

No. 12098

**UNITED STATES OF AMERICA
and
YUGOSLAVIA**

Memorandum of Agreement regarding the rescheduling of certain payments under various AID loans (with annexes and exchange of aide-memoire signed at Washington on 1 October 1971). Signed at Belgrade on 15 October 1971

Authentic text: English.

Registered by the United States of America on 17 October 1972.

**ÉTATS-UNIS D'AMÉRIQUE
et
YUGOSLAVIE**

Mémorandum d'accord relatif à la modification de certaines échéances prévues au titre d'accords de prêt de l'Agency for International Development (avec annexes et échange d'aide-mémoire signé à Washington le 1^{er} octobre 1971). Signé à Belgrade le 15 octobre 1971

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 17 octobre 1972.

MEMORANDUM OF AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF YUGOSLAVIA REGARDING THE RESCHEDULING OF CERTAIN PAYMENTS UNDER VARIOUS AID LOANS

1. Reference is made to the AID loans between the Government of the United States of America and the Government of Yugoslavia, listed in annex A attached to this Agreement. Reference is also made to the Aide-Memoire transmitted by the Government of the United States of America on October 1, 1971 and accepted by the Government of Yugoslavia on October 1, 1971² wherein agreement was reached on the rescheduling terms of certain debts of the Government of Yugoslavia.

2. In accordance with the Aide-Memoire cited above, it is agreed that the dollar payment obligations as provided for in the agreements* listed in annex A to this Agreement shall be modified as follows:

a) Total dollar payments on principal and contractual interest due and payable in 1971 amount to \$1,590,774.15. Payments made thus far in 1971 by the Government of Yugoslavia amount to \$796,129.61. The balance of \$794,644.54 shall be consolidated and rescheduled under the terms set out in paragraphs *b* and *c* below and shall be referred to as the Consolidated Amount.

Total dollar payments on principal and contractual interest due and payable in 1972 amount to \$1,585,494.93. Ten percent of these payments amounting to \$158,549.49 shall be paid as due under the agreements listed in annex A. The balance of \$1,426,945.44 shall be consolidated and rescheduled under the terms set out in paragraphs *b* and *c* below and shall be referred to as the Consolidated Amount.

b) The 1971 Consolidated Amount of \$794,644.54 shall be paid in ten equal annual installments beginning December 31, 1973 as shown in column 1 of annex B. The 1972 Consolidated Amount of \$1,426,945.44 shall be paid in ten equal annual installments beginning December 31, 1974 as shown in column 1 of annex C.

c) Consolidation Interest shall accrue and be paid annually at the rate of 5 percent per annum beginning January 1, 1972 on the declining balance of the Consolidated Amount of \$794,644.54 as shown in column 2 and computed in column 3 of annex B, payable annually beginning December 31, 1972. Consolidation Interest shall accrue and be paid at the rate of 5 percent per annum beginning January 1, 1973 on the declining balance of the Consolidated Amount of \$1,426,945.44 as shown in column 2 and computed in column 3 of annex C, payable annually beginning December 31, 1973. Interest for any periods under a year that may occur shall be computed on a 365-day year, actual number-of-days' basis.

3. Annex A lists the several AID loans, and the amounts due thereunder. Annexes B, C, and D set forth the revised payments resulting from this rescheduling.

4. All payments of the Consolidated Amounts and of Consolidation Interest shall be made on due dates of December 31, during each year of the repayment period. Payment of the 10 percent unrescheduled amount for 1972 as stipulated in paragraph 2, *a* above shall be made on existing contractual due dates. All existing contractual payments

* Not printed.

¹ Came into force on 30 March 1972, in accordance with paragraph 6.

² See p. 250 of this volume.

from January 1, 1973 are not affected by this Agreement and shall be due and payable on existing contractual due dates.

5. This Agreement shall be deemed to be a contract made under the laws of the District of Columbia, United States of America and shall be governed by and construed in accordance with the laws of the District of Columbia, United States of America.

