

No. 23319

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

**Exchange of notes constituting an agreement concerning a
loan by the Government of the United Kingdom to the
Government of Egypt (with appendices). Cairo, 16 No-
vember 1982**

Authentic text: English.

*Registered by the United Kingdom of Great Britain and Northern Ireland on 11 April
1985.*

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

**Échange de notes constituant un accord concernant un prêt
du Gouvernement du Royaume-Uni au Gouvernement
égyptien (avec annexes). Le Caire, 16 novembre 1982**

Texte authentique : anglais.

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 11 avril
1985.*

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN
THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT
BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF
THE ARAB REPUBLIC OF EGYPT CONCERNING A LOAN BY THE
GOVERNMENT OF THE UNITED KINGDOM TO THE GOVERN-
MENT OF EGYPT

I

*Her Majesty's Ambassador at Cairo to the Minister of Investment
and International Cooperation Affairs of Egypt*

BRITISH EMBASSY
CAIRO

16 November 1982

Sir,

1. I have the honour to inform you that it is the intention of the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") to make available to the Government of the Arab Republic of Egypt (hereinafter referred to as "the Government of Egypt") by way of a loan a sum not exceeding £7,314,600 (seven million three hundred and fourteen thousand, six hundred pounds sterling) (hereinafter referred to as "the Loan") to be allocated:

- (a) Towards the cost of goods and services wholly produced in and supplied from the United Kingdom (hereinafter referred to as "UK goods and services"), to be supplied for the West Sabaeya Phosphate Mining Project, as defined in the April 1979 study by Seltrust Engineering Ltd (hereinafter referred to as "the Consultants") and RPT Economic Studies Group, in accordance with a contract dated 11 February 1982 between the General Organization for Industrialization (hereinafter referred to as "GOFI") and the Consultants (hereinafter referred to as "the Consultants' Contract"), and with certain commercial contracts (hereinafter referred to as the "Commercial Contracts"), as provided for in Annex No. 6 of the Consultants' Contract, between various United Kingdom firms and suppliers (hereinafter referred to as "the Contractors") and either GOFI or the Abu Zaabal Fertilizer and Chemical Company (hereinafter referred to as "AZFC"), such commercial contracts being eligible for financing in accordance with a Loan Agreement dated 10 May 1982 for £12,700,000 (twelve million, seven hundred thousand pounds sterling) (hereinafter referred to as "the Commercial Loan Agreement") between Morgan Grenfell and Co Limited (hereinafter referred to as "the Merchant Bank") and AZFC; and
- (b) Towards certain charges and commissions payable to the Crown Agents for Overseas Governments and Administrations (hereinafter referred to as "the Crown Agents") such charges and commissions not to exceed £14,600 (fourteen thousand six hundred pounds sterling).

¹ Came into force on 16 November 1982, the date of the note in reply, in accordance with the provisions of the said notes.

The Government of Egypt shall lend the funds provided by the loan (other than those to be allocated under subparagraph (b) above) to AZFC over a period of not more than three years on terms to be agreed between the Government of Egypt and AZFC, such terms to be notified to the Government of the United Kingdom within three months of this Exchange of Notes.

2. 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, or to matters under the control of, that Government. The Government of Egypt shall adopt the arrangements and procedures so described in so far as they relate to things to be done by or on behalf of, or to matters under the control of, that Government.

3. Subject to paragraph 10 of this Note, drawings from the Loan to a total sum not exceeding seven million three hundred thousand pounds sterling shall be applied to payments to the Consultants and Contractors which shall become due and payable as follows:

