



Treaty Series No. 56 (2001)

## Exchange of Notes

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

### concerning Certain Commercial Debts (The United Kingdom/Ecuador Debt Agreement No. 7 (2000))

London, 10 September and 3 October 2001

[The Agreement entered into force on 3 October 2001]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
December 2001*

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**EXCHANGE OF NOTES BETWEEN THE GOVERNMENT OF THE UNITED  
KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE  
GOVERNMENT OF THE REPUBLIC OF ECUADOR CONCERNING CERTAIN  
COMMERCIAL DEBTS (THE UNITED KINGDOM/ECUADOR DEBT  
AGREEMENT NO. 7 (2000))**

**No. 1**

*The Foreign and Commonwealth Office to the Embassy of Ecuador*

*London  
10 September 2001*

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt and the Republic of Ecuador, which was signed in Paris on 15 September 2000. I wish 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 Republic of Ecuador on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Republic of Ecuador, 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/Ecuador Debt Agreement No. 7 (2000)" 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.

**JOHN DEW**  
Head of Latin America and Caribbean Dept.  
Foreign and Commonwealth Office

**ANNEX**

**Section 1**

**Definitions and Interpretation**

- (1) In this Annex, unless the contrary intention appears:
- (a) "Agreed Minute" means the Agreed Minute on the Consolidation of the Debt of the Republic of Ecuador that was signed in Paris on 15 September 2000;
  - (b) "Appropriate Market Rate" means the Reference Rate plus 0.5 per cent;
  - (c) "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;
  - (d) "Compensation" means moneys payable in respect of unpaid interest or Debt in accordance with Section 5(4) or Section 5(5) as the case may be;
  - (e) "Debt" means any debt to which, by virtue of the provisions of Section 2, the provisions of this Annex apply;
  - (f) "Department" means the Exports Credits Guarantee Department or any other Department of the Government of the United Kingdom which that Government may subsequently nominate for the purposes hereof;
  - (g) "Fourth Agreement" means the Agreement between the Government of the United Kingdom and the Republic of Ecuador signed on 30 May 1990;<sup>1</sup>

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<sup>1</sup> Treaty Series No. 66 (1990) Cm 1231.

- (h) "Previous Agreements" means collectively the Third, Fourth, Fifth and Sixth Agreements between the Government of the United Kingdom and the Republic of Ecuador signed on 8 August 1988<sup>1</sup>, 30 May 1990, 30 July 1992,<sup>2</sup> and 13 January 1995<sup>3</sup> respectively;
- (j) "Maturity" in relation to a Debt specified in Section 2 means either 30 April 2000 or the date for payment specified in the Previous Agreements if that date is later;
- (k) "Ministry" means the Ministry of the Economy and Finance or any other institution that the Republic of Ecuador may nominate for this purpose;
- (l) "Reference Rate" means the rate (rounded upwards where necessary to the nearest multiple of 1/16 (one sixteenth) of one percent) quoted by the Reuters Monitor Money Rate Services (International Swap Dealers Association Interbank Rate from London) (pages reference "ISDA") as the rate at which 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 or any other currency, are offered in the London Interbank Market at 11am (London time) two Business Days before the commencement of the relevant interest period. If the Reuters Monitor Money Rate Services (RMMRS) are unavailable at that time on that date, the rate to be used will be the most recently available rate (rounded upwards where necessary to the nearest multiple of 1/16 (one sixteenth) of one percent) quoted by the RMMRS. If it is impossible to find a rate quoted by the RMMRS within the previous five days, the rate to be used will be that rate (rounded upwards where necessary to the nearest multiple of 1/16 (one sixteenth) of one percent) quoted to the Department by a bank to be agreed by the Department and the Ministry, as the rate at which that bank is offering six-month eurodollar deposits or six-month sterling deposits as the case may be;
- (m) "United Kingdom" means the United Kingdom of Great Britain and Northern Ireland.

