



Treaty Series No. 11 (1970)

**Exchanges of Notes**  
concerning an Interest-free  
Development Loan by the Government of  
the United Kingdom of Great Britain  
and Northern Ireland to the  
Government of the Republic of Indonesia  
(United Kingdom/Indonesia No. 5 Loan (1969))

Djakarta, 22 October 1969

[The Agreement entered into force on 22 October 1969]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
February 1970*

**LONDON**  
**HER MAJESTY'S STATIONERY OFFICE**

2s. 0d. [10p] net

**EXCHANGES OF NOTES**  
**CONCERNING AN INTEREST-FREE DEVELOPMENT LOAN**  
**BY THE GOVERNMENT OF THE UNITED KINGDOM OF**  
**GREAT BRITAIN AND NORTHERN IRELAND**  
**TO THE GOVERNMENT OF THE REPUBLIC OF INDONESIA**  
**(United Kingdom/Indonesia No. 5 Loan (1969))**

No. 1

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

*British Embassy,  
Djakarta.*

*22 October, 1969.*

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 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 Indonesia) 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 Government of the United Kingdom 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 Government of the United Kingdom 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 Government of the United Kingdom a statement of receipts to and payments from the Account.
  - (d) Unless the Government of the United Kingdom otherwise agree, payments into the Account shall not be made after the 31st March 1970.
- (3) Save to the extent (if any) to which the Government of the United Kingdom 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 or, in the case of chemical and allied products, goods which are duly declared to be of United Kingdom origin on the form set out in Annex C (Chemicals) to this Note, being goods that appear in Parts "A" and "B" of Appendix I to the Decree of the Minister of Commerce, No. 05/SK/1/68 of 29 January 1968, the Indonesian official list of goods for which payment by means of "Export Bonus" foreign exchange from foreign credits is authorised by the Government of Indonesia, 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 Government of the United Kingdom for financing from the loan; and
    - (iii) is entered into after the date of this Note, and before the 31st December 1969.
  - (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 Government of the United Kingdom:
- (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 or Annex C (Chemicals) (whichever is appropriate) to this Note.
- (b) The Government of Indonesia shall ensure that the Government of the United Kingdom 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 Government of the United Kingdom the relevant supplementary or revised documents.
- (5) (a) After the Government of the United Kingdom 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 Government of the United Kingdom 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 Government of the United Kingdom 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 hereinafter set out in this paragraph:
- (a) for the reimbursement to a bank in the cases to which paragraph (3) (a) refers, withdrawals shall be made only on receipt by the Bank of the relevant documents including:
- (i) a Payment Certificate in the form shown in Annex D hereto and the invoices referred to therein; or
  - (ii) the invoices only for contracts in respect of which a Contract Certificate in the form shown in Annex C (Chemicals) hereto has been provided; and provided that
  - (iii) 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

- (iv) the Bank shall forward to the Government of the United Kingdom the relevant Payment Certificate (where applicable) and invoices immediately any such reimbursements have been made; and
  - (v) 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 Government of the United Kingdom, 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 Government of the United Kingdom 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.
- (8) The Government of Indonesia shall repay to the Government of the United Kingdom 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>
	£
1st May 1977 and on the 1st May in each of the succeeding 17 years	13,900
1st November 1977 and on the 1st November in each of the succeeding 16 years	13,900
1st November 1994	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 Government of the United Kingdom 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 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 No. 5 Loan (1969)—Provision of Goods and Services from the United Kingdom.

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

H. C. HAINWORTH

ANNEX A

Bank Indonesia

The Manager,

..... Bank Ltd.

Dear Sirs,

**United Kingdom/Indonesia No. 5 Loan (1969)—  
Provision of Goods and Services from the United Kingdom**

I confirm your appointment as agents of the Central Bank of Indonesia (Bank Indonesia) on behalf of the Government of Indonesia (hereinafter called "the Government") in connection with the administration of the above-mentioned loan which is for the 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 Indonesia, to be styled United Kingdom/Indonesia No. 5 (B.E.) Loan (1969) Account (hereinafter called "the Account").

