

No. 16439

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**UNITED STATES OF AMERICA  
and  
CHILE**

**Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed or insured by the United States Government and its agencies (with annexes, statement and understanding of 6 May 1975). Signed at Washington on 3 July 1975**

*Authentic text of the Agreement, annexes and statement: English.*

*Authentic text of the Understanding: French.*

*Registered by the United States of America on 13 February 1978.*

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

**Accord relatif à la consolidation et au rééchelonnement de certaines dettes contractées à l'égard du Gouvernement des États-Unis et de ses agences ou de dettes garanties ou assurées par le Gouvernement des États-Unis (avec annexes, déclaration et procès-verbal du 6 mai 1975). Signé à Washington le 3 juillet 1975**

*Texte authentique de l'Accord, des annexes et de la déclaration : anglais.*

*Texte authentique du Procès-verbal : français.*

*Enregistré par les États-Unis d'Amérique le 13 février 1978.*

# AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF CHILE REGARDING THE CONSOLIDATION AND RESCHEDULING OF CERTAIN DEBTS OWED TO, GUARANTEED OR INSURED BY THE UNITED STATES GOVERNMENT AND ITS AGENCIES

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The Government of the United States of America and the Government of Chile agree as follows:

## *Article I.* APPLICATION OF THE AGREEMENT

1. In accordance with the provisions of the Understanding reached by representatives of certain creditor nations, including the United States, of the Government of Chile on May 6, 1975, and agreed to by the Government of Chile on May 8, 1975, the Government of the United States of America and the Government of Chile hereby agree to consolidate and reschedule certain Chilean debts owed to, guaranteed or insured by the United States Government and its Agencies, as provided for in this Agreement.

2. The Agreement shall be implemented by separate bilateral agreements between the Agency for International Development, the Export-Import Bank of the United States, the Overseas Private Investment Corporation, the Commodity Credit Corporation, and the United States Government with respect to P.L. 480 Agreements and the Government of Chile.

## *Article II.* DEFINITIONS

For purposes of this Agreement:

1. The term "original agreements" shall refer to those agreements between the Government of the United States, and its agencies, and the Government of Chile, and its agencies, which are listed in annex A. No prior agreement regarding the consolidation and rescheduling of Chilean debts concluded between the Government of the United States and its agencies, and the Government of Chile and its agencies is listed.

2. The term "consolidated debt" shall refer to seventy percent (70%) of the sum of dollar principal and interest payments falling due from January 1, 1975, through December 31, 1975, in accordance with the "original agreements," as designated in the separate bilateral agreements referred to in article I, paragraph 2.

3. The term "non-consolidated debt" shall refer to thirty percent (30%) of the sum of dollar principal and interest payments falling due from January 1, 1975, through December 31, 1975, in accordance with the "original agreements," as designated in the separate bilateral agreements referred to in article I, paragraph 2.

4. The term "consolidation period" shall refer to the period from January 1, 1975, through December 31, 1975.

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<sup>1</sup> Came into force on 8 September 1975, the date when the Government of the United States notified the Government of Chile in writing that domestic United States laws and regulations covering debt rescheduling had been complied with, in accordance with article V (1).

5. The term “consolidation interest” shall refer to interest on the consolidated debt. The term “non-consolidation interest” shall refer to interest on the non-consolidated debt. Consolidation interest and non-consolidation interest shall begin to accrue on the due dates specified in each of the original agreements for each payment of principal or interest which is part of the consolidated or non-consolidated debt.

#### *Article III. TERMS AND CONDITIONS OF PAYMENT*

1. The Government of Chile agrees to repay the consolidated debt in accordance with the following terms and conditions:

(a) The consolidated debt amounting to \$67.2 million shall be repaid in 13 equal semi-annual installments on January 1 and July 1 of each year beginning January 1, 1978, and ending January 1, 1984.

(b) The consolidation interest rate shall be at a weighted average of 6.16 percent per annum on the outstanding balance of the consolidated debt. All interest shall accrue and be payable as specified in the implementing bilateral agreements referred to in article I, paragraph 2.

(c) A table summarizing the amounts of the consolidated debt owed to the United States Government and each Agency is attached as annex B.

2. The Government of Chile agrees to repay the non-consolidated debt in accordance with the following terms and conditions:

(a) The non-consolidated debt amounting to \$28.8 million shall be repaid in accordance with the following schedule:

- (1) Thirty-three and one-third percent ( $33\frac{1}{3}$ ) in 1975;
- (2) Thirty-three and one-third percent ( $33\frac{1}{3}$ ) in 1976;
- (3) The balance of thirty-three and one-third percent ( $33\frac{1}{3}$ ) in 1977.

Payments shall be made pursuant to the repayment terms specified in the implementing bilateral agreements referred to in article I, paragraph 2.

