



Treaty Series No. 48 (1997)

Exchange of Notes

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Government of the Republic of Bolivia

concerning Certain Commercial Debts

(United Kingdom/Bolivia Debt
Agreement No. 6 (1995))

(London, 10 June 1996 and 25 June 1996)

[The Agreement entered into force on 25 June 1996]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
August 1997*

**EXCHANGE OF NOTES
BETWEEN THE GOVERNMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
AND THE GOVERNMENT OF THE REPUBLIC OF BOLIVIA
CONCERNING CERTAIN COMMERCIAL DEBTS
(UNITED KINGDOM/BOLIVIA DEBT AGREEMENT NO. 6 (1995))**

No. 1

*The Foreign and Commonwealth Office, London to the
Embassy of the Republic of Bolivia, London*

10 June 1996

H. E. Sr Carlos Morales-Landivar,

I have the honour to refer to the Agreed Minute on the Reduction and Reorganisation of the Debt of Bolivia which was signed at the Conference held in Paris on 15 December 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 Government of the Republic of Bolivia on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Government of the Republic of Bolivia, 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/Bolivia Debt Agreement No 6 (1995)' and which shall enter into force on the date of your reply.

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

HENRY HOGGER

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 Reduction and Reorganisation of the Debt of Bolivia which was signed at the Conference held in Paris on 15 December 1995¹;
 - (b) “Appropriate Market Rate” means the Reference Rate plus 0.5 per cent;
 - (c) “the Bank” means the Banco Central de Bolivia or any other institution which the Government of Bolivia may nominate for the purposes of this Annex;
 - (d) “Bolivia” means the Republic of Bolivia;
 - (e) “Business Day” means a day other than a Saturday or a Sunday on which dealings are carried on in the London interbank market and (if payment is require 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, by virtue of the provisions of Section 2, the provisions of this Annex apply;
 - (h) “the Department” means the Secretary of State 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 Fifth Agreement” means the Agreement between the Government of the United Kingdom and the Government of Bolivia on Certain Commercial Debts signed on 11 September 1995²;
 - (j) “the First and Second Agreements” means the Agreements between the Government of the United Kingdom and the Government of Bolivia on Certain Commercial Debts signed on 8 June 1987³ and 20 November 1989⁴ respectively;
 - (k) “the Fourth Agreement” means the Agreement between the Government of the United Kingdom and the Government of Bolivia on Certain Commercial Debts signed on 8 September 1992⁵;
 - (l) “Maturity” in relation to a Debt means 31 December 1995;
 - (m) “the Previous Agreements” means collectively the First and Second Agreements, the Third Agreement, and the Fourth Agreement;
 - (n) “Reference Rate” means the rate (rounded upwards where necessary to the nearest multiple of 1/16th (one sixteenth) of one percent) 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 Debt denominated in US dollars or six-month sterling deposits in the case of 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;

¹Not published.

²Not published.

³Not published.

⁴Treaty Series No. 23 (1990) Cm 1035.

⁵Treaty Series No. 5 (1993) Cm 2133.

- (o) "the Third Agreement" means the Agreement between the Government of the United Kingdom and the Government of Bolivia on Certain Commercial Debts signed on 19 March 1991¹ as amended by the Amendment signed on 11 October 1994;
 - (p) "United Kingdom" means the United Kingdom of Great Britain and Northern Ireland.
- (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 Debt denominated in US dollars, and 365 days, in the case of Debt 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.

SECTION 2

The Debt

The provisions of this Annex shall, subject to the provisions of Article V paragraph 1 of the Agreed Minute, apply to the total of the amounts of principal payable under:

- (a) the First and Second Agreement;
- (b) the Third Agreement; and
- (c) the Fourth Agreement

which remains unpaid at Maturity.

SECTION 3

The Previous Agreements

Except in so far as they relate to the payment of any interest accrued to 31 December 1995 and any late interest thereon and subject to the operation of Section 11, the provisions of the Previous Agreements shall cease to apply upon the entry into force of this Agreement.

SECTION 4

The Fifth Agreement

Section 1(1)(f) of the Fifth Agreement shall, in accordance with paragraph 1(g) of Article II of the Agreed Minute, be amended by deleting the words "31 December 1997" and replacing them with "31 December 1995".

