

No. 27051

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

**Exchange of notes constituting an agreement concerning certain commercial debts (with annex). Cairo, 30 June 1988**

*Authentic text: English.*

*Registered by the United Kingdom of Great Britain and Northern Ireland on 19 January 1990.*

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

**Échange de notes constituant un accord relatif à certaines dettes commerciales (avec annexe). Le Caire, 30 juin 1988**

*Texte authentique : anglais.*

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 19 janvier 1990.*

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE ARAB REPUBLIC OF EGYPT CONCERNING CERTAIN COMMERCIAL DEBTS (UNITED KINGDOM/ EGYPT DEBT AGREEMENT No. 1 (1988))

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I

*Her Majesty's Ambassador at Cairo to the First Under Secretary of State of the Ministry of International Co-operation of the Arab Republic of Egypt*

BRITISH EMBASSY  
CAIRO

30 June 1988

*United Kingdom/Egypt Debt Agreement No. 1 (1988)*

Sir,

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the Arab Republic of Egypt which was signed at the Conference held in Paris on 22 May 1987 and to inform Your Excellency that the Government of the United Kingdom of Great Britain and Northern Ireland is prepared to provide debt relief to the Government of the Arab Republic of Egypt on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Government of the Arab Republic of Egypt I have the honour to propose that this Note together with its Annex, and your reply to that effect shall constitute an Agreement between the two Governments in this matter which shall be known as 'the United Kingdom/Egypt Debt Agreement No. 1 (1988)' and which shall enter into force on the date of your reply.

I have the honour to convey to Your Excellency the assurance of my highest consideration.

W. J. ADAMS

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<sup>1</sup> Came into force on 30 June 1988, the date of the note in reply, in accordance with the provisions of the said notes.

## ANNEX

*Section 1. DEFINITIONS AND INTERPRETATION*

- (1) In this Annex, unless the contrary appears:
- (a) "Agreed Minute" means the Agreed Minute on the Consolidation of the Debt of the Arab Republic of Egypt which was signed at the Conference held in Paris on 22 May 1987.
- (b) "The Bank" means the Central Bank of Egypt.
- (c) "Contract" means a contract and any agreement supplemental thereto, all of which were entered into before 31 October 1986, the parties to which include a Debtor and a Creditor and which is either for the sale of goods and/or services from outside Egypt to a buyer in Egypt, or is in respect of the financing of such a sale, and which in either case granted or allowed credit to the Debtor for a period exceeding one year.
- (d) "Creditor" means a person or body of persons or corporation resident or carrying on business in the United Kingdom, or any successor in title thereto.
- (e) "Currency of the Debt" means the currency specified in the relevant Contract as being the currency in which that Debt is to be paid.
- (f) "Debt" means any debt to which, by virtue of the provisions of Section 2(1), the provisions of this Annex apply.
- (g) "Debtor" means the Government of Egypt or any public sector agencies, organisations or institutions carrying on business in Egypt or any successor in title thereto; or any person or body of persons or corporation resident or carrying on business in Egypt to whom a guarantee of payment has been extended either by the Government of Egypt or by one of the above-mentioned public sector bodies or by one of the following public sector banks: Bank Misr, National Bank of Egypt, Bank of Alexandria and Banque du Caire.
- (h) "The Department" means the Secretary of State of the Government of the United Kingdom acting through the Export Credits Guarantee Department or any other Department of the Government of the United Kingdom which that Government may subsequently nominate for the purpose thereof.
- (i) "The Government of Egypt" means the Government of the Arab Republic of Egypt.
- (j) "The Government of the United Kingdom" means the Government of the United Kingdom of Great Britain and Northern Ireland.
- (k) "Maturity" in relation to a Debt means the due date for the payment or repayment thereof under the relevant contract, or on a promissory note or bill of exchange drawn up pursuant thereto.
- (l) "Reference Rate" means
- (i) In respect of the period to 31 December 1986 a rate of 6.85 per cent in the case of Debts denominated in US dollars, 4.64 per cent in the case of Debts denominated in deutschmarks and 9.5 per cent in the case of Debts denominated in sterling; or
- (ii) In respect of the period from 1 January 1987 the arithmetic mean of the rates quoted to the Department at its request by Barclays Bank PLC, Midland Bank PLC and Lloyds Bank PLC at which six-month eurodollar deposits, in the case of Debts denominated in US dollars, six-month deutschmark deposits, in the case of Debts denominated in deutschmarks and six-month sterling deposits, in the case of Debts denominated in sterling are offered to each of these banks by prime banks in the London interbank market at 11 A.M. (London time) two business days before 31 March and 30 September in each year.
- (m) "United Kingdom" means the United Kingdom of Great Britain and Northern Ireland, and for the purposes of Sections 1(1)(d) and 7 of this Annex includes the Channel Islands and the Isle of Man.

(2) All references to interest, excluding contractual interest, shall be to interest accruing from day to day and calculated on the basis of actual days elapsed and a year of 360 days, and in the case of Debts denominated in US dollars, and 365 days, in the case of all other Debts.

(3) Where the context of this Annex so allows, words importing the singular include the plural and vice versa.

(4) Unless otherwise indicated, reference to a specified Section shall be construed as a reference to that specific Section of this Annex.

(5) The headings to the Sections are for ease of reference only.

