

No. 30238

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

Exchange of notes constituting an agreement concerning certain commercial debts (The United Kingdom/Argentina debt agreement No. 5 (1992)) (with annex). London, 8 February 1993

Authentic texts: English and Spanish.

Registered by the United Kingdom of Great Britain and Northern Ireland on 30 August 1993.

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

Échange de notes constituant un accord relatif à certaines dettes commerciales [Accord n° 5 (1992) entre le Royaume-Uni et l'Argentine relatif aux dettes] (avec annexe). Londres, 8 février 1993

Textes authentiques : anglais et espagnol.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 30 août 1993.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF ARGENTINA CONCERNING CERTAIN COMMERCIAL DEBTS (THE UNITED KINGDOM/ARGENTINA DEBT AGREEMENT No. 5 (1992))

I

*The Secretary of State for Foreign and Commonwealth Affairs
to the Ambassador of the Republic of Argentina at London*

FOREIGN AND COMMONWEALTH OFFICE
LONDON

8 February 1993

Your Excellency

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the Republic of Argentina which was signed at the Conference held in Paris on 22 July 1992, and to inform Your Excellency that the Government of the United Kingdom of Great Britain and Northern Ireland are prepared to provide debt relief to the Government of the Republic of Argentina on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Government of the Republic of Argentina, I have the honour to propose that this Note together with its Annex, and your reply to that effect, shall constitute an Agreement between our two Governments in this matter which shall be known as “The United Kingdom/Argentina Debt Agreement No. 5 (1992)” 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.

A. R. MURRAY
For the Secretary of State

¹ Came into force on 8 February 1993, 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) “the Agreed Minute” means the Agreed Minute on the Consolidation of the Debt of Argentina which was signed at the Conference held in Paris on 22 July 1992;
 - (b) “Appropriate Market Rate” means the Reference Rate plus a margin of 0.5 per cent;
 - (c) “Argentina” means the Republic of Argentina;
 - (d) “the Bank” means the Banco Central de la Republica Argentina or any other institution which the Government of Argentina may nominate for the purposes of this Annex;
 - (e) “Business Day” means a day on which dealings are carried on in the London Interbank Market and (if payment is required to be made on such day) on which banks are open for domestic and foreign exchange business in London in the case of sterling and in both London and New York City in the case of US dollars;
 - (f) “the Consolidation Period” means the period from 1 July 1992 to 31 March 1995 inclusive;
 - (g) “Contract” means a contract, or any agreement supplemental thereto, entered into before 10 December 1983, the parties to which include the Debtor and a Creditor and which either was for the sale of goods and/or services from outside Argentina to a buyer in Argentina, or was for the financing of such a sale, and which in either case granted or allowed credit to the Debtor for a period exceeding one year;
 - (h) “Creditor” means a person or body of persons or corporation resident or carrying on business in the United Kingdom, the Channel Islands or the Isle of Man, or any successor in title thereto;
 - (i) “Currency of the Debt” means the currency specified in the relevant Contract or in the Previous Agreements as being the currency in which that Debt is to be paid;
 - (j) “Debt” means any Debt to which, by virtue of the provisions of Section 2(1), the provisions of this Annex apply;
 - (k) “Debtor” means the Government of Argentina or any public sector entity (as described at Article II, paragraph 1, of the Agreed Minute) whether as primary debtor or as guarantor, or any person or body of persons or corporation resident or carrying on business in Argentina or any successor in title thereto, whose contract is covered by a FEIC;
 - (l) “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;
 - (m) “FEIC” means a Foreign Exchange Risk Insurance Contract issued by the Bank;
 - (n) “Maturity” in relation to a Debt:
 - (i) specified in Section 2(1)(a) and (b) means the due date for repayment specified in the relevant Previous Agreement;
 - (ii) specified in Section 2(1)(c) means
 - (a) 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, whichever of those dates is the latest, or

