

No. 12634

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

**and
CHILE**

**Agreement on certain commercial debts (with schedules).
Signed at London on 8 November 1972**

Authentic texts: English and Spanish.

*Registered by the United Kingdom of Great Britain and Northern Ireland
on 19 June 1973.*

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

**et
CHILI**

**Accord relatif à certaines dettes commerciales (avec
annexes). Signé à Londres le 8 novembre 1972**

Textes authentiques: anglais et espagnol.

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord
le 19 juin 1973.*

AGREEMENT¹ BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE REPUBLIC OF CHILE ON CERTAIN COMMERCIAL DEBTS

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

As a result of the Conference regarding the consolidation of Chilean debts held in Paris from 17 to 19 April 1972 at which the Government of the United Kingdom, the Government of Chile, certain other Governments, the International Monetary Fund, the International Bank for Reconstruction and Development, the Organisation for Economic Co-operation and Development and the Inter-American Development Bank were represented;

Have agreed as follows:

Article 1. DEFINITIONS

In this Agreement unless the contrary intention appears:

(a) “Consolidation period” shall mean the period from 1 November 1971 to 31 December 1972, both dates inclusive;

(b) “Credit contract” shall mean a credit contract as defined in article 2 of this Agreement;

(c) “Creditor” shall mean a creditor as defined in article 2 of this Agreement;

(d) “Currency of the debt” shall mean sterling or such other currency not being escudos as is specified in the credit contract;

(e) “Debt” shall mean any debt to which, by virtue of the provisions of articles 2 and 9 of this Agreement and of schedule 2 to this Agreement, the provisions of this Agreement apply;

(f) “Debtor” shall mean a debtor as defined in article 2 of this Agreement;

(g) “Maturity” in relation to a debt shall mean the date for the payment thereof under the relevant credit contract or under a promissory note or bill of exchange drawn pursuant to the terms of such credit contract;

(h) “Moratorium interest” shall mean moratorium interest payable under the provisions of article 5 of this Agreement;

(i) “Payment in escudos” shall mean payment in escudos as defined in article 3 of this Agreement;

(j) “The Cash Fund” shall mean the Autonomous Cash Fund for the Amortisation of the Public Debt of Chile;

(k) “The Central Bank” shall mean the Central Bank of Chile;

¹ Came into force on 12 December 1972, the date when Chile notified the United Kingdom through the diplomatic channel that the Chilean internal legislation necessary for its implementation had been enacted, in accordance with article 11.

(l) "The Department" shall mean the Export Credits Guarantee Department of the United Kingdom or any other department which the Government of the United Kingdom may nominate for the purposes of this Agreement;

(m) "Transfer scheme" shall mean the transfer scheme referred to in article 4 of this Agreement.

Article 2. THE DEBTS

(1) The provisions of this Agreement shall, subject to the provisions of paragraph (2) of this article, apply to any debt, whether of principal or of interest, owed as primary or principal debtor or as guarantor by the Government of Chile or by a person or body of persons or corporation resident or carrying on business in Chile or by any successor thereto (hereinafter referred to as "debtor") to a person or body of persons or corporation resident or carrying on business in the United Kingdom or to any successor thereto (hereinafter referred to as "creditor") provided that

- (a) the debt arises under or in relation to a contract or any agreement supplemental thereto which was made between the debtor and the creditor for the supply from outside Chile of goods or services or both or of finance therefor, and which allowed credit to the debtor for a period exceeding one year, and which was entered into before 2 January 1971 (hereinafter referred to as a "credit contract");
- (b) payment of the debt was due or shall have fallen due during the consolidation period;
- (c) the debt is not in respect of interest due under the terms of the credit contract for a period in respect of which moratorium interest accrues and is payable pursuant to the provisions of article 5 of this Agreement; and
- (d) the debt is not expressed by the terms of the credit contract to be payable in escudos.

(2) The provisions of this Agreement shall not apply to so much of any debt as arises from an amount payable upon or as a condition of the formation of the credit contract, or as a staged or progress payment during the manufacture or prior to the export of such goods or the supply of such services, or upon or as a condition of the cancellation or termination of the credit contract.

Article 3. PAYMENTS IN CHILE IN RESPECT OF DEBTS

Each payment in escudos by a debtor in respect of a debt (hereinafter referred to as "payment in escudos") shall upon the coming into force of this Agreement or upon payment by the debtor, whichever is the later, be placed upon deposit in a special account with the Central Bank. Amounts so deposited shall remain deposited with the Central Bank until transfer to creditors in accordance with the provisions of article 4 of this Agreement.

Article 4. THE TRANSFER SCHEME

Chile shall ensure that the payments in escudos shall be transferred to the creditors in the United Kingdom in the currency of the debt in accordance with the transfer scheme set out in schedule 1 to this Agreement. The amount of the currency of the debt so to be transferred shall in all cases be calculated at the rate of exchange prevailing at the time of payment in escudos.

Article 5. MORATORIUM INTEREST

(1) Chile shall be liable for and shall pay to the creditor moratorium interest in accordance with the provisions of this article on any debt to the extent that it has not been settled by payment to the creditor in accordance with article 4 of this Agreement.

(2) Moratorium interest shall accrue during, and shall be payable in respect of, the period from maturity until settlement of the debt by payment to the creditor and shall be paid and transferred to the creditor concerned in the currency of the debt half-yearly on 1 March and 1 September of each year, the first such payment being on 1 March 1973 save that one half of the moratorium interest for the consolidation period shall be paid on 1 January 1973 and the other half of the moratorium interest for the consolidation period shall be paid on 1 July 1973.

(3) Subject to the provisions of paragraph (4) of schedule 1 to this Agreement moratorium interest shall be calculated upon the outstanding balance of the debt in the currency of the debt at the rate of 6 per cent per annum for the period from the maturity of the debt to the date of settlement of the debt.