6. This Agreement shall become effective only after the Government of Yugoslavia furnishes to the Government of the United States, in the form and substance satisfactory to the Government of the United States, a legal opinion of the Secretary of the Federal Executive Council of Yugoslavia or of other counsel acceptable to the Government of the United States, that this Agreement has been duly authorized or ratified by and executed and delivered on behalf of the Government of Yugoslavia and constitutes a valid and binding obligation of the Government of Yugoslavia in accordance with its terms.

7. To the extent not amended herein, the terms and conditions of the agreements listed in annex A, including all local currency payments, shall remain in full force and effect.

8. All payments under this Agreement shall be made in the same manner as those unrescheduled payments made under the agreements listed in annex A.

9. DONE at Belgrade, in duplicate, this fifteenth day of October, 1971.

For the Government of the United States of America:

WILLIAM LEONHART
Ambassador of the United States of America

For the Government of Yugoslavia:

JANKO SMOLE
Federal Secretary for Finance

ANNEX A

YUGOSLAVIA—AID AGREEMENTS DOLLAR PAYMENTS FALLING DUE IN CALENDAR YEARS 1971 AND 1972

12098

Agreement Identification		Payments Due in 1971			Payments Due in 1972			Original Credit Terms (9)
Date and No. (1)	Purpose (2)	Principal (3)	Interest (4)	Total (5)	Principal (6)	Interest (7)	Total (8)	
1. 158-A-008 Jan. 8, 1959	Fertilizer Plant	\$332,463.93	\$173,736.33	\$506,200.26	\$351,000.84	\$155,199.40	\$506,200.24	Repayable in 39 semi-annual installments beginning 12/1/59; interest 5½%; dollar payments shown in this annex represent 25% of principal and interest due (balance in local currency).
2. 158-A-013 Dec. 17, 1959	Hydroelectric power	—	94,076.66	94,076.66		89,021.33	89,021.33	Repayable in 49 semi-annual installments beginning 1/27/62; interest 3½%; payments shown in this annex represent 25% of interest payments due (balance of interest and 100% of principal in local currency).
3. 158-A-014 June 23, 1960	Diesel Locomotives	297,338.93	53,320.34	350,659.27	307,836.85	42,759.91	350,596.76	Repayable in 30 semi-annual installments beginning 6/19/61; interest 3½%; payments shown in this annex represent 25% of principal and interest due (balance in local currency).
4. 158-A-018 Sept. 16, 1960	Plastics, chemicals	475,062.41	164,775.55	639,837.96	502,771.17	136,905.43	639,676.60	Repayable in 30 semi-annual installments beginning 8/8/61; interest 5¾%; payments shown in this annex represent 25% of principal and interest payments (balance in local currency).
TOTALS		\$1,104,865.27	\$485,908.88	\$1,590,774.15	\$1,161,608.86	\$423,886.07	\$1,585,494.93	
Not subject to rescheduling		\$45,522.25 ^a	250,607.36 ^a	796,129.61 ^a	116,160.88 ^b	42,388.61 ^b	158,549.49 ^b	
Subject to rescheduling		\$559,343.02	\$235,301.52	\$794,644.54	\$1,045,447.98	\$381,497.46	\$1,426,945.44	

^a Represents payments already made in 1971. These payments are listed in footnote b of annex D.

^b Represents 10 per cent of total payments due in 1972 which are not subject to rescheduling.

