

No. 8176

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
CHILE**

**Loan Agreement (with exchange of notes). Signed at London,
on 23 November 1965**

Official texts : English and Spanish.

*Registered by the United Kingdom of Great Britain and Northern Ireland on
15 April 1966.*

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
CHILI**

**Accord de prêt (avec échange de notes). Signé à Londres, le
23 novembre 1965**

Textes officiels anglais et espagnol.

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le
15 avril 1966.*

No. 8176. LOAN AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF CHILE. SIGNED AT LONDON, ON 23 NOVEMBER 1965

The Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as “ the Government of the United Kingdom ”) and the Government of the Republic of Chile (hereinafter referred to as “ the Chilean Government ”);

Considering that the Government of the United Kingdom are desirous of joining with other Western European Governments and the Governments of Canada, Japan and the United States of America in providing assistance to Chile by way of the refinancing of Chile’s medium-term commercial debts and maturities under Government loans extended to the Chilean Government in order to assist the Chilean Government to provide the full amount of exchange required to meet all obligations falling due between 1st January, 1965 and 31st December, 1966, both dates inclusive;

Have agreed as follows :

Article I

In this Agreement, the expression “ medium-term commercial debts ” shall mean debts falling due between 1st January, 1965 and 31st December, 1966, both dates inclusive, from the Chilean Government or persons or corporations resident in Chile to persons or corporations resident in the United Kingdom under contracts for the supply of goods or services or both concluded before 1st January, 1965 and officially guaranteed which provide for payments to be made within a period exceeding six months from the date of delivery of the goods or satisfactory performance of the services undertaken under those contracts.

Article II

The Government of the United Kingdom shall make available to the Chilean Government a loan not exceeding £3,000,000 (three million pounds sterling), (hereinafter referred to as “ the Refinance Loan ”) to assist the Chilean Government to provide the full amount of exchange required to meet payments due between 1st January, 1965 and 31st December, 1966, both dates inclusive, to

¹ Came into force on 23 November 1965, the date of signature, in accordance with article IX.

the Government of the United Kingdom or persons or corporations resident in the United Kingdom. The Refinance Loan shall be divided into two parts, (hereinafter referred to as "Refinance Loan A" and "Refinance Loan B" respectively).

Article III

The Refinance Loan A shall be the financial assistance to be provided by the Government of the United Kingdom in respect of 70% of the instalments of principal falling due during 1965 and 1966, under the loan of £2 million extended by the Government of the United Kingdom to the Chilean Government in 1961, and shall be paid to the Chilean Government in three instalments as follows :

- (a) in respect of the two instalments received from the Chilean Government on 31st January, 1965 and 31st July, 1965, as soon as possible after signature of this Agreement; and
- (b) in respect of the instalments due to be paid by the Chilean Government on 31st January, 1966 and 31st July, 1966, as soon as possible after the receipt of each of the said instalments.

Article IV

(1) The Refinance Loan B shall be the financial assistance to be provided by the Government of the United Kingdom in respect of 70% of the instalments of principal on acknowledged medium-term commercial debts falling due and paid during 1965 and 1966.

(2) The Loan shall be paid to the Chilean Government against evidence of payment to the creditors concerned. The instalments will be paid monthly in arrears commencing on 31st December, 1965 and ending on 31st January, 1967 with a final payment not later than 30th April, 1967.

Article V

The Chilean Government shall guarantee the free transferability into sterling of payments, including principal and interest, made in respect of all debts covered by this Agreement.

Article VI

(1) The Chilean Government shall pay interest to the Government of the United Kingdom on each instalment of the Refinance Loan at a rate to be determined by Her Majesty's Treasury having regard to the cost of borrowing by the Government of the United Kingdom at the date on which the instalment is advanced.

(2) Such interest shall be calculated on the balance of each instalment outstanding and shall be payable in sterling on 15th February, 15th May, 15th August and 15th November in each year; the first payment in respect of interest shall be made on 15th February, 1966.

Article VII

(1) The Chilean Government shall make repayment to the Government of the United Kingdom of the sums advanced under the Refinance Loan in accordance with Articles III and IV of this Agreement as follows :

- (a) in respect of advances made for debts maturing during 1965, in twenty consecutive and equal quarterly instalments on 15th February, 15th May, 15th August and 15th November of each year, commencing on 15th February, 1968;
- (b) in respect of advances made for debts maturing during 1966, in twenty consecutive and equal quarterly instalments, on 15th February, 15th May, 15th August and 15th November of each year, commencing on 15th February, 1969.

(2) These amounts shall be applied in each case to the reduction of the oldest outstanding instalment.

Article VIII

(1) If the Chilean Government shall at any time make arrangements for the settlement or refinance of debts to Governments or of medium-term commercial debts contracted before 1st January, 1965, which they or persons or corporations resident in Chile owe, and which fall due between 1st January, 1965 and 31st December, 1966, inclusive, to Governments of and to persons or corporations resident in Belgium, Canada, Denmark, France, the Federal Republic of Germany, Italy, Japan, the Netherlands, Spain, the United States of America or any other country to which Chile owes debts to Governments and medium-term commercial debts equivalent to or greater than the least amount so payable to any of the aforesaid countries, on terms which are more favourable to the creditors concerned than those provided for in this Agreement, the Chilean Government shall forthwith accord no less favourable terms for the settlement of the debt to the Government of the United Kingdom and medium-term commercial debts falling due to the United Kingdom or for the Refinance Loan.

