



Treaty Series No. 58 (1995)

Exchange of Notes

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

concerning the United Kingdom/Vietnam Debt
Agreement No. 1 (1993)

Hanoi, 1 December 1994

[The Agreement entered into force on the 1 December 1994]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
September 1995*

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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 SOCIALIST REPUBLIC OF VIETNAM
CONCERNING THE UNITED KINGDOM/VIETNAM DEBT
AGREEMENT No. 1 (1993)**

No. 1

*Her Majesty's Ambassador at Hanoi to the Vice Minister of Finance of
the Socialist Republic of Vietnam*

*British Embassy
Hanoi*

1 December 1994

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the Socialist Republic of Vietnam which was signed at the Conference held in Paris on 14 December 1993, 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 Socialist Republic of Vietnam on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Government of the Socialist Republic of Vietnam, 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/Vietnam Debt Agreement No. 1 (1993)" 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.

P K WILLIAMS

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 Socialist Republic of Vietnam which was signed at the Conference held in Paris on 14 December 1993;
 - (b) "Appropriate Market Rate" means the Reference Rate plus 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, including any agreement supplemental thereto, entered into before 1 January 1990, the parties to which include a Debtor and a Creditor and which either was for the sale of goods and/or services from outside Vietnam to a buyer in Vietnam, 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 Government of the Socialist Republic of Vietnam (whether as primary debtor or as guarantor), or any person or body of persons or corporation resident or carrying on business in Vietnam or any successor in title thereto;
 - (h) "the Department" means the Secretary of State acting by the Export Credits Guarantee Department or any other Department of the Government of the United Kingdom which the Secretary of State may subsequently nominate for the purpose hereof;
 - (i) "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 31 December 1993;
 - (j) "the Ministry" means the Ministry of Finance or any other institution which the Government of the Socialist Republic of Vietnam may nominate for the purposes of this Annex;
 - (k) "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 Sterling deposits two Business Days before the commencement of the relevant interest period. If the Reuters Monitor Money Rate Services are unavailable on the required date, the rate to be used will be the rate provided by a bank to be agreed upon by the Department and the Ministry, as the rate which that bank is offering six-month Sterling deposits on the required date;
 - (l) "United Kingdom" means the United Kingdom of Great Britain and Northern Ireland;
 - (m) "Vietnam" means the Socialist Republic of Vietnam.
- (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.
- (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, 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) has fallen due for payment on or before 31 December 1993 and remains unpaid; and
 - (b) the amount of interest which is charged under Section 4(1) of this Annex and has accrued on or before 31 December 1993.
- (2) The Department and the Ministry have agreed a list of Debts ("the Debt List") to which this Annex shall apply. The total amount on the Debt List is £11,686,486.45.

SECTION 3

Payment of Debt

- (1) The Department agrees to reduce the amount of each Debt specified in Section 2 by 50 per cent on 31 December 1993.
- (2) The Government of the Socialist Republic of Vietnam shall then pay to the Department, in accordance with the provisions of Section 5(1), the remainder of each Debt on the following dates and in the following percentages:

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
15 July 2000	0.12
15 January 2001	0.20
15 July 2001	0.28
15 January 2002	0.38
15 July 2002	0.48
15 January 2003	0.58
15 July 2003	0.70
15 January 2004	0.82
15 July 2004	0.94
15 January 2005	1.08
15 July 2005	1.22
15 January 2006	1.36
15 July 2006	1.52
15 January 2007	1.70
15 July 2007	1.86
15 January 2008	2.06
15 July 2008	2.26
15 January 2009	2.46
15 July 2009	2.68
15 January 2010	2.92
15 July 2010	3.18
15 January 2011	3.44
15 July 2011	3.70
15 January 2012	4.00
15 July 2012	4.30
15 January 2013	4.64
15 July 2013	4.98
15 January 2014	5.34
15 July 2014	5.72
15 January 2015	6.12
15 July 2015	6.54
15 January 2016	7.00
15 July 2016	7.46
15 January 2017	7.96

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. Interest accrued to 31 December 1993 in respect of Debt specified in Section 2(1)(b) of this Annex is calculated at the rate of 8.1 per cent per annum, the amount so produced is £9,092,452.34.

(2) The Government of the Socialist Republic of Vietnam 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 first on 30 November 1994 and then on a half-yearly basis on 15 January and 15 July (the *aforementioned* dates being referred to as the "Due Dates") each year commencing on 15 January 1995. It is agreed that payment of 50 per cent of such interest accruing to 30 November 1994 shall be deferred until 15 January 1995.

(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 the Socialist Republic of Vietnam 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 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 Sections 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 or outside Vietnam, 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 and compensation to which the payments relate.

SECTION 6

Exchange of Information

(1) The Department and the Ministry shall exchange all information required for the implementation of this Annex.

(2) For the purposes of payment of Debt and Interest the Department shall provide notification to the Ministry of the amounts to be paid no later than six weeks prior to their respective Due Dates of payment.

SECTION 7

Other Debt Settlements

(1) The Government of the Socialist Republic of Vietnam undertakes to fulfil its commitments 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 Government of the Socialist Republic of Vietnam 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 Government of the Socialist Republic of Vietnam if it intends to exercise the option provided for in Article II paragraph 3 of the Agreed Minute. The Department recognises that this option can only be implemented with the consent of the Government of the Socialist Republic of Vietnam.

No. 2

*The Vice Minister of Finance of the Socialist Republic of Vietnam to Her
Majesty's Ambassador at Hanoi*

*Ministry of Finance
Hanoi*

1 December 1994

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

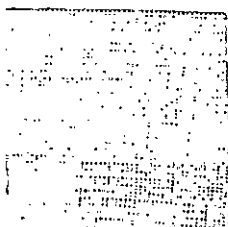
[As in No. 1]

[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 Socialist Republic of Vietnam, 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/Vietnam Debt Agreement No. 1 (1993)" and which shall enter into force today.

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

PHAM VAN TRONG



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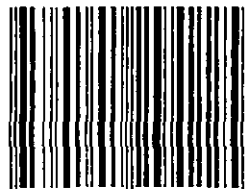
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