



Treaty Series No. 32 (1992)

Exchange of Notes

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

concerning Certain Commercial Debts

(The United Kingdom/Poland Debt Agreement No. 6 (1991))

Warsaw, 30 December 1991

[The Agreement entered into force on 30 December 1991]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
May 1992*

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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 POLAND
CONCERNING CERTAIN COMMERCIAL DEBTS
(THE UNITED KINGDOM/POLAND DEBT AGREEMENT NO. 6 (1991))**

*Her Majesty's Ambassador at Warsaw to the Director of the Foreign Department of the
Ministry of Finance Warsaw*

*British Embassy
Warsaw
30 December 1991*

Note No. 341

I have the honour to refer to the Agreed Minute on the Reduction and Reorganisation of the Debt of the Republic of Poland which was signed at the Conference held in Paris on 21 April 1991, and to inform Your Excellency that the Government of the United Kingdom of Great Britain and Northern Ireland are prepared to provide debt relief to the Government of the Republic of Poland 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 Poland, 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/Poland Debt Agreement No. 6 (1991)" 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.

M. J. LLEWELLYN SMITH

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 the Republic of Poland which was signed at the Conference held in Paris on 21 April 1991;
 - (b) "the Appropriate Market Rate" means the Reference Rate plus a margin of 0.5 per cent;
 - (c) "the Bank" means Bank Handlowy W Warszawie SA;
 - (d) "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;
 - (e) "Contract" means a contract, or any agreement supplemental thereto, entered into before 1 January 1984, the parties to which include a Debtor and a Creditor and which either is for the sale of goods and/or services from outside Poland to a buyer in Poland, 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 Previous 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 3(1), the provisions of this Annex apply;
 - (i) "Debtor" means the Government of Poland (whether as primary debtor or as guarantor), or any person or body of persons or corporation resident or carrying on business in Poland 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) "Interest Period" means either
 - (i) 1 April to 30 September, or
 - (ii) 1 October to 31 Marchas the case may be;
 - (l) "Maturity" means 31 March 1991;
 - (m) "Poland" means the Republic of Poland;
 - (n) "the Previous Agreements" means the Agreements between the Government of the United Kingdom and the Government of Poland on Certain Commercial Debts signed on 30 November 1985¹, 7 August 1986², 27 October 1989³ and 4 October 1991⁴ respectively;
 - (o) "Reference Rate" means the arithmetic mean (rounded upwards where necessary to the nearest multiple of 1/16th (one sixteenth) of one per cent) of the rates quoted to the Department by National Westminster Bank PLC, Lloyds Bank PLC, Midland Bank PLC and Barclays Bank Plc at which those banks are offering 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, in the London Interbank Market at 11am

¹Treaty Series No. 48 (1986), Cmnd. 9886.

²Treaty Series No. 15 (1987), Cm 105.

³Treaty Series No. 17 (1990), Cm 971.

⁴Treaty Series No. 30 (1992), Cm 1939.

(London time) on 1 April and 1 October each year commencing 1 April 1991. If in any year either date is not a Business Day, the rate quoted on the nearest Business Day shall be used;

- (p) "the United Kingdom" means the United Kingdom of Great Britain and Northern Ireland.
- (2) All references to 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 days in the case of Debts denominated in sterling.
- (3) Tables 1A and 2A attached to the Agreed Minute shall be referred to hereafter as Schedules 1 and 2 respectively to this Annex.
- (4) Where the context of this Annex so allows, words importing the singular include the plural and vice versa.
- (5) Unless otherwise indicated, reference to a specified Section shall be construed as a reference to that Section of this Annex.
- (6) The heading to the Sections are for ease of reference only.

SECTION 2

Payments Under Previous Agreements

The provisions of the Previous Agreements shall cease to apply upon entry into force of this Agreement.

SECTION 3

The Debt

- (1) The provisions of this Annex shall, subject to the provisions of paragraph (2) of this Section and Article IV paragraph 1 of the Agreed Minute, apply to:
- (a) any amount of principal payable under the Previous Agreements falling due for payment on or after 1 April 1991; and
- (b) any amount of interest payable under the Previous Agreements which has accrued up to and including 31 March 1991 and which remains unpaid.
- (2) The Department and the Bank shall, as soon as possible, agree upon the amounts of the Debt, to which, by virtue of the provisions of this Section, this Annex shall apply. These amounts may not then be amended without the agreement of both the Department and the Bank.

