



Treaty Series No. 86 (1968)

**Exchanges of Notes**  
concerning an Interest-Free Loan  
by the Government of the United Kingdom  
of Great Britain and Northern Ireland  
to the Government of the  
Republic of Indonesia

Djakarta, 2 December 1967

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
October 1968*

*LONDON*  
HER MAJESTY'S STATIONERY OFFICE

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**EXCHANGES OF NOTES  
CONCERNING AN INTEREST-FREE LOAN BY THE  
GOVERNMENT OF THE UNITED KINGDOM OF GREAT  
BRITAIN AND NORTHERN IRELAND TO THE GOVERNMENT  
OF THE REPUBLIC OF INDONESIA**

No. 1

*Her Majesty's Ambassador at Djakarta to the Minister for Foreign Affairs  
of the Republic of Indonesia*

*British Embassy,*

*Djakarta, 2 December, 1967.*

Your Excellency,

I have the honour to refer to the discussions concerning development aid from the Government of the United Kingdom of Great Britain and Northern Ireland to the Government of the Republic of Indonesia and to inform Your Excellency that the Government of the United Kingdom are prepared to conclude an Agreement with the Indonesian Government on this question. The position of the Government of the United Kingdom with regard to the provision of finance and the commitments of that Government and of the Government of Indonesia as regards associated matters shall be as respectively set out in part A and part B below:

- A. The Government of the United Kingdom declare that it is their intention, acting by the Ministry of Overseas Development (hereinafter referred to as "the Ministry"), to make available to the Government of Indonesia by way of an interest-free loan a sum not exceeding £500,000 (five hundred thousand pounds sterling) for the purchase in the United Kingdom of British goods.
- B. (1) The Government of the United Kingdom shall adopt the arrangements and procedures described in the following paragraphs of this Note in so far as they relate to things to be done by or on behalf of that Government. The Government of Indonesia shall adopt the arrangements and procedures so described in so far as they relate to things to be done by or on behalf of that Government.
- (2) (a) For the purpose of these arrangements, the Government of Indonesia through the Central Bank of Indonesia (Bank Negara Indonesia, Unit I) shall, by a request in the form set out in Annex A to this Note, open a special account (hereinafter referred to as "the Account") with a Bank in London (hereinafter referred to as "the Bank"). The Account shall be operated solely for the purposes of the loan and in accordance with the instructions contained in the said request.
- (b) As soon as the Account is opened and before taking any other step required by these arrangements for obtaining any part of the loan, the Government of Indonesia shall furnish the Ministry with a

copy of the Government's instructions to the Bank given in accordance with the foregoing provisions of this paragraph. The Government of Indonesia shall, at the same time and so often as any change is made therein, ensure that the Ministry is notified of the names of the officers who are duly authorised to sign on its behalf the Requests for Drawings hereinafter provided and shall also ensure that a specimen signature in duplicate of each such officer is provided.

- (c) The Government of Indonesia shall ensure that the Bank shall forward monthly to the Ministry a statement of receipts to and payments from the Account.
  - (d) Unless the Ministry otherwise agree payments into the Account shall not be made after the 30th June, 1968.
- (3) Save to the extent (if any) to which the Ministry may otherwise agree, drawings from the loan shall be used only—
- (a) to reimburse any Bank in the United Kingdom for payments, made by means of irrevocable letters of credit which are opened or advised after the date of this Note, under a contract for the purchase in the United Kingdom (which expression in this Note shall be deemed to include the Channel Islands and the Isle of Man) of goods wholly produced or manufactured in the United Kingdom and that appear in the Indonesian official list of goods for which payment by means of "Export Bonus" foreign exchange is authorised by the Government of Indonesia (the so-called "B.E. List"), being a contract which:
    - (i) provides for payment in sterling to persons carrying on business in the United Kingdom; and
    - (ii) is approved by the Government of Indonesia and accepted by the Ministry for financing from the loan; and
    - (iii) is entered into after the date of this letter and before the 31st March, 1968;
  - (b) for payment of sterling bank charges and commissions payable in the United Kingdom to:
    - (i) the bank in respect of their services in connection with this loan; and
    - (ii) any bank in the United Kingdom in respect of letters of credit referred to in this paragraph.
- (4) (a) Where the Government of Indonesia proposes that part of the loan shall be applied to a contract, that Government shall ensure that there are forwarded at the earliest opportunity to the Ministry:
- (i) a copy of the contract, or of a letter of credit relating to the contract; and
  - (ii) two copies of a certificate from the supplier concerned in the United Kingdom in the form set out in Annex C to this Note.
- (b) The Government of Indonesia shall ensure that the Ministry is informed if at any time a contract (being a contract in respect of

