



Treaty Series No. 61 (1991)

Exchange of Notes

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

concerning Certain Commercial Debts

(The United Kingdom/Tanzania Debt Agreement No. 3 (1990))

Dar es Salaam, 4 March 1991

[The Agreement entered into force 4 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 REPUBLIC OF TANZANIA
CONCERNING CERTAIN COMMERCIAL DEBTS
(THE UNITED KINGDOM/TANZANIA DEBT AGREEMENT No. 3 (1990))**

No. 1

*The United Kingdom High Commissioner at Dar es Salaam to the Principal Secretary of the
Ministry of Finance of the United Republic of Tanzania*

*British High Commission
Dar es Salaam
4 March 1991*

Dear Principal Secretary,

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the United Republic of Tanzania which was signed at the Conference held in Paris on 16 March 1990, and to inform you 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 Republic of Tanzania on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Government of the United Republic of Tanzania, 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/Tanzania Debt Agreement No. 3 (1990)" and shall enter into force on the date of your reply.

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

THOROLD MASEFIELD

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 United Republic of Tanzania which was signed at the Conference held in Paris on 16 March 1990;
 - (b) "the Bank" means the Bank of Tanzania or any other institution which the Government of Tanzania may nominate for the purposes of this Annex;
 - (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) "the Consolidation Period" means the period from 1 January 1990 to 31 December 1990 inclusive;
 - (e) "Contract" means a contract, or any agreement supplemental thereto, entered into before 30 June 1986, the parties to which include a Debtor and a Creditor and which either is for the sale of goods and/or services from outside Tanzania to a buyer in Tanzania, or is for the financing of such a sale, and which in either case granted or allowed credit to the Debtor for a period exceeding one year;
 - (f) "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;
 - (g) "Currency of the Debt" means the currency specified in the relevant Contract or the First Agreement or Second Agreement as being the currency in which that Debt is to be paid;
 - (h) "Debt" means any debt to which, by virtue of the provisions of Section 2(1), the provisions of this Annex apply;
 - (i) "Debtor" means the Government of Tanzania (whether as primary debtor or as guarantor) or any person or body of persons or corporation resident or carrying on business in Tanzania or any successor in title thereto;
 - (j) "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;
 - (k) "the First Agreement" means the Agreement between the Government of the United Kingdom and the Government of Tanzania on Certain Commercial Debts signed on 8 August 1987;¹
 - (l) "Maturity" in relation to a Debt specified in either Section 2(1)(a) or 2(1)(b) means the due date for repayment specified in the First Agreement or Second Agreement as the case may be, and in relation to a Debt specified in Section 2(1)(c) 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 unless that Debt is not an obligation of the Government of Tanzania, whether as primary debtor or guarantor, in which case it may mean the date on which the Tanzanian shilling counterpart of the obligation is paid by the Debtor if that date is a later one;
 - (m) "Reference Rate" means the rate 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 any other currency, in the London Interbank Market at 11.00 am (London time) two Business Days before the commencement of the relevant interest period in each year;

¹Treaty Series No. 69 (1988), Cm 484.

- (n) "the Second Agreement" means the Agreement between the Government of the United Kingdom and the Government of Tanzania on Certain Commercial Debts signed on 26 June 1990;¹
 - (o) "Tanzania" means the United Republic of Tanzania;
 - (p) "the 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, or 365 in the case of Debts denominated in any other currency.
- (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) of this Section and Article IV paragraphs 3 and 4 of the Agreed Minute, apply to:
- (a) any amount of interest, payable under the First Agreement which has fallen due or will fall on or before 31 December 1990 and which remains unpaid; and
 - (b) any amount of interest payable under the Second Agreement which,
 - (i) accrued up to and including 31 December 1989, or
 - (ii) accrues and falls due during the Consolidation Period and which remains unpaid;
 - (c) any other amount, whether of principal or of contractual interest accruing up to Maturity, owned by a Debtor to a Creditor and which:
 - (i) arises under or in relation to a Contract;
 - (ii) is guaranteed by the Department as to payment according to the terms of the Contract;
 - (iii) is not expressed by the terms of the Contract to be payable in Tanzanian shillings;
 - (iv) does not arise from an amount payable upon or as a condition of the cancellation or termination of the Contract; and
 - (v) has fallen due or will fall due for payment on or before 31 December 1990 and remains unpaid; and
 - (d) any amount of interest charged under Section 5 of this Annex in respect of Debts specified in paragraphs (a) and (c) of this Section having accrued on or before 31 December 1989.
- (2) The Department and the Bank shall, as soon as possible, agree and draw up a list of Debts ("the Debt List") to which, by virtue of the provisions of this Section, this Annex shall apply. The Debt List may be reviewed from time to time at the request of the Department of the Bank, but may not be added to or amended without the agreement of both the Department and the Bank. Delay in the completion of the Debt List shall neither prevent nor delay the implementation of the other provisions of this Annex.