(2) To this end the Chilean Government shall inform the Government of the United Kingdom of the provisions of any Consolidation Agreements which they may conclude during the period of refinancing stipulated in Article II.

Article IX

This Agreement shall come into force on the date of signature thereof.

IN WITNESS WHEREOF the undersigned, being duly authorised thereto by their respective Governments, have signed this Agreement.

DONE in duplicate at London this twenty-third day of November, 1965, in the English and Spanish languages, both texts being equally authoritative.

For the Government of the United Kingdom of Great Britain
and Northern Ireland :

Walter PADLEY

For the Government of the Republic of Chile :

SANTA CRUZ

EXCHANGE OF NOTES

I

The Chilean Ambassador in London to Her Majesty's Principal Secretary of State for Foreign Affairs

[SPANISH TEXT — TEXTE ESPAGNOL]

[TRANSLATION¹ — TRADUCTION²]

No. 919/46

No. 919/46

Londres, 23 de noviembre de 1965

London, 23rd November, 1965

Excelencia :

Your Excellency :

Tengo el honor de referirme al Convenio de Préstamo firmado hoy entre el Gobierno de la República de Chile y el Gobierno del Reino Unido de Gran Bretaña e Irlanda del Norte.

I have the honour to refer to the Loan Agreement signed today between the Government of the Republic of Chile and the Government of the United Kingdom of Great Britain and Northern Ireland.

El Gobierno chileno entiende que si alguna deuda es objeto de un arreglo de refinanciamiento diferente del acordado en las cláusulas del citado Convenio, las estipulaciones del citado Convenio sólo serán aplicadas en la medida necesaria para impedir que cualquiera deuda reciba un tratamiento más favorable que el previsto en los Artículos III y IV (1) del citado Convenio.

It is the understanding of the Chilean Government that, if debts are the subject of a rescheduling arrangement otherwise than in accordance with the provisions of the said Agreement, the provisions of the said Agreement will not be applied to an extent that will result in any debt receiving more favourable treatment than is provided for under the terms of Articles III and IV (1) of the said Agreement.

De acuerdo con el compromiso que tomaron a nombre del Gobierno chileno los representantes chilenos en las discusiones multilaterales habidas en París el 23 y el 24 de febrero de 1965, el Gobierno chileno, en relación con la esfera del transporte marítimo, mejorará los procedimientos administrativos, estudiara tan pronto sea posible los medios para mitigar ciertas prácticas y también examinará con el Gobierno

In accordance with the undertaking given on behalf of the Chilean Government by the Chilean representatives at the multilateral discussions held in Paris on the 23rd and 24th February, 1965, the Chilean Government, in the sphere of maritime transport, will improve administrative procedures, study as soon as possible the means of relaxing certain practices and also examine with the United Kingdom Government the

¹ Translation by the Government of the United Kingdom of Great Britain and Northern Ireland.

² Traduction du Gouvernement du Royaume-Uni de Grande-Bretagne et d'Irlande du Nord.

del Reino Unido la posibilidad de encontrar una solución a los problemas generales del transporte marítimo.

De acuerdo con el compromiso tomado en la misma ocasión referida en el párrafo anterior, en cuanto a que los atrasos en el pago de deudas comerciales y financieras se solucionarán rápidamente, el Gobierno chileno hará arreglos para que el pago de esas obligaciones atrasadas debidas a residentes del Reino Unido se efectúe con la menor demora.

Agradeceré a Vuestra Excelencia que confirme que lo anterior representa también el entendimiento del Gobierno del Reino Unido en estas materias.

Me valgo de esta oportunidad para reiterar a Vuestra Excelencia las seguridades de mi más alta y distinguida consideración.

SANTA CRUZ
Embajador de Chile

possibility of finding a solution to the general problems of maritime transport.

In accordance with the undertaking given at the same time as that referred to in the previous paragraph that commercial and financial arrears will be settled rapidly, the Chilean Government will arrange for the payment of such arrears owed to United Kingdom residents with the minimum of delay.

I shall be grateful if Your Excellency will confirm that the foregoing equally represents the understanding of the United Kingdom Government in these matters.

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

SANTA CRUZ
Ambassador of Chile

II

*Her Majesty's Principal Secretary of State for Foreign Affairs
to the Chilean Ambassador in London*

FOREIGN OFFICE, S.W. 1

Your Excellency,

23 November, 1965

I have the honour to acknowledge receipt of Your Excellency's Note No. 919/46 of to-day's date which reads as follows :

[*See note I*]

2. I confirm that the foregoing equally represents the understanding of the Government of the United Kingdom in these matters.

I have the honour to be, with the highest consideration,

Your Excellency's obedient Servant,

Walter PADLEY