- | | |
|--|--|
| (i) On the coming into operation of the United Kingdom/Egypt Loan (No. 1) 1982 and when the conditions in Article 32 of the Consultants' Contract (apart from any requirements in the Commercial Loan Agreement that the payment under this subparagraph has been made) shall have been fulfilled. | Down payment of 20% of the Lump Sum Price as defined in the Consultants' Contract. |
| (ii) As payments fall due in accordance with Articles 6.3, 6.4, 6.5, 6.6, 6.7 and 6.8 of the Consultants' Contract. | Forty-three one hundred and twentieths (35.8333%) of each payment due. |
| (iii) On the coming into effect of the Commercial Contracts and in accordance with the terms of such contracts. | Down payment not exceeding 20% of the total contract price of UK goods and services followed by forty-three one hundred and twentieths (35.8333%) of each payment due in respect of the supply of UK goods or performances of UK services. |

4. The following conditions shall have been fulfilled before this Note shall be deemed to have become effective:

(i) The Government of Egypt shall by a request in the form of Appendix A to this Note open a special account (hereinafter referred to as "the Account") with the Crown Agents. The Account shall be operated solely for the purposes of the Loan and in accordance with the instructions contained in the request.

(ii) The Government of Egypt shall furnish the Government of the United Kingdom with a copy of their instructions to the Crown Agents given in accordance with the provisions of paragraph 4 (i) of this Note.

(iii) The Crown Agents, acting on behalf of the Government of Egypt, shall, forthwith, and as often as any change is made therein, notify the Government of the United Kingdom of the names of the officers of the Crown Agents who are duly authorised to sign on behalf of the Government of Egypt the Request for Drawing in the form shown in Appendix B to this Note and shall furnish a specimen signature in duplicate of each such officer.

(iv) The Crown Agents, acting on behalf of the Government of Egypt, shall have obtained a certificate from the Merchant Bank to the effect that all the pre-disbursement conditions in the Commercial Loan Agreement have been fulfilled.

5. The following conditions shall have been fulfilled before any payments are made in respect of the Consultants' Contract:

(i) The Crown Agents, acting on behalf of the Government of Egypt, shall have obtained a copy of the Consultants' Contract.

(ii) The Government of Egypt shall have ensured that a letter in the form of Appendix E (I) to this Note has been sent by GOFI to the Merchant Bank.

6. The following conditions shall have been fulfilled before any payments are made in respect of a Commercial Contract:

(i) The Crown Agents, acting on behalf of the Government of Egypt, shall have obtained a copy of the relevant Commercial Contract.

(ii) The Crown Agents, acting on behalf of the Government of Egypt, shall have obtained two copies of a Contract Certificate in the form set out in Appendix C or Appendix C (Chemicals) (whichever is appropriate) to this Note.

(iii) The Contractor, at his expense, shall have provided AZFC or GOFI as appropriate with a banker's guarantee to cover any sums required by the terms of the relevant Commercial Contract to be paid in advance of the despatch of the goods or the provision of services for which such sums represent payment. The Contractor shall have provided the Crown Agents with a copy of the guarantee, and any other documents which may reasonably be requested by the Crown Agents.

(iv) The Government of Egypt shall have ensured that a letter in the form of Appendix E (II) to this Note has been sent by GOFI or AZFC as appropriate to the Merchant Bank in respect of major contracts (as defined in the Commercial Loan Agreement) and a letter in the form of Appendix E (III) to this Note has been sent by GOFI or AZFC as appropriate to the issuer of the guarantee made pursuant to paragraph 6 (iii) of this Note in respect of minor contracts (as defined in the Commercial Loan Agreement).

(v) The Crown Agents, acting on behalf of the Government of the United Kingdom, shall have notified the Consultant the extent to which the relevant Commercial Contract is eligible for payment from the Loan.

7. For payment of sterling charges and commissions payable in the United Kingdom to the Crown Agents in respect of their services on behalf of the Government of Egypt in connection with the Loan, the Crown Agents shall debit the Account for these payments up to a maximum £14,600 (fourteen thousand six hundred pounds sterling) and shall inform the Government of Egypt of the amounts so debited.

8. To the extent that the Crown Agents, acting on behalf of the Government of the United Kingdom, accept:

- (i) A request from the Consultants or the Contractors for a payment in accordance with paragraph 3 of this Note; or
- (ii) Reimbursement of charges incurred by the Government of Egypt under paragraph 7 of this Note.

