

No. 12964

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

Exchange of notes constituting an agreement concerning a loan by the Government of the United Kingdom to the Government of Chile towards the cost of development of a steelworks (with annexes). Santiago, 4 and 11 March 1969

Authentic texts: English and Spanish.

Exchange of notes constituting an agreement amending the above-mentioned Agreement. London, 29 December 1972

Authentic text: English.

Registered by the United Kingdom of Great Britain and Northern Ireland on 18 January 1974.

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

Échange de notes constituant un accord relatif à un prêt du Gouvernement du Royaume-Uni au Gouvernement chilien destiné à financer la mise sur pied d'une aciérie (avec annexes). Santiago, 4 et 11 mars 1969

Textes authentiques : anglais et espagnol.

Échange de notes constituant un accord portant modification de l'Accord susmentionné. Londres, 29 décembre 1972

Texte authentique : anglais.

Enregistrés par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 18 janvier 1974.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF CHILE CONCERNING A LOAN BY THE GOVERNMENT OF THE UNITED KINGDOM TO THE GOVERNMENT OF CHILE TOWARDS THE COST OF DEVELOPMENT OF A STEELWORKS

I

Her Majesty's Ambassador at Santiago to the Minister for Foreign Affairs of Chile

BRITISH EMBASSY
SANTIAGO

4 March 1969

Your Excellency,

I have the honour to refer to the recent discussions concerning development aid from the Government of the United Kingdom of Great Britain and Northern Ireland to the Government of the Republic of Chile and to inform Your Excellency that the Government of the United Kingdom are prepared to conclude an agreement with the Chilean Government on this question. The position of the Government of the United Kingdom with regard to the provision of finance and the commitments of that Government and of the Government of Chile as regards associated matters shall be as respectively set out in part A and part B below:

A. The Government of the United Kingdom declare that it is their intention, acting by the Ministry of Overseas Development (hereinafter referred to as "the Ministry"), to make available to the Government of Chile (acting by such agents as they may notify by separate note to the Government of the United Kingdom) by way of a loan a sum not exceeding £750,000 (seven hundred and fifty thousand pounds sterling) towards the cost of the development of the Compañía de Acero del Pacífico steelworks.

B. (1) The Government of the United Kingdom shall adopt the arrangements and procedures described in the following paragraphs of this note in so far as they relate to things to be done by or on behalf of that Government. The Government of Chile shall adopt the arrangements and procedures so described in so far as they relate to things to be done by or on behalf of that Government.

(2) (a) For the purposes of these arrangements, the Government of Chile shall, by a request in the form set out in annex A to this note, open a special account (hereinafter referred to as "the Account") with a bank in London (hereinafter referred to as "the Bank"). The Account shall be operated solely for the purposes of the loan and in accordance with the instructions contained in the said request.

(b) As soon as the Account is opened and before taking any other step required by these arrangements for obtaining any part of the loan, the Government of Chile shall furnish the Ministry with a copy of the Government's instructions to the Bank given in accordance with the foregoing provisions of this paragraph. The Government of Chile shall at the same time and so often as any change is made therein, notify the Ministry of the names of the

¹ Came into force on 11 March 1969, the date of the note in reply, in accordance with the provisions of the said notes.

officers who are duly authorised to sign on its behalf the payment authorities and requests for drawings hereinafter provided and shall furnish a specimen signature in duplicate of each such officer.

(c) The Government of Chile shall ensure that the Bank forwards monthly to the Ministry a statement of payments into and from the Account.

(d) Unless the Ministry otherwise agree, payments into the Account will not be made after the 31st December 1973.

