of Payment Certificates from the contractors concerned, in the form shown in Annex D hereto and the invoices (or a photocopy or duplicates of such invoices) referred to therein, or the invoices only relating to contracts in respect of which a contract certificate in the form shown in Annex B (Chemicals) hereto has been obtained;
 - (b) for payments to which paragraph B (4) (c) refers, the Crown Agents may debit the Account.
- (8) (a) If any monies that have been paid out of the Account are subsequently refunded to the Royal Thai Government either by a contractor or by guarantor the Royal Thai Government shall, so long as there are payments to be made from the Account, pay an equivalent of such sums into the Account.

- (b) Six months after the date of the last credit to the Account in accordance with paragraph B (6) (c) of this Note, any balance remaining in the Account shall be remitted to the Government of the United Kingdom in reduction of the loan.
- (9) Goods shall be shipped and insured in accordance with normal commercial competitive practice and not be directed to ships or companies of any particular flag or country. Provided payments for these services are made in sterling in the United Kingdom, or under the terms of paragraph B (4) (b) of this Note are made in foreign currencies, they may be met from the loan.
- (10) The Royal Thai Government shall repay to the Government of the United Kingdom in pounds sterling in London, the total sum borrowed under the arrangements set out in this Note, such repayments to be made by instalments paid on the dates and in the amounts specified below; except that if, on the date when any such instalment is due to be paid, there is then outstanding less than the amount specified in relation to that date only the amount then outstanding need be paid.

INSTALMENTS		<i>Amount</i>
<i>Date due</i>		£
29 March 1984 and on the 29 March in each of the succeeding 17 years		£69,500
29 September 1984 and on the 29 September in each of the succeeding 16 years		£69,500
29 September 2001		£67,500

The Royal Thai Government shall pay to the Government of the United Kingdom in pounds sterling in London interest on drawings from the loan in accordance with the following provisions:

- (a) In respect of each drawing the rate of interest shall be 2% (two per cent) per annum.
- (b) Interest shall be calculated on a day-to-day basis on the balance of the loan for the time being outstanding.
- (c) The first payment of accrued interest shall be made on 29 March 1977 and subsequent payments shall be made on 29 September 1977 and thereafter on 29 March and 29 September in each year.

The Royal Thai Government shall advise the Government of the United Kingdom not less than three months before the first payment of interest in sterling becomes due under the terms of this Note the name and address of its agent in London through whom payments of interest in sterling shall be made and at the same time issue a standing authority to its agent to make payment of the amounts of interest in sterling as advised by the Government of the United Kingdom as being due for payment. The Royal Thai Government shall also issue a standing authority to its agent through whom repayments of principal

shall be made to make payments of the amounts in sterling on the dates specified in this Note, sending a copy of the authority to the Government of the United Kingdom.

- (11) Notwithstanding the provisions of paragraph (10) of this Note, the Royal Thai Government shall be free at any earlier time to repay to the Government of the United Kingdom in pounds sterling in London the whole or any part of the loan that is still outstanding.
- (12) The Royal Thai Government shall ensure the provision of such finance additional to the loan finance provided in accordance with the arrangements set out in this Note, as may be needed to complete the project.
- (13) In relation to goods and services provided with finance from the loan, the Royal Thai Government shall permit officers from the British Embassy and other servants or agents of the British Government to inspect any such goods or the documents relating to any such goods and services and shall furnish such officers, servants or agents with such information relating to the goods and services as the latter may reasonably require.

2. If the foregoing proposals are acceptable to the Royal Thai Government, I have the honour to propose that the present Note and its Annexes together with Your Excellency's reply in that sense shall constitute an Agreement between the two Governments which shall enter into force on the date of Your Excellency's reply, and which shall be known as the United Kingdom/Thailand Loan Agreement 1976.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

DAVID COLE

ANNEX A

ROYAL THAI GOVERNMENT

To: The Crown Agents for Overseas Governments
and Administrations,
4 Millbank,
London, S.W.1

Dear Sir,

United Kingdom/Thailand Loan 1976

1. I confirm your appointment as agents of the Royal Thai Government (hereinafter called "the Government") in connection with the administration in the United Kingdom of the above mentioned loan which is for a sum not exceeding £2,500,000 (two million five hundred thousand pounds sterling).

