



Treaty Series No. 51 (1991)

Exchange of Notes

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Government of the United Mexican States
concerning Certain Commercial Debts
(The United Kingdom/Mexico Debt Agreement No. 3 (1989))

Mexico City 22 March 1991

[The Agreement entered into force on 22 March 1991]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
September 1991*

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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 UNITED MEXICAN STATES
CONCERNING CERTAIN COMMERCIAL DEBTS
(THE UNITED KINGDOM/MEXICO DEBT AGREEMENT No. 3 (1989))**

No. 1

*Her Majesty's Ambassador at Mexico City to the Secretary of the Treasury and Public
Finance of the United Mexican States*

*British Embassy
Mexico City
22 March 1991*

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the United Mexican States which was signed at the Conference held in Paris on 30 May 1989, 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 United Mexican States on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Government of the United Mexican States, I have the honour to propose that this Note together with its Annex, and your reply to that effect, shall constitute an Agreement between the two Governments in this matter which shall be known as "The United Kingdom/Mexico Debt Agreement No. 3 (1989)" 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.

MICHAEL SIMPSON-ORLEBAR

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 United Mexican States which was signed at the Conference held in Paris on 30 May 1989;
 - (b) "Bancomext" means Banco Nacional de Comercio Exterior SNC acting as agent for the Government of Mexico;
 - (c) "Contract" means a contract, or any agreement supplemental thereto, entered into before 31 December 1985, the parties to which include a Debtor and a Creditor and which either is for the sale of goods and/or services from outside Mexico to a buyer in Mexico, or is in respect of the financing of such a sale, and which in either case granted or allowed credit to the Debtor for a period exceeding one year;
 - (d) "Creditor" means a person or body of persons or corporation resident or carrying on business in the United Kingdom, including the Channel Islands and the Isle of Man, or any successor in title thereto;
 - (e) "Debt" means any debt to which, by virtue of the provisions of Section 2(1), the provisions of this Annex apply;
 - (f) "Debtor" means the Government of Mexico or any public sector body (being any enterprise in which, at 30 May 1989, the Government of Mexico, either directly or indirectly, held a majority (more than 50 per cent) share holding) whether as primary debtor or as guarantor carrying on business in Mexico or any successor in title thereto;
 - (g) "the Department" means the Secretary of State of the Government of the United Kingdom acting through 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;
 - (h) "Maturity" in relation to a Debt means the due date for the payment or repayment thereof under the relevant Contract, or on a promissory note or bill of exchange drawn up pursuant thereto;
 - (i) "Mexico" means the United Mexican States;
 - (j) "Previous Agreements" means the Agreement between the Government of the United Kingdom and the Government of Mexico on Certain Commercial Debts signed on 31 January 1985¹ and the Exchange of Notes between the Government of the United Kingdom and the Government of Mexico concerning Certain Commercial Debts signed on 17 June 1987²;
 - (k) "Reference Rate" means the rate quoted to the Department by a bank to be agreed upon by the Department and Bancomext at which six month sterling deposits in the case of Debts denominated in sterling (or any currency other than US dollars), and six-month eurodollar deposits in the case of Debts denominated in US dollars, are offered to that bank by prime banks in the London interbank market at 11 am (London time) two business days before the commencement of the relevant interest period in each year;
 - (l) "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 365 days in the case of Debts denominated in sterling (or any currency other than US dollars) or of 360 days in the case of Debts denominated in US dollars.

¹ Treaty Series No. 37 (1985), Cmnd 9588.

² Treaty Series No. 57 (1987), Cm 271.

- (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

- (1) The provisions of this Annex shall, subject to the provisions of paragraph (2) and (3) of this Section and Article IV paragraph 3 of the Agreed Minute, apply to any amount of principal or of contractual interest accruing up to Maturity, owed by a Debtor to a Creditor, and which:
 - (a) arises under or in relation to a Contract;
 - (b) has fallen due or will fall due for payment between 1 June 1989 and 31 May 1992, both dates inclusive, and remains unpaid;
 - (c) is guaranteed by the Department as to payment according to the terms of the Contract;
 - (d) is not expressed by the terms of the Contract to be payable in Mexican pesos;
 - (e) does not arise from an amount payable upon, or as a condition of, the formation, cancellation or termination of the Contract; and
 - (f) does not arise from an amount payable under the Previous Agreements.
- (2) The Department and Bancomext shall, as soon as possible, agree and draw up a list of Debts ("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 Bancomext, but may not be added to or amended without the agreement of both the Department and Bancomext. Delay in the completion of the Debt List shall neither prevent nor delay the implementation of the other provisions of this Annex.
- (3) The provisions of this Section should cease to apply to:
 - (a) Debts falling due between 1 April 1990 and 31 March 1991, both dates inclusive, if the conditions stated in Section IV paragraph 4 of the Agreed Minute are not fulfilled; and
 - (b) Debts falling due between 1 April 1991 and 31 May 1992, both dates inclusive, if the conditions stated in Section IV paragraph 5 of the Agreed Minute are not fulfilled.