SECTION 4

Debt Reduction, Reorganisation and Payments

- (1) (a) The Department agrees to reduce immediately the amounts of the Debt by given percentages in accordance with Schedule 1. The actual reductions to be granted will be calculated by reference to the Appropriate Market Rate applying for each currency on 1 April 1991.
- (b) The Government of Poland agrees to pay to the Department in accordance with the provisions of 6(1) the remainder of the Debt according to the following Schedule—
- 0.50% on September 30 1997; 0.50% on March 31 1998;
 - 0.75% on September 30 1998; 0.75% on March 31 1999;
 - 1.00% on September 30 1999; 1.00% on March 31 2000;
 - 1.25% on September 30 2000; 1.25% on March 31 2001;
 - 1.75% on September 30 2001; 1.75% on March 31 2002;
 - 2.25% on September 30 2002; 2.25% on March 31 2003;
 - 3.00% on September 30 2003; 3.00% on March 31 2004;
 - 4.50% on September 30 2004; 4.50% on March 31 2005;
 - 6.00% on September 30 2005; 6.00% on March 31 2006;
 - 7.50% on September 30 2006; 7.50% on March 31 2007;
 - 10.75% on September 30 2007; 10.75% on March 31 2008;
 - 10.75% on September 30 2008; 10.75% on March 31 2009;

- (2) (a) Subject to the provisions of Article IV paragraph 1 of the Agreed Minute being satisfied, the Department will from 1 April 1994 reduce further the amounts of the Debt by given percentages in accordance with Schedule 2. The actual reductions to be granted will take into account the reductions already granted under this Section and will be calculated by reference to the arithmetic mean of the Appropriate Market Rates for each currency for each Interest Period between 1 April 1991 and 31 March 1994.
- (b) The Government of Poland will then pay to the Department in accordance with the provisions of Section 6(1) the remainder of the Debt according to the following Schedule—
- 0.50% on September 30 1997; 0.50% on March 31 1998;
 - 0.75% on September 30 1998; 0.75% on March 31 1999;
 - 1.00% on September 30 1999; 1.00% on March 31 2000;
 - 1.25% on September 30 2000; 1.25% on March 31 2001;
 - 1.75% on September 30 2001; 1.75% on March 31 2002;
 - 2.25% on September 30 2002; 2.25% on March 31 2003;
 - 3.00% on September 30 2003; 3.00% on March 31 2004;
 - 4.50% on September 30 2004; 1.50% on March 31 2005;
 - 6.00% on September 30 2005; 6.00% on March 31 2006;
 - 7.50% on September 30 2006; 7.50% on March 31 2007;
 - 10.75% on September 30 2007; 10.75% on March 31 2008;
 - 10.75% on September 30 2008; 10.75% on March 31 2009;

SECTION 5

Interest

- (1) Interest on the amounts of the Debt existing before any reduction is granted shall be deemed to have accrued and shall accrue during, and shall be payable in respect of, the period from 1 April 1991 to 31 March 1994. Thereafter, interest on the balance of the Debt shall accrue and shall be payable in respect of the period from 1 April 1994 until settlement of that Debt by payment to the Department in the United Kingdom.
- (2) The Government of Poland 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. Such interest shall be paid to the Department first on 31 December 1991 and then half yearly on 31 March and on 30 September (the Due Dates) each year.
- (3) All interest payable in accordance with the provisions of paragraphs (1) and (2) of this Section shall be paid at the Appropriate Market Rate applicable to each relevant Interest Period commencing with the Interest Period within which the Maturity of the Debt concerned occurs. For the period from 1 April 1991 to 31 March 1994 the amount of interest payable shall be reduced by 80 per cent.
- (4) If any amount of interest payable in accordance with the provisions of paragraph (3) of this Section is not paid on the relevant Due Date, the Government of Poland shall be liable for and shall pay to the Department interest at the Appropriate Market Rate on such amount of overdue interest. Such additional interest shall accrue from day to day from the relevant 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 any payment becomes due under Section 4 or Section 5, the Bank shall:
- (a) where possible draw upon the special account at the Bank for International Settlements 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 Poland, 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 payments made.

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 Poland undertakes to perform its obligations under Article III(1) 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 definition of Appropriate Market Rate nor to the dates for payment of interest pursuant to 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 Poland are authorised to act respectively on behalf of and to bind such Creditor and Debtor.

SECTION 10

Debt Conversion Option

The Department agrees to give prior notification to the Government of Poland if it intends to exercise the option provided for in Article II paragraph 4 of the Agreed Minute. The Department also recognises that this option can only be implemented with the consent of the Government of Poland.

SECTION 11

Conditionality

Unless the Department agrees to the contrary, the provisions of Sections 4, 5, 6 and 10 of this Annex shall become null and void if the Agreed Minute is declared null and void. The provisions of Sections 4, 5, 6 and 10 will also cease to apply if the Agreed Minute ceases to apply. In either circumstance all outstanding Debt and accrued Interest will be payable without further notice or demand.

*The Director of the Foreign Department of the Ministry of Finance Warsaw to Her Majesty's
Ambassador at Warsaw*

*Ministry of Finance
Warsaw*

30 December 1991

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note of which reads as follows:

[As in No. 1]

[Annex 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 Poland, 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/Poland Debt Agreement No. 6 (1991)" and which shall enter into force today.

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

WLODZIMIERZ KASPRZAK