The Government of the United Kingdom shall, on receipt of the request from the Crown Agents, acting on behalf of the Government of Egypt, in the form set out in Appendix B to this Note, make payments in sterling into the Account and each such payment shall constitute a drawing on the Loan.

9. Withdrawals from the Account shall be made on receipt by the Crown Agents of a United Kingdom Payment Certificate in the form shown in Appendix D to this Note and such other documents as may be reasonably requested by the Crown Agents.

10. Save to the extent (if any) to which the Government of the United Kingdom may otherwise agree, drawings from the Loan shall only be used as provided in paragraph 3 of this Note, and in accordance with the provisions set out in paragraphs 4 to 9 (inclusive) of this Note.

11. To the extent that the Crown Agents, acting on behalf of the Government of the United Kingdom, shall receive any funds under the terms of the letters in the form of Appendix E (I), E (II) or E (III) to this Note the Crown Agents shall pay such funds into the Account. If the Consultants or the relevant Contractor can within one month of payment of the funds into the Account prove to the satisfaction of the Government of the United Kingdom that the down-payment guarantee has been unfairly called, then such funds shall on certification by the Government of the United Kingdom to the Crown Agents be repaid to the Consultants or, as the case may be, to the relevant Contractor.

12. Unless the Government of the United Kingdom otherwise agree, payments into the Account shall not be made after 30 September 1985.

13. If any monies that have been paid out of the Account are subsequently refunded to AZFC, to GOFI or to the Government of Egypt either by the Consultants or Contractors or by a Guarantor, the Government of Egypt shall pay the equivalent in sterling of such sums into the Account.

14. Any sum remaining in the Account for a period of six months or longer shall be remitted to the Government of the United Kingdom.

15. The Government of Egypt shall ensure the provision of such finance additional to the Loan as may be needed to complete the project.

16. In the event that any of the UK goods and services to be provided under the Consultants' Contract or the Commercial Contracts are not so provided, the Government of the United Kingdom shall have the right to recover forthwith from the Government of Egypt any sum paid out of the Loan in respect of the UK goods and services which were not provided.

17. The Government of Egypt shall ensure that AZFC will meet their obligations in respect of the project in a good and timely fashion and permit officers and other servants or agents of the Government of the United Kingdom to visit the project sites for which any part of the Loan is allocated and shall furnish such information as regards the project, its progress and financing as they may require.

18. The Government of Egypt shall repay to the Government of the United Kingdom in pounds sterling in London the total sum borrowed under the Loan. Sums equivalent to the amounts refunded to the Government of Egypt in repayment of a loan or loans made in accordance with the final sentence of paragraph 1 of this Note shall be repaid forthwith to the Government of the United Kingdom, in addition to which the Government of Egypt shall make such repayments as are necessary to ensure that the total amount repaid to the Government of the United Kingdom not later than each of the following dates is not less than the cumulative total of the amounts shown below as due on or before that date.

Instalments

16 May 1990 and each succeeding 16 November and 16 May until 16 May 2007	£203,200
16 November 2007	£202,600

Notwithstanding these provisions, the Government of Egypt shall be free to repay at any earlier time to the Government of the United Kingdom in pounds sterling in London any amount of the Loan that is outstanding.

19. The Government of Egypt shall inform the Government of the United Kingdom, not less than three months before the first instalment becomes due under the provisions of paragraph 18 of this Note, of the name and address of the agent in London through whom repayments shall be made. At the same time a standing authority shall be issued to the agent to make payments of the amounts in pounds sterling on the dates specified in paragraph 18 of this Note, and a copy of the authority shall be sent to the Government of the United Kingdom.

20. The Loan will not be used to meet the cost of any taxes, fees, import or customs duties imposed directly or indirectly by the Government of Egypt on UK goods and services.

