



Treaty Series No. 76 (1993)

Exchange of Notes

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Transitional Government of Ethiopia

concerning Certain Commercial Debts (The United
Kingdom/Ethiopia Debt Agreement No. 1 (1992))

Addis Ababa, 11 August and 12 August 1993

[The Agreement entered into force on 12 August 1993]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
November 1993*

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**EXCHANGE OF NOTES
BETWEEN THE GOVERNMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND
THE TRANSITIONAL GOVERNMENT OF ETHIOPIA CONCERNING CERTAIN
COMMERCIAL DEBTS (THE UNITED KINGDOM/ETHIOPIA DEBT
AGREEMENT No. 1 (1992))**

No. 1

The British Charge d'Affaires at Addis Ababa to the Minister of Finance of Ethiopia

*British Embassy
Addis Ababa
11 August 1993*

Your Excellency,

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the Transitional Government of Ethiopia which was signed at the Conference held in Paris on 16 December 1992, 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 Transitional Government of Ethiopia on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Transitional Government of Ethiopia, 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/Ethiopia Debt Agreement No. 1(1992)" 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.

J C W KIDD

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 Transitional Government of Ethiopia which was signed at the Conference held in Paris on 16 December 1992;
 - (b) "Appropriate Market Rate" means the Reference Rate plus a margin of 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;
 - (d) "Contract" means a contract, or any agreement supplemental thereto, entered into before 31 December 1989, the parties to which include a Debtor and a Creditor and which either was for the sale of goods and/or services from outside Ethiopia to a buyer in Ethiopia, or was 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;
 - (e) "Creditor" means a person or body of persons or corporation resident or carrying on business in the United Kingdom, the Channel Islands or the Isle of Man, or any successor in title thereto;
 - (f) "Debt" means any debt to which, by virtue of the provisions of Section 2(1), the provisions of this Annex apply;
 - (g) "Debtor" means the Transitional Government of Ethiopia or any successor Government (whether as primary debtor or as guarantor) or its public sector (whether as primary debtor or as guarantor);
 - (h) "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;

- (i) "Ethiopia" means the territory known as Ethiopia;
 - (j) "Maturity" in relation to a Debt:
 - (i) specified in Section 2(1)(a) 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, and
 - (ii) specified in Section 2(1)(b) means 30 November 1992;
 - (k) "the Ministry" means the Ministry of Finance or any other institution which the Government of Ethiopia may nominate for the purposes of this Annex;
 - (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 Ministry as the rate at which that bank is offering six-month Sterling deposits, in the London Interbank Market at 11am (London time) two Business Days before the commencement of the relevant interest period;
 - (m) "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 365 days, in the case of Debts denominated in any other currency 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

- (1) The provisions of this Annex shall, subject to the provisions of paragraph (2) of this Section and Article IV paragraphs 4, 5 and 6 of the Agreed Minute, apply to:
- (a) any amount, whether of principal or of contractual interest accruing up to Maturity, which is owed 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 Ethiopian Birrs;
 - (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 October 1995 and remains unpaid; and
 - (b) any amount of interest which is charged under Section 4 of this Annex and has accrued on or before 31 July 1993.
- (2) The Department and the Ministry 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 the Ministry, but may not be added to or amended without the agreement of both the Department and the Ministry. Delay in the completion of the Debt List shall neither prevent nor delay the implementation of the other provisions of this Annex.
- (3) For the purpose of this Annex, all Debts shall be deemed to be denominated in sterling. Where the currency of the Debt specified in the relevant Contract is Deutschmarks, each such Debt shall be converted into sterling at the middle spot rate of exchange of Deutschmarks for sterling. Such middle spot rate shall be determined by reference to the closing rates in London at date of Maturity as recorded in the Financial

Times or, where the date of Maturity falls on a date on which there is no foreign exchange trading in London, on the nearest available preceding date on which such trading took place. In the event that there is no published record in the Financial Times for any such date the rate to be applied for such date will be the closing middle spot rate quoted by a bank to be agreed upon by the Department and the Ministry.