which documents have been submitted in accordance with the foregoing provisions) is amended or if liability is incurred or is to be incurred thereunder to a greater or lesser amount than the amount specified in the contract certificate and, in either of these cases, the Government of Indonesia shall ensure that there are forwarded as soon as possible to the Ministry the relevant supplementary or revised documents.

- (5) (a) After the Ministry has considered the documents forwarded in pursuance of the procedure described in the foregoing provisions of this Note and any additional information which it may request for this purpose from the Bank acting on behalf of the Government of Indonesia (and which shall then be supplied on behalf of that Government) the Ministry shall notify the Bank in the form set out in Annex C (i) to this Note whether and to what extent it accepts that a contract is eligible for payment from the loan.
- (b) To the extent that the Ministry so accepts a contract and agrees to payment from the Account it shall on receipt of a request duly signed by the Bank on behalf of the Government of Indonesia, in the form set out in Annex B to this Note, giving details of payments due and about to be made, make payments in sterling into the Account and each such payment shall constitute a drawing on the loan.
- (6) Withdrawals from the Account shall be made only in the manner and subject to the conditions hereafter set out in this paragraph:
- (a) for reimbursement to a bank in the cases to which paragraph (3) (a) refers, withdrawals shall be made only on receipt by the Bank of a Payment Certificate in the form shown in Annex D hereto and the invoices referred to therein; and provided that
- (i) the amount of reimbursement made in respect of any one contract, excluding the sterling bank charges and commissions referred to in paragraph (3) (b) above, shall not exceed the amount specified in relation to that contract in the notification in the form set out in Annex C (i); and
  - (ii) the Bank shall forward to the Ministry the relevant Payment Certificate and invoices immediately any such reimbursements have been made; and
  - (iii) where the amount shown in paragraph (ii) of a Payment Certificate exceeds the amount specified in paragraph 4 of the Contract Certificate relating to that contract the Government of Indonesia, at the request of the Ministry, shall pay an amount equal to the difference into the Account;
- (b) for payments to which paragraph (3) (b) refers, the Bank shall debit the Account and inform the Ministry of the amount so debited. In respect of the bank charges incurred under paragraph (3) (b) (ii) they shall relate the bank charges to the contract concerned;
- (c) photocopies or duplicates of invoices may be submitted instead of the originals for the purposes of this paragraph. -

- (7) If any monies that have been paid out of the Account are subsequently refunded either by the Supplier or by a guarantor the Government of Indonesia shall, so long as there are payments or reimbursements to be made from the Account, pay an equivalent of such sums into the Account and, in any other case, apply the refunds to the reduction of the loan outstanding.
- (8) The Government of Indonesia shall repay to the Ministry in pounds sterling in London the total sum borrowed under the arrangements set out in this Note, such repayment to be made by instalments paid on the dates and in the amounts specified below, except that if, on the date when any such instalment is due to be paid, there is then outstanding less than the amount specified for that instalment only the amount then outstanding shall be paid:—

#### INSTALMENTS

<i>Date Due</i>	<i>Amount</i>
	£
15th February, 1975 and on the 15th February in each of the succeeding 17 years ... ..	13,900
15th August, 1975 and on the 15th August in each of the succeeding 16 years ...	13,900
15th August, 1992 ... ..	13,500

- (9) Notwithstanding the provisions of paragraph (8) of this Note, the Government of Indonesia shall be free at any earlier time to repay to the Ministry in pounds sterling in London the whole or any part of the loan that is still outstanding.

If the foregoing proposals are acceptable to the Government of the Republic of Indonesia, I have the honour to suggest that the present Note together with Your Excellency's reply in that sense shall constitute an Agreement between the two Governments which shall enter into force on the date of your reply and the Agreement shall be referred to as the United Kingdom/Indonesia Loan, 1967.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

HORACE PHILLIPS.

ANNEX A

Bank Negara Indonesia, Unit I.

The Manager,

..... Bank Ltd.,

London.

