

No. 22848

**NEW ZEALAND
and
INDONESIA**

**Exchange of letters constituting an agreement concerning
the provision by New Zealand of a loan for the pur-
chase of New Zealand goods (with annex). Jakarta,
29 January 1975**

Authentic text: English.

Registered by France on 1 April 1984.

**NOUVELLE-ZÉLANDE
et
INDONÉSIE**

**Échange de lettres constituant un accord relatif à un prêt ac-
cordé par la Nouvelle-Zélande pour l'achat de mar-
chandises néo-zélandaises (avec annexe). Jakarta,
29 janvier 1975**

Texte authentique : anglais.

Enregistré par la Nouvelle-Zélande le 1^{er} avril 1984.

EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT¹ BETWEEN THE GOVERNMENT OF NEW ZEALAND AND THE GOVERNMENT OF INDONESIA CONCERNING THE PROVISION BY NEW ZEALAND OF A LOAN FOR THE PURCHASE OF NEW ZEALAND GOODS

I

His Excellency Mr. Raymond L. Jermyn, Ambassador of New Zealand to Indonesia, to His Excellency Prof. Dr. Mochtar Kusumaatmadja, Minister for Foreign Affairs of the Republic of Indonesia

NEW ZEALAND EMBASSY
JAKARTA

29 January 1975

Your Excellency,

I have the honour to refer to the recent discussion between representatives of our respective Governments regarding the offer of the New Zealand Government to make available to the Government of Indonesia a loan of NZ\$ 750,000 for the purchase of New Zealand goods qualifying for import into the Republic of Indonesia under the *Devisa Kredit* (Credit Foreign Exchange) regulation. I now propose on behalf of the Government of New Zealand that an agreement be reached between our two Governments on the following terms:

1. The Government of New Zealand will make available to the Government of the Republic of Indonesia a loan of seven hundred and fifty thousand dollars New Zealand currency (NZ\$ 750,000). This will take the form of a credit from the Reserve Bank of New Zealand to the Bank Indonesia in the form and on the terms of the financial agreement between the two banks annexed hereto. The Government of the Republic of Indonesia will guarantee the payment of each instalment due under the agreement and will facilitate the transfer of such payments under the agreement.

2. The Indonesian purchases made under the credit will be restricted to products purchased in New Zealand which are included in the Indonesian import list falling under groups A, B, C and D mentioned in Decree of the Minister of Trade No. 334/KP/X/71 of 29 October 1971 and the Joint Decree of the Minister of Finance and the Minister of Trade No. 177/MK/IV/3/1972 and No. 114/KPB/IV/72 dated 28 March 1972, and which are available for export from New Zealand.

3. Indonesian purchases of dairy products and purchases of forest products under the credit will be restricted, respectively, to 20 percent of the total credit made available under the loan. The Government of the Republic of Indonesia will not take any further measures to limit the use of the New Zealand credit in any way without prior consultations with the Government of New Zealand.

¹ Came into force on 29 January 1975, the date of the letter in reply, in accordance with the provisions of the said letters.

4. Orders for goods required by the Government of the Republic of Indonesia or intended for the ultimate use of agencies receiving financial support from the Indonesian Budget will be channelled through the New Zealand Embassy, Jakarta, so that arrangements can be made for their purchase in New Zealand in accordance with normal New Zealand Government purchasing procedures.

5. The Government of the Republic of Indonesia will arrange for checks to be made to ensure that goods purchased with funds made available under the New Zealand credit do enter the Republic of Indonesia, that these goods are included in the Indonesian *Devisa Kredit* import list mentioned in Paragraph 2 above, and that the prices paid are justified.

6. When, in the opinion of either Government, any irregular transactions involving the credit have taken place, consultations will be held at the request of either Government in order to identify and rectify such irregular transactions and to prevent future irregularities.

7. The credit shall be available up to 30 June 1975 and no further drawings will be permitted after that date unless agreed between the parties to this agreement.

8. At the request of either Government, the two Governments will consult together in respect of any matter that may arise from or in connection with this agreement.

If the foregoing provisions are acceptable to the Government of the Republic of Indonesia I have the honour to suggest that this letter and your reply to that effect should constitute an agreement between our two Governments from the date of your reply.

Accept, Excellency, the assurance of my highest consideration.

