



Treaty Series No. 20 (1998)

# Exchange of Notes

between the Government of the  
United Kingdom of Great Britain and Northern Ireland  
and the Macedonian Government

concerning  
Certain Commercial Debts  
(United Kingdom/Macedonia  
Debt Agreement No. 1 (1995))

Skopje, 5 September 1996

[The Agreement entered into force on 2 April 1997]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
May 1998*

**EXCHANGE OF NOTES BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE MACEDONIAN GOVERNMENT CONCERNING CERTAIN COMMERCIAL DEBTS (UNITED KINGDOM/MACEDONIA DEBT AGREEMENT NO. 1 (1995))**

**No. 1**

*Her Majesty's Ambassador at Skopje to the Minister of Finance for the  
Macedonian Government*

*British Embassy  
Skopje  
5 September 1996*

Your Excellency

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the Macedonian Government which was signed by creditors at the Conference held in Paris on 17 July 1995 and the terms and conditions agreed by the Macedonian Government by an exchange of letters dated 18 July 1995, and to inform Your Excellency that the Government of the United Kingdom of Great Britain and Northern Ireland is prepared to provide debt relief to the Macedonian Government on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Macedonian Government I have the honour to propose that this Note together, with its Annex, and your reply to that effect, shall constitute an Agreement between our two Governments in this matter which shall be known as 'The United Kingdom Government/Macedonian Government Debt Agreement No 1 (1995)' and which shall be contingently implemented from the date of your reply and which shall enter into force on the date of ratification by the Macedonian Parliament.

I have the honour to convey to Your Excellency the assurance of my highest consideration.

*T. MILLSON*

**ANNEX**

**SECTION 1**

**Definitions and Interpretation**

- (1) In this Annex, unless the contrary intention appears:
- (a) "the Agreed Minute" means the Agreed Minute on the Consolidation of the Debt of the Macedonian Government which was signed by creditors at the Conference held in Paris on 17 July 1995 and the terms and conditions agreed by the Macedonian Government by an exchange of letters dated 18 July 1995;
  - (b) "Allocated Debt" means the debt of the former SFRY owed or guaranteed by entities (including final beneficiaries as described at Article II(1) 1.1 of the Agreed Minute) located on Macedonian territory, including Government entities or entities legally authorised to act on their behalf or banks where relevant;
  - (c) "Appropriate Market Rate" means the reference Rate plus 0.5 per cent;
  - (d) "the Bank" means the Stopanska Banka or any other institution nominated as payment agent for the account of and on behalf of the Macedonian Government for the purposes of this Annex;
  - (e) "Business Day" means a day on which dealings are carried on in the London interbank market and (if payment is required to be made on such day) on which banks are open for domestic and foreign exchange business in London in the case of sterling and in both London and New York City in the case of US dollars;

- (f) “Currency of the Debt” means the currency specified in the Previous Agreements as being the currency in which that Debt is to be paid;
- (g) “Debt” means any amount to which the provisions of this Annex apply by virtue of Section 2 or Section 3;
- (h) “the Department” means the Secretary of State of the Government of the United Kingdom acting by the Export Credits Guarantee Department or any other Department of the Government of the United Kingdom which that Government may subsequently nominate for the purpose hereof;
- (i) “the Fourth Agreement” means the Agreement between the Government of the United Kingdom and the Government of the Socialist Federal Republic of Yugoslavia on Certain Commercial Debts signed on 11 January 1989;<sup>1</sup>
- (j) “MOU” means the Memorandum of Understanding between the delegations of the Macedonian Government and the United Kingdom Government signed on 8 February 1996 concerning certain pre-paid debts by a Macedonian debtor;
- (k) “Maturity” means the due date for payment specified in the Previous Agreements;
- (l) “Non-Allocated Debt” means 5.40 per cent of the debts owed or guaranteed by the former SFRY under a contract and not allocable to any successor State;
- (m) “the Previous Agreements” means the Agreements between the Government of the United Kingdom and the Government of the Socialist Federal Republic of Yugoslavia on Certain Commercial Debts signed on 6 December 1984<sup>2</sup>, 7 February 1986<sup>3</sup>, 29 July 1987<sup>4</sup> and 11 January 1989 respectively;
- (n) “Reference Rate” means the rate (rounded upwards where necessary to the nearest multiple of  $\frac{1}{16}$  (one sixteenth) of one per cent quoted by the Reuters Monitor Money Rate Services (International Swap Dealers Association Interbank Rates from London) (page reference “ISDA”), for six month eurodollar deposits in the case of a Debt denominated in US dollars, or six-month sterling deposits in the case of a Debt denominated in sterling, two Business Days before the commencement of the relevant interest period. If the Reuters Monitor Money Rate Services are unavailable on the required date for any of the currencies referred to in this paragraph, the rate or rates to be used for that currency or those currencies will be the mean of the rates provided by two banks, to be agreed upon by the Department and the Bank, as the mean of the rates at which those banks are offering six-month deposits for any of the said currencies on the required date;
- (o) “SFRY” means Socialist Federal Republic of Yugoslavia.

