



Treaty Series No. 74 (1997)

Exchange of Notes

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

concerning Certain Commercial Debts (The United Kingdom/Madagascar Debt Agreement No. 8 (1997))

Antananarivo, 20 and 21 October 1997

[The Agreement entered into force on 21 October 1997]

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

December 1997

**EXCHANGE OF NOTES
BETWEEN THE GOVERNMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
AND THE GOVERNMENT OF THE REPUBLIC OF MADAGASCAR
CONCERNING CERTAIN COMMERCIAL DEBTS
(THE UNITED KINGDOM/MADAGASCAR DEBT AGREEMENT NO. 8 (1997))**

No. 1

*Her Majesty's Ambassador at Antananarivo to the Vice Prime
Minister of Finance and the Economy of the Republic of Madagascar*

*British Embassy
Antananarivo
20 October 1997*

Your Excellency,

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the Republic of Madagascar which was signed at the Conference held in Paris on 26 March 1997, 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 Madagascar 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 Madagascar, 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/Madagascar Debt Agreement No 8 (1997)" 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.

ROBERT S. DEWAR

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 Republic of Madagascar which was signed at the Conference held in Paris on 26 March 1997;
 - (b) “Appropriate Market Rate” means the Reference Rate plus 0.5 per cent;
 - (c) “the Bank” means the Central Bank of Madagascar or any other institution which the Government of Madagascar may nominate for the purposes of this Annex;
 - (d) “Business Day” means a day excluding Saturday and Sunday 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;
 - (e) “the Consolidation Period” means the period from 1 January 1997 to 30 November 1999 inclusive;
 - (f) “Currency of the Debt” means the currency specified in the Previous Agreements, the Sixth Agreement or the Seventh Agreement as being the currency in which that Debt is to be paid, unless that Debt is denominated in French francs in which case it shall be converted into sterling at the rate of Ff 9.282 = £1;
 - (g) “Debt” means any debt 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 the Secretary of State may subsequently nominate for the purpose hereof;
 - (i) “Maturity” in relation to a Debt:
 - (i) specified in Section 2(a) and 2(b) means either 31 December 1996 or the date for payment specified in any of the Previous Agreements and the Sixth Agreement if that date is later; and
 - (ii) specified in Section 2(c) means the date for payment specified in the Seventh Agreement;
 - (j) “Madagascar” means the Republic of Madagascar;
 - (k) “the Previous Agreements” means the Agreements between the Government of the United Kingdom and the Government of Madagascar on Certain Commercial Debts signed on 21 May 1983, 7 January 1985, 26 March 1986 and 3 June 1987 respectively;
 - (l) “Reference Rate” means the rate (rounded upwards where necessary to the nearest multiple of 1/16th (one sixteenth) of one per cent) quoted to the Department by a bank to be agreed upon by the Department and the Bank as the rate at which that bank is offering 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, in the London Interbank Market at 11am (London time) two Business Days before the commencement of the relevant interest period;
 - (m) “the Seventh Agreement” means the Agreement between the Government of the United Kingdom and the Government of Madagascar on Certain Commercial Debt signed on 4 April 1991;
 - (n) “the Sixth Agreement” means the Agreement between the Government of the United Kingdom and the Government of Madagascar on Certain Commercial Debts signed on 25 October 1990;

- (o) "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 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.

SECTION 2

The Debt

The provisions of this Annex shall, subject to the provisions of Article IV paragraphs 4 and 8 of the Agreed Minute, apply to:

- (a) any amount, whether of principal or of interest (including interest accrued on interest), payable under the Previous Agreements which fell due on or before 31 December 1996 or which has fallen due or which will fall due during the Consolidation Period and which remains unpaid; and
- (b) any amount, whether of principal or of interest (including interest accrued on interest), payable under the Sixth Agreement which fell due on or before 31 December 1996 or which has fallen due or will fall due during the Consolidation Period and which remains unpaid; and
- (c) any amount, whether of principal or interest (excluding interest accrued on interest), payable under the Seventh Agreement which fell due on or before 26 March 1997 and which remains unpaid.

SECTION 3

Payments under the Previous Agreements, the Sixth Agreement and the Seventh Agreement

The provisions of the Previous Agreements, the Sixth Agreement and the Seventh Agreement insofar as they relate to the payment of any Debt as defined herein shall cease to apply upon the entry into force of this Agreement.

SECTION 4

Payment of Debt

- (1) The Government of Madagascar shall pay to the Department, in accordance with the provisions of Section 6(1), each Debt specified in Sections 2(a) and 2(b) on the following dates and in the following percentages:

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
15 December 1998	0.16
15 June 1999	0.17
15 December 1999	0.19
15 June 2000	0.20
15 December 2000	0.21
15 June 2001	0.22
15 December 2001	0.24
15 June 2002	0.25
15 December 2002	0.27
15 June 2003	0.28
15 December 2003	0.30
15 June 2004	0.32

