

No. 11644

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**NEW ZEALAND  
and  
INDONESIA**

**Exchange of notes constituting an agreement concerning credit for the purchase of goods from New Zealand (with list and Agreement between the Reserve Bank of New Zealand and the Bank Indonesia). Djakarta, 30 April 1970**

*Authentic text : English.*

*Registered by New Zealand on 16 March 1972.*

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**NOUVELLE-ZÉLANDE  
et  
INDONÉSIE**

**Échange de notes constituant un accord relatif à l'octroi d'un crédit pour l'achat de marchandises néo-zélandaises (avec liste et Accord entre la Banque de réserve néo-zélandaise et la Banque d'Indonésie). Djakarta, 30 avril 1970**

*Texte authentique : anglais.*

*Enregistré par la Nouvelle-Zélande le 16 mars 1972.*

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF NEW ZEALAND AND THE GOVERNMENT OF THE REPUBLIC OF INDONESIA CONCERNING CREDIT FOR THE PURCHASE OF GOODS FROM NEW ZEALAND

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I

*The Ambassador of New Zealand in Indonesia to the Minister  
for Foreign Affairs of the Republic of Indonesia*

NEW ZEALAND EMBASSY

Djakarta, 30 April 1970

Your Excellency,

I have the honour to refer to the recent discussion between representatives of our respective Governments regarding the offer of the New Zealand Government to make available to the Government of Indonesia a loan of NZ\$500,000 for the purchase of New Zealand goods qualifying for import into the Republic of Indonesia under the *Devisa Kredit* (Credit Foreign Exchange) regulation. I now propose on behalf of the Government of New Zealand that an agreement be reached between our two Governments in the following terms :

1. The Government of New Zealand will make available to the Government of the Republic of Indonesia a loan of five hundred thousand dollars New Zealand currency (NZ\$500,000). This will take the form of a credit from the Reserve Bank of New Zealand to the Bank Indonesia in the form and on the terms of the Financial Agreement between the two banks annexed hereto. The Government of the Republic of Indonesia will guarantee the payment of each instalment due under the Agreement and will facilitate the transfer of such payments under the Agreement.

2. The Indonesian purchases made under the credit will be restricted to products purchased in New Zealand which are included in the Indonesian *Devisa Kredit* import list attached to this letter and which are available for export from New Zealand.

3. Order for goods required by the Government of the Republic of Indonesia or intended for the ultimate use of agencies receiving financial support from the Indonesian Budget will be channelled through the New Zealand Embassy, Djakarta, so that arrangements can be made for their purchase in New Zealand in accordance with normal New Zealand Government purchasing procedures.

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<sup>1</sup> Came into force on 30 April 1970, the date of the note in reply, in accordance with the provisions of the said notes.

4. This Agreement may be applied to additions to the attached *Devisa Kredit* import list but only after prior consultation between the respective Governments.

5. The Government of the Republic of Indonesia will not take any measures to limit the use of the New Zealand credit in any way without prior consultations with the Government of New Zealand.

6. The Government of the Republic of Indonesia will arrange for checks to be made to ensure that goods purchased with funds made available under the New Zealand credit do enter the Republic of Indonesia, that these goods are included in the Indonesian *Devisa Kredit* import list, and that the prices paid are justified.

7. When, in the opinion of either Government, any irregular transactions involving the credit have taken place, consultations will be held at the request of either Government in order to identify and rectify such irregular transactions and to prevent future irregularities.

8. The credit shall be available up to 30 June 1971 and no further drawings will be permitted after that date unless agreed between the parties to this Agreement.

9. At the request of either Government, the two Governments will consult together in respect of any matter that may arise from or in connection with this Agreement.

If the foregoing provisions are acceptable to the Government of the Republic of Indonesia I have the honour to suggest that this letter and your reply to that effect should constitute an agreement between our two Governments from the date of your reply.

Accept, Excellency, the assurance of my highest consideration.

R. L. G. CHALLIS  
Ambassador of New Zealand to Indonesia

List of products referred to in paragraph 2 of letter from the Ambassador of New Zealand to the Foreign Minister of the Republic of Indonesia dated 30 April 1970

<i>Description</i>	<i>Indonesian Tariff Item</i>
(i) Primary Products	
Milkpowders . . . . .	163-I (Infants feeding) 12-IIA (Other)
Seeds and plants for cultivation (grasses, clover, beet, turnip, etc.) . . . . .	50-II
Livestock for breeding (cattle and sheep) . . . . .	2
(ii) Manufactured Products—	
Motor vehicles (ckd) . . . . .	334-IaI
Agricultural aircraft . . . . .	344