(2) All references to interest, excluding contractual interest, shall be to interest accruing from day to day and calculated on the basis of actual days elapsed and a year of 360 days, in the case of Debts denominated in US dollars, and 365 days, in the case of Debts denominated in sterling.

(3) Where the context of this Annex so allows, words importing the singular include the plural and vice versa.

(4) Unless otherwise indicated, reference to a specified Section shall be construed as a reference to that Section of this Annex.

(5) The headings to the Sections are for ease of reference only.

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<sup>1</sup>Treaty Series No. 38 (1989) Cm 785

<sup>2</sup>Not published

<sup>3</sup>Treaty Series No. 60 (1986) Cm 13

<sup>4</sup>Treaty Series No. 14 (1990) Cm 957

## SECTION 2

### The Debt

(1) The provisions of this Annex shall, subject to the provisions of paragraphs (2) and (3) of this Section, the MOU and Article IV paragraph 3 of the Agreed Minute, apply to the amounts described as Debt in Section 3 and the following:

- (a) any amount whether of principal or of interest, excluding interest accrued on interest, payable under the Previous Agreements which fell due on or before 30 June 1995 and which has fallen due or will fall due from 1 July 1995 to 30 June 1996 and which remains unpaid; and
- (b) any amount of interest which is charged under Section 5 of this Annex and has accrued on or before 30 June 1995.

(2) The Department and the Bank have agreed a list of Allocated Debt ("the Debt List") to which this Annex shall apply. The Debt List may be reviewed from time to time at the request of the Department or of the Bank, but may not be added to or amended without the agreement of both the Department and the Bank. The total amounts on the Debt List are £1,458,806.84 and US\$5,227,845.94.

(3) For the purposes of this Annex, Debt shall be Allocated Debt and Non-Allocated Debt.

## SECTION 3

### Payments under the Previous Agreements

(1) Debt as defined under the Fourth Agreement<sup>1</sup> and falling due on or after 1 July 1996, shall become Debt under this Annex in addition to Debt specified under Section 2(1). The total amounts of such Debt are £303,191.37 and US\$733,782.47 and shall be repaid in accordance with Section 4 of the Fourth Agreement and interest on such Debt shall accrue and be paid in accordance with Section 5 thereof from and including 16 May 1996.

(2) For the avoidance of doubt, in the event that the Macedonian Government negotiates a successor Agreed Minute, the balance of any Debt transferred to this Annex from the Fourth Agreement, and any unpaid interest thereon, shall be construed as still due and payable under the Fourth Agreement.

(3) Subject to paragraphs (1) and (2) hereof, the provisions of the Previous Agreements insofar as they relate to the payment of any Debt shall cease to apply upon the entry into force of this Agreement<sup>2</sup>.

## SECTION 4

### Payment of Debt

The Macedonian Government shall pay to the Department, in accordance with the provisions of Section 6(1), the following:

- (a) in respect of each Debt specified in Section 2(1)(a) in each case on the following dates and in the following percentages:

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
31 July 1999	0.36
31 January 2000	0.52
31 July 2000	0.69
31 January 2001	0.86
31 July 2001	1.05
31 January 2002	1.25
31 July 2002	5.29
31 January 2003	5.29

<sup>1</sup>Treaty Series No. 38 (1989) Cm 785.

<sup>2</sup>The Agreement entered into force on 2 April 1997.

31 July 2003	5.29
31 January 2004	5.29
31 July 2004	5.29
31 January 2005	5.29
31 July 2005	5.29
31 January 2006	5.29
31 July 2006	5.29
31 January 2007	5.29
31 July 2007	5.29
31 January 2008	5.29
31 July 2008	5.29
31 January 2009	5.30
31 July 2009	5.30
31 January 2010	5.30
31 July 2010	5.30
31 January 2011	5.30

- (b) in respect of Debt specified in Section 2(1)(b):  
100 per cent in 8 equal and consecutive half-yearly instalments commencing 31 July 1998.

