

No. 14106

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

**Agreement on certain commercial debts (with schedules).  
Signed at London on 30 October 1974**

*Authentic texts: English and Spanish.*

*Registered by the United Kingdom of Great Britain and Northern Ireland on  
9 July 1975.*

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

**Accord relatif à certaines dettes commerciales (avec annexes).  
Signé à Londres le 30 octobre 1974**

*Textes authentiques : anglais et espagnol.*

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le  
9 juillet 1975.*

## AGREEMENT<sup>1</sup> 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 on 25 March 1974 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 January 1973 to 31 December 1974, 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;
- (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;
- (n) “Certificate” shall mean a document issued by the Central Bank to account for the payment in escudos made by the debtor.

<sup>1</sup> Came into force on 31 October 1974, in accordance with article 11.

### 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 1 January 1974 (hereinafter referred to as a "credit contract");
- (b) maturity of the debt occurred or shall occur during the consolidation period; and
- (c) 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, in favour of the Cash Fund. 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 on 31 October 1974, 30 June 1975, 30 June 1976, and thereafter on 1 January and 1 July of each year commencing 1 January 1977 and concluding 1 July 1983.

(3) Moratorium interest shall be:

- (a) paid at the rate specified in the relevant credit contract for interest to be paid on payments thereunder which are overdue or, in the case of payments under bills of exchange or promissory notes drawn pursuant to the terms of such credit contract, at the rate specified therein in respect of interest on such payments when overdue;

- provided that where in any case no rate is specified, the rate shall be 7½ per cent per annum; and
- (b) calculated upon the outstanding balance of the debt from the maturity of the debt to the date of settlement of the debt by payment to the creditor.

*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 25 March 1974.

*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 31 October 1974 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 30th day of October 1974, in the English and Spanish languages, both texts being equally authoritative.

For the United Kingdom  
of Great Britain  
and Northern Ireland:

EN FE DE LO CUAL, los abajo firmantes, debidamente autorizados para ello, han firmado este Acuerdo.

HECHO en duplicado en Londres el día 30 de octubre de 1974, en idiomas inglés y español, siendo ambos textos idénticamente válidos.

Por el Reino Unido  
de Gran Bretaña  
e Irlanda del Norte:

N. DUNCAN WATSON

For the Republic of Chile:

Por la República de Chile:

K. OLSEN

## SCHEDULE 1

## THE TRANSFER SCHEME

(1) An amount equal to 5 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 31 October 1974;
- (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 5 per cent of each payment in escudos shall be transferred from Chile to the United Kingdom on 30 June 1975.

(3) An amount equal to 10 per cent of each payment in escudos shall be transferred from Chile to the United Kingdom on 30 June 1976.

(4) An amount equal to 74.1 per cent of each payment in escudos shall be transferred from Chile to the United Kingdom by thirteen equal half-yearly instalments each of 5.7 per cent on 1 January and 1 July in each year commencing 1 January 1977 and concluding 1 January 1983.

(5) An amount equal to 5.9 per cent of each payment in escudos shall be transferred from Chile to the United Kingdom on 1 July 1983.

## SCHEDULE 2

## RULES

(1) The Department and the Cash Fund shall agree a list of 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. 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) Neither inability to complete the list referred to in paragraphs (1) and (2) of this Schedule nor delay in its completion shall prevent or delay the implementation of the other provisions of this Agreement.

(4) Upon the placing of a payment in escudos on deposit in the special account with the Central Bank pursuant to Article 3 of this Agreement the Cash Fund shall notify the Department of such deposit by remitting a certificate issued by the Central Bank which shall state:

- (a) the amount of such payment in escudos expressed in the currency of the debt at the rate of exchange prevailing at the time of such payment,
- (b) the date of such payment, and
- (c) particulars of the credit contract and maturity of the debt to which such payment relates.

(5) (a) The Cash Fund 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 Cash Fund shall give the Department particulars of the debts and of the moratorium interest to which the transfers relate.