(2) All interest payable pursuant to this Annex shall be 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 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 Article IV paragraphs 3 and 4 of the Agreed Minute, apply to:

- (a) Any amount, whether of principal or of interest (excluding Compensation) payable in accordance with the Previous Agreements which fell due on or before 30 April 2000 and not paid;
- (b) Any amount, whether of principal or of interest (excluding Compensation), payable in accordance with the Previous Agreements which has fallen due or will fall due during the period from 1 May 2000 to 30 April 2001 inclusive and not paid;

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<sup>1</sup> Treaty Series No. 72 (1988) Cm 514.

<sup>2</sup> Treaty Series No. 76 (1992) Cm 2090.

<sup>3</sup> Treaty Series No. 106 (1995) Cm 3114.

- (c) Any amount of Compensation payable up to 30 April 2000 in accordance with the Previous Agreements (excluding the Fourth Agreement) and not paid;
- (d) Any amount of Compensation payable up to 30 April 2000 in accordance with the Fourth Agreement and not paid.

### **Section 3**

#### **Payments under the Previous Agreements**

The provisions of the previous Agreements 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**

The Republic of Ecuador shall pay to the Department, in accordance with the provisions of Section 6, the following:

- (1) In respect of each Debt falling within the class specified in Section 2(a) and (b) 100 percent in 30 consecutive half yearly rising instalments as follows:

0.44% on May 1st 2004	0.58% on 1st November 2004
0.74% on May 1st 2005	0.90% on 1st November 2005
1.07% on May 1st 2006	1.25% on 1st November 2006
1.43% on May 1st 2007	1.62% on 1st November 2007
1.82% on May 1st 2008	2.02% on 1st November 2008
2.22% on May 1st 2009	2.43% on 1st November 2009
2.64% on May 1st 2010	2.86% on 1st November 2010
3.08% on May 1st 2011	3.30% on 1st November 2011
3.53% on May 1st 2012	3.76% on 1st November 2012
4.00% on May 1st 2013	4.23% on 1st November 2013
4.48% on May 1st 2014	4.72% on 1st November 2014
4.97% on May 1st 2015	5.22% on 1st November 2015
5.47% on May 1st 2016	5.72% on 1st November 2016
5.98% on May 1st 2017	6.24% on 1st November 2017
6.51% on May 1st 2018	6.77% on 1st November 2018

- (2) In respect of each Debt falling within the class specified in Section 2(c) 100 percent in 10 equal and consecutive half-yearly instalments commencing on 1 May 2001.

- (3) In respect of each Debt falling within the class specified in Section 2(d)
  - (i) 50 per cent to be paid on or before 31 December 2000;
  - (ii) 50 per cent to be paid in 10 equal and consecutive half-yearly instalments commencing on 1 May 2001.

### **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 Republic of Ecuador shall pay to the Department interest on each Debt in accordance with the provisions of Section 6 to the extent that such Debt has not been settled by payment to the Department. Such interest shall be paid to the Department half-yearly on 1 May and 1 November (the "Due Dates") each year commencing on 1 May 2001.

(3) 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.

(4) If any amounts of interest payable in accordance with the provisions of paragraph (2) of this Section are not paid on the Due Date, the Republic of Ecuador 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 and shall accrue at the Appropriate Market rate plus 0.5 percent 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.

(5) If any amounts of Debt payable in accordance with the provisions of Section 4 are not paid on the Due Date, the Republic of Ecuador shall compensate the Department for any amount of Debt outstanding. Such Compensation shall accrue at the Appropriate Market rate plus 0.5 percent and be payable on the outstanding amount of overdue Debt from day to day from the 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 Ministry shall arrange for the necessary amounts, without deduction of taxes, fees, other public charges, or any other costs incurred inside or outside the Republic of Ecuador, to be paid in the currency of the Debt to an account notified by the Department to the Ministry.

(2) If the day on which such a payment falls due is not a Business Day payment shall be made on the next succeeding Business Day, but any Compensation payable shall be the amount accrued on the day on which such payment fell due.

