

EGYPT



Treaty Series No. 129 (1972)

## Exchange of Notes

concerning a Development Loan by the  
Government of the United Kingdom of  
Great Britain and Northern Ireland to  
the Government of the Arab Republic  
of Egypt

(United Kingdom/Egypt Loan Agreement, 1972)

Cairo, 5 September 1972

[The Agreement entered into force on 5 September 1972]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
December 1972*

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**EXCHANGE OF NOTES  
CONCERNING A DEVELOPMENT LOAN BY THE GOVERNMENT  
OF THE UNITED KINGDOM OF GREAT BRITAIN AND  
NORTHERN IRELAND TO THE GOVERNMENT OF  
THE ARAB REPUBLIC OF EGYPT**

No. 1

*Her Majesty's Ambassador at Cairo to the Deputy Prime Minister and  
Minister of Economy and Foreign Trade of Egypt*

*British Embassy,  
Cairo.*

*5 September 1972.*

Your Excellency,

I have the honour to refer to the recent discussions concerning development aid from the Government of the United Kingdom of Great Britain and Northern Ireland to the Government of the Arab Republic of Egypt and to inform Your Excellency that the Government of the United Kingdom are prepared to conclude an Agreement with the Government of Egypt in the following terms. The position of the Government of the United Kingdom with regard to the provision of finance and the commitment of that Government and the Government of Egypt 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 Egypt by way of a loan a sum not exceeding £5,000,000 (five million pounds sterling) towards the purchase in the United Kingdom of certain goods and services in furtherance of development projects to be agreed.
- B. (1) The Government of the United Kingdom shall adopt the arrangements and procedures described in the following paragraphs of this Note insofar as they relate to things to be done by or on behalf of that Government. The Government of Egypt shall adopt the arrangements and procedures so described insofar as they relate to things to be done by or on behalf of that Government.
- (2) (a) For the purposes of these arrangements the Government of Egypt 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 the Crown Agents for Oversea Governments and Administrations, 4 Millbank, London, S.W.1 (hereinafter referred to as "the Crown Agents"). The Account shall be operated 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 Egypt shall furnish the Government

of the United Kingdom with a copy of their instructions to the Crown Agents given in accordance with the provisions of subparagraph (a). The Government of Egypt, or the Crown Agents on their behalf, shall at the same time and so often as any change is made therein, notify the Government of the United Kingdom of the names of the officers who are duly authorised to sign on its behalf the Requests for Drawing hereinafter provided and shall furnish a specimen signature in duplicate for each such officer.

- (3) (a) Where the Government of Egypt propose that part of the loan shall be allocated to the offshore costs (as described in paragraph B (4)) of a project they shall forward to the Government of the United Kingdom through the British Embassy a description of the project and its location and shall provide such further details as the Government of the United Kingdom may require.
- (b) The Government of the United Kingdom shall notify the Government of Egypt whether their proposal to allocate part of the loan to the offshore costs of a project is approved, the amount of the loan approved as provisionally allocated towards such costs and any special conditions attached to such approval. If the project has not previously been agreed between the Government of Egypt and the Government of the United Kingdom, the approval of the Government of the United Kingdom of a proposal under this sub-paragraph shall constitute the agreement of the project.
- (4) Save and 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) for payments 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, or for work to be done or for services to be rendered by persons ordinarily resident or carrying on business in the United Kingdom or for two or more such purposes, being a contract which:
- (i) provides for payment in sterling to persons carrying on business in the United Kingdom; and
- (ii) is approved on behalf of the Government of Egypt and accepted on behalf of the Government of the United Kingdom for financing from the loan; and
- (iii) is a contract entered into after the date of this Note and before 5 March 1977.
- (b) for payment of charges and commissions due to the Crown Agents in respect of their services on behalf of the Government of Egypt in connection with this loan.