2. I have to request you on behalf of the Government to open a Special Account in the name of the Government to be styled United Kingdom/Thailand Loan 1976 Account (hereinafter called "the Account").

3. Payments into the Account will be made from time to time by Her Majesty's Government in the United Kingdom of Great Britain and Northern Ireland on receipt of requests in the form shown in Annex C to the United Kingdom/Thailand Loan Agreement 1976 (a copy of which is attached hereto) and which you are hereby authorised to present on behalf of the Government. It is possible that, as a result of refunds paid by contractors or guarantors to the Government payments into the Account will also be made by the Government itself.

4. Payments from the Account are to be made only in respect of the amounts falling due under the contracts described in paragraph B (4) (a) and B (4) (b) and in respect of your commissions and charges as described in paragraph B (4) (c) of the above-mentioned Agreement and in the manner and subject to the conditions described in paragraph B (7) of that Agreement.

5. You are to send to the Government at the end of each month a detailed statement showing all debits and credits to the Account during the month.

6. You are to send to the Government of the United Kingdom specimen signatures of the officers of the Crown Agents authorised to sign Requests for Drawing on behalf of the Government.

7. Your charges and commissions for acting as our agents in connection with this loan shall be chargeable to the Account.

8. A copy of this letter has been sent to the Government of the United Kingdom.

Your faithfully,

ANNEX B

United Kingdom/Thailand Loan 1976
CONTRACT CERTIFICATE

No.....

(FOR CHEMICALS AND ALLIED PRODUCTS USE ALTERNATIVE
" CERTIFICATE " OVERLEAF)

Particulars of Contract

1. Date of Contract..... 2. Contract No.....

3. Description of goods or services to be supplied to the purchaser

If a number of items are to be supplied, a detailed list should be appended to this certificate.

4. Total contract price payable by purchaser (state CIF, C & F or FOB)
£.....

IF GOODS ARE TO BE SUPPLIED THE FOLLOWING SECTIONS MUST BE COMPLETED.

If the contractor is exporting agent only, the information requested should be obtained from manufacturer.

5. Estimated % of the FOB value of the goods *not* originating in the United Kingdom, but purchased by the contractor directly from abroad, *i.e.* % of imported raw material or components used to manufacture:

- (a) % FOB value.....
- (b) Description of items and brief specifications.....

6. If any raw material or components used originated from abroad, *e.g.* copper, asbestos, cotton, wood pulp, etc., but have been purchased in the United Kingdom by the contractor for this contract, specify:

- (a) % FOB value.....
- (b) Description of items and brief specifications.....

IF SERVICES ARE TO BE SUPPLIED, THE FOLLOWING SECTION SHOULD ALSO BE COMPLETED

7. State the estimated value of any work to be done or services performed in the purchaser's country by:

- (a) Your firm (site engineer's charges, etc.).....
- (b) Local contractor

8. Qualifying remarks as necessary in respect of paragraph 5, 6 or 7 above
.....

9. I hereby declare that I am employed in the United Kingdom by the Contractor named below and have the authority to sign this certificate. I hereby undertake

that in performance of the contract no goods or services which are not of United Kingdom origin will be supplied by the Contractor other than those specified in paragraphs 5, 6, 7 and 8 above.

Signed

Position held

Name and Address of Contractor

.....

Date

Note: For the purpose of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

Contractors should note that goods should not be manufactured until acceptance has been notified.

FOR OFFICIAL USE ONLY				PAYMENTS			
Name or number of Project.....							
Amount committed	Date of entry	Acceptance		Date	Amount	PA No.	Initials
		Date	Initials				
£							

United Kingdom/Thailand Loan 1976

ANNEX B (CHEMICALS)

Reqn. No.....