ANNEX B

YUGOSLAVIA—REVISED SCHEDULE OF DOLLAR PAYMENTS
ON AID LOANS DUE IN CALENDAR YEAR 1971

Due Dates	Repayment of Consolidated Amount ^a		Payment of Consolidation Interest at 5% per annum on Balance of Consolidated Amount in Column 2 ^{b, c}	Total (Columns 1 + 3) (4)
	(1) Amount Paid	(2) Balance		
December 31, 1972	\$ —0—	\$794,644.54	\$39,732.23	\$ 39,732.23
December 31, 1973	79,464.45	715,180.09	39,732.23	119,196.68
December 31, 1974	79,464.45	635,715.64	35,759.00	115,223.45
December 31, 1975	79,464.45	556,251.19	31,785.78	111,250.23
December 31, 1976	79,464.45	476,786.74	27,812.56	107,277.01
December 31, 1977	79,464.45	397,322.29	23,839.34	103,303.79
December 31, 1978	79,464.45	317,857.84	19,866.11	99,330.56
December 31, 1979	79,464.46	238,393.38	15,892.89	95,357.35
December 31, 1980	79,464.46	158,928.92	11,919.67	91,384.13
December 31, 1981	79,464.46	79,464.46	7,946.45	87,410.91
December 31, 1982	79,464.46	—0—	3,973.22	83,437.68
TOTALS	\$794,644.54		\$258,259.48	\$1,052,904.02

^a The Consolidated Amount represents total payments due in 1971 of \$1,590,774.15 less \$796,129.61 paid, leaving a balance of \$794,644.54 consisting of \$559,343.02 principal and \$235,301.52 interest.

^b Column 3 represents Consolidation Interest at 5 percent per annum accruing as

of January 1, 1972 and payable annually during 1972-1982 based on the outstanding balance of the Consolidated Amount declining in accordance with column 2.

^c For any periods under a year, interest is computed on a 365-day year, number-of-days' basis.

ANNEX C
YUGOSLAVIA—REVISED SCHEDULES OF DOLLAR PAYMENTS
ON AID LOANS DUE CALENDAR YEAR 1972

Due Dates	(1) Amount Paid	(2) Balance	(3) Payment of Consolidation Interest at 5% per annum on Balance of Consolidated Amount in Column 2 ^a	(4) Total (Columns 1 + 3)
December 31, 1973	\$ 0	\$ 1,426,945.44	\$ 71,347.27	\$ 1,498,292.71
December 31, 1974	142,694.54	1,284,250.90	64,212.55	1,348,463.45
December 31, 1975	142,694.54	1,141,556.36	57,077.82	1,200,634.18
December 31, 1976	142,694.54	998,861.82	49,943.09	1,048,804.91
December 31, 1977	142,694.54	856,167.28	42,808.36	898,975.64
December 31, 1978	142,694.54	713,472.74	35,673.64	749,146.38
December 31, 1979	142,694.55	570,778.20	28,538.91	599,317.11
December 31, 1980	142,694.55	428,083.65	21,404.18	449,487.83
December 31, 1981	142,694.55	285,389.10	14,269.46	299,658.56
December 31, 1982	142,694.55	142,694.55	7,134.73	149,829.28
December 31, 1983	142,694.55	0	0	142,694.55
TOTALS	\$ 1,426,945.44	\$ 1,426,945.44	\$ 463,757.28	\$ 1,890,702.72

^a The Consolidated Amount represents total payments due in 1972 of \$1,585,494.04 of which 90 percent is \$1,426,945.44, consisting of \$1,045,447.97 per-*gratia* and \$381,497.47 interest.

^b Column 3 represents Consolidation Interest of 5 percent per annum accruing as of January 1, 1973, and payable annually during 1973-1983 based on the outstanding amount of the Consolidated Amount declining in accordance with Column 2.

^c For any periods under a year, interest is computed on a 365-day year, number-of-days' basis.