SECTION 3

Payment of Debt

The Transitional Government of Ethiopia shall pay to the Department, in accordance with the provisions of Section 5(1), each Debt specified in Section 2(1) on the following percentages:

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
15 November 1994	0.85
15 May 1995	0.89
15 November 1995	0.94
15 May 1996	0.98
15 November 1996	1.02
15 May 1997	1.07
15 November 1997	1.11
15 May 1998	1.16
15 November 1998	1.21
15 May 1999	1.26
15 November 1999	1.31
15 May 2000	1.36
15 November 2000	1.41
15 May 2001	1.47
15 November 2001	1.52
15 May 2002	1.58
15 November 2002	1.64
15 May 2003	1.70
15 November 2003	1.76
15 May 2004	1.82
15 November 2004	1.88
15 May 2005	1.95
15 November 2005	2.01
15 May 2006	2.08
15 November 2006	2.15
15 May 2007	2.22
15 November 2007	2.29
15 May 2008	2.36
15 November 2008	2.44
15 May 2009	2.51
15 November 2009	2.59
15 May 2010	2.67
15 November 2010	2.75
15 May 2011	2.84
15 November 2011	2.92
15 May 2012	3.00
15 November 2012	3.10
15 May 2013	3.19
15 November 2013	3.28
15 May 2014	3.37
15 November 2014	3.47
15 May 2015	3.57
15 November 2015	3.67
15 May 2016	3.77
15 November 2016	3.87
15 May 2017	3.99

SECTION 4

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 Transitional Government of Ethiopia shall be liable for and 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 to the Department in the United Kingdom. Such interest shall be paid to the Department half-yearly on 15 May and 15 November (the "Due Dates") each year commencing on 15 November 1993.
- (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, the Transitional Government of Ethiopia 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 Due Date for payment thereof 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.
- (4) All interest payable in accordance with the provisions of paragraph 2 of this Section shall be paid at the Appropriate Market Rate (reduced by the given percentage in accordance with Schedule 1) applicable to each half-yearly interest period commencing with the half-yearly interest period within which the Maturity of the Debt concerned occurs.

SECTION 5

Payments to the Department

- (1) When payment becomes due under the terms of Section 3 or 4, the Ministry shall arrange for the necessary amounts, without deduction of taxes, fees, other public charges or any other costs accruing inside Ethiopia, to be paid in sterling 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 nearest Business Day.
- (3) The Ministry 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 the Ministry shall exchange all information required for the implementation of this Annex.

SECTION 7

Other Debt Settlements

- (1) The Transitional Government of Ethiopia 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, 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 Transitional Government of Ethiopia are authorised to act respectively on behalf of and to bind such Creditor and Debtor.

SECTION 9

Debt Conversion Option

The Department agrees to give prior notification to the Transitional Government of Ethiopia if it intends to exercise the option provided for in Article II paragraph 3 of the Agreed Minute. The Department also recognises that this option can only be implemented with the consent of the Transitional Government of Ethiopia.

SECTION 10

Conditionality

- (1) The Department reserves the right to declare that this Annex shall not apply to Debts with a Maturity from 1 November 1993 to 31 October 1994 if the approval referred to in Article IV paragraph 5a of the Agreed Minute has not been given by 31 December 1993, and if the payments referred to in Article IV paragraph 5b have not been received;
- (2) The Department reserves the right to declare that this Annex shall not apply to Debts with a Maturity from 1 November 1994 to 31 October 1995 if the approval referred to in Article IV paragraph 6a of the Agreed Minute has not been given by 31 December 1994, and if the payments referred to in Article IV paragraph 6d have not been received.

No. 2

The Minister of Finance of Ethiopia to the British Charge d'Affaires at Addis Ababa

*The Ministry of Finance
Addis Ababa
12 August 1993*

Your Excellency,

I have the honour to acknowledge receipt of your Excellency's Note dated 11 August 1993 the text of 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 Transitional Government of Ethiopia, 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/Ethiopia Debt Agreement No. 1(1992)" and which shall enter into force today.

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

ALEMAYEHU DABA

[Annex as in No. 1]