(3) Save to the extent (if any) to which the Ministry may otherwise agree, drawings from the loan shall be used only for payments under a contract for the purchase in the United Kingdom (which expression in this note shall be deemed to include the Channel Islands and the Isle of Man) of equipment wholly produced or manufactured in the United Kingdom or for work to be done or for services to be rendered by persons ordinarily resident or carrying on business in the United Kingdom or for two or more of such purposes, being a contract which—

(a) provides for payment in sterling to persons carrying on business in the United Kingdom; and

(b) is approved on behalf of the Government of Chile and accepted by the Ministry for financing from the loan; and

(c) is a contract entered into after the 1st December 1968 and before the 30th September 1969.

(4) (a) Where the Government of Chile proposes that part of the loan shall be applied to a contract, that Government shall ensure that there are forwarded at the earliest opportunity to the Ministry:

(i) a copy of the contract; and

(ii) two copies of a certificate from the contractor concerned in the United Kingdom in the form set out in annex B to this note.

(b) The Government of Chile shall ensure that the Ministry is informed if at any time a contract (being a contract in respect of which documents have been forwarded in accordance with the foregoing provisions) is amended or if liability is incurred thereunder to a greater or lesser amount than the amount specified in the relevant documents so forwarded; and in any of these cases, the Government of Chile shall ensure that there are forwarded as soon as possible to the Ministry the relevant supplementary or revised documents.

(5) (a) After the Ministry has considered the documents forwarded, in respect of any contract in pursuance of the procedure described in the foregoing provisions of this note and any additional information which it may request from the Government of Chile for this purpose (and which that Government shall then supply), the Ministry shall notify that Government in the form set out in annex B (i) to this note whether and to what extent it accepts that a contract is eligible for payment from the loan.

(b) To the extent that the Ministry so accepts a contract and agrees to payment from the Account, it shall, on receipt of a request from the Government of Chile in the form set out in annex C to this note giving details of the payment due and about to be made, make payments in sterling into the Account and each such payment shall constitute a drawing on the loan.

(6) For payments due under a contract to which paragraph (3) refers, withdrawals from the Account shall be made in accordance with payment authorities in the form shown in annex D hereto duly signed on behalf of the Government of Chile and countersigned by the Ministry. Each payment authority shall be forwarded in duplicate to the Ministry for counter-signature and shall be accompanied by payment certificates from the contractors concerned in the form shown in annex E hereto and the invoices (or a photo-copy or duplicate of such invoices) referred to therein, for retention by the Ministry.

(7) If any monies that have been paid out of the Account are subsequently refunded either by the contractor or by a guarantor the Government of Chile shall, so long as there are payments to be made from the Account, pay an equivalent of such sums into the Account and, in any other case, apply the refunds to the reduction of the loan.

(8) The Government of Chile shall repay to the Ministry in pounds sterling in London the total sum borrowed under the arrangements set out in this note, such repayment to be

made by instalments paid on the dates and in the amounts specified below; except that if, on the date when any such instalment is due to be paid, there is then outstanding less than the amount specified for that instalment, only the amount then outstanding shall be paid:

INSTALMENTS	
<i>Date due</i>	<i>Amount</i> £
30th June 1974 and on the 30th June in each of the succeeding nine years	37,500
31st December 1974 and on the 31st December in each of the succeeding nine years	37,500

(9) The Government of Chile shall pay to the Ministry in pounds sterling in London interest on drawings from the loan in accordance with this paragraph:

- (a) the rate of interest in respect of each drawing shall be seven and three-quarters per cent;
- (b) interest shall be calculated in respect of each drawing on a day-to-day basis on the balance of the loan for the time being outstanding;
- (c) interest shall be paid on the 30th June and on the 31st December in each year.

(10) Notwithstanding the provisions of paragraph (8) of this note, the Government of Chile shall be free at any earlier time to repay to the Ministry in pounds sterling in London the whole or any part of the loan that is still outstanding, together with the accrued interest thereon calculated as in paragraph (9) above up to the date of payment.

2. If the foregoing proposals are acceptable to the Government of the Republic of Chile, I have the honour to suggest that the present note together with Your Excellency's reply in that sense shall constitute an agreement between the two Governments which shall enter into force on the date of your reply, and the Agreement shall be referred to as the United Kingdom/Chile Loan No. 2, 1969.