21. Goods will be shipped and insured in accordance with normal commercial competitive practice.

22. If the above proposals are acceptable to the Government of Egypt I have the honour to propose that the Note and its Appendices, together with Your Excellency's reply in that sense, shall constitute an Agreement between the Government of the United Kingdom and the Government of Egypt which shall enter into force on the date of your reply and shall be known as the United Kingdom/Egypt Loan (No. 1) 1982.

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

M. S. WEIR

APPENDIX A

GOVERNMENT OF THE ARAB REPUBLIC OF EGYPT

The Crown Agents for Overseas Governments
and Administrations,
4 Millbank,
London, SW1P 3JD

Dear Sirs,

United Kingdom/Egypt Loan (No. 1) 1982

1. I confirm your appointment as agents of the Government of the Arab Republic of Egypt (hereinafter called "the Government") in connection with the management in the United Kingdom of the above mentioned Loan which is for a sum not exceeding seven million, three hundred and fourteen thousand, six hundred pounds.

2. I have to ask you on behalf of the Government to open a Special Account in the name of the Government to be described as United Kingdom/Egypt Loan (No. 1) 1982 Account (hereinafter called "the Account").

3. Payments into the Account will be made from time to time by the Government of the United Kingdom on receipt of requests in the form shown in Appendix B to the Exchange of Notes between the Government of the United Kingdom and the Government of Egypt dated (a copy of which is attached hereto) and which you are authorised to present on behalf of the Government. The amount of the Loan to be drawn on any one occasion will be sufficient, together with any balance which may be available in the Account, to cover the payments properly due from the Loan in accordance with the Exchange of Notes. It is possible that, as a result of refunds

referred to in paragraphs 11 and 13 of the Exchange of Notes, payments into the Account may also be made from other sources.

4. Payments from the Account are to be made only in respect of the amounts falling due under the provisions of the Exchange of Notes and in the manner and subject to the conditions, described in the Exchange of Notes.

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

6. You are to send to the Government of the United Kingdom specimen signatures of the Officers of the Crown Agents authorised to sign Requests for Drawing on behalf of the Government.

7. Your charges and commissions for acting as our agents in connection with the Loan shall be chargeable to the Account.

8. A copy of this letter has been addressed to the Government of the United Kingdom.

Yours faithfully

APPENDIX B

UNITED KINGDOM/EGYPT LOAN (No. 1) 1982 REQUEST FOR DRAWING

From: Crown Agents for Overseas
Governments and Administrations,
4 Millbank,
London, SW1 3JD

DF No.

Dear Sirs,

Please pay the sum of to the United Kingdom/Egypt Loan (No. 1) 1982 Account at the Crown Agents.

This sum shall, on payment into the Account, constitute a drawing on the Loan. The balance in hand is £

For the Crown Agents on behalf of
the Government of the Arab Republic of Egypt

Funding approvedODA

To: Finance Department
Overseas Development Administration
Foreign and Commonwealth Office
Eland House
Stag Place
London, SW1E 5DH

APPENDIX C

Reqn No.:

ODA Acceptance No.

CONTRACT CERTIFICATE

(For CHEMICALS AND ALLIED PRODUCTS use alternative "Certificate" overleaf)

Particulars of Contract

- 1. Date of Contract 2. Contract No.
- 3. Description of goods or services to be supplied to the purchaser
If a number of items are to be supplied, a detailed list should be appended to this certificate.
- 4. Total contract price payable by purchaser (state CIF, C&F or FOB) £.....
If the goods are to be supplied the following sections must be completed. If the contractor is exporting agent only, the information requested should be obtained from manufacturer.
- 5. Estimated % of the FOB value of the goods not originating in the United Kingdom, but purchased by the contractor directly from abroad, i.e. value of imported raw material or components used in manufacture as a % of the total FOB value.
(a) % FOB value
(b) Description of items and brief specifications.....
- 6. If any raw materials or components to be used for this contract originated from abroad, e.g. copper, asbestos, cotton, wood pulp, etc., but have been or will be purchased in the United Kingdom by the contractor specify:
(a) % FOB value
(b) Description of items and brief specifications.....
If services are to be supplied, the following sections should also be completed.
- 7. State the estimated value of any work to be done or services performed in the purchaser's country by:
(a) Your firm (site engineer's charges, etc.).....
(b) Local contractor.....
- 8. Qualifying remarks as necessary in respect of paragraphs 5, 6 or 7 above
- 9. 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 paragraphs 5, 6, 7 and 8 above.