- (5) (a) Where the Government of Egypt proposes that part of the loan shall be applied to a contract, that Government shall ensure that the Crown Agents acting on their behalf obtain at the earliest opportunity:
- (i) a copy of the contract, or of a notification in the form set out in Annex B to this Note; and
  - (ii) two copies of a certificate from the United Kingdom contractor concerned in the form set out in Annex C or Annex C (Chemicals) (whichever is appropriate) to this Note.
- (6) (a) After the Crown Agents, acting on behalf of the Government of the United Kingdom, have considered the documents obtained in pursuance of the procedure described in the foregoing provisions of this Note, they shall decide whether and to what extent a contract is eligible for payment from the loan.
- (b) To the extent that the Crown Agents acting on behalf of the Government of the United Kingdom so accept a contract or transaction and agree to payment from the Account, the Government of the United Kingdom shall, on receipt of a request from the Crown Agents, acting on behalf of the Government of Egypt, in the form set out in Annex D to this Note, make payments in sterling into the Account, and each such payment shall constitute a drawing on the loan.
- (c) Unless the Government of the United Kingdom otherwise agrees payments into the Account shall not be made after 5 September 1977.
- (7) Withdrawals from the Account shall be made only in the manner and subject to the conditions set out in this paragraph:
- (a) for payments due under a contract to which paragraph B (4) (a) refers, withdrawals shall be made only on receipt by the Crown Agents of Payment Certificates from the contractors concerned, in the form shown in Annex E to this Note and the invoices (or a photocopy or duplicates of such invoices) referred to therein, or the invoices only relating to contracts in respect of which a contract certificate in the form shown in Annex C (Chemicals) to this Note has been obtained;
  - (b) for payments to which paragraph B (4) (b) refers, the Crown Agents shall debit the Account.
- (8) If any monies that have been paid out of the Account are subsequently refunded either by the Contractor or by a Guarantor, the Government of Egypt shall, so long as there are payments to be made from the Account, pay an equivalent of such sums into the Account and, in any other case, apply the refund to the reduction of the loan.
- (9) The Government of Egypt 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 repayments 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 in relation to that date only the amount then outstanding need be paid.

INSTALMENTS		Amount
Date due		£
5 March 1980 and on 5 March in each of the succeeding 17 years ... ..		139,000
5 September 1980 and on 5 September in each of the succeeding 16 years ... ..		139,000
5 September 1997 ... ..		135,000

The Government of Egypt shall pay to the Government of the United Kingdom in pounds sterling in London interest on drawings from the loan in accordance with the following provisions:

- (a) In respect of each drawing the rate of interest shall be 2% (two per cent) per annum.
  - (b) Interest shall be calculated on a day-to-day basis on the balance of the loan for the time being outstanding (*i.e.* issued but not repaid).
  - (c) The first payment of accrued interest shall be made on 5 March 1973 and subsequent payments shall be made on 5 September 1973 and thereafter on 5 March and 5 September in each year.
- (10) Notwithstanding the provisions of paragraph (9) of this Note, the Government of Egypt 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.
- (11) The Government of Egypt shall ensure the provision of such finance additional to the loan finance provided in accordance with the arrangements set out in this Note, as may be needed to complete each project.
- (12) In relation to goods and services provided with finance from the loan, the Government of Egypt shall permit officers from the British Embassy and other servants or agents of the British Government to examine on arrival any such goods or the documents relating to any such goods and services and shall furnish such officers, servants or agents with such information relating to the goods and services as the latter may reasonably require.

2. If the foregoing proposals are acceptable to the Government of Egypt, I have the honour to propose that the present Note and its Annexes 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 Excellency's reply, and which shall be known as the United Kingdom/Egypt Loan Agreement, 1972. I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

I have the honour to be,

With the highest consideration and respect,

Your Excellency's obedient Servant,

R. A. BEAUMONT

ANNEX A

Government of the Arab Republic of Egypt

To: The Crown Agents for Overseas Governments and Administrations,  
4 Millbank,  
London, S.W.1

Dear Sir,

United Kingdom/Egypt Loan, 1972

I confirm your appointment as agents of the Egyptian Government (hereinafter called "the Government") in connection with the purchase and payment for goods, works and/or services under the terms of the above loan to the value of five million pounds sterling.

2. I have to request you on behalf of the Government to open a Special Account in the name of the Government to be styled United Kingdom/Egypt Loan, 1972 Account (hereinafter called "the Account").

3. Payments into the Account will be made from time to time by the Government of the United Kingdom on receipt of requests in the form shown in Annex D to the United Kingdom/Egypt Loan Agreement, 1972 (a copy of which is attached hereto) and which you are hereby authorised to present on behalf of the Government. It is possible that, as a result of refunds becoming due from the contractors, payments into the Account will also be made by the Government itself.

4. Payments from the Account are to be made only in respect of the amounts falling due under the contracts described in paragraph B (4) (a) and in respect of your commissions and charges as described in paragraph B (4) (b) of the above-mentioned Agreement and in the manner and subject to the conditions described in that Agreement.

5. You are to send to the Government of the United Kingdom specimen signatures of the officers of the Crown Agents authorised to sign Requests for Drawing on behalf of the Government.

6. Your charges and commissions for acting as our agents in connection with this loan shall be chargeable to the Account.

7. A copy of this letter has been sent to the Government of the United Kingdom.

Yours faithfully,

ANNEX B

NOTIFICATION OF CONTRACT

United Kingdom/Egypt Loan, 1972

To: The Government of the United Kingdom

Notification of Contract No.....

The following are details of a contract under which it is proposed that payments shall be made in accordance with the terms and conditions of the above loan.