Dear Sirs,

**United Kingdom/Indonesia Loan 1967**

I confirm your appointment as agents of the Central Bank of Indonesia (Bank Negara Indonesia, Unit I) on behalf of the Government of Indonesia (hereinafter called "the Government") in connection with the administration of the above-mentioned loan which is for a sum of £500,000 (five hundred thousand pounds sterling).

2. I have to request you on behalf of the Government to open an account in the name of the Bank Negara Indonesia, Unit I to be styled United Kingdom/Indonesia Loan 1967 Account (hereinafter called "the Account").

3. A blank specimen of a Contract Certificate and of a Payment Certificate in the form marked Annex C and Annex D respectively attached hereto, will be attached to each irrevocable letter of credit opened or advised in respect of contracts which the Government desire to be financed from the loan. It will be a condition of each letter of credit that on receipt the beneficiary must complete and send to you urgently three copies of the contract certificate together with two copies of the contract or of the letter of credit in lieu of the contract. You will submit, on behalf of the Government, two copies of the contract certificate and a copy of the contract (or letter of credit) to the British Ministry of Overseas Development, Loans Administration Section, Finance Department, Eland House, Stag Place, London, S.W.1 (hereinafter called "the Ministry"); the Ministry will inform you in the form marked Annex C(i) hereto whether and to what extent it accepts that a contract is eligible for payment from the loan.

4. Payments into the Account will be made from time to time by the Ministry on receipt by them of requests in the form shown in Annex B hereto and which you are authorised to present on behalf of the Government. The amount of the loan to be drawn on any one occasion will be sufficient, together with any balance which may be available in the Account, to cover the total payments made or about to be made under the contracts referred to in paragraph 3 above. It is possible that, as a result of refunds becoming due from contractors, payments into the Account will also be made by the Government itself.

5. Payments from the Account are to be made from time to time only:
- (i) to make reimbursement to any bank in the United Kingdom in respect of payments made in accordance with a letter of credit which has been marked FXUK/67 for the purpose of establishing

that recovery is to be effected from the Government's special loan account with your bank and in respect of which you have received—

- (a) a Contract Certificate in accordance with the procedure described in paragraph 3 above; and
  - (b) a Payment Certificate in the form marked Annex D attached hereto, duly signed by the Supplier and the invoices referred to therein; or
- (ii) to meet the charges and commissions due to you in respect of your services as the agent of the Government in the administration of this loan; or
  - (iii) to meet sterling bank charges payable in the United Kingdom in respect of letters of credit referred to above.

6. The amount of reimbursement under paragraph 5 (i) above will not exceed the amount specified in the notification in the form marked Annex C (i) supplied to you by the Ministry in relation to the contract that is the subject of the letter of credit. Any balance required to meet the full value of the letter of credit will be met from a separate account of the Government. You will send to the Ministry for their retention the Payment Certificates and invoices mentioned in paragraph 5 (i) (b) immediately the reimbursements to which they relate have been made.

7. You will debit the Account with the charges referred to in paragraphs 5 (i) and 5 (ii) and inform the Ministry of the amounts so debited and supply details of the contract to which each charge under paragraph 5 (iii) relates.

8. You will send to the Ministry and to the Government at the end of each month a detailed statement showing all debits and credits to the Account during the month.

9. You will send to the Ministry with copies to the Government specimen signatures of the officers of the Bank authorised to sign Requests for Drawings in the form at Annex B hereto on behalf of the Government.

10. A copy of this letter has been addressed to the Ministry.

Yours faithfully,

ANNEX B

United Kingdom/Indonesia Loan 1967

REQUEST FOR DRAWING

The following payments are expected to fall due under contracts accepted under the terms of the above-mentioned loan:

Name and address of beneficiary	Contract No.	Date payment is due	Amount £

The amount available in the Special Account to meet the above payments is £                      and a further payment into the Account of £                      is hereby requested.

The sum of £                      now requested shall on payment into the Account constitute a drawing on the loan.

Date: .....

Signed on behalf of the Government  
of Indonesia

.....

To: The Ministry of Overseas Development,  
Finance Department,  
Eland House, Stag Place,  
London, S.W.1.