CONTRACT CERTIFICATE FOR CHEMICAL AND ALLIED PRODUCTS ONLY

1. Date of Contract..... Contract No.....
Project Title (if appropriate)

Table with 4 columns: Description of Product(s) to be supplied to Purchaser (Note A), Price (£), U.K. Tariff Classification No. (Note B), and Is the product of U.K. origin? (See Note C) State Yes or No.

3. Total [estimated] Contract Price payable by Purchaser in Sterling—£.....

4. (Declaration.) I hereby declare that I am employed in the United Kingdom by the contractor named below and have the authority to sign this certificate, and that the above information is correct.

Signed

Position held

Name and Address of Contractor

Date.....

NOTES

A. This form is only to be used for chemical and allied products, most of which are covered by the appropriate sub-headings of Chapters 15, 25, 28-35, and 37-40 of the U.K. Tariff.

B. See: (i) H.M. Customs and Excise Tariff H.M.S.O. (ii) Classification of Chemicals in Brussels Nomenclature H.M.S.O.

C. (i) A product is regarded as 'U.K. origin' if made either wholly from indigenous U.K. materials or according to the appropriate EFTA qualifying process using imported materials wholly or in part. (ii) The EFTA qualifying processes are set out in Schedule I of the 'EFTA Compendium for Use of Exporters', H.M.S.O. (iii) For the purposes of this declaration it is to be emphasised that the 'alternative percentage criterion' DOES NOT APPLY. (iv) The words 'Area Origin' where they appear in the above Schedule must be taken to mean 'U.K. Origin' only. (v) For the purposes of this declaration, the 'Basic Materials List' (Schedule III of the EFTA Compendium) does not apply. (vi) If a qualifying process is not listed for the material in question, advice should be sought from CS4 Department, Crown Agents for Oversea Government and Administrations, 4 Millbank, London, S.W.1.

D. For the purpose of this declaration the U.K. includes the Channel Islands and the Isle of Man.

ANNEX C

United Kingdom/Thailand Loan 1976

D.F. No.....

Please pay the sum of £..... to the United Kingdom/
Thailand Loan Account 1976 at the Crown Agents. This sum shall, on payment
into the Account, constitute a drawing on the Loan.

The balance in hand is £.....

.....
For the Crown Agents acting on behalf
of the Royal Thai Government

Funding approved.....ODM

Finance Department,
Ministry of Overseas Development,
Eland House,
Stag Place,
London, S.W.1

ANNEX D

Crown Agents Reqn. No.....

Suppliers Contract No.....

United Kingdom/Thailand Loan 1976

PAYMENT CERTIFICATE

I hereby certify that

(i) The payments referred to in the Invoices listed below, which or copies of which accompany this payment certificate, fall due and are due to be made in respect of Contract No. dated between the contractor named below and..... (Purchaser) and are in accordance with particulars of this contract notified in the contract certificate signed on behalf of the said contractor on.....

Contractor's Invoice No.	Date	Amount £	Short description of goods, works and/or services

(ii) The amounts specified in paragraph (i) do not include any additional foreign content to that already declared in paragraphs 5, 6 or 7 of the contract certificate.

(iii) I have the authority to sign this certificate on behalf of the Contractor named below.

Signed

Position held

For and on behalf of

Name and Address of Contractor

.....

Date

Note: For the purpose of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

No. 2

*The Minister of Finance of Thailand to
Her Majesty's Ambassador at Bangkok*

*Ministry of Finance,
Bangkok.*

Excellency,

29 September, 1976.

I have the honour to acknowledge the receipt to [sic] Your Excellency's Note of today's date which reads as follows :

[As in No. 1]

I confirm that the foregoing correctly states the intentions of the Royal Thai Government and their understanding of the intentions of the Government of the United Kingdom. Your Note and this reply shall hereafter be referred to as "the United Kingdom-Thailand Loan Agreement 1976".

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

SAWET PIAMPHONGSANT
Minister of Finance

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