(3) The Ministry shall give the Department full particulars of the Debts and/or interest and/or Compensation to which the payments relate.

## **Section 7**

### **Exchange of information**

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

## **Section 8**

### **Other Debt Settlements**

(1) The Republic of Ecuador 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

### Preservation of Rights and Obligations

This Annex and its implementation shall not affect the rights or obligations of any Creditor or Debtor under a Contract other than those rights and obligations in respect of which the Government of the United Kingdom and the Republic of Ecuador are authorised to act respectively on behalf of and to bind such Creditor and Debtor.

## Section 10

### Debt Swaps Option

The Department shall give prior notification to the Republic of Ecuador if it wishes to exercise the option given in Article II paragraph 2C of the Agreed minute to sell or exchange Debt. This option may only be implemented with the consent of the Republic of Ecuador and will only be exercised on condition that the Debt sold or exchanged is discharged in the Republic of Ecuador.

## Section 11

### Conditionality

Unless the Department otherwise agrees, the conditions of Article IV paragraphs 3 and 4 of the Agreed Minute shall apply to this Annex. If this Annex ceases to apply because either of these conditions has not been fulfilled, all outstanding payments shall be due according to the original Contracts or according to the payment schedules in the Previous Agreements as the case may be, as if this Annex had never existed.

## No. 2

*The Embassy of Ecuador to the Foreign and Commonwealth Office*

*London  
3 October 2001*

Tengo el honor de acusar recibo de la Nota de Su Excelencia del 10 de septiembre de 2001 que en su traducción, reza como sigue:

“Tengo el honor de referirme al Acta Convendia sobre la Consolidación de la Deuda de la República del Ecuador que se firmó en París el 15 de septiembre de 2000 y de informar a Su Excelencia que el gobierno del Reino Unido de Gran Bretaña e Irlanda del Norte está dispuesto a conceder un alivio de deuda a la República del Ecuador según los términos y condiciones expuestos en el Anexo adjunto.

Si estos términos y condiciones son aceptables para la República del Ecuador, tengo el honor de proponer que la presente Nota conjuntamente con el Anexo de la misma, y la respuestas dada por su parte en ese sentido, constituyan un Convenio entre los dos Gobiernos en este asunto, el cual se denominará “Convenio sobre Deuda Reino Unido/Ecuador No 7 (2000)” y que entrará en vigor en la fecha de su contestación.

Tengo el honor de comunicar a Su Excelencia las seguridades de mi más alta consideración.”

Tengo el honor de confirmar que los términos y condiciones que figuran en el Anexo de su Nota son aceptables para la República de Ecuador y que su Nota, conjuntamente con este Anexo, y esta respuesta, constituirán un Convenio entre los dos Gobiernos en este asunto, el cual se denominará “Convenio sobre deuda Reino Unido/Ecuador No. 7 (2000)” y que entrará en vigor el día de la fecha.

Para ello he sido debidamente delegado por el señor Jorge Gallardo, Ministro de Economía Finanzas de la República del Ecuador, mediante oficio SCP-2001-2112 5474 de 1ro de Octubre de 2001.

Tengo el honor de expresar a Su Excelencia las seguridades de mi más alta consideración.

SIXTO A. DURAN-BALLEN  
EMBAJADOR

**Translation of No. 2**

*The Embassy of Ecuador to the Foreign and Commonwealth Office*

*London*  
*3 October 2001*

I have the honour to acknowledge receipt of Your Excellency's Note of 10 September 2001, which, in translation, 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 Republic of Ecuador, and that your Note, together with its Annex, and this reply, shall constitute an Agreement between the two Governments in this matter, which shall be known as "The United Kingdom/Ecuador Debt Agreement No. 7 (2000) and which shall enter into force today.

To that end I have been duly delegated by Mr Jorge Gallardo, Ministry of Economy and Finance of the Republic of Ecuador, by official communication SCP-2001-2112 5474 of 1 October 2001.

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

Sixto A. Durán-Ballén  
Ambassador