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
15 December 2004	0.33
15 June 2005	0.35
15 December 2005	0.37
15 June 2006	0.40
15 December 2006	0.42
15 June 2007	0.44
15 December 2007	0.47
15 June 2008	0.49
15 December 2008	0.52
15 June 2009	0.55
15 December 2009	0.58
15 June 2010	0.61
15 December 2010	0.64
15 June 2011	0.68
15 December 2011	0.71
15 June 2012	0.75
15 December 2012	0.79
15 June 2013	0.83
15 December 2013	0.88
15 June 2014	0.92
15 December 2014	0.97
15 June 2015	1.02
15 December 2015	1.08
15 June 2016	1.13
15 December 2016	1.19
15 June 2017	1.26
15 December 2017	1.32
15 June 2018	1.39
15 December 2018	1.46
15 June 2019	1.54
15 December 2019	1.62
15 June 2020	1.70
15 December 2020	1.79
15 June 2021	1.88
15 December 2021	1.98
15 June 2022	2.08
15 December 2022	2.19
15 June 2023	2.30
15 December 2023	2.42
15 June 2024	2.54
15 December 2024	2.67
15 June 2025	2.81
15 December 2025	2.95
15 June 2026	3.10
15 December 2026	3.26
15 June 2027	3.42
15 December 2027	3.59
15 June 2028	3.78
15 December 2028	3.97
15 June 2029	4.17
15 December 2029	4.38
15 June 2030	4.60
15 December 2030	4.84
15 June 2031	5.06

(2) The Government of Madagascar shall also pay to the Department, in accordance with the provisions of Section 6(1), 100 per cent of the Debt specified in Section 2(c) as follows:

50 per cent on 30 September 1997
50 per cent on 30 September 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 Government of Madagascar 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 15 September 1997 and then on a half-yearly basis on 15 June and 15 December (the "Due Dates") each year commencing on 15 December 1997.
- (3) All interest accruing up to each Due Date in respect of Debt specified in Section 2(a) shall be paid for each half-yearly interest period commencing with the half-yearly interest period within which the Maturity of the Debt concerned occurs at the rate provided in Table B3 attached to the Agreed Minute in the column headed "67%" against the Appropriate Market Rate applicable to that half-yearly interest payment.
- (4) All interest accruing up to each Due Date in respect of Debt specified in Section 2(b) shall be paid for each half-yearly interest period commencing with the half-yearly interest period within the Maturity of the Debt concerned occurs at the rate provided in Table B3 attached to the Agreed Minute in the column headed "50%" against the Appropriate Market Rate applicable to that half-yearly interest payment.
- (5) All interest accruing up to each Due Date in respect of Debts specified in Section 2(c) 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.
- (6) If any amount of interest payable in accordance with the provisions of paragraph (2) of this Section is not paid on the applicable Due Date, the Government of Madagascar shall be liable for and shall pay to the Department interest on such amount of overdue interest. Such additional interest shall accrue at the Appropriate Market Rate from day to day from the applicable Due Date to the date of receipt of the payment by the Department, and shall be due without further notice or demand.

SECTION 6

Payments to the Department

- (1) When payment becomes due under the terms of Section 4 or 5, the Bank shall:
 - (a) where possible draw upon the special account at the Banque de France referred to in Article IV paragraph 5 of the Agreed Minute to meet such payments, and
 - (b) in any event arrange for the necessary amounts, without deduction of taxes, fees, other public charges or any other costs accruing inside or outside Madagascar, 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 nearest 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 Government of Madagascar undertakes to fulfil its commitments under Article III of the Agreed Minute and agrees to accord to the Government of the United Kingdom terms no less favourable than those agreed with any other creditor, notwithstanding any provision of this Annex to the contrary.
- (2) The provisions of paragraph (1) of this Section shall not apply to matters relating to the payment of interest determined by Section 5.

SECTION 9

Debt Sale Option

The Department shall give prior notification to the Government of Madagascar if it wishes to exercise the option given in Article II paragraph 3 of the Agreed Minute to sell or exchange Debt. This option may only be implemented with the consent of the Government of Madagascar and will only be exercised on condition that the Debt sold or exchanged is discharged in Malagasy francs.

SECTION 10

Conditionality

- (1) Unless the Department otherwise agrees, this Annex shall become null and void if the provisions of Article II paragraph 2 of the Agreed Minute are declared null and void pursuant to Article IV paragraph 8 thereof. If this Annex becomes null and void all outstanding payments shall once again become due in accordance with the payment schedules in the Previous Agreements, the Sixth Agreement or the Seventh Agreement as the case may be.
- (2) The Department reserves the right to declare that this Annex shall not apply to Debts with a Maturity from 1 March 1998 to 28 February 1999 and from 1 March 1999 to 30 November 1999 if the conditions referred to in Article IV paragraphs 4b and 4c of the Agreed Minute have not been met by 1 March 1998 and 1 March 1999 respectively.

No. 2

*The Vice Prime Minister of Finance and the Economy of
Madagascar to Her Majesty's Ambassador at Antananarivo*

Antananarivo

21 October 1997

Your Excellency

I have the honour to acknowledge receipt of your Excellency's Note of 20 October 1997 which reads as follows:

[As in No. 1]

I have the honour to confirm that the terms and conditions set out in the Annex to your Note are acceptable to the Government of the Republic of Madagascar, and that your Note together with its Annex, and this reply, shall constitute an Agreement between our two Governments in this matter which shall be known as "The United Kingdom/Madagascar Debt Agreement No. 8 (1997)" and which shall enter into force today.

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

TANTELY ANDRIANARIVO

[Annex as in No. 1]

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