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

FREDERICK MASON
Her Britannic Majesty's Ambassador

A N N E X A

GOVERNMENT OF THE REPUBLIC OF CHILE

To: The Manager,
.....
London

Bank Ltd.

Dear Sir,

United Kingdom/Chile Loan No. 2, 1969

1. I have to request you on behalf of the Government of the Republic of Chile (hereinafter called "the Government") to open an account in the name of the Government to be styled the United Kingdom/Chile Loan No. 2, 1969 Account (hereinafter called "the Account").

2. Payments into the Account may be made from time to time by the Ministry of Overseas Development of Her Majesty's Government in the United Kingdom of Great Britain and Northern Ireland (hereinafter called "the Ministry"). It is possible that, as a result of refunds becoming due from contractors, payments into the Account will also be made by the Government itself.

3. Payments from the Account are to be made only against payment authorities in the form marked "B" attached hereto duly signed on behalf of the Government and countersigned on behalf of the Ministry.

4. You are to send to the Ministry at the end of each month a detailed statement showing all debits and credits to the Account during the month.

5. You will notify the Chilean Embassy in London from time to time of the amount required to be drawn from the loan so that the amount so drawn, together with any balance which may be available in the Account, will be sufficient to cover the total value of payments due under payment authorities duly signed on behalf of the Government and countersigned on behalf of the Ministry.

6. The following persons are severally authorised to sign payment authorities on behalf of the Government:

- 1.
- 2.
- 3.
- 4.

Specimens of the signature of each of the above are attached in triplicate.

7. Specimen signature of the officers authorised to countersign payment authorities on behalf of the Ministry will be sent to you direct.

8. No charges and commissions claimed by you in respect of the operation of the Account are to be debited to the Account.

9. A copy of this letter has been sent to the Ministry.

Yours faithfully,

A N N E X B

UNITED KINGDOM/CHILE LOAN No. 2, 1969

CONTRACT CERTIFICATE

Particulars of Contract

1. Date of Contract.....	Contract Number.....
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*United Kingdom
origin*

*Non-United Kingdom
origin*

2. Description of goods, works and services to be supplied to the purchaser

Sterling

*Other currency,
if any*

3. Total [estimated] contract price payable by purchaser

Description

Amount

<p>4. Estimated amounts, if any, paid or to be paid by the contractor in respect of goods or services of non-United Kingdom origin procured or to be procured and used for the purposes of the contract.</p>	<p>In respect of non-United Kingdom goods and services:</p> <p>(a) goods or materials</p> <p>(b) work to be done or services performed in buyer's country</p> <p>(c) know-how</p> <p>(d) designs, plans, and technical documentation</p> <p>(e) other services</p>
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5. I hereby declare that I am employed in the United Kingdom by the contractor named below and have the authority to sign this certificate. I hereby undertake that in performance of the contract no goods or services which are not of United Kingdom origin will be supplied by the contractor other than those specified in paragraph 4 above.

Signed
Position held
Name and address of contractor
Date

NOTE: For the purposes of this declaration, the United Kingdom includes the Channel Islands and the Isle of Man.

A N N E X B(i)
UNITED KINGDOM/CHILE LOAN No. 2, 1969

To:
We are pleased to inform you that we accept
We regret to inform you that we cannot accept the contract, particulars of which are set out in the copy certificate attached hereto as eligible for payment from the above-mentioned loan to the extent of £
Date.....
.....
Signed on behalf of the Ministry
of Overseas Development

A N N E X C
UNITED KINGDOM/CHILE LOAN No. 2, 1969
REQUEST FOR DRAWING

The following payments are expected to fall due under contracts accepted under the terms of the above-mentioned loan:

<i>Name and address of beneficiary</i>	<i>Contract No.</i>	<i>Date payment is due</i>	<i>Amount £</i>
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.....
The amount available in the Special Account to meet the above payments is £ and a further payment into the Account of £ is hereby requested.
The sum of £ now requested shall on payment into the Account constitute a drawing on the loan.
Date.....
.....
Signed on behalf of the Government
of the Republic of Chile

To: The Ministry of Overseas Development
Finance Department
Eland House, Stag Place
London, S.W.1

ANNEX D

UNITED KINGDOM/CHILE LOAN No. 2, 1969

PAYMENT AUTHORITY

Serial No.