SECTION 5

Debt Reduction Reorganisation and Payment

- (1) The Department shall reduce:
- (a) the Debt specified in Section 2(a) by 67 per cent,
 - (b) the Debt specified in Section 2(b) by 65.34 per cent in respect of the Debt denominated in Sterling and by 59.39 per cent in respect of Debt denominated in US dollars and
 - (c) the Debt specified in Section 2(c) by 34 per cent.

¹Treaty Series No. 12 (1992) Cm 1817.

(2) The Government of Bolivia shall then pay to the Department in accordance with the provisions of Section 7(1), the balance of such Debt on the following dates and in the following percentages thereof:

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
1 July 2002	0.12
1 January 2003	0.20
1 July 2003	0.28
1 January 2004	0.38
1 July 2004	0.48
1 January 2005	0.58
1 July 2005	0.70
1 January 2006	0.82
1 July 2006	0.94
1 January 2007	1.08
1 July 2007	1.22
1 January 2008	1.36
1 July 2008	1.52
1 January 2009	1.70
1 July 2009	1.86
1 January 2010	2.06
1 July 2010	2.26
1 January 2011	2.46
1 July 2011	2.68
1 January 2012	2.92
1 July 2012	3.18
1 January 2013	3.44
1 July 2013	3.70
1 January 2014	4.00
1 July 2014	4.30
1 January 2015	4.64
1 July 2015	4.98
1 January 2016	5.34
1 July 2016	5.72
1 January 2017	6.12
1 July 2017	6.54
1 January 2018	7.00
1 July 2018	7.46
1 January 2019	7.96

SECTION 6

Interest

(1) Interest on the balance of 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 Government of Bolivia shall be liable for and shall pay to the Department in accordance with the provisions of Section 7(1) and of this Section interest on the 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 on a half-yearly basis on 1 January and 1 July (the aforementioned dates being referred to as the "Due Dates") each year commencing on 1 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, the Government of Bolivia shall compensate the Department for any amount of interest outstanding. Such compensation shall be in addition to the interest payable under paragraph (2) of this Section. It shall accrue and be payable on the outstanding amount of overdue interest from day to day from the Due Date 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. Such compensation shall be calculated in accordance with the provisions of paragraph (4) of this Section.

(4) All interest and compensation 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 from Maturity.

SECTION 7

Payments to the Department

(1) When payment becomes due under the terms of Section 5 or 6, the Bank shall arrange for the necessary amounts, without deduction of taxes, fees, other public charges or any other costs accruing inside or outside Bolivia, 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 Debt and/or interest and/or compensation to which the payments relate.

SECTION 8

Exchange of Information

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

SECTION 9

Other Debt Settlements

(1) The Government of Bolivia undertakes to fulfil its commitments under Articles III, IV and V of the Agreed Minute.

(2) The Government of Bolivia 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 6.

SECTION 10

Debt Conversion Option

The Department agrees to give prior notification to the Government of Bolivia if it is willing to exercise the option provided for in Article II paragraph 3 of the Agreed Minute. The Department recognises that this option can only be implemented with the consent the Government of Bolivia.

SECTION 11

Conditionality

Unless the Department otherwise agrees, this Annex shall apply for as long as the Agreed Minute applies, and if the Agreed Minute ceases to apply because the conditions in Article V paragraph 1 thereof have not been fulfilled, this Annex shall likewise cease to apply. If this Annex ceases to apply all Debt shall be due in accordance with the Previous Agreements and the Fifth Agreement as if this Annex had never existed.

No. 2

*The Embassy of the Republic of Bolivia, London to the
Foreign and Commonwealth Office, London*

25 June 1996

Henry Hogger, Esq,

I have the honour to acknowledge receipt of your Note dated 10 June 1996¹, which refers to the Agreed Minute on the Reduction and Reorganisation of the Debt of Bolivia which was signed at the Conference held in Paris on 15 December 1995, and in which you inform me that the Government of the United Kingdom of Great Britain and Northern Ireland is prepared to provide debt relief to the Government of the Republic of Bolivia on the terms and conditions set out in the Annex attached to your Note.

I have been informed by the Government of the Republic of Bolivia that the mentioned terms and conditions as well as your proposal, for the Note together with its Annex, are acceptable and shall constitute an Agreement between our two Governments, to be known as 'The United Kingdom/Bolivia Debt Agreement No. 6 (1995)' to enter into force as from the date of this Note.

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

CARLOS MORALES-LANDIVAR

¹See No. 1.

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