3. Five blank copies of either a Contract Certificate and of a Payment Certificate in the form marked Annex C and Annex D respectively, attached hereto, or of a Contract Certificate in the form of Annex C (Chemicals) attached hereto, will be attached by the advising bank (*i.e.*, the London bank which is requested to advise the relative letter of credit) 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 return to the advising bank urgently four copies of the Contract Certificate. The advising bank will forward to you three copies of the completed Contract Certificate and two copies of the contract (or of the letter of credit in lieu) and you will retain one copy of each document and submit the remainder, on behalf of the Government, 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. Any amendment necessary to a contract, which affects the details of the relevant Contract Certificate, after the contract has been accepted in whole or in part by the Ministry for financing from the loan, must be submitted to the Ministry. The advising bank will accordingly be required to submit to you

three copies of a fresh Contract Certificate duly signed by the supplier together with two copies of the proposed amendment and action will then proceed as in paragraph 3 above.

5. 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.

6. 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/69/III 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 the relevant documents including—
  - (a) A Contract Certificate in accordance with the procedure described in paragraph 3 above; and
  - (b) either a Payment Certificate in the form marked Annex D attached hereto, duly signed by the Supplier and the invoices referred to therein or the invoices only in respect of contracts for the purchase of chemicals and allied products; 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.

7. The amount of reimbursement under paragraph 6 (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 Certificate (where applicable) and invoices mentioned in paragraph 6 (i) (b) immediately the reimbursements to which they relate have been made.

8. You will debit the Account with the charges referred to in paragraph 6 (ii) and 6 (iii) and inform the Ministry of the amounts so debited and supply details of the contract to which each charge under paragraph 6 (iii) relates.

9. You will send to the Ministry and to the Bank Indonesia, Head Office, Djakarta, at the end of each month a detailed statement showing all debits and credits to the Account during the month. A copy of the statement should also be forwarded to the Representative's office of the Bank Indonesia for Europe, in London.

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

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

Yours faithfully,

ANNEX B

**United Kingdom/Indonesia No. 5 Loan (1969)**

REQUEST FOR DRAWING

Sums amounting to £                      are expected to fall due within the next two weeks (approximately) under contracts accepted by you under the terms of the above-mentioned loan.

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.



ANNEX C

United Kingdom/Indonesia No. 5 Loan (1969)

CONTRACT CERTIFICATE

*Particulars of Contract*

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 or 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 .....

*Notes:*

For the purpose of this declaration, the United Kingdom includes the Channel Islands and the Isle of Man.

For CHEMICALS AND ALLIED PRODUCTS use certificate overleaf.

ANNEX C (CHEMICALS)

United Kingdom/Indonesia No. 5 Loan (1969)

CONTRACT CERTIFICATE FOR CHEMICAL AND ALLIED PRODUCTS ONLY

1. Date of Contract..... Contract No.....

2. Description of Product(s) to be submitted to Purchaser (Note A)	Price £	United Kingdom Tariff Classification No. (Note B)	Is the product of United Kingdom origin? (See Note C) State "Yes" or "No"
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

3. Total [estimated] Contract Price Payable by Purchaser in Sterling—£

4. (Declaration) I hereby declare that I am employed in the United Kingdom by the Contractor named below and have the authority to sign the certificate, and that the above information is correct.

Signed .....

Position held .....

Name and address of Contractor .....

Date .....

Notes:

A. This form is only to be used for chemical and allied products, most of which are covered by the appropriate sub-headings of Chapters 15, 25, 28-35 and 37-40 of the United Kingdom tariff.

B. See:

- (i) Her Majesty's Customs and Excise Tariff, H.M.S.O.
- (ii) Classification of Chemicals in Brussels Nomenclature, H.M.S.O.

C. (i) A product is regarded as of "United Kingdom origin" if made either wholly from indigenous United Kingdom materials or according to the appropriate EFTA qualifying process using imported materials wholly or in part.

(ii) The EFTA qualifying processes are set out in Schedule I of the "EFTA Compendium for the Use of Exporters", H.M.S.O.