- 1. Name and address of  
United Kingdom contractor:
- 2. Date of Contract:
- 3. Name of Purchaser:
- 4. Short description of goods:  
and/or works or services:
- 5. Value of Contract: £
- 6. Terms of Payment:

Signed on behalf of the  
Egyptian Government

Date.....

ANNEX C

CONTRACT CERTIFICATE

(For Chemicals and Allied Products use alternative " Certificate " overleaf)

*Particulars of Contract*

- 1. Date of Contract.....
  - 2. Contract No.....
  - 3. Description of goods or services to be supplied to the purchaser.....  
.....  
.....
- If a number of items are to be supplied, a detailed list should be appended to this certificate.
- 4. Total contract price payable by purchaser (state CIF, C & F or FOB)  
£.....  
.....

**If goods are to be supplied the following sections must be completed.**

If the contractor is exporting agent only, the information requested should be obtained from manufacturer.



5. Estimated percentage of the FOB value of the goods *not* originating in the United Kingdom, but purchased by the contractor directly from abroad, *i.e.* percentage of imported raw material or components used to manufacture.
  - (a) % FOB value.....
  - (b) Description of items and brief specifications.....
  
6. If any raw material or components used originated from abroad, *e.g.* copper, asbestos, cotton, wood pulp, etc., but have been purchased in the United Kingdom by the contractor for this contract, specify:
  - (a) % FOB value.....
  - (b) Description of items and brief specifications.....

**If services are to be supplied, the following section should also be completed.**

7. State the estimated value of any work to be done or services performed in the purchaser's country by:
  - (a) Your firm (site engineer's charges, etc.).....
  - (b) Local contractor .....
  
8. Qualifying remarks as necessary in respect of paragraphs 5, 6 or 7 above.....
  
9. I hereby declare that I am employed in the United Kingdom by the Contractor named below and 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 Contractor other than those specified in paragraphs 5, 6, 7 and 8 above.

Signed .....

Position held .....

Name and address of Contractor .....

Date .....

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

**Contractors should note that goods should not be manufactured until acceptance has been notified.**

FOR OFFICIAL USE ONLY				PAYMENTS			
Name or number of project.....							
Amount committed	Date of entry	Acceptance		Date	Amount	PA No.	Initials
		Date	Initials				
£							

ANNEX C (CHEMICALS)

CONTRACT CERTIFICATE FOR CHEMICAL AND ALLIED PRODUCTS ONLY

1. Date of Contract..... Contract No.....  
 Project title (if appropriate).....

2. Description of Product(s) to be supplied to Purchaser (Note A)	£ Price	U.K. Tariff Classification (Note B)	Is the product of U.K. 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 this 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) H.M. 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 "U.K. 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 Use of Exporters", H.M.S.O.
- (iii) For the purposes 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 "U.K. 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 Crown Agents for Oversea Governments and Administrations, CS4 Department, 4 Millbank, London, S.W.1.

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

ANNEX D

**United Kingdom/Egypt Loan, 1972**

D.F. No.....

Please pay the sum of £.....to the United Kingdom/Egypt Loan,  
1972.....Account at the Crown Agents.

This sum shall, on payment into the Account, constitute a drawing on the loan.  
The balance in hand is £.....

.....  
For the Crown Agents acting on behalf  
of the Government of the Arab  
Republic of Egypt

Funding approved.....ODA

ANNEX E

United Kingdom/Egypt Loan, 1972

PAYMENT CERTIFICATE

I hereby certify that

- (i) the payments referred to in the invoice listed below, which or copies of which accompany this payment certificate, fall due and are due to be made in respect of Contract No.....dated..... between the contractor 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, works and/or services

- (ii) The amounts specified in paragraph (i) do not include any additional foreign content to that declared in paragraphs 5, 6 or 7 of the contract certificate.  
 (iii) I have the authority to sign this certificate on behalf of the Contractor named below.

Signed .....

Position held .....

For and on behalf of .....

Name and address of Contractor .....

Date .....

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

No. 2

*The Deputy Prime Minister and Minister of Economy and Foreign Trade of  
Egypt to Her Majesty's Ambassador at Cairo*

*Ministry of Economy and Foreign Trade,  
Cairo.*

Sir,

*5 September 1972.*

I have the honour to acknowledge receipt of your letter of to-day's date which reads as follows:

[As in No. 1]

2. In reply I have the honour to inform you that the foregoing proposals together with the Annexes A-E attached to your letter are acceptable to the Government of the Arab Republic of Egypt and that your letter, and its Annexes, and this reply shall constitute an agreement between our two Governments which shall enter into force on to-day's date and which shall be known as the United Kingdom/Egypt Loan Agreement, 1972.

3. I avail myself of this opportunity to convey to you the assurances of my highest consideration.

M. MERZBAN

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