Pulp . . . . .	300
Newsprint . . . . .	308
Asphalt . . . . .	135-II
Boilers . . . . .	711, 712
Fertiliser distribution equipment . . . . .	766-II
Motor vehicle oil and air filters . . . . .	714-IIIa
Water pumps . . . . .	719-I, 719-II
Woodworking machinery . . . . .	726
Wool yarns . . . . .	351-II
Refrigeration equipment . . . . .	744
Ventilation and ducting equipment . . . . .	722, 304-II
Fibreglass and perlite insulation . . . . .	316-IIa, 316-IIb
Circuit breakers, switches, sockets, etc., metal and electrical fittings, clamps, cable casings and other such hardware . . . . .	539, 312-I, 320
Industrial safety equipment . . . . .	609
Agricultural implements . . . . .	565-I, 565-Ia2, 565-Ib, 565-Ic, 727
Agricultural chemicals . . . . .	169-Ia, 169-IIa, 169-IIb
Forestry machinery and equipment . . . . .	726
Fire extinguishers and fire fighting equipment . . . . .	765
Wire ropes . . . . .	555
Miscellaneous motor vehicle parts . . . . .	836-II
Casein . . . . .	164
Animal vaccines . . . . .	167-I
Kraft paper . . . . .	307-I
Writing papers, etc. . . . .	315-I

**AGREEMENT BETWEEN THE RESERVE BANK OF NEW ZEALAND AND  
THE BANK INDONESIA CONCERNING A LOAN TO FINANCE THE  
PURCHASE OF GOODS FROM NEW ZEALAND**

The Reserve Bank of New Zealand and the Bank Indonesia, desiring to give effect to an Agreement between the Government of New Zealand and the Government of the Republic of Indonesia concerning the grant of a loan by New Zealand to Indonesia for the purchase of New Zealand goods and to which this Agreement is attached (hereinafter called “ the Governmental Agreement ”), have agreed as follows :

*Article 1*

1. The Reserve Bank of New Zealand will make available to the Bank Indonesia a loan of five hundred thousand dollars New Zealand currency (NZ\$500,000).

2. The loan is to be utilised by 30th June 1971 and no further drawings will be permitted after that date unless agreed between the parties to this Agreement.

*Article 2*

1. Drawings under the loan will be made only against irrevocable Letters of Credit, expressed in New Zealand currency, issued by a bank in the Republic of Indonesia in favour of the New Zealand exporter. The minimum amount of any such Letter of Credit is to be NZ\$1,000.

2. Letters of Credit against which drawings are to be made pursuant to this Agreement will, subject to subsection 3 of this article, cover the purchase of goods from New Zealand which are included in the Indonesian *Devisa Kredit* import list and which form part of the Agreement between the Government of New Zealand and the Government of the Republic of Indonesia.

3. Additions to the range of goods which subsequently form part of the Agreement between the Government of New Zealand and the Government of the Republic of Indonesia will also be applied to this Agreement.

4. Drawings under the loan made available by the Reserve Bank of New Zealand will comprise the cost, insurance and freight of products imported by the Republic of Indonesia pursuant to this Agreement, together with all normal trading bank charges incurred relative thereto.

5. A copy of every Letter of Credit and each amendment to every Letter of Credit issued in accordance with this Agreement will immediately be forwarded to the Reserve Bank of New Zealand in Wellington.

*Article 3*

1. Interest on the amount of the loan outstanding will be payable at the rate of 3 percent per annum and will commence to accrue from and including 1st July 1978.

2. Repayments of principal and interest will be made by the Bank Indonesia in thirty-six equal half yearly instalments commencing 31st December 1978.

3. Repayments of principal and interest are to be made in a convertible currency acceptable to the Reserve Bank of New Zealand. The rate of exchange to be applied for the purpose of converting such currency to New Zealand currency will be the Reserve Bank of New Zealand's telegraphic transfer buying rate for such currency on the day it is received.

4. The Bank Indonesia will be entitled to repay before the redemption date, in addition to the half yearly instalments, the whole or part of any sum outstanding and interest on the sum or sums so repaid shall cease from the date of repayment.

5. In event that any payment due to the Reserve Bank of New Zealand is not effected on the due date, the total amount of loan monies and interest thereon shall be immediately repayable unless alternative means of repayment is agreed between the Government of New Zealand and the Government of the Republic of Indonesia.

*Article 4*

1. Drawings under the credit will be made in accordance with the procedures which may be agreed from time to time between the Reserve Bank of New Zealand and the Bank Indonesia.

2. When all drawings under Letters of Credit referred to in article 2 of this Agreement have been completed a cash adjustment will be made, if necessary, to bring the total amount so drawn into line with the amount of the loan provided by the Reserve Bank of New Zealand pursuant to this Agreement. The method of effecting this adjustment will be agreed between the Reserve Bank of New Zealand and the Bank Indonesia after all drawings have been completed.

*Article 5*

This Agreement shall enter into force on the date on which the Governmental Agreement enters into force and shall be subject to variation following consultation between parties hereto in the event of variation of the terms of the Governmental Agreement.

IN WITNESS WHEREOF the undersigned being duly authorised thereto by the Reserve Bank of New Zealand and the Bank Indonesia respectively, have signed this Agreement.

DONE in duplicate this thirtieth day of April 1970.

[Signatures not reproduced]

## II

*The Minister for Foreign Affairs of the Republic of Indonesia  
to the Ambassador of New Zealand in Indonesia*

MINISTER FOR FOREIGN AFFAIRS  
REPUBLIC OF INDONESIA

Djakarta, 30th April 1970

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's note dated 30th April 1970 which reads as follows :

[See note I]

In reply to the above, I have the honour to inform Your Excellency that the above-mentioned provisions 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  
Minister for Foreign Affairs