United Kingdom/Indonesia Loan 1967

CONTRACT CERTIFICATE

*Particulars of Contracts*

1. Date of Contract	Contract Number	
	<i>United Kingdom Origin</i>	<i>Non-United Kingdom Origin</i>
2. Description of goods to be supplied to the Purchaser		
	<i>Sterling</i>	<i>Other Currency, if any</i>
3. Total (estimated) contract price payable by Purchaser		
	<i>Amount</i>	<i>Description</i>
4. Estimated amounts, if any, paid (or to be paid) by the Supplier in respect of goods or services of Non-United Kingdom Origin procured (or to be procured) for the purposes of the Contract.	In respect of Non-United Kingdom goods and services	
	(a) goods and materials	
	(b) work to be done or services performed in Purchaser's country	
	(c) know-how	
	(d) plans, designs and technical documentation	
	(e) other services	

5. I hereby declare that I am employed in the United Kingdom by the Supplier named below and I have the authority to sign this certificate. I hereby undertake that in performance of the Contract, no goods or services which are not of United Kingdom origin will be supplied by the Supplier other than those specified in paragraph 4 above.

Signed .....

Position held .....

Name and address .....

of Supplier .....

.....

Date .....

*Note :* For the purpose of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

**ANNEX C (i)**

**United Kingdom/Indonesia Loan 1967**

To: The Manager,

..... Bank Ltd.,

London.

We are pleased to inform you that we accept

We regret to inform you that we cannot accept the Contract particulars of which are set out in the copy certificate attached hereto, as eligible for payment from the above-mentioned loan to the extent of £

Date .....

.....  
Signed on behalf of the Ministry  
of Overseas Development

ANNEX D

United Kingdom/Indonesia Loan 1967

PAYMENT CERTIFICATE

I hereby certify that

- (i) the payments referred to in the invoices listed below, which or copies of which accompany this payment certificate, fall due and are to be made in respect of Contract No. .... dated ..... between the Supplier named below and ..... (Purchaser) and are in accordance with the particulars of this contract notified in the contract certificate signed on behalf of the said contractor on .....

Contractor's Invoice No.	Date	Amount £	Short description of goods

- (ii) there are included in the above-mentioned invoices the following amounts in respect of the non-United Kingdom goods or services specified in paragraph 4 of the contract certificate:

- |       |       |
|-------|-------|
| (a) £ | (d) £ |
| (b) £ | (e) £ |
| (c) £ |       |

- (iii) apart from the amounts specified in paragraph (ii) all the amounts specified in paragraph (i) are payable in respect of goods and services of United Kingdom Origin.

- (iv) I have the authority to sign this certificate on behalf of the Supplier named below.

Signed .....

Position held .....

Name and address .....

of Supplier .....

Date .....

*Note* : For the purpose of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

No. 2

*The Minister for Foreign Affairs of the Republic of Indonesia to  
Her Majesty's Ambassador at Djakarta*

Your Excellency, 2nd December, 1967.

I have the honour to acknowledge Your Excellency's Note dated 2nd December 1967, which reads as follows:

[As in No. 1]

In reply to the above, I have the honour to inform Your Excellency that the above-mentioned proposals are acceptable to the Government of the Republic of Indonesia and that Your Excellency's Note and this reply shall be regarded as constituting an Agreement between the two Governments in this matter.

Please accept, Your Excellency, the assurance of my highest consideration.

ADAM MALIK.

No. 3

*Her Majesty's Ambassador at Djakarta to the Minister for Foreign Affairs  
of the Republic of Indonesia*

*British Embassy,*

Your Excellency, Djakarta, 2 December, 1967.

I have the honour to refer to the Agreement on development aid concluded today between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Indonesia.

In discussions on the Agreement the question of shipping charges and insurance charges on goods imported with the aid was raised. As this is not covered specifically in the Agreement the position is set out below for further clarification and to enable your Government to inform importers and banks.

*Shipping*

Goods should be shipped in accordance with normal commercial competitive practice and not directed to ships of any particular flag. Provided shipping costs are paid in sterling in the United Kingdom they may be met from aid funds and the flag of the vessel is immaterial.

*Insurance*

On a c.i.f. contract, where the insurer is not revealed, insurance is assumed to have been placed with a United Kingdom company and the whole contract price may be met from aid funds. In all other cases insurance costs may be met from aid funds provided it is placed with a company carrying on business in the United Kingdom and payment is made in the United Kingdom in sterling.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

HORACE PHILLIPS.