To: The Manager,
..... Bank Ltd.,
.....

Dear Sir, Account

You are hereby authorised to make the following payments from the above account on the dates stated:

<i>Name and address of beneficiary</i>	<i>Contract No.</i>	<i>Date</i>	<i>Amount £</i>
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This is to certify that the payments stated above are due in sterling to the beneficiaries named under the contracts noted who are carrying on business in the United Kingdom, the Channel Islands or the Isle of Man.

Date
Signed on behalf of the Government
of the Republic of Chile

Date
Countersigned on behalf
of the Ministry of Overseas Development

ANNEX E

UNITED KINGDOM/CHILE LOAN No. 2, 1969

PAYMENT CERTIFICATE

I hereby certify that

(i) the payments referred to in the invoices listed below, which or copies of which accompany this payment certificate, fall due and are to be made in respect of contract No. dated between the contractor named below and the Cía. de Acero del Pacífico and are in accordance with the particulars of this contract notified in the contract certificate signed on behalf of the said contractor on

<i>Contractor's Invoice No.</i>	<i>Date</i>	<i>Amount £</i>	<i>Short description of goods, works and/or services</i>
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(ii) there are included in the above-mentioned invoices the following amounts in respect of the non-United Kingdom goods or services specified in paragraph 4 of the contract certificate:

(a) £ (c) £ (e) £
 (b) £ (d) £

(iii) apart from the amounts specified in paragraph (ii), all the amounts specified in paragraph (i) are payable in respect of goods and services of United Kingdom origin.

(iv) I have the authority to sign this certificate on behalf of the contractor named below.

Signed

Position held

For and on behalf of

Name and address of contractor

Date

NOTE: For the purpose of this declaration, the United Kingdom includes the Channel Islands and the Isle of Man.

II

[SPANISH TEXT—TEXTE ESPAGNOL]
MINISTERIO DE RELACIONES EXTERIORES
SANTIAGO

Señor Embajador:

11 marzo 1969

Tengo el honor de acusar recibo de la atenta Nota de V.E. de fecha 4 de marzo de 1969, cuyo tenor es el siguiente:

« Señor Ministro, Tengo el honor de referirme a las recientes conversaciones relativas a la asistencia técnica a ser prestada por el Gobierno de Reino Unido de Gran Bretaña e Irlanda del Norte al Gobierno de la República de Chile y de informar a V.E. que el Gobierno del Reino Unido se encuentra dispuesto a concluir un Convenio con el Gobierno de Chile sobre la materia. La posición del Gobierno del Reino Unido con respecto al suministro de financiamiento, y los compromisos que asumirían este Gobierno y el de la República de Chile en cuanto a los asuntos pertinentes y conexos, serían los que se señalan a continuación en las respectivas partes A y B:

A. El Gobierno del Reino Unido declara que es intención suya, actuando por intermedio del Ministerio para el Desarrollo en Ultramar (llamado en adelante «el Ministerio»), proporcionar al Gobierno de Chile, en préstamo, (actuando por intermedio de

[TRANSLATION¹ — TRADUCTION²]

*The Minister for Foreign Affairs of Chile to Her Majesty's Ambassador
at Santiago*

MINISTRY OF FOREIGN AFFAIRS
SANTIAGO

11 March 1969

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's note dated 4 March which reads as follows:

[*See note I*]

In reply to the above, I have the honour to inform Your Excellency that the foregoing is acceptable to the Government of the Republic of Chile and that Your Excellency's note and this reply shall constitute an agreement between the two Governments which shall enter into force on today's date and shall be known as the United Kingdom/Chile Loan, No. 2, 1969.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest and most distinguished consideration.

