

BULGARIA



Treaty Series No. 24 (2000)

# Exchange of Notes

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

concerning certain Commercial Debts

(The United Kingdom/Bulgaria Debt Agreement No. 1, (1991))

Sofia, 30 September and 14 October 1992

[The Agreement entered into force on 13 May 1993]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
March 2000*

**EXCHANGE OF NOTES  
BETWEEN THE GOVERNMENT OF THE  
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND  
AND THE GOVERNMENT OF THE REPUBLIC OF BULGARIA  
CONCERNING CERTAIN COMMERCIAL DEBTS  
(THE UNITED KINGDOM/BULGARIA DEBT AGREEMENT No.1. (1991))**

No. 1

*Her Majesty's Ambassador at Sofia to the Deputy Minister of Finance to the Republic of Bulgaria*

*British Embassy*

*Sofia*

*30 September 1992*

Your Excellency

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the Republic of Bulgaria which was signed at the Conference held in Paris on 17 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 Bulgaria 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 Bulgaria, 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/Bulgaria Debt Agreement No. 1 (1991)' and which shall enter into force on the date of receipt by the Government of the United Kingdom of Great Britain and Northern Ireland of a notification through the Diplomatic Channel of the ratification of the Agreement by the Bulgarian Parliament.

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

R. THOMAS

## 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 Bulgaria which was signed at the Conference held in Paris on 17 April 1991;
  - (b) “the Bank” means the Bulgarian Foreign Trade Bank acting as agent of the Government of Bulgaria, or any other institution which the Government of Bulgaria may nominate for the purposes of this Annex;
  - (c) “Bulgaria” means the Republic of Bulgaria;
  - (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, in both London and New York City in the case of US dollars, in both London and Frankfurt in the case of deutschemarks, and in both London and Zurich in the case of swiss francs;
  - (e) “the Consolidation Period” means the period from 1 April 1991 to 31 March 1992 inclusive;
  - (f) “Contract” means a contract, or any agreement supplemental thereto, entered into before 1 January 1991, the parties to which include the Debtor and a Creditor and which either was for the sale of goods and/or services from outside Bulgaria to a buyer in Bulgaria, or was for the financing of such a sale;
  - (g) “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;
  - (h) “Currency of the Debt” means the currency specified in the relevant Contract as being the currency in which that Debt is to be paid;
  - (i) “Debt” means any debt to which, by virtue of the provisions of Section 2(1), the provisions of this Annex apply;
  - (j) “Debtor” means the Government of Bulgaria, which for the purpose of this Agreement shall include the Bulgarian Foreign Trade Bank (in either case whether as primary debtor or as guarantor);
  - (k) “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;
  - (l) “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, or
    - (ii) specified in Section 2(1)(b) means 31 March 1991;
  - (m) “Reference Rate” means the rate (rounded upwards where necessary to the nearest multiple of 1/16th (one sixteenth) of one per cent quoted by the Reuters Monitor Money Rate Services (International Swap Dealers Association Interbank Rates from London) (page reference “ISDA”), for six month eurodollar deposits, in the case of the Debt denominated in US Dollars, or six-month sterling deposits, in the case of a Debt denominated in sterling or any other currency, two Business Days before the commencement of the relevant interest period. In the event that the Reuters Monitor Money Rate Services is unavailable on the required date for any of the currencies referred to in this paragraph, the rate or rates to be applied will be 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 Bank, as the rate at which that bank is offering six-month deposits for any of the said currencies on the required date;
  - (n) “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 days 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 paragraph 3 of the Agreed Minute, apply to:

(a) any amount, whether of principal or of contractual interest accruing up to Maturity, owed by the Debtor to a Creditor which is guaranteed by the Department as to payment according to the terms of the Contract; which is not expressed by the terms of the Contract to be payable in Leva; which does not arise from an amount payable upon or as a condition of the cancellation or termination of the Contract; and which:

(i) arises under or in relation to a Contract which granted or allowed credit for a period exceeding one year which:

(aa) fell due for payment on or before 31 March 1991 and remains unpaid; or

(bb) falls due during the Consolidation Period and remains unpaid; or

(ii) arises under or in relation to a Contract allowing credit for a period of one year or less and fell due for payment on or before 31 March 1991 and remains unpaid;

and

(b) any amount of interest charged under Section 4 of this Annex in respect of amounts specified in paragraph (1)(a)(i)(aa) of this Section having accrued on or before 31 March 1991.

(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 or 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

### **Payment of Debt**

The Government of Bulgaria shall pay to the Department, in accordance with the provisions of Section 5(1), the following:

(a) in respect of each Debt specified in Section 2(a)(i) and 2(b):

100 per cent by eight equal and consecutive half-yearly instalments commencing on 30 September 1998; and

(b) in respect of each Debt specified in Section 2(a)(ii):

(i) 25 per cent on 31 March 1992,

(ii) 75 per cent by twelve equal and consecutive half-yearly instalments commencing on 30 September 1992.

## 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 Government of Bulgaria 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 30 September and 31 March (the "Due Dates") each year commencing on 30 September 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, the Government of Bulgaria shall be liable for and shall pay to the Department interest on such amount of overdue interest. Such additional interest shall accrue 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 this Section 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 5

### Payments to the Department

- (1) When payment becomes due under the terms of Section 3 or 4, the Bank shall arrange for the necessary amounts, without deduction for taxes, fees, other public charges or any other costs accruing inside or outside Bulgaria, 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 Debts and/or interest to which the payments relate.

## SECTION 6

### Exchange of Information

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

## SECTION 7

### Other Debt Settlements

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

No. 2

*The Deputy Minister of Finance to the Republic of Bulgaria to  
Her Majesty's Ambassador at Sofia*

*Ministry of Finance*

*Sofia*

*14 October 1992*

Your Excellency

I have the honour to acknowledge receipt of Your Excellency's Note of 30 September 1992 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 Republic of Bulgaria, 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/Bulgaria Debt Agreement No. 1 (1991)' and which shall enter into force on the date of receipt by the Government of the United Kingdom of Great Britain and Northern Ireland of a notification through the Diplomatic Channel of the ratification of the Agreement by the Bulgarian Parliament.

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

SVETOSLAV GAVRIYSKI

