



Treaty Series No. 105 (1995)

Exchange of Notes

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

concerning the
United Kingdom/Bolivia Debt Agreement
No. 5 (1995)

[The Agreement entered into force on 23 August 1995]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
December 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 REPUBLIC OF BOLIVIA
CONCERNING THE
UNITED KINGDOM/BOLIVIA DEBT AGREEMENT NO. 5 (1995)**

No. 1

*Her Majesty's Ambassador at La Paz to the Minister for Finance
of the Republic of Bolivia*

*British Embassy
La Paz
22 August 1995*

Ref ECO 104/1

Your Excellency,

THE UNITED KINGDOM/BOLIVIA DEBT AGREEMENT NO. 5 (1995)

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the Republic of Bolivia which was signed at the Conference held in Paris on 24 March 1995, and to inform Your Excellency that the Government of the United Kingdom of Great Britain and Northern Ireland is prepared to provide debt relief to the Government of the Republic of Bolivia 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 Bolivia, 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/Bolivia Debt Agreement No. 5 (1995)" 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.

D. F. C. RIDGWAY

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 Republic of Bolivia which was signed at the Conference held in Paris on 24 March 1995;
 - (b) "Appropriate Market Rate" means the Reference Rate plus 0.5 per cent;
 - (c) "the Bank" means the Banco Central de Bolivia or any other institution which the Government of Bolivia may nominate for the purposes of this Annex;
 - (d) "Bolivia" means the Republic of Bolivia;
 - (e) "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;
 - (f) "the Consolidation Period" means the period from 1 January 1995 to 31 December 1997 inclusive;
 - (g) "Currency of the Debt" means the currency specified in the Previous Agreements as being the currency in which that Debt is to be paid;
 - (h) "Debt" means any amount to which, by virtue of the provisions of Section 2, the provisions of this Annex apply;
 - (i) "the Department" means the Secretary of State of the Government of the United Kingdom acting by 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;
 - (j) "the First and Second Agreements" means the Agreements between the Government of the United Kingdom and the Government of Bolivia on Certain Commercial Debts signed on 8 June 1987¹ and 20 November 1989² respectively;
 - (k) "Maturity" means the due date for payment specified in the Previous Agreements;
 - (l) "The Previous Agreements" means collectively the First and Second Agreements and the Third Agreement;
 - (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 a Debt denominated in US dollars or six-month sterling deposits in the case of a Debt denominated in sterling, two Business Days before the commencement of the relevant interest period. If the Reuters Monitor Money Rate Services are unavailable on the required rate for any of the currencies referred to in this paragraph, the rate or rates to be used for that currency or those currencies will be the mean of the rates provided by two banks, to be agreed upon by the Department and the Bank, as the mean of the rates at which those banks are offering six-month deposits for any of the said currencies on the required date;
 - (n) "the Third Agreement" means the agreement between the Government of the United Kingdom and the Government of Bolivia on certain Commercial Debts signed on 19 March 1991³ and the Amendment signed on 7 October 1994⁴;
 - (o) "United Kingdom" means the United Kingdom of Great Britain and Northern Ireland.

¹Not published.

²Treaty Series No. 23 (1990), Cm 1035.

³Treaty Series No. 12 (1992), Cm 1817.

⁴Treaty Series No. 53 (1995), Cm 2917.

- (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, and 365 days, in the case of Debts denominated in 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

The provisions of this Annex shall, subject to the provisions of Article IV paragraph 4 of the Agreed Minute, apply to:

- (1) any amount, whether of principal or of interest (including interest accrued on interest), payable under the First and Second Agreements which fell due, on or before 31 December 1994 and which remains unpaid; and
- (2) any amount, whether of principal or of interest, (excluding interest accrued on interest), payable under the First and Second Agreements which has fallen due or will fall due during the Consolidation Period which remains unpaid; and
- (3) any amount, whether of principal or of interest (excluding interest accrued on interest) payable under the Third Agreement which has fallen due or will fall due during the Consolidation Period and which remains unpaid.

SECTION 3

Payments under the Previous Agreements

Except in so far as they relate to the payment of any Debt and subject to the operation of Section 10, the provisions of the Previous Agreements shall cease to apply upon the entry into force of this Agreement.