R. L. JERMYN
Ambassador of New Zealand
to Indonesia

AGREEMENT BETWEEN THE BANK INDONESIA AND THE RESERVE BANK OF NEW ZEALAND CONCERNING A LOAN TO FINANCE THE PURCHASE OF GOODS FROM NEW ZEALAND

The Bank Indonesia and the Reserve Bank of New Zealand, desiring to give effect to an Agreement to be made between the Government of the Republic of Indonesia and the Government of New Zealand, a draft of which is attached, concerning the grant of a loan by New Zealand to Indonesia for the purchase of New Zealand goods (hereinafter called "the Governmental Agreement") have agreed as follows:

Article 1. 1. The Reserve Bank of New Zealand will make available to the Bank Indonesia a loan of seven hundred and fifty thousand dollars New Zealand currency (NZ\$ 750,000).

2. The loan is to be utilized by 30 June 1975, and no further drawings will be permitted after that date unless agreed between the parties to the Governmental Agreement.

Article 2. 1. Drawings under the loan will be made only against irrevocable Letters of Credit, expressed in New Zealand currency, issued by a bank in the Republic of Indonesia in favour of the New Zealand exporter.

2. Letters of Credit against which drawings are to be made pursuant to this Agreement will, subject to subsection 3 of this Article, cover Indonesian purchase of goods from New Zealand in accordance with the provisions of the Governmental Agreement.

3. Drawings under the loan made available by the Reserve Bank of New Zealand will comprise the cost, insurance and freight of products imported by the Republic of Indonesia pursuant to this Agreement, together with all normal trading bank charges incurred relative thereto.

4. A copy of every Letter of Credit and each amendment to every Letter of Credit issued in accordance with this Agreement will immediately be forwarded to the Reserve Bank of New Zealand in Wellington.

Article 3. 1. Interest on the amount of the loan outstanding will be payable at the rate of 3 percent per annum and will commence to accrue from and including 1 July 1982.

2. Repayments of principal and interest will be made by the Bank Indonesia in thirty-six equal half-yearly instalments commencing 31 December 1982.

3. Repayments of principal and interest are to be made in a convertible currency acceptable to the Reserve Bank of New Zealand. The rate of exchange to be applied for the purpose of converting such currency to New Zealand currency will be the Reserve Bank of New Zealand's telegraphic transfer buying rate for such currency on the day it is received.

4. The Bank Indonesia will be entitled to repay before the redemption date, in addition to the half-yearly instalments, the whole or part of any sum outstanding and interest on the sum or sums so repaid shall cease from the date of repayment.

5. In [the] event that any payment due to the Reserve Bank of New Zealand is not effected on the due date the total amount of loan moneys and interest thereon shall be immediately repayable unless [an] alternative means of repayment is agreed between the Government of the Republic of Indonesia and the Government of New Zealand.

Article 4. 1. Drawings under this credit will be made in accordance with the procedures which may be agreed from time to time between the Bank Indonesia and the Reserve Bank of New Zealand.

2. When all drawings under Letters of Credit referred to in Article 2 of this Agreement have been completed a cash adjustment will be made, if necessary, to bring the total amount so drawn into line with the amount of the loan provided by the Reserve Bank of New Zealand pursuant to this Agreement. The method of effecting this adjustment will be agreed between the Bank Indonesia and the Reserve Bank of New Zealand after all drawings have been completed.

Article 5. This Agreement shall enter into force on the date on which the Governmental Agreement enters into force and shall be subject to variation following consultation between the parties hereto in the event of variation of the terms of the Governmental Agreement.

IN WITNESS WHEREOF the undersigned being duly authorized thereto by the Bank Indonesia and the Reserve Bank of New Zealand, respectively, have signed this Agreement.

DONE in duplicate this twenty-ninth day of January 1975.

[Illegible]
For the Bank Indonesia

[Illegible]
For the Reserve Bank
of New Zealand

II

His Excellency Prof. Dr. Mochtar Kusumaatmadja, Minister for Foreign Affairs of the Republic of Indonesia, to His Excellency Mr. Raymond L. Jermyn, Ambassador of New Zealand to Indonesia

OFFICE OF THE MINISTER OF FOREIGN AFFAIRS
JAKARTA

29 January 1975

Your Excellency,

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

[See letter I]

In reply to the above, I have the honour to inform Your Excellency that the above-mentioned provisions are acceptable to the Government of the Republic of Indonesia and that Your Excellency's letter and this reply shall be regarded as constituting an Agreement between the two Governments on this matter.

Accept, Excellency, the assurance of my highest consideration.

For the Government of the Republic of Indonesia:

MOCHTAR KUSUMAATMADJA
Minister of Foreign Affairs