ANNEX D

YUGOSLAVIA—REVISED SCHEDULE OF DOLLAR PAYMENTS
ON AID LOANS DUE IN CALENDAR YEARS 1971 AND 1972

	Combined Payments Before Rescheduling (1)	Consolidated Amounts (2)	Repayment Schedule for 1971 Consolidated Amounts ^a (3)	Repayment Schedule for 1972 Consolidated Amounts ^a (4)	Total Due (5)
Calendar Year 1971	\$ 1,590,774.15	\$ 794,644.54	\$ —0—	\$ —0—	\$ 796,129.61 ^b
Calendar Year 1972	1,585,494.93	1,426,945.44	39,732.23	—0—	198,281.72 ^c
Calendar Year 1973	1,580,324.65 ^d		119,196.68	71,347.27	1,770,868.60
Calendar Year 1974	1,574,926.54		115,223.45	214,041.81	1,904,191.80
Calendar Year 1975	1,569,239.66		111,250.23	206,907.09	1,887,396.98
Calendar Year 1976	893,124.67		107,277.01	199,772.36	1,200,174.04
Calendar Year 1977	567,303.64		103,303.79	192,637.63	863,245.06
Calendar Year 1978	561,097.29		99,330.56	185,502.90	845,930.75
Calendar Year 1979	48,496.13		95,357.35	178,368.18	322,221.66
Calendar Year 1980	41,857.08		91,384.13	171,233.46	304,474.67
Calendar Year 1981	34,983.64		87,410.91	164,098.73	286,493.28
Calendar Year 1982	27,867.51		83,437.68	156,964.01	268,269.20
Calendar Year 1983	20,500.15		—0—	149,829.28	170,329.43
TOTAL	\$10,095,990.04 ^e	\$2,221,589.98	\$1,052,904.02	\$1,890,702.72	\$10,818,006.80

^a Consolidated Amounts rescheduled under this Agreement are due and payable on December 31 of each year of the repayment period.

^b Consists of the following payments made in 1971:

Loan	Principal	Interest	Total	When Paid
158-A-008	\$163,977.28	\$ 89,122.85	\$253,100.13	June 3
158-A-013	—	47,668.94	47,668.94	Jan. 27
158-A-014	147,379.89	27,980.99	175,360.88	June 23
158-A-018	234,165.08	85,834.58	319,999.66	Feb. 9
TOTALS	\$545,522.25	\$250,607.36	\$796,129.61	

No further payments are due in 1971 under this Agreement.

^c Consists of \$158,549.49 representing the 10 percent unrescheduled amounts due and payable in 1972 on contractual due dates, and \$39,732.23 in payment of Consolidated Interest on the 1971 Consolidated Amount on December 31, 1972.

^d Payments after 1972 which have not been rescheduled under this Agreement are due and payable on the existing contractual due dates of each year beginning with 1973.

^e Loan 158-A-013, service on which is included in column 1, is not fully disbursed; when fully disbursed, future interest payments will be somewhat higher than shown in column 1 (all principal payments on this loan are due in local currency).

EXCHANGE OF AIDE-MEMOIRE

I

AIDE-MEMOIRE

1. In accordance with the understandings reached with Finance Minister Smole during his discussions with United States Government officials in Washington (April 12 to 16, 1971), the United States Government is prepared to consolidate and reschedule portions of certain payments totaling \$68,573,903.63, representing principal and contractual interest dollar payments due in calendar years 1971 and 1972 on Public Law 480, Title IV agreements and on loans extended by AID and its predecessor agencies. The payments due on PL-480 and AID account shall be consolidated and rescheduled separately. Local currency payments if any due to these agencies are not affected by this Agreement. The total dollar payments due and payable in these two years to both agencies which shall be consolidated and rescheduled amount to \$58,557,095.10.

Tables summarizing the payments subject to consolidation and rescheduling are appended to this Aide-Memoire.

2. The following terms are to be applied to this rescheduling:

a) *Payments to be Rescheduled*

All dollar payments due in calendar years 1971 and 1972 on PL-480, Title IV agreements and on loans extended by AID and its predecessor agencies shall be rescheduled except: (1) dollar payments of principal and contractual interest made by the Government of Yugoslavia through July 2, 1971 totaling \$6,596,110.62; and (2) 10 percent of principal and contractual interest dollar payments due on PL-480 and AID account in 1972 totaling \$3,420,697.91. The aggregate excepted from rescheduling therefore is \$10,016,808.53.