Signed

Position held

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.

Contractors should note that goods should not be manufactured until acceptance has been notified.

FOR OFFICIAL USE ONLY

Name or number of Project

Amount committed	Date of entry	Acceptance		Payments			
		Date	Initials	Date	Amount	Pt No.	Initials
£							

APPENDIX C (CHEMICALS)
CONTRACT CERTIFICATE
FOR CHEMICAL AND ALLIED PRODUCTS ONLY

Reqn No.:

1. Date of contract Contract No.
Project Title (if appropriate)

2.	Description of Product(s) to be supplied to Purchaser (Note A)	Price (£)	U.K. Tariff Classification No. (Note B)	Is the product of U.K. origin? (See Note C) State Yes or No
.....
.....
.....
.....

Total (estimated) Contract Price payable by Purchaser in Sterling £

(Declaration) I hereby declare that I am employed in the United Kingdom by the Contractor named below and have the authority to sign this certificate, and that the above information is correct.

Signed

Position held

Name and Address of Contractor

Date

NOTES:

- A. This form is only to be used for chemical and allied products, most of which are covered by the appropriate sub-headings of Chapters 15, 25, 28-35 and 37-40 of the UK Tariff.
- B. See:
 - (i) HM Customs and Excise Tariff, HMSO.
 - (ii) Classification of Chemicals in Brussels Nomenclature, HMSO.*
- C. (i) A product is regarded as "UK origin" if made either wholly from indigenous UK materials or according to the appropriate EEC qualifying process using imported materials wholly or in part.
- (ii) The EEC qualifying processes are set out in Appendix B, Section 1 of "EEC Preferences—Rules of Origin", HM Customs and Excise, a copy of which is available for inspection at the Crown Agents' Office FN4 Branch, St Nicholas House, St Nicholas Road, Sutton, Surrey. Copies of the Rules may be obtained from any Customs House or office of a

* The "Classification of Chemicals in Brussels Nomenclature" is to be replaced at the end of 1981 by the "EEC Eurorepertoire" which will give the revised recommended names for over 16,000 chemicals with their classification in the EEC and UK Tariffs.

Collector of Customs and Excise in the United Kingdom, or from HM Customs and Excise, Kings Beam House, 31-41 Mark Lane, London, EC3R 7HE.

- (iii) For the purposes of this declaration, all references to EEC origin in the above publication must be taken to mean UK origin only.
 - (iv) If a qualifying process is not listed for the material in question, advice should be sought from FN4 Branch, Crown Agents, St Nicholas House, St Nicholas Road, Sutton, Surrey, SU1 1EL.
- D. For the purpose of this declaration the UK includes the Channel Islands and the Isle of Man.

APPENDIX D

Crown Agents Reqn No.:

Supplies Contract Ref:

I hereby certify that:

(i) The payment referred to in the invoices listed below, which (or copies of which) accompany this payment certificate, falls due and is due to be made in respect of Article of Contract No. between and, in respect of goods and services in accordance with the declaration in Appendix C.