No. 4

*The Minister for Foreign Affairs of the Republic of Indonesia to  
Her Majesty's Ambassador at Djakarta*

Your Excellency,

*2nd December, 1967.*

I have the honour to acknowledge Your Excellency's Note dated 2nd December 1967, which reads as follows:

[As in No. 3]

I have the honour to inform Your Excellency that the arrangement as set out above correctly stated the position on those matters.

Please accept, Your Excellency, the assurance of my highest consideration.

ADAM MALIK.

No. 5

*Her Majesty's Ambassador at Djakarta to the Minister for Foreign Affairs  
of the Republic of Indonesia*

*British Embassy,*

Your Excellency,

*Djakarta, 2 December, 1967.*

I have the honour to refer to the Agreement on development aid concluded to-day between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Indonesia.

In order to simplify the administration of the loan provided for under the terms of the Agreement it has been agreed that a list should be published showing those items on the current Bonus Export and A.D.O. List which are either unobtainable from the United Kingdom or ineligible under the terms of the loan. A list of those items is attached divided into:

- (a) items which are ineligible under the loan;
- (b) items which are not normally produced in or exported from the United Kingdom; and
- (c) items which will not qualify as being of United Kingdom origin.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

HORACE PHILLIPS.

## PART A

### *Tariff Item No.*

Part 1 of 900  
Part 1 of 901  
Part 1 of 903

## PART B

Part 1 of 36  
Part 11A of 39  
40  
57  
58  
Parts 1 and 111 of 59  
Parts 1 and 111 of 61  
Part 11B of 118  
121  
123  
179  
281  
Part 1 of 357  
Part 1 of 449

## PART C

70  
Talc of 127  
Puzzelana of 128  
Infusorial earth, trass, emery, pumice stone, tripoli, cryolite, magnesite,  
ordinary feldspar, asbestos, mica and graphite of 131  
Parts 1 and 11 of 135  
132 (unless produced in the United Kingdom)  
137  
140  
141  
143  
145  
Part 11A of 173  
Part 11 of 196  
230  
231  
244  
Part 1 of 258  
283  
284  
285

300  
Part 11 of 302  
305  
Parts 1, 11 and 111 of 307  
Parts 1 and 11 of 308  
Part 11 of 309  
310  
312  
Parts 1 and 11 of 315  
Parts 1 and 11 of 331  
343  
Parts 1 and 11 of 344  
Parts 1A and 1B of 346  
347  
349 (unless based on United Kingdom materials)  
Parts 1 and 11 of 353  
Parts 1, 11A and 11B of 355  
Parts 11A, 11B, 11b. 1, 11b. 2 and 111 of 356  
Part 1 of 362  
Part 1 of 363  
368  
369  
Part 1 of 374  
377  
378  
Parts 1A and 11 of 379  
380  
381  
382  
383  
Parts 1 and 11 of 391  
408  
447  
Part 11 of 449  
451  
Parts 1A, 1B and 11 of 455  
457  
516  
518  
Part 11 of 519  
597  
Part 1 of 598  
600  
601  
602  
604  
Part 1 of 605  
Part 1 of 607  
609  
Part 11 of 610

611  
612  
Part 1 of 618  
619  
620  
Part 1 of 621  
624  
627  
628  
629  
Parts 1A, 1B and 11 of 630  
631  
Parts 1 and 11 of 632  
633  
634  
Part 1 of 636  
Parts 1A and 1B of 640  
Parts 1 and 11 of 641  
Parts 1A and 1B of 642  
643  
644  
645  
647  
Parts 1 and 11 of 648  
Parts 1 and 11 of 652  
Part 1 of 653  
654  
655  
656  
657  
658  
663  
664  
667  
668  
669  
670  
671  
694  
706  
707  
Parts 1, 11A and 11B of 813  
815  
817  
Part 11A and 11B of 908  
Part 1A 1 of 834. Jeeps not admissible as of U.S.A. origin. Similar vehicles  
such as Landrover and Austin Gypsy of U.K. origin will be permitted



No. 6

*The Minister for Foreign Affairs of the Republic of Indonesia to  
Her Majesty's Ambassador at Djakarta*

Your Excellency,

*2nd December, 1967.*

I have the honour to acknowledge Your Excellency's Note dated 2nd December 1967, which reads as follows:

[As in No. 5]

Please accept, Your Excellency, the assurance of my highest consideration.

ADAM MALIK.

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