

No. 11258

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**UNITED STATES OF AMERICA  
and  
INDONESIA**

**Memorandum of Agreement regarding the rescheduling of payments under the Agricultural Commodities Agreements of April 18, 1966, as amended, and June 28, 1966, as amended; the Surplus Property Agreement of May 28, 1947, as amended; the Economic Cooperation Loan Agreement of October 28, 1948, as amended; the Agency for International Development Loan Agreement of March 7, 1963, as amended; the Export-Import Bank Credit Agreements of January 12, 1951, as amended; of October 19, 1959, as amended; two of June 8, 1960, as amended; and of December 19, 1960, as amended (with appendices). Signed at Djakarta on 16 March 1971**

*Authentic text: English.*

*Registered by the United States of America on 4 August 1971.*

MEMORANDUM OF AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF INDONESIA REGARDING THE RESCHEDULING OF PAYMENTS UNDER THE AGRICULTURAL COMMODITIES AGREEMENTS OF APRIL 18, 1966, AS AMENDED,<sup>2</sup> AND JUNE 28, 1966, AS AMENDED;<sup>3</sup> THE SURPLUS PROPERTY AGREEMENT OF MAY 28, 1947, AS AMENDED;<sup>4</sup> THE ECONOMIC COOPERATION LOAN AGREEMENT OF OCTOBER 28, 1948, AS AMENDED; THE AGENCY FOR INTERNATIONAL DEVELOPMENT LOAN AGREEMENT OF MARCH 7, 1963, AS AMENDED; THE EXPORT-IMPORT BANK CREDIT AGREEMENTS OF JANUARY 12, 1951, AS AMENDED; OF OCTOBER 19, 1959, AS AMENDED; TWO OF JUNE 8, 1960, AS AMENDED; AND OF DECEMBER 19, 1960, AS AMENDED

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The Government of the United States of America and the Government of the Republic of Indonesia agree as follows:

*Article I*

APPLICATION OF AGREEMENT

Based on understanding reached in Paris on April 23 and 24, 1970, between representatives of the Government of the Republic of Indonesia and representatives of the Governments of the United States of America, the Federal Republic of Germany, Australia, France, Italy, Japan, the Netherlands and the United Kingdom of Great Britain and Northern Ireland regarding the rescheduling of certain debts owed by the Government of the Republic of Indonesia, the Government of the United States of America and the Government of the

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<sup>1</sup> Came into force on 16 March 1971 by signature, in accordance with Article V (1).

<sup>2</sup> United Nations, *Treaty Series*, vol. 578, p. 107, and annex A in volumes 593, 724 and 740.

<sup>3</sup> *Ibid.*, vol. 593, p. 201, and annex A in volumes 724 and 740.

<sup>4</sup> See *Ibid.*, vol. 723, p. 440, where the said Agreement is published for information.

Republic of Indonesia have agreed further to modify the agreements listed in Appendix A as provided for in this Agreement.

## Article II

### DEFINITIONS

The terms defined in this Article shall for all purposes of this Agreement have the meanings herein specified unless the context otherwise specifies or requires:

1. The term "principal" shall include:
  - (a) Principal payments due and payable under the original agreements after December 31, 1969;
  - (b) Principal and capitalized contractual interest included in the consolidated amounts under the bilateral consolidation agreements;
  - (c) Consolidation interest resulting from the bilateral consolidation agreements and accrued before January 1, 1970; and
  - (d) Contractual interest resulting from the original agreements accrued between the last payment due dates in 1969 and December 31, 1969.
2. The term "interest" shall include:
  - (a) Contractual interest resulting from the terms of the original agreements accrued and accruing after December 31, 1969; and
  - (b) Consolidation interest resulting from the bilateral consolidation agreements accrued and accruing after December 31, 1969.
3. The term "original agreements" shall refer to agreements concluded between the Government of the Republic of Indonesia and the Government of the United States of America or its agencies which are listed in Appendix A.

4. The term "bilateral consolidation agreements" shall refer to the agreements concluded between the Government of the Republic of Indonesia and the Government of the United States of America or its agencies on December 30, 1967,<sup>1</sup> December 20, 1968<sup>2</sup> and February 6, 1970<sup>3</sup> relating to the rescheduling of payments due and payable before January 1, 1970 under the original agree-

<sup>1</sup> United Nations, *Treaty Series*, vol. 697, p. 119 and vol. 724, Nos. A-8390 and A-8585.