## SECTION 5

### Interest

- (1) Interest on the balance of each Debt shall be deemed to have accrued and shall accrue during, and shall be payable in respect of, the period from Maturity until the settlement of that Debt by payment to the Department.
- (2) The Macedonian Government shall be liable for and shall pay to the Department in accordance with the provisions of Section 6(1) and of this Section interest on each Debt to the extent that it has not been settled by payment to the Department in the United Kingdom. Such interest shall be paid to the Department first on 30 April 1996 and then on a half-yearly basis on 31 January and 31 July (the "Due Dates") each year commencing 31 July 1996.
- (3) If any amount of interest payable in accordance with the provisions of paragraph (2) of this Section is not paid on the Due Date for payment thereof, the Macedonian Government shall be liable for and shall pay to the Department interest on such amount of overdue interest. Such additional interest shall accrue from day to day from the Due Date for payment thereof in accordance with the provisions of paragraph (2) of this Section to the date of receipt of the payment by the Department, and shall be due without further notice or demand.
- (4) All interest payable in accordance with the provisions of this Section shall be paid at the Appropriate Market Rate applicable to each half-yearly interest period commencing with the half-yearly interest period within which the Maturity of the Debt concerned occurs.

## SECTION 6

### Payments to the Department

- (1) When payment becomes due under the terms of Section 4 or 5, the Bank shall arrange for the necessary amounts, without deduction of taxes, fees, other public charges or any other costs accruing inside Macedonia, to be paid in the Currency of the Debt to an account notified by the Department to the Bank.
- (2) If the day on which such a payment falls due is not a Business Day payment shall be made on the next following Business Day.
- (3) The Bank shall give the Department full particulars of the Debts and/or interest to which the payments relate.

## **SECTION 7**

### **Exchange of Information**

The Department and the Bank shall exchange all information required for the implementation of this Annex.

## **SECTION 8**

### **Other Debt Settlements**

- (1) The Macedonian Government undertakes to fulfil its commitments under Article III of the Agreed Minute.
- (2) The Macedonian Government agrees to accord to the United Kingdom terms no less favourable than those agreed with any other Creditor, notwithstanding any provision of this Annex to the contrary.
- (3) The provisions of paragraph (2) of this Section shall not apply to matters relating to the payment of interest determined by Section 5.

**No. 2**

*The Minister of Finance for the Macedonian Government to Her Majesty's Ambassador at  
Skopje*

*Ministry of Finance  
Skopje  
5 September 1996*

“Ваша Екселенција,

Имам чест во врска со Усогласениот записник за консолидација на долгот на Македонската влада потпишан од кредиторите на Конференцијата одржана во Париз на 17 Јули 1995 година и според условите договорени од страна на Македонската Влада со размена на писма од 18 јули 1995 година, да ја информирам Вашата Екселенција дека Владата на Обединетото Кралство на Велика Британија и Северна Ирска се спремни да обезбедат консолидација на долгот на Македонската Влада според условите и роковите назначени во приложениот Анекс.

Ако овие услови и рокови се прифатливи за Македонската влада, имам чест да предложам оваа Нота заедно со нејзиниот Анекс, како и Вашиот одговор на ова, да го сочинуваат Договорот помеѓу нашите две Влади, кој ќе носи име: Договор за репрограмирање на долгот помеѓу Македонската Влада и Владата на Обединетото Кралство Бр. 1 (1995), и кој ќе биде во целост применет од датумот на Вашиот одговор, и кој ќе стапи на сила на денот на ратификацијата од страна на Собранието на Република Македонија.

Имам чест на Вашата Екселенција да го изразам своето највисоко почитување.

Имам чест во име на Владата на Република Македонија, да потврдам дека условите и роковите утврдени во Анексот на Вашето писмо се прифатливи за Македонската влада и дека Вашето писмо заедно со нејзиниот Анекс и овој одговор заедно со неговиот Анекс, ќе го сочинуваат Договорот за репрограмирање на долгот помеѓу Македонската влада и Владата на Обединетото Кралство Бр. 1 (1995) и кој ќе стапи во сила на денот на ратификацијата од страна на Собранието на Република Македонија.

Имам чест на Вашата Екселенција да го изразам своето највисоко почитување.

T. FITI

**Translation of No. 2**

*Skopje  
5 September 1996*

Your Excellency,

I have the honour to acknowledge the receipt of Your Excellency's Note of which in translation reads as follows:

[As in No. 1]

[Annex as in No. 1]

I have the honour, on behalf of the Government of the Republic of Macedonia, to confirm terms and conditions set out in the Annex to Your letter are acceptable to the Macedonian Government, and that Your letter together with its Annex, and this reply, shall constitute the Debt Agreement between the Government of the Republic of Macedonia and the Government of the United Kingdom Debt Agreement No. 1 (1995)<sup>1</sup>, and which shall enter into force on the date of ratification by the Macedonian Parliament.

I have the honour to convey to Your Excellency the assurance of my highest consideration.

T. FITI

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<sup>1</sup>The Agreement entered into force on 2 April 1997.





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