SECTION 3

Payments under the First Agreement and Second Agreement

The provisions of the First Agreement and Second Agreement insofar as they relate to the payment of any Debt shall cease to apply on the entry into force of this Agreement.

¹Treaty Series No. 21 (1991), Cm 1474.

SECTION 4

Payment of Debt

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

- (a) in respect of each Debt specified in Sections 2(1)(a) and 2(1)(c) which had fallen due for payment before 1 January 1990 and the Debt specified in Section 2(1)(d):
100 per cent by 12 equal and consecutive half-yearly instalments commencing on 31 December 1997;
- (b) in respect of each Debt specified in Sections 2(1)(a) and 2(1)(c) falling due during the Consolidation Period:
100 per cent by 12 equal and consecutive half-yearly instalments commencing on 31 December 1998;
- (c) in respect of the Debt specified in Section 2(1)(b)(i):
80 per cent before 31 May 1990,
20 per cent by 5 equal and consecutive annual instalments commencing on 30 June 1991; and
- (d) in respect of the Debt specified in Section 2(1)(b)(ii):
100 per cent by 5 equal and consecutive annual instalments commencing on 30 June 1991.

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, which in the case of a Debt specified in Section 2(1)(d) shall mean 1 January 1990, until the settlement of that Debt by payment to the Department in accordance with Section 4.
- (2) The Government of Tanzania 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 pursuant to Section 4. Such interest shall be paid to the Department first on 31 December 1990 and then half-yearly on 1 April and 1 October (the "Due Dates") each year.
- (3) All interest accruing up to 31 December 1990 and each Due Date payable in accordance with the provisions of this Section in respect of Debts payable in accordance with the provisions of paragraphs (a) and (b) of Section 4 shall be paid at the rate of 3.0 per cent below the Reference 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 amount of interest payable in accordance with the provisions of paragraphs (2) and (3) of this Section is not paid on 31 December 1990 or the relevant Due Date, interest on such amount of overdue interest at the rate of 0.5 per cent above the Reference Rate shall thereafter become payable and shall accrue from day to day from the said date or the relevant Due Date to the date of receipt of the payment by the Department.
- (5) All interest payable in accordance with the provisions of this Section in respect of Debts payable in accordance with the provisions of paragraphs (c) and (d) of Section 4 shall be paid at the rate of 0.5 per cent above the Reference 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 Sections 4 and 5, the Government of Tanzania shall:
 - (a) where possible draw upon the special account at the Bank of England 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 for taxes, fees, other public charges or any other costs accruing inside or outside Tanzania, 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 Government of Tanzania shall give the Department full particulars of the Debts and/or interest to which the transfers relate.

SECTION 7

Exchange of Information

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

SECTION 8

Other Debt Settlements

- (1) The Government of Tanzania undertakes to perform its obligations under Article III of the Agreed Minute and agrees to accord to 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 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 Government of the Republic of Tanzania are authorised to act respectively on behalf of and to bind such Creditor and Debtor.

No. 2

*The Principal Secretary of the Ministry of Finance of the United Republic of Tanzania to the
United Kingdom High Commissioner at Dar es Salaam*

*Ministry of Finance
Dar es Salaam
4 March 1991*

Excellency,

UK/TANZANIA DEBT AGREEMENT No. 3 (1990)

I have the honour to acknowledge receipt of your Excellency's note 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 United Republic of Tanzania, 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/Tanzania Debt Agreement No. 3 (1990)" and which shall enter into force today.

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

S. MBILINYI

[Annex as in No. 1]