b) *Repayments of Consolidated Amounts*

Payments of principal and contractual interest to be rescheduled under paragraph a shall be consolidated separately in calendar years 1971 and 1972 and shall be termed respectively the Consolidated Amount for the calendar year of 1971 and the Consolidated Amount for the calendar year of 1972. The resulting Consolidated Amount for the calendar year of 1971 is to be repaid in ten equal consecutive annual installments beginning December 31, 1973, and terminating December 31, 1982. The resulting Consolidated Amount for the calendar year of 1972 is to be repaid in ten equal consecutive annual installments beginning December 31, 1974 and terminating December 31, 1983.

c) *Consolidation Interest*

The Consolidation Interest rate to be applied on the Consolidated Amounts shall be 5 percent per annum payable annually. Consolidation Interest shall begin to accrue on the 1971 Consolidated Amount on January 1, 1972 with the first payment due and payable on December 31, 1972. Consolidation Interest shall begin to accrue on the 1972 Consolidated Amount on January 1, 1973 with the first payment due and payable on December 31, 1973. Interest for any periods under a year that may occur will be computed on a 365-day year, actual number-of-days' basis.

3. The Government of Yugoslavia will make every possible effort to obtain financial assistance on satisfactory terms from other major creditors. The Government of the U.S. retains the right to consult with the Government of Yugoslavia on the terms of this

rescheduling if, in the judgment of the Government of the United States, such efforts are not successful.

4. This rescheduling shall become operative after the Governments of Yugoslavia and the United States have executed Memoranda of Agreement, separately for PL-480 and AID credits, outlining the details of the consolidation and rescheduling of dollar debts owed respectively to the Department of Agriculture and the Agency for International Development.

5. The United States Government asks that the Government of Yugoslavia confirm its acceptance of the terms proposed herein and its concurrence in the amounts owing on the subject debts. Thereafter, the United States Embassy in Belgrade will provide the appropriate documents to effect the rescheduling of the particular debts described herein.

PHILIP H. TREZISE

Enclosures:

1. Annex A
2. Annex B

Department of State,
Washington, October 1, 1971.

ANNEX A

SUMMARY OF RESCHEDULING ON YUGOSLAVIA'S PL-480 AND AID DOLLAR OBLIGATIONS IN CALENDAR YEARS 1971 AND 1972 (In dollars)

A. Total Payments Due:

1. 1971	
a) PL-480	32,776,150.31
b) AID	<u>1,590,774.15</u>
c) Sub-total	<u><u>34,366,924.46</u></u>
2. 1972	
a) PL-480	32,621,484.24
b) AID	<u>1,585,494.93</u>
c) Sub-total	<u><u>34,206,979.17</u></u>
3. Total Due 1971 and 1972	
a) PL-480	65,397,634.55
b) AID	<u>3,176,269.08</u>
c) Sub-total	<u><u>68,573,903.63</u></u>

B. Unrescheduled Payments

1. PL-480	
a) payments already made in 1971	5,799,981.01
b) 10 percent of 1972 payments	<u>3,262,148.42</u>
c) Sub-total	<u><u>9,072,129.43</u></u>

2. <i>AID</i>	
a) payments already made in 1971	796,129.61
b) 10 percent of 1972 payments	158,549.49
c) Sub-total	<u>954,679.10</u>
3. <i>PL-480 plus AID</i>	
a) PL-480	9,062,129.43
b) AID	954,679.10
c) Sub-total	<u>10,016,808.53</u>
C. <i>Payments to be Consolidated and Rescheduled (A-B)</i>	
a) PL-480	56,335,505.12
b) AID	2,221,589.98
c) Sub-total	<u>58,557,095.10</u>

ANNEX B

YUGOSLAVIA—REVISED SCHEDULE OF PAYMENTS RESULTING FROM RESCHEDULING
OF CERTAIN DOLLAR PAYMENTS DUE IN CALENDAR YEARS 1971 AND 1972