#### *Section 2. THE DEBT*

(1) The provisions of this Annex shall, subject to the provisions of paragraph (2) of this Section and paragraph 3 of Section IV of the Agreed Minute, apply to:

- (a) Any amount of interest charged under section 4 of this Annex, such interest having accrued on or before 31 December 1986 and remaining unpaid, which interest shall be capitalised on that date as a Debt and added to those maturities falling due up to and including 31 December 1986;
- (b) Any other amount, whether of principal or of contractual interest accruing up to Maturity, owed by a Debtor to a Creditor, and which:
  - (i) Arises under or in relation to a Contract;
  - (ii) Fell due or will fall due for payment on or before 30 June 1988 and remains unpaid;
  - (iii) Is guaranteed by the Department as to payment according to the terms of the Contract;
  - (iv) Is not expressed by the terms of the Contract to be payable in Egyptian pounds; and
  - (v) Does not arise from an amount payable upon, or as a condition of, the formation of the Contract, or as a condition of the cancellation or termination of the Contract.

(2) The Department and the Bank have drawn up a list of Debts ("the Debt List") which on 21 January 1988 has an estimated value of £70,515,502.93, US\$6,758,946.88 and DM6,106,426.94 which, by virtue of the provisions of this Section, this Annex applies. The Debt List may be reviewed from time to time at the request of the Department or of the Bank, but may not be added to or amended without the agreement of both the Department and the Bank.

#### *Section 3. TRANSFER SCHEME*

The Government of Egypt shall pay to the Department, in accordance with the provisions of Section 5(1), the following:

- (a) In respect of each Debt which fell due on or before 31 December 1986; 100 per cent by ten equal and consecutive half-yearly instalments commencing on 31 December 1991;
- (b) In respect of each Debt which fell due, or will fall due, between 1 January 1987 and 30 June 1988, both dates inclusive: 100 per cent by ten equal and consecutive half-yearly instalments commencing on 31 March 1993.

#### *Section 4. INTEREST*

(1) Interest on the balance of each Debt shall be deemed to have accrued and shall accrue during, and shall be payable in respect of, the period from Maturity, or, in the case of a Debt specified in Section 2(1)(a), from 1 January 1987, until the settlement of that Debt by payment to the Department in accordance with Section 3.

(2) The Government of Egypt shall be liable for and shall pay to the Department in accordance with the provisions of Section 5(1) and of this Section interest on each Debt to

the extent that it has not been settled by payment to the Department in the United Kingdom pursuant to Section 3. Such interest shall be paid and transferred to the Department half-yearly on 31 March and 30 September each year commencing on 30 September 1988.

(3) If any amount of interest payable in accordance with the provisions of paragraph (2) of this Section is not paid on the due date for payment thereof, the Government of Egypt shall be liable for and shall pay to the Department interest on such amount of overdue interest. Such additional interest shall accrue from day to day from the due date for payment thereof in accordance with the provisions of paragraph (2) of this Section to the date on which such payment is credited to the account of the Department and shall be due and payable without further notice or demand of any kind.

(4) All interest payable in accordance with the provisions of this Section shall be paid in the Currency of the Debt at the rate of 0.5 per cent above the Reference Rate for the period in question.

#### *Section 5. PAYMENTS TO THE DEPARTMENT*

(1) As and when payments become due under the terms of Sections 3 and 4, the Bank shall:

- (a) In the first instance, draw upon the special account at the Bank of France to meet such payments, and
- (b) Arrange for the necessary amounts, without deduction for taxes, fees, other public charges or any other costs accruing inside Egypt, to be paid and transferred in the Currency of the Debt to the Department in the United Kingdom, to an account, details of which shall be notified by the Department to the Bank. In this respect the Department shall be regarded as acting as agent for each Creditor concerned.

(2) The Bank shall give the Department full particulars of the Debts and/or interest to which the transfers relate.

(3) The Government of Egypt undertakes to comply with the conditions of paragraphs 8, 9 and 10 of Section III of the Agreed Minute.

#### *Section 6. EXCHANGE OF INFORMATION*

The Department and the Bank shall exchange all information required for the implementation of this Annex.

#### *Section 7. OTHER DEBT SETTLEMENTS*

(1) The Government of Egypt undertakes to comply with the conditions of paragraphs 1 to 3 and 7 of Section III of the Agreed Minute.

(2) The provisions of paragraph (1) of this Section shall not apply to matters relating to the payment of interest determined by Section 4.

#### *Section 8. PRESERVATION OF RIGHTS AND OBLIGATIONS*

This Annex and its implementation shall not affect the rights and obligations of any Creditor or Debtor under a Contract, other than those rights and obligations in respect of which the Government of the United Kingdom and the Government of Egypt are authorised to act respectively on behalf of, and to bind, such Creditor and Debtor.

## II

*The First Under Secretary of State of the Ministry of International Co-operation  
of the Arab Republic of Egypt to Her Majesty's Ambassador at Cairo*

Cairo, 30 June 1988

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note of 30 June 1988 which reads as follows:

*[See note I]*

I have the honour to confirm that the terms and conditions set out in the Annex to your Note are acceptable to the Government of the Arab Republic of Egypt and that your Note together with its Annex and this reply constitute an Agreement between our two Governments in this matter which shall be known as 'the United Kingdom/Egypt Debt Agreement No. 1 (1988)', and which shall enter into force today.

I have the honour to convey to Your Excellency the assurance of my highest consideration.

ABDEL AZIZ ZAHWY

*[Annex as under note I]*

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