(iii) For the purpose of this declaration it is to be emphasised that the "alternative percentage criterion" DOES NOT APPLY.

- (iv) The words "Area Origin" where they appear in the above Schedule must be taken to mean "United Kingdom Origin" only.
- (v) For the purposes of this declaration, the "Basic Materials List" (Schedule III of the EFTA Compendium) does not apply.
- (vi) If a qualifying process is not listed for the material in question, advice should be sought from Loans Administration Section, Finance Department, Ministry of Overseas Development, Eland House, Stag Place, London, S.W.1.

D. For the purpose of this declaration, the United Kingdom includes the Channel Islands and the Isle of Man.

ANNEX C (i)

**United Kingdom/Indonesia No. 5 Loan (1969)**

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 No. 5 Loan (1969)

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 .....

.....

.....

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 Indonesia to Her Majesty's  
Ambassador at Djakarta*

*Djakarta,*

*22 October, 1969.*

Your Excellency,

I have the honour to acknowledge Your Excellency's Note dated October 22, 1969, reading 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 on this matter.

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

For the Government of the  
Republic of Indonesia

ADAM MALIK

[Annexes as in No. 1]

No. 3

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

*British Embassy,*

*Djakarta,*

*22 October, 1969.*

Your Excellency,

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 an insurance 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.

H. C. HAINWORTH

No. 4

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

Your Excellency,

*Djakarta,*

*22 October, 1969.*

I have the honour to acknowledge Your Excellency's Note dated October 22, 1969, reading 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 assurances of my highest consideration.

For the Government of the  
Republic of Indonesia

ADAM MALIK

No. 5

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

*British Embassy,*

*Djakarta.*

Your Excellency,

*22 October, 1969.*

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 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 parts A and B of the current Bonus Export 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 not normally produced in or exported from the United Kingdom; and

(b) 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.

H. C. HAINWORTH

#### PART A

*Import Tariff Item No.*

40  
57  
58  
59-I-III  
61-I-III  
121-1a, b  
179  
281  
357-I  
449-I

#### PART B

70  
127 Talc  
128 Puzzelana  
131 Infusorial earth, trass, emery, pumice stone, tripoli, cryolite, magnesite, ordinary feldspars, asbestos, mica and graphite  
135-I-III  
132 (unless produced in the United Kingdom)  
137  
140  
141  
143  
145  
196-II  
230  
231  
258-I  
283  
284  
285  
300  
305  
307-I-II  
308-I-II  
315-I  
331-I-II

343  
347  
349 (unless based on United Kingdom materials)  
353-I-II  
355-I-IIb  
355-IIa (unless the foreign content is 10 per cent or less)  
356-IIa, bI, 2-III  
362-I  
363-I  
369  
374-I  
377  
378  
379-I-II  
381  
382  
383  
391-I-II  
408  
449-II  
451  
455-Ia, b-II  
457  
518  
597  
598-I  
600  
601  
602  
603 (if metal in question is non-ferrous)  
604  
605-I  
607-I  
609  
610-II  
611  
619  
620  
621-I  
624  
627  
628  
629  
630-Ia, b-II  
631  
632-I-II  
633  
634  
636-I  
640-Ia, b  
641-I-II  
642-Ia, b  
643  
644  
645  
647



648-I-II  
652-I-II  
653-I  
654  
655  
656  
657  
658  
663  
664  
667  
668  
669  
670  
671  
694  
706  
707  
708  
813-I-IIa, b  
815  
817  
908-IIa, b  
834-Ia1 (Jeeps are not admissible as of United States origin. Similar vehicles such as Land Rover and Austin Gipsy of United Kingdom origin will be permitted)

No. 6

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

*Djakarta.*

Your Excellency,

*22 October, 1969.*

I have the honour to acknowledge Your Excellency's Note dated October 22, 1969, reading as follows:

[As in No. 5]

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

For the Government of the  
Republic of Indonesia

ADAM MALIK

[Enclosure as in No. 5]

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