(b) The weighted average of the non-consolidation interest rate shall be 6.16 percent per annum on the outstanding balance of the non-consolidated debt. All interest shall accrue and be payable as specified in the implementing bilateral agreements referred to in article I, paragraph 2.

(c) A table summarizing the amounts of the non-consolidated debt owed to the United States Government and each Agency is attached as annex C.

3. It is understood that minor adjustments may be made in the amounts specified in paragraphs 1 and 2 of this article by amendment of the implementing bilateral agreements referred to in article I, paragraph 2.

#### *Article IV. GENERAL PROVISIONS*

1. The Government of Chile agrees to grant the Government of the United States of America and its agencies treatment no less favorable than that which may be accorded to any other creditor country for the consolidation of comparable debts.

2. The provisions of paragraph 1 above shall not be applicable to creditor countries where claims in respect of principal and interest on comparable debts during the consolidation period constitute less than SDRs 1 million.

3. The Government of the United States and the Government of Chile agree that the interest rates provided in this Agreement may be reviewed and appropriately revised if the weighted average of the interest rates provided in other agreements between the Government of Chile and creditor countries relating to the consolidation of comparable debts are significantly higher or lower than the weighted average of the interest rates provided for in this Agreement. In any revision resulting from this review, the United States shall have the option of exercising the right to require an increase in the interest rate provided for in this Agreement, up to the weighted average of interest rates resulting from agreements between the Government of Chile and other creditors on comparable debts.

4. The Government of Chile agrees to guarantee the free transferability of payments relating to the credits covered by this Agreement.

*Article V.* ENTRY INTO FORCE

1. This Agreement will enter into force when the Government of the United States notifies the Government of Chile in writing that domestic United States laws and regulations covering debt rescheduling have been complied with.

2. The Government of the United States of America shall be represented by the Honorable Paul H. Boeker and the Government of the Republic of Chile shall be represented by His Excellency Manuel Trucco, Ambassador of Chile in the United States, who also represented the Autonomous Fund for Amortization of the Public Debt. The Fund is authorized by its charter to act on behalf of the Government of Chile and debtor corporations in concluding agreements with creditors.

DONE at Washington in duplicate this third day of July, 1975.

For the Government of the United States of America:

[Signed — Signé]<sup>1</sup>

For the Government of Chile:

[Signed — Signé]<sup>2</sup>

ANNEX A

LOAN AGREEMENTS SUBJECT TO RESCHEDULING

AGENCY FOR INTERNATIONAL DEVELOPMENT

<i>Under 40 years</i>		<i>40 years</i>	
513-B002	513-L017	513-L023	513-L033
513-G003	513-L018	513-L024	513-L034
513-A006	513-L019	513-L025	513-L036
513-M011	513-L020	513-L028	513-L037
513-L026	513-L021	513-L030	513-L040
	513-L022	513-L031	513-L041

<sup>1</sup> Signed by Paul H. Boeker — Signé par Paul H. Boeker.

<sup>2</sup> Signed by Manuel Trucco — Signé par Manuel Trucco.

## COMMODITY CREDIT CORPORATION (GSM-4)

*GSM numbers*

12011  
12013  
12014  
12015

## EXPORT-IMPORT BANK

*Direct Credits*

<i>Credit No.</i>	<i>Credit No.</i>	<i>Credit No.</i>	<i>Credit No.</i>
808	2221	2416	2471
1172	2381	2418	2486
1299	2382	2435	2551
1340	2383	2436	2601
2139	2390	2437	2609
2187	2393		

*Exporter Credits, Guarantees*

<i>Guarantee No.</i>	<i>Guarantee No.</i>	<i>Guarantee No.</i>	<i>Guarantee No.</i>
G-6-166	G-21-30	G-45-49	G-50-265
G-7-54	G-40-256	G-47-359	G-50-269
G-10-219	G-40-271	G-50-239	G-56-9
G-10-245	G-40-283	G-50-240	G-138-9
OG-12-215	G-41-18	G-50-245	G-161-3
G-20-5			

*Exporter Credits, Insurance*

<i>Policy No.</i>	<i>Policy No.</i>	<i>Policy No.</i>	<i>Policy No.</i>
MT-4756	MT-6384	MT-6648	MT-0-6921
MT-5485	MT-6405	MT-6719	MT-7825
MT-0-5644	MT-6444	MT-6746	MT-8055
MT-6032	MT-6460	MT-6782	MT-8056
MT-6249	MT-6480	MT-6785	MT-8058
MT-6290	MT-6584	MT-6820	MT-8059
MT-6291	MT-6596	MT-6891	MT-8060
MT-6325			

## OVERSEAS PRIVATE INVESTMENT CORPORATION

Series A Promissory Notes issued by Sociedad Minera El Teniente, S.A., to Braden Copper Company and guaranteed by the Republic of Chile pursuant to instruments of guarantee dated as of May 4, 1967.