<sup>2</sup> *Ibid.*, vol. 724, Nos. A-8390 and A-8585.

<sup>3</sup> *Ibid.*, vol. 740, pp. 424 and 442.

ments listed in Appendix A as well as to the Feffer and Simons' Insured Export Credit.

### *Article III*

#### TERMS OF PAYMENT

1. In lieu of payments required by either the original agreements or the bilateral consolidation agreements, the Government of the Republic of Indonesia agrees to make payments to the Government of the United States of America in accordance with the terms of this Agreement.

2. The principal of \$182,920,805.51 shall be paid in sixty installments, in the amounts specified in the schedule of payments contained in Appendix B. The first two installments shall be paid within thirty days after this Agreement has become effective. The other fifty-eight installments shall be paid semi-annually on June 11 and December 11 of each year with the first such installment payable on June 11, 1971.

3. The interest of \$32,727,420.08 shall be paid in thirty semi-annual installments on June 11 and December 11 of each year beginning on June 11, 1985, in the amounts specified in the schedule of payments contained in Appendix B.

4. The Government of the Republic of Indonesia shall have the option, with regard to payments due under section 2 of this Article, upon notifying the Government of the United States of America at least thirty days before payment is due, to defer portions of the first sixteen installments. Such deferments will be subject to the following provisions:

- (a) The portion of each installment deferred may not exceed 50 per cent of such installment.
- (b) The total amount deferred may not exceed the sum of six installments.
- (c) Amounts deferred by application of this clause shall bear, from the date of deferment and while outstanding, interest at a rate of 4 per cent per annum. This interest shall be paid semi-annually on June 11 and December 11 of each year. If portions of the first two installments are deferred, payment of interest on the deferred portions of these installments shall begin on the June 11 immediately following the deferment. If portions of other installments are deferred, payment of interest on the deferred portions

of these installments shall begin one year after the date of deferment. The amounts deferred shall be repaid no later than the period 1992-1999 in equal semi-annual installments, the first of which shall fall due on June 11, 1992.

5. Appendix B sets forth the schedule of payments that shall be made in accordance with sections 2 and 3 of this Article. In the event the option provided for in section 4 of this Article is exercised, the Government of the United States of America will furnish the Government of the Republic of Indonesia a revised schedule of payments.

#### *Article IV*

##### REVIEW OF AGREEMENT

1. The Governments of the United States of America and of the Republic of Indonesia agree that the terms of Article III of this Agreement may be reviewed at any time after 1980 either on the initiative of the Government of the Republic of Indonesia or on that of any of the Governments of the creditor countries parties to the Paris understandings of April 23 and 24, 1970, referred to in Article I, section 1. Any revision resulting from this review and agreed upon by the Governments of the United States of America and of the Republic of Indonesia shall be effected with due consideration for Indonesia's economic situation at the time such review takes place and will consider either:

- (a) An acceleration of the repayments provided in Article III, sections 2 and 3 of this Agreement, or
- (b) A reduction in the amount of the interest payments provided in Article III, section 3 of this Agreement.

2. The Government of the Republic of Indonesia agrees to notify the Government of the United States of America of the terms that it has accorded or may accord to any other creditor country for the consolidation of credits of more than 180 days extended or insured by the authorities of the other creditor country and relating to contracts which have entered into force prior to July 1, 1966. If such terms or any future modifications thereof are or may become more favorable than those which it has accorded the Government of the United States of America in this Agreement or will accord the Government of the United States of America in modifications of this Agreement, the Government of the United States of America shall have the right to have this Agreement (as

presently concluded or as modified by future agreements) conform to the more favorable terms granted to other countries.

*Article V*

MISCELLANEOUS

1. This Agreement shall enter into effect as of the day and year when it is signed in duplicate by representatives of the Government of the United States of America and the Government of the Republic of Indonesia.

2. The Treasury Department of the United States of America, as agent for the agencies of the Government of the United States of America which are responsible for the administration of the credits covered by this Agreement, shall receive the payments due under this Agreement.

3. (a) All payments to the Government of the United States of America by the Government of the Republic of Indonesia shall be made to the account of the Treasurer of the United States at the Federal Reserve Bank of New York.

(b) All communications sent to the Government of the United States of America by the Government of the Republic of Indonesia or its duly authorized agents regarding payments due under this Agreement shall be addressed to: Bureau of Accounts, U.S. Department of the Treasury, Washington, D.C. 20226.