SECTION 3

Payment of Debt

- (1) The Government of Mexico shall pay to the Department in accordance with the provisions of Section 5(1):
 - (a) 100 per cent of each Debt falling due between 1 June 1989 and 31 March 1990, both dates inclusive, in eight equal and consecutive half-yearly instalments commencing on 30 April 1996;
 - (b) 100 per cent of principal and 90 per cent of contractual interest falling due between 1 April 1990 and 31 March 1991, both dates inclusive, in eight equal and consecutive half-yearly instalments commencing on 30 April 1997; and
 - (c) 100 per cent of principal and 80 per cent of contractual interest falling due between 1 April 1991 and 31 May 1992, both dates inclusive, in eight equal and consecutive half-yearly instalments commencing on 30 April 1998.
- (2) The Government of Mexico shall, in respect of 10 per cent of contractual interest falling due between 1 April 1990 and 31 March 1991 and in respect of 20 per cent of contractual interest falling due between 1 April 1991 and 31 May 1992, also arrange for payment to be made to the relevant Creditor on the original due date for payment under the terms of the Contract.

SECTION 4

Interest

- (1) Interest shall be deemed to have accrued and shall accrue on the unpaid portion of each Debt during, and shall be payable in respect of, the period from Maturity until the settlement of that Debt by payment to the Department in accordance with Section 3.
- (2) The Government of Mexico shall be liable for and acting through its agent Bancomext, shall pay to the Department in accordance with the provisions of Section 5(1) and of this Section interest on each Debt to the extent that it has not been settled by payment direct to the Creditor or by payment to the Department in the United Kingdom pursuant to Section 3. Such interest shall be paid to the Department half-yearly on 30 April and 31 October each year commencing on 30 April 1991.
- (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 such unpaid interest shall be capitalised and the Government of Mexico shall be liable for and shall pay to the Department interest on such sum. Such interest shall accrue from day to day from the original due date for payment of the interest so capitalised in accordance with the provisions of paragraph (2) of this Section to the date of receipt of the payment by the Department. The capitalised sum and interest thereon shall be due and payable without further notice or demand of any kind.
- (4) All interest payable in accordance with the provisions of this Section shall be paid at the rate of 0.5 per cent above the Reference Rate applicable to each six-monthly interest period commencing from the Maturity of the Debt concerned.

SECTION 5

Payments to the Department

- (1) As and when payments become due under the terms of Sections 3 and 4, Bancomext shall arrange for the necessary amounts, without deduction for taxes, fees, other public charges or any other costs accruing inside Mexico (except that for payments due to be made under the terms of paragraph 2 of Section 3, any deductions permitted under the terms of the original Contract shall continue to apply) to be paid in the currency specified in the Contract as being the currency in which the Debt is to be paid to the Department in the United Kingdom to an account details of which shall be notified by the Department to the Bancomext.
- (2) Bancomext shall give the Department full particulars of the Debts and/or interest to which the payments relate.

SECTION 6

Exchange of Information

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

SECTION 7

Other Debt Settlements

- (1) The Government of Mexico undertakes to perform its obligations 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 country, 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 4.

SECTION 8

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 Government of Mexico are authorised to act respectively on behalf of and to bind such Creditor and Debtor.

SECTION 9

The Department's Intention

The Department intends, in the spirit of Article IV paragraph 1 of the Agreed Minute, to consider whether it may become possible at some future time to make arrangements to refinance any part of the Debt. If the Department shall wish to make such refinancing arrangements, the Government of Mexico agrees to negotiate in good faith to attempt to agree the necessary provisions. It is agreed that if, as a consequence of such negotiations, both parties agree that amendments should be made to this Annex, such amendments shall be affected by a further Exchange of Notes between the Government of Mexico and the Government of the United Kingdom.

*The Secretary of the Treasury and Public Finance of the
United Mexican States to Her Majesty's Ambassador at Mexico City*

*Mexico City
22 March 1991*

Excelentísimo Sr. Embajador

Tengo el honor de acusar recibo de la Nota de su Excelencia—del 22 de marzo de 1991, que en su traducción dice lo siguiente:

“Tengo el honor de referirme a la Minuta de Acuerdo respecto a la Consolidación de la Deuda de los Estados Unidos Mexicanos que fue firmada en la Conferencia efectuada en París el 30 de mayo de 1989, y de informar a su Excelencia que el Gobierno—del Reino Unido de Gran Bretaña e Irlanda del Norte está—dispuesto a facilitar el manejo de la deuda del Gobierno de los Estados Unidos Mexicanos en los términos y condiciones—que se establecen en el Anexo Adjunto.

Si estos términos y condiciones son aceptados por el Gobierno de los Estados Unidos Mexicanos, tengo el honor de proponer—que esta Nota, junto con su Anexo, y la respuesta de usted a tal efecto, constituyan un acuerdo entre los dos Gobiernos sobre esta cuestión que sea conocido como ‘Convenio No. 3 sobre la deuda Reino Unido/México (1989)’ y entre en vigor en la fecha de su respuesta”.

Tengo el honor de confirmar que los términos y las condiciones establecidos en el Anexo a su Nota son aceptados por el Gobierno de los Estados Unidos Mexicanos y que su Nota junto con su Anexo y esta respuesta constituirán un Convenio entre nuestros dos Gobiernos en esta materia que será conocido como “Convenio No. 3 sobre la Deuda Reino Unido/México (1989)” y que entrará en vigor con esta fecha.

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

SUFRAGIO EFECTIVO. NO REELECCION.
El Secretario.

A GURRIA.
Pedro Aspe

Translation of No. 2

Excellency Mr. Ambassador

I have the honour to acknowledge receipt of Your Excellency's Note of 22 March, 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 Government of the United Mexican States, 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/Mexico Debt Agreement No. 3 (1989)” and which shall enter into force today.

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

FREE SUFFRAGE. NO RE-ELECTION
Secretary

A GURRIA
for PEDRO ASPE

[Annex as in No.1]

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