SECTION 4

Debt Reduction and Payment

- (1) The Department agrees to reduce the amount of every Debt specified in Sections 2(1) and 2(2) by 67 per cent on Maturity.
- (2) The Government of Bolivia shall then pay to the Department, in accordance with the provisions of Section 6(1), the balance of each such Debt on the following dates and in the following percentages thereof:

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
31 December 2002	0.12
30 June 2003	0.20
31 December 2003	0.28
30 June 2004	0.38
31 December 2004	0.48
30 June 2005	0.58
31 December 2005	0.70
30 June 2006	0.82
31 December 2006	0.94
30 June 2007	1.08
31 December 2007	1.22
30 June 2008	1.36

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
31 December 2008	1.52
30 June 2009	1.70
31 December 2009	1.86
30 June 2010	2.06
31 December 2010	2.26
30 June 2011	2.46
31 December 2011	2.68
30 June 2012	2.92
31 December 2012	3.18
30 June 2013	3.44
31 December 2013	3.70
30 June 2014	4.00
31 December 2014	4.30
30 June 2015	4.64
31 December 2015	4.98
30 June 2016	5.34
31 December 2016	5.72
30 June 2017	6.12
31 December 2017	6.54
30 June 2018	7.00
31 December 2018	7.46
30 June 2019	7.96

(3) The Government of Bolivia shall also pay to the Department, in accordance with the provisions of Section 6(1) 100 per cent of the Debt specified in Section 2(3) in ten half-yearly instalments commencing 31 December 2001.

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 until the settlement of that Debt by payment to the Department.

(2) The Government of Bolivia 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. Such interest shall be paid to the Department first on 31 August 1995 and then on a half-yearly basis on 30 June and 31 December (the aforementioned dates being referred to as the "Due Dates") each year.

(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, the Government of Bolivia shall compensate the Department for any amount of interest outstanding. Such compensation shall be in addition to the interest payable under paragraph (2) of this Section. It shall accrue and be payable on the outstanding amount of overdue interest from day to day from the Due Date 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. Such compensation shall be calculated in accordance with the provisions of paragraph (4) of this Section.

(4) All interest and compensation payable in accordance with the provisions 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 6

Payments to the Department

- (1) When payment becomes due under the terms of Section 4 or 5, the Bank shall arrange for the necessary amounts, without deduction of taxes, fees, other public charges or any costs accruing inside or outside Bolivia 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 and compensation to which the payments relate.

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 Bolivia 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 5.

SECTION 9

Debt Conversion Option

The Department agrees to give prior notification to the Government of Bolivia if it is willing 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 Bolivia.

SECTION 10

Conditionality

Unless the Department otherwise agrees, this Annex shall apply for as long as the Agreed Minute applies, and if the Agreed Minute ceases to apply to any part of the Consolidation Period because the conditions in Article IV paragraph 4 thereof have not been fulfilled, this Annex shall likewise cease to apply. If this Annex ceases to apply all Debt shall be due in accordance with the Previous Agreements.

No. 2

*Minister for Finance of the Republic of Bolivia to
Her Majesty's Ambassador at La Paz*

*Ministry of Finance
La Paz
23 August 1995*

M.H. 1245/95

Excelentísimo Señor Embajador:

Tenemos el honor de acusar recibo de la Nota de su Excelencia Ref: ECO 104/ de fecha 22 de agosto de 1995, cuyo texto es el siguiente:

[As in No. 1]

[Annex as in No. 1]

Tenemos a bien confirmar que los términos y condiciones detallados en el ANEXO adjunto a vuestra Nota son aceptables para el Gobierno de la República de Bolivia, y que los mismos, más la presente respuesta, constituyen un Acuerdo entre nuestros Gobiernos, que será denominado "ACUERDO SOBRE DEUDA REINO UNIDO/BOLIVIA No. 5 (1995)", que entrará en vigor en la fecha de hoy, conforme a las disposiciones vigentes en la República de Bolivia.

Tenemos el honor de expresar a su Excelencia la seguridad de nuestra más alta consideración.

FERNANDO CANDIA CASTILLO
Presidente

LIC. FERNANDO A. COSSIO
Ministro de Haciend

Translation of No. 2

Your Excellency:

We have the honour to acknowledge receipt of your note ECO 104/1 dated 22 August 1995, which reads:

[As in No. 1]

[Annex as in No. 1]

We have the honour to confirm that the terms and conditions set out in the Annex attached to your Note are acceptable to the Government of the Republic of Bolivia, and that your Note together with this reply, shall constitute an Agreement between our two Governments which shall be known as "The United Kingdom/Bolivia Debt Agreement No. 5 (1995)" and which shall enter into force today, according to the prevailing legal dispositions in the Republic of Bolivia.

We have the honour to renew to your Excellency the assurance of our highest consideration.

FERNANDO CANDIA CASTILLO
President

LIC. FERNANDO A. COSSIO
Minister for Finance



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