Article 6. EXCHANGE OF INFORMATION

The Department and the Cash Fund shall exchange all information required for the implementation of this Agreement.

Article 7. OTHER DEBT SETTLEMENTS

(1) If Chile agrees with any creditor country other than the United Kingdom terms for the settlement of indebtedness similar to the indebtedness the subject of this Agreement which are more favourable than the terms of this Agreement then the terms for the payment of debts the subject of this Agreement shall, subject to the provisions of paragraph (2) of this article, be no less favourable than the terms so agreed with that other creditor country notwithstanding any provision of this Agreement to the contrary.

(2) The provisions of paragraph (1) of this article shall not apply in a case where the aggregate of the indebtedness to that other creditor country is less than the equivalent of US \$1,000,000 calculated at the rate of exchange prevailing on 19 April 1972.

Article 8. PRESERVATION OF RIGHTS AND OBLIGATIONS

This Agreement and its implementation shall not affect the rights and obligations of creditors and debtors under their credit contracts.

Article 9. RULES

In the implementation of this Agreement the rules set out in schedule 2 to this Agreement shall apply.

Article 10. THE SCHEDULES

The schedules to this Agreement shall form an integral part thereof.

Article 11. COMING INTO FORCE AND DURATION

This Agreement shall come into force on the date when Chile has notified the United Kingdom through the diplomatic channel that the Chilean internal legislation necessary for the implementation of this Agreement has been enacted, and shall remain in force until the last of the payments to be made to the creditors under articles 4 and 5 of this Agreement has been made.

IN WITNESS WHEREOF the undersigned, being duly authorised thereto, have signed this Agreement.

DONE in duplicate at London this 8th day of November 1972, in the English and Spanish languages, both texts being equally authoritative.

For the United Kingdom of Great Britain and Northern Ireland:
ANTHONY KERSHAW

For the Republic of Chile:
ALVARO BUNSTER

SCHEDULE 1

THE TRANSFER SCHEME

(1) An amount equal to 30 per cent of each payment in escudos shall be transferred from Chile to the United Kingdom at the following times:

- (a) if the payment in escudos was made on or before the date of coming into force of this Agreement, on 1 January 1973;
- (b) if the payment in escudos is made after the date of coming into force of this Agreement, upon the making of the payment.

(2) An amount equal to 64·8 per cent of each payment in escudos shall be transferred from Chile to the United Kingdom by twelve equal half-yearly instalments each of 5·4 per cent on 1 March and 1 September in each year commencing 1 March 1975 and concluding on 1 September 1980.

(3) An amount equal to 5·2 per cent of each payment in escudos shall be transferred from Chile to the United Kingdom on 1 March 1981.

(4) In a case where an outstanding debt is owing in respect of a credit contract in connection with which the Department have given one of their guarantees and where the total indebtedness under that credit contract has, prior to the date of coming into force of this Agreement, been partially discharged by payment to the creditor in the currency of the debt and where but for that payment the whole or part of the discharged indebtedness would also have been a debt to which this Agreement would have applied (which whole or part is in this schedule hereinafter referred to as "the relevant discharged amount") then the following provisions shall, notwithstanding any provision in this Agreement to the contrary, have effect:

- (a) The amount to be transferred pursuant to the provisions of
 - (i) paragraph (1) of this schedule shall be reduced by 70 per cent of the relevant discharged amount, provided that any excess of the said 70 per cent over the said amount to be transferred shall be taken into account in the manner provided for in sub-paragraph (b) (i) of this paragraph;
 - (ii) paragraph (2) of this schedule shall be 64·8 per cent of the aggregate of the relevant payment in escudos and the relevant discharged amount;

- (iii) paragraph (3) of this schedule shall be 5·2 per cent of the said aggregate;
- (b) Where 70 per cent of the relevant discharged amount exceeds 30 per cent of the relevant payment in escudos
- (i) the amount of the excess shall be taken into account as if it were a payment in advance upon account of moratorium interest due under the terms of this Agreement and moratorium interest shall be paid as it falls due for payment by deduction from the amount of the excess so long as that excess is unextinguished;
 - (ii) the amount of the outstanding balance of the debt for the purposes of the calculation in paragraph (3) of article 5 of this Agreement shall, except for the purposes of calculating the moratorium interest to be paid on 1 January and on 1 July 1973 which is referred to in paragraph (2) of that article, be increased by the amount of the excess.

SCHEDULE 2

RULES

(1) The Department and the Cash Fund shall agree a list of all debts to which, by virtue of the provisions of article 2 of this Agreement, this Agreement applies, which shall include contingent liabilities which may, if the contingency occurs, become debts to which this Agreement applies.

(2) Such a list shall be completed as soon as possible and in any event within 30 days after the date of coming into force of this Agreement. The list may be reviewed from time to time at the request of the Department or of the Cash Fund. The agreement of both the Department and the Cash Fund shall be necessary before the list may be altered or amended or added to.

(3) Upon the placing of payments upon deposit in the special account with the Central Bank pursuant to article 3 of this Agreement the Central Bank shall notify the Department of the following:

- (a) the amount of escudos deposited with the Central Bank and the date of deposit;
- (b) particulars of the credit contract to which the deposit relates; and
- (c) the date of payment in escudos, the rate of exchange prevailing at the time when such payment in escudos was made and the equivalent at such time expressed in the currency of the debt of the payment in escudos.

(4) (a) The Central Bank shall transfer the necessary amounts in the currency of the debt to a bank in the United Kingdom together with payment instructions in favour of the creditor to whom payment is due in accordance with this Agreement;

(b) when making such transfers the Central Bank shall give the Department particulars of the debts and of the moratorium interest to which the transfers relate.