<i>A. Invoice No.</i>	<i>B. Value</i>	<i>C. Amount of (B) due under the UK/Egypt Loan (No. 1) 1982</i>	<i>D. Short description of goods, works and/or services</i>

(ii) The following documents are, where applicable, also enclosed:

- (a) Bills of lading
- (b) Freight accounts
- (c) Insurance certificates
- (d) Inspection certificates
- (e) Bank guarantee
- (f) Price escalation calculations
- (g) GOFI's provisional acceptance certificate

(iii) I have the authority to sign this certificate on behalf of:

Signed

Position held

For and on behalf of

Date

APPENDIX E (I)

To: Morgan Grenfell & Co Limited,
23 Great Winchester Street,
London, EC2P 2AX

(Dated)

*Loan Agreement between Abu Zaabal Fertilizer & Chemical Company
and yourselves dated 10 May 1982 ("the Loan Agreement")*

Whereas pursuant to Clause 6.2 of the supply contract dated the 11th day of February 1982 made between ourselves and Seltrust Engineering Limited you have given us a down payment guarantee and notwithstanding we have previously instructed you by our letter dated 1982 (a copy of which is attached) in the form of Appendix G (II) to the Loan Agreement that all payments from time to time falling due to be made by you to us under the said downpayment guarantee should be retained by you (to be dealt with in accordance with Clause 9.1 of the Loan Agreement) we now further instruct you that all sums of money should be paid to the Crown Agents for Overseas Governments and Administrations.

Yours faithfully

For and on behalf of
The General Organization for Industrialization

APPENDIX E (II)

To: Morgan Grenfell & Co Limited,
23 Great Winchester Street,
London, EC2P 2AX

(Dated)

(i) Loan Agreement between Abu Zaabal Fertilizer & Chemical Company and yourselves dated 10 May 1982 ("the Loan Agreement").

(ii) Supply contract between ourselves and (The Contractor) dated the day of 198... ("the Supply Contract").

(iii) A guarantee to ourselves issued by (Name of Issuer of Guarantee) of (Address of Issuer of Guarantee) ("the Guarantor Bank").

Whereas pursuant to Clause of the supply contract the Guarantor Bank has given us a downpayment guarantee and notwithstanding we have previously instructed you by our letter dated 198... (a copy of which is attached) in the form of Appendix G (I) to the Loan Agreement that all payments from time to time falling due to be made by the Guarantor Bank to us under the said downpayment guarantee should be retained by you (to be dealt with in accordance with Clause 9.1 of the Loan Agreement) we now further instruct you that all sums of money should be paid to the Crown Agents for Overseas Governments and Administrations.

Yours faithfully

For and on behalf of
* The General Organization for Industrialization
* The Abu Zaabal Fertilizer & Chemical Company

* Delete as appropriate.

APPENDIX E (III)

To: Issuer of a Guarantee in respect of a minor contract (as defined in the Commercial Loan Agreement) and made pursuant to Paragraph 6 (III) of the United Kingdom/Egypt Loan (No. 1) 1982.

(Address)

(Dated)

*Agreement between the Government of the United Kingdom
and the Government of Egypt known as the United Kingdom/Egypt Loan (No. 1) 1982*

Whereas pursuant to Clause of the supply contract dated the day of 198... made between ourselves and (The Contractor) ("The Contractor"), you have given us your downpayment guarantee of the due fulfilment of and observance of the obligations of the contractor under the said supply contract.

We accordingly hereby irrevocably instruct you that all payments from time to time falling due to be made by you to us under the said guarantee shall be paid to the Crown Agents for Overseas Governments and Administrations whose receipt shall be a good discharge to you, *pro tanto*, of your obligations under the said guarantee.

For and on behalf of
* The General Organization for Industrialization
* The Abu Zaabal Fertilizer & Chemical Company

* Delete as appropriate.

II

*The Minister of Investment and International Cooperation Affairs
of Egypt to Her Majesty's Ambassador at Cairo*

MINISTRY OF INVESTMENT AND INTERNATIONAL COOPERATION
CAIRO

16 November 1982

Your Excellency,

I have the honour to acknowledge receipt of your Note of 16 November 1982 which reads as follows:

[*See note I*]

I have the honour to confirm that the foregoing proposals are acceptable to the Government of the Arab Republic of Egypt, and that your note and this reply constitute an agreement between our two Governments in this matter which shall enter into force today and shall be known as the United Kingdom/Egypt Loan (No. 1) 1982.

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

WAGIH SHINDY