4. All communications sent to the Government of the Republic of Indonesia by the Government of the United States of America or its duly authorized agents regarding this Agreement shall be addressed to: Bank Indonesia, International Department, 82-84 Djalan Kebon Sirih, Djakarta.

5. It is agreed that to the extent not amended herein, the terms and conditions of the original agreements and the bilateral consolidation agreements shall remain in full force and effect.

DONE at Djakarta in duplicate this 16th day of March, 1971.

For the Government of the United States of America:  
DAVID M. KENNEDY

For the Government of the Republic of Indonesia:  
ADAM MALIK

## APPENDIX A

*Agreements Subject to this Agreement \**

1. Agricultural Commodities Agreement between the Government of the United States of America and the Government of the Republic of Indonesia under Title IV of the Agricultural Trade Development and Assistance Act, as amended, signed April 18, 1966 ("The 1966 Rice Agreement"), as amended.
2. Agricultural Commodities Agreement between the Government of the United States of America and the Government of the Republic of Indonesia under Title IV of the Agricultural Trade Development and Assistance Act, as amended, signed June 28, 1966 ("The 1966 Cotton Agreement"), as amended.
3. Commodity Assistance Loan Agreement between the Government of the Kingdom of the Netherlands and the Export-Import Bank of Washington, an agency of the United States of America, under the Economic Cooperation Act of 1948 signed on October 28, 1948 (A.I.D. Loan No. ECAX 87-1 & 2), as amended. †
4. Loan Agreement between the Government of the Republic of Indonesia and the Agency for International Development, an agency of the Government of the United States of America, signed March 7, 1963 (A.I.D. Loan No. 497-K-013), as amended. †
5. Agreement between the Government of the United States of America and the Government of the Netherlands Indies Regarding a Line of Credit for the Purchase of United States Surplus Property signed May 28, 1947<sup>1</sup>, as amended.
6. Credit Agreement between the Government of the Republic of Indonesia and the Export-Import Bank of Washington, an Agency of the Government of the United States of America, signed January 12, 1951 (Credit Agreement No. 472), as amended. †
7. Credit Agreement between the Government of the Republic of Indonesia and the Export-Import Bank of Washington, an agency of the Government of the United States of America, signed October 19, 1959 (Credit Agreement No. 1073), as amended. †
8. Credit Agreement between the Government of the Republic of Indonesia and the Export-Import Bank of Washington, an agency of the Government of the

\* The amendments referred to in this Appendix do not refer to the bilateral consolidation agreements referred to in Article II, section 4. [Footnote in the original.]

† Not printed.

<sup>1</sup> See note 4, page 172, of this volume.

- United States of America, signed June 8, 1960 (Credit Agreement No. 1125), as amended. \*
9. Credit Agreement between the Government of the Republic of Indonesia and the Export-Import Bank of Washington, an agency of the Government of the United States of America, signed June 8, 1960 (Credit Agreement No. 1126), as amended. \*
  10. Credit Agreement between the Government of the Republic of Indonesia and the Export-Import Bank of Washington, an agency of the Government of the United States of America, signed December 19, 1960 (Credit Agreement No. 1147), as amended. \*

#### APPENDIX B

*Schedule of Payments to be made by the Government of the Republic of Indonesia to the Government of the United States in accordance with the Terms of this Agreement*

1. Payments of principal as defined in this Agreement and totaling \$182,920,805.51 to be made as follows:

- (a) One payment of principal (consisting of two installments) amounting to \$6,097,360.20 to be paid no later than April 14, 1971.
- (b) Nine equal semi-annual payments of principal amounting to \$3,048,680.10 each to be made on due dates of June 11 and December 11 of each year beginning on June 11, 1971 and ending on June 11, 1975.
- (c) Forty-nine equal semi-annual payments of principal amounting to \$3,048,680.09 each to be made on due dates of June 11 and December 11 of each year beginning on December 11, 1975 and ending on December 11, 1999.

2. Payments of interest as defined in this Agreement and totaling \$32,727,420.08 to be made as follows:

- (a) Eight equal semi-annual payments of interest amounting to \$1,090,914.01 each to be made on due dates of June 11 and December 11 of each year beginning on June 11, 1985 and ending on December 11, 1988.
- (b) Twenty-two equal semi-annual payments of interest amounting to \$1,090,914.00 each to be made on due dates of June 11 and December 11 of each year beginning on June 11, 1989 and ending on December 11, 1999.

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\* Not printed.