P.L. 480

Agreements dated August 7, 1962; December 29, 1967; A, January 23, 1969; January 29, 1969.

## ANNEX B

SUMMARY OF CONSOLIDATED DEBT\*  
(millions of dollars)

Agency for International Development .....	11.3
Commodity Credit Corporation .....	6.6
Export-Import Bank .....	40.6
Overseas Private Investment Corporation .....	6.2
PL-480 .....	2.6
TOTAL	67.2

\*Totals do not add up due to rounding and are subject to revision per article III, paragraph 3 (footnote in the original).

## ANNEX C

SUMMARY OF NON-CONSOLIDATED DEBT\*  
(millions of dollars)

Agency for International Development .....	4.8
Commodity Credit Corporation .....	2.9
Export-Import Bank .....	17.4
Overseas Private Investment Corporation .....	2.6
P.L. 480 .....	1.1
TOTAL	28.8

\*Totals are rounded and subject to revision per article III, paragraph 3 (footnote in the original).

## STATEMENT

During the negotiation of the Agreement between the Government of the United States and the Government of Chile regarding the Consolidation and Rescheduling of Certain Debts Owed to, Guaranteed or Insured by the United States Government and its Agencies signed today, it was agreed, with respect to article III of that Agreement, that the particular interest rates (resulting in a weighted average of 6.16 percent) shall be as follows:

- a) Seven percent (7%) per annum on the outstanding balance of the consolidated and non-consolidated debt due to Export-Import Bank of the United States, the Overseas Private Investment Corporation, and the Commodity Credit Corporation; and
- b) Three percent (3%) per annum on the outstanding balance of the consolidated and non-consolidated debt due to the Agency for International Development and to the United States Government with respect to P.L. 480 Agreements.

[Signed — Signé]<sup>1</sup>

For the Government of the United States of America

[Signed — Signé]<sup>2</sup>

For the Government of Chile

<sup>1</sup> Signed by Paul H. Boeker — Signé par Paul H. Boeker.

<sup>2</sup> Signed by Manuel Trucco — Signé par Manuel Trucco.

[TRANSLATION<sup>1</sup> — TRADUCTION<sup>2</sup>]

### UNDERSTANDING<sup>3</sup>

The representatives of the Governments of the Federal Republic of Germany, Canada, Spain, United States, France, Japan and Switzerland met in Paris on May 6, 1975, to examine the problem of the foreign debt of Chile. Representatives of the International Monetary Fund attended this meeting.

The representatives of the International Monetary Fund observed that servicing foreign debt by Chile to countries represented at this meeting would, in 1975, amount to almost one third of the total exports forecast at present and total settlement of the debts in question therefore seem out of question for the present fiscal year.

The delegates of countries represented took note of the terms of the economic and financial program as previously agreed upon between the Government of Chile and the International Monetary Fund, which involves precise undertakings both as to the strengthening of Chile's internal finances and as to the control of its external debt, and to the return to a policy of flexible, unified, and realistic exchange rates.

After considering the balance of payments situation of Chile as reviewed by representatives of the IMF, the delegates of the countries represented concluded that a rescheduling of maturities due in 1975 was justified on the following terms:

—Maturities to be rescheduled would be those due in 1975 and not previously renegotiated;

this concerns:

- A. Commercial credits guaranteed by appropriate agencies or governments of participating countries pursuant to contracts entered into on or before December 31, 1973, under which payments are due over a period of more than one year;
- B. Loans by governments or government agencies concluded on or before 31 December 1973 for which the repayment period is less than 40 years but excluding loans granted in connection with a previous debt consolidation;

—30 percent of such maturities would be due in the amount of 10 percent in 1975, 10 percent in 1976, and 10 percent in 1977;

—The remaining 70 percent would be paid in 13 equal semi-annual installments beginning January 1, 1978.

The countries represented assume that the Government of Chile will accord to each of them treatment no less favorable than that which may be accorded to any other creditor country for the consolidation of debts of comparable terms. Latin American countries and other countries not represented at the present meeting are not excluded from the application of this provision. This provision does not apply to countries whose claims in respect of principal and interest payable during the period for which debt relief is granted are less than SDR 1 million.

<sup>1</sup> Translation provided by the Government of the United States of America.

<sup>2</sup> Traduction fournie par le Gouvernement des Etats-Unis d'Amérique.

<sup>3</sup> Published for information.

The delegations of the countries represented will report to their authorities and recommend to them that bilateral agreements be concluded on these bases at dates to be determined by each country.

In accordance with paragraph 5 of the agreed minute of May 6, the Chairman of the present meeting will inform the Chilean authorities of its conclusions and of the result of its discussions including on the problem of human rights already being dealt with in the competent commission of the United Nations.

The Chairman of the present meeting will continue to keep the countries represented informed of his conversations.

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[Paul H. Boeker]

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