GABRIEL VALDÉS SUBERCASEAUX

[*Annexes as under note I*]

¹ Translation supplied by the Government of the United Kingdom.

² Traduction fournie par le Gouvernement du Royaume-Uni.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF CHILE AMENDING THE AGREEMENT OF 4 AND 11 MARCH 1969² CONCERNING A LOAN BY THE GOVERNMENT OF THE UNITED KINGDOM TO THE GOVERNMENT OF CHILE TOWARDS THE COST OF DEVELOPMENT OF A STEELWORKS

I

*The Secretary of State for Foreign and Commonwealth Affairs
to the Chilean Ambassador in London*

FOREIGN AND COMMONWEALTH OFFICE

29 December 1972

Your Excellency,

I have the honour to refer to discussions between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Chile and to the exchange of notes between the two Governments dated respectively the 4th of March 1969 and the 11th of March 1969² which it was agreed should be referred to as the United Kingdom/Chile Loan No. 2, 1969 and to propose that paragraph B (9) (c) of each note shall be amended to read as follows:

(c) Interest shall be paid on the 30th of June and on the 31st of December in each year. However, instead of paying the interest otherwise due on the 31st of December 1971, the 30th of June 1972 and the 31st of December 1972 (hereinafter referred to as "the deferred interest"), the Government of Chile shall make the following payments:

- (i) £18,391·97, being 30 per cent of the deferred interest, on the 1st of January 1973;
- (ii) £42,914·61, being the remaining amount of the deferred interest, in thirteen equal instalments at six-monthly intervals commencing on the 1st of March 1975; and
- (iii) on the 1st of January 1973 the sum of £268·09,
on the 1st of July 1973 the sum of £268·09,
on the 1st of March 1975 the sum of £525·39,
on the 1st of September 1975 the sum of £624·42,
on the 1st of March 1976 the sum of £723·46,
on the 1st of September 1976 the sum of £822·49,
on the 1st of March 1977 the sum of £921·52,
on the 1st of September 1977 the sum of £1,020·55,

¹ Came into force on 29 December 1972, the date of the note in reply, in accordance with the provisions of the said notes.

² See p. 26 of this volume.

on the 1st of March 1978 the sum of £1,119·58,
on the 1st of September 1978 the sum of £1,218·61,
on the 1st of March 1979 the sum of £1,317·61,
on the 1st of September 1979 the sum of £1,416·67,
on the 1st of March 1980 the sum of £1,515·70,
on the 1st of September 1980 the sum of £1,614·73,
on the 1st of March 1981 the sum of £1,713·74.

I also have the honour to propose that references to the Ministry of Overseas Development in the United Kingdom/Chile Loan No. 2, 1969 shall be deemed to be references to the Overseas Development Administration or any other department which the Government of the United Kingdom may nominate for the purposes of that Agreement.

If the foregoing proposals are acceptable to the Government of Chile, I have the honour to suggest that the present note together with Your Excellency's reply in that sense shall constitute an agreement between the two Governments which shall enter into force on the date of your reply.

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

Your Excellency's obedient Servant,

(For the Secretary of State)

J. M. HUNTER

II

*The Chilean Ambassador in London to the Secretary of State
for Foreign and Commonwealth Affairs*

EMBASSY OF CHILE

29th December 1972

Monsieur le Ministre,

I have the honour to acknowledge receipt of Your Excellency's note of today's date, which reads as follows:

[See note I]

I have the honour to inform Your Excellency that the foregoing proposals are acceptable to the Government of the Republic of Chile, who therefore agree that Your note and this reply shall constitute an agreement between the two Governments which shall enter into force on this day's date.

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

Monsieur le Ministre, Your Excellency's obedient Servant,

ALVARO BUNSTER
Chilean Ambassador