Due Calendar Year	Existing Schedule of Dollar Payments			Repayment Schedule for 1971 and 1972 Consolidated Amounts ^a			Revised Schedule of Dollar Payments After 1971 and 1972 Rescheduling		
	(1) PL-480	(2) AID	(3) Total (1 + 2)	(4) PL-480	(5) AID	(6) Total (4+5)	(7) PL-480	(8) AID	(9) Total (7 + 8)
1971	\$ 32,776,150.31	\$ 1,590,774.15	\$ 34,366,924.46	\$ —0—	\$ —0—	\$ —0—	\$ 5,799,981.01	\$ 796,129.61	\$ 6,596,110.62 ^b
1972	32,621,484.24	1,585,494.93	34,206,979.17	1,348,808.47	39,732.23	1,388,540.70	4,610,956.89	198,281.72	4,809,238.61 ^c
1973	30,615,976.72 ^d	1,580,324.65	32,196,301.37	8,514,392.19	190,543.95	8,704,936.14	36,130,358.91	1,770,868.60	37,901,237.51
1974	32,034,775.34	1,574,926.54	33,609,701.88	8,315,444.92	329,265.26	8,644,710.18	40,350,220.26	1,904,191.80	42,254,412.06
1975	24,778,316.55	1,569,239.66	26,347,556.21	8,033,767.39	318,157.32	8,351,924.71	32,812,083.94	1,887,396.98	34,699,480.92
1976	24,008,691.15	893,124.67	24,901,815.82	7,752,089.87	307,049.37	8,059,139.24	31,760,781.02	1,200,174.04	32,960,955.06
1977	19,567,997.12	567,303.64	20,135,300.76	7,470,412.34	295,941.42	7,766,353.76	27,038,409.46	863,245.06	27,901,654.52
1978	17,846,405.72	561,097.29	18,407,503.01	7,188,734.82	284,833.46	7,473,568.28	25,035,140.54	845,930.75	25,881,071.29
1979	14,255,227.84	48,496.13	14,303,723.97	6,907,057.30	273,725.53	7,180,782.83	21,162,285.14	322,221.66	21,484,506.80
1980	4,370,803.61	41,857.08	4,412,660.69	6,625,379.77	262,617.59	6,887,997.36	10,996,183.38	304,474.67	11,300,658.05
1981	3,431,588.47	34,983.64	3,466,572.11	6,343,702.24	251,509.64	6,595,211.88	9,775,290.71	286,493.28	10,061,783.99
1982	3,321,022.03	27,867.51	3,348,889.54	6,062,024.73	240,401.69	6,302,426.42	9,383,046.76	268,269.20	9,651,315.96
1983	1,520,506.89	20,500.15	1,541,007.04	3,082,730.27	149,829.28	3,232,559.55	4,603,237.16	170,329.43	4,773,566.59
TOTALS	\$241,148,945.99	\$10,095,990.04	\$251,244,936.03	\$74,644,544.31	\$2,943,606.74	\$77,588,151.05	\$259,457,985.18	\$10,818,006.80	\$270,275,991.98

^a Consolidated Amounts rescheduled under this Agreement are due and payable on December 31 of each year of the repayment period.

^b Represents payments made through July 2, 1971.

^c Represents 10 percent unrescheduled amounts in 1972 totaling \$3,420,697.91 plus Consolidation Interest due and payable in 1972 on the rescheduling of the 1971

Consolidated Amounts totaling \$1,388,540.70.

^d All payments that are not rescheduled are due on the existing contractual due dates except that the 10 percent of payments due on PL-480 account in 1972 are due and payable on the rescheduling repayment date of December 31 for that year.

II

AIDE-MEMOIRE

1. The Government of the Socialist Federal Republic of Yugoslavia acknowledges the receipt of the Aide-Memoire of the Government of the United States of America, dated October 1, 1971, outlining the agreement reached on rescheduling payments in calendar years 1971 and 1972 on Public Law 480, Title IV agreements and on loans extended by AID and its predecessors agencies.

2. The Government of the Socialist Federal Republic of Yugoslavia confirms here-with its acceptance of the terms proposed in the Aide-Memoire mentioned above and its concurrence in the amounts owing on the subject debts described therein.

Washington, D.C. October 1, 1971.

JANKO SMOLE