

No. 27564

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

Exchange of notes constituting an agreement concerning certain commercial debts (the United Kingdom/Somalia Debt Agreement No. 2 (1987)) (with annex). Mogadishu, 20 January 1988 and 26 January 1989

Authentic text: English.

Registered by the United Kingdom of Great Britain and Northern Ireland on 20 September 1990.

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

Échange de notes constituant un accord relatif à certaines dettes commerciales (Accord de prêt n° 2 [1987] Royaume-Uni/Somalie) [avec annexe]. Mogadishu, 20 janvier 1988 et 26 janvier 1989

Texte authentique : anglais.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 20 septembre 1990.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE DEMOCRATIC REPUBLIC OF SOMALIA CONCERNING CERTAIN COMMERCIAL DEBTS (THE UNITED KINGDOM/SOMALIA DEBT AGREEMENT No. 2 (1987))

I

*Her Majesty's Ambassador at Mogadishu to the Minister of State
for Foreign Affairs of the Democratic Republic of Somalia*

BRITISH EMBASSY
MOGADISHU

20 January 1988

Your Excellency,

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the Somali Democratic Republic which was signed at the Conference held in Paris on 22 July 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 Somali Democratic Republic on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Government of the Somali Democratic Republic, 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/Somalia Debt Agreement No. 2 (1987)" 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.

J. R. VARCOE

¹ Came into force on 26 January 1989, 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 intention appears:

(a) “Agreed Minute” means the Agreed Minute on the Consolidation of the Debt of the Somali Democratic Republic which was signed at the Conference held in Paris on 22 July 1987.

(b) “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.

(c) “Currency of the Debt” means the currency specified in the First Agreement as being the currency in which that Debt is to be paid.

(d) “Debt” means any debt to which, by virtue of the provisions of Section 2(1), the provisions of this Annex apply.

(e) “Debtor” means the Government of Somalia (whether as primary debtor or as guarantor), or any person or body of persons or corporation resident or carrying on business in Somalia, or any successor in title thereto.

(f) “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 hereof.

(g) “The First Agreement” means the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Somali Democratic Republic on Certain Commercial Debts signed on 14 August 1986.¹

(h) “The Government of Somalia” means the Government of the Somali Democratic Republic.

(i) “The Government of the United Kingdom” means the Government of the United Kingdom of Great Britain and Northern Ireland.

(j) “The Ministry” means the Ministry of Finance of Somalia.

(k) “Reference Rate” means the rate quoted to the Department by the Reference Bank (being a bank to be agreed upon by the Department and the Ministry) at which six-month sterling deposits in the case of Debts denominated in sterling, and six-month eurodollar deposits in the case of Debts denominated in US dollars, are offered to that Reference Bank by prime banks in the London interbank market at 11 AM (London time) two business days before 30 June and 31 December in each year.

(l) “United Kingdom” means the United Kingdom of Great Britain and Northern Ireland, and for the purposes of Sections 1(1)(b) and 8 of this Annex includes the Channel Islands and the Isle of Man.

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

(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 specified Section of this Annex.

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

¹ United Nations, *Treaty Series*, vol. 1505, p. 105.

Section 2

THE DEBT

(1) The provisions of this Annex shall, subject to the provisions of paragraph (2) of this Section and Section IV paragraph 3 of the Agreed Minute, apply to any amount of principal or interest payable under the First Agreement which will fall due or fell due on or before 31 December 1988 and which remains unpaid.

(2) The Department and the Ministry shall, as soon as possible, agree and draw up a list of Debts ("the Debt List") to 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 Ministry, but may not be added to or amended without the agreement of both the Department and the Ministry. Delay in the completion of the Debt List shall neither prevent nor delay the implementation of the other provisions of this Annex.

Section 3

PAYMENTS UNDER THE FIRST AGREEMENT

The provisions of the First Agreement in so far as they relate to the payment of any Debt shall cease to apply upon entry into force of this Agreement.

Section 4

TRANSFER SCHEME

The Government of Somalia shall pay to the Department in accordance with the provisions of Section 6(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; and

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

Section 5

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 the due date for payment under the First Agreement until the settlement of that Debt by payment to the Department in accordance with Section 4.

(2) The Government of Somalia shall be liable for and shall pay to the Department in accordance with the provisions of Section 6(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 4. Such interest shall be paid and transferred to the Department half-yearly on 30 June and 31 December each year commencing on 31 December 1987.

(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 Somalia 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 of receipt of the payment by 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 6

PAYMENTS TO THE DEPARTMENT

(1) As and when payments become due under the terms of Sections 4 and 5, the Government of Somalia shall:

(a) In the first instance, draw upon the special account at the Bank of Italy 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 or outside Somalia, 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 Government of Somalia. In this respect the Department shall be regarded as acting as agent for each Creditor concerned.

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

(3) The Government of Somalia undertakes to comply with the provisions of Section III paragraphs 8 and 9 of the Agreed Minute.

Section 7

EXCHANGE OF INFORMATION

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

Section 8

OTHER DEBT SETTLEMENTS

(1) The Government of Somalia undertakes to comply with the conditions of Section III paragraphs 1 to 3 and 7 of the Agreed Minute and agrees to accord to the United Kingdom terms no less favourable than those agreed with any other creditor country, notwithstanding any provision of this Annex to the contrary.

(2) The provisions of paragraph (1) of this Section shall not apply to matters relating to the payment of interest determined by Section 5.

Section 9

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 Somalia are authorised to act respectively on behalf of, and to bind, such Creditor and Debtor.

II

*The Minister of State for Foreign Affairs of the Democratic Republic of Somalia
to Her Majesty's Ambassador at Mogadishu*

MINISTRY OF FOREIGN AFFAIRS
MOGADISHU

26 January 1989

I have the honour to acknowledge receipt of Your Excellency's Note of 20 January 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 Somali Democratic Republic, and that your Note together with its Annex, and this reply, shall constitute an Agreement between our two Governments in this matter which shall be known as "the United Kingdom/Somalia Debt Agreement No. 2 (1987)" and which shall enter into force today.

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

MOHAMED ALI HAMUD

[*Annex as under note I*]