- (b) where the Debt is not an obligation of the Government of Argentina whether as primary debtor or as guarantor, the final date on which the Argentine currency counterpart of the obligation is deposited by the Debtor in accordance with Section 3(1);
- (o) “Previous Agreements” means the First and Second Agreements between the Government of the United Kingdom and the Government of Argentina on Certain Commercial Debts signed on 16 February 1989¹ and 24 October 1989² respectively;
- (p) “Reference Rate” means the rate (rounded upwards where necessary to the nearest multiple of 1/16th (one sixteenth) of one per cent) quoted by the Reuters Monitor Money Rate Services (International Swap Dealers Association Interbank Rates From London) (page reference “ISDA”), for six-month eurodollar deposits, in the case of a Debt denominated in US dollars, or six-month sterling deposits, in the case of a Debt denominated in sterling or any other business currency, two Business Days before the commencement of the relevant interest period. In the event that the Reuters Monitor Money Rate Services is unavailable on the required date for any of the currencies referred to in this paragraph, the rate or rates to be applied will be the mean of the rates provided by two banks, to be agreed upon by the Department and the Bank, as the mean of the rates at which those banks are offering six-month deposits for any of the said currencies on the required date.
- (q) “the United Kingdom” means the United Kingdom of Great Britain and Northern Ireland.
- (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, in the case of Debts denominated in US dollars, and 365 days, in the case of Debts denominated in any other currency.
- (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 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 Article IV paragraphs 3, 4 and 5 of the Agreed Minute, apply to:
- (a) any amount of interest payable under the Previous Agreements falling due between 1 July 1992 and 30 June 1993 inclusive and which remains unpaid;
- (b) any amount of principal payable under the Previous Agreements falling due during the Consolidation Period and which remains unpaid; and

¹ United Nations, *Treaty Series*, vol. 1584, No. I-27648.

² *Ibid.*, vol. 1640, No. I-28182.

- (c) any other amount, whether of principal or of contractual interest accruing up to Maturity, which is owed by a Debtor to a Creditor and which:
- (i) arises under or in relation to a Contract;
 - (ii) is guaranteed by the Department as to payment according to the terms of the Contract;
 - (iii) is not expressed by the terms of the Contract to be payable in Argentine currency;
 - (iv) is not an amount of:—
 - (a) interest falling due between 1 July 1993 and 31 March 1995 inclusive and payable under either of the Previous Agreements, or
 - (b) principal or interest payable under either of the Agreements between the Government of the United Kingdom and the Government of Argentina on Certain Commercial Debts signed on 18 December 1990¹ and 17 March 1992² respectively;
 - (v) does not arise from an amount payable upon or as a condition of the cancellation or termination of the Contract; and
 - (vi) falls due for payment during the Consolidation Period and remains unpaid.
- (2) The Department and the Bank shall, as soon as possible, agree and draw up a list of Debts ("the Debt List") to which this Annex shall apply. 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. 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 in Argentine currency in respect of Debts

- (1) Any deposit made with the Bank by a Debtor in respect of any Debt covered by a FEIC shall be made through a financial entity in Argentina authorised to deal in foreign currency. Subject to the Debtor authorising the Bank to apply such deposit for payment of any Debt the Government of Argentina shall ensure that on maturity of the FEIC such deposit is converted into the Currency of the Debt and that the resulting sum is transferred to the Department in accordance with the provisions of Section 7 to settle such Debt.
- (2) Deposits shall be deemed to have been made in respect of each Debt on the due date for payment thereof where such Debt is owed by the Government of Argentina as primary or principal Debtor or as guarantor.
- (3) The Government of Argentina undertakes to comply with the conditions of Article III paragraphs 8 and 9 of the Agreed Minute. In particular, the Government of Argentina undertakes that if a Debtor fails to fully discharge his obligation to the Bank under the related FEIC, the Bank will authorise immediate payment of the Debt to the Department together with late interest payable under Section 6.

¹ United Nations, *Treaty Series*, vol. 1656, No. I-28503.

² *Ibid.*, vol. 1728, No. I-30161.

SECTION 4

Payments under the Previous Agreements

The provisions of the Previous Agreements insofar as they relate to the payment of any Debt shall cease to apply upon the entry into force of this Agreement.

SECTION 5

Payment of Debt

The Government of Argentina shall pay to the Department in accordance with the provisions of Section 7(1), all the Debts specified in section 2(1) in each case on the following dates and in the following percentages:

<i>Repayment date</i>	<i>Percentage to be repaid</i>
15 May 1996	0·50
15 November 1996	0·50
15 May 1997	1·00
15 November 1997	1·00
15 May 1998	1·50
15 November 1998	1·50
15 May 1999	1·80
15 November 1999	1·80
15 May 2000	2·50
15 November 2000	2·50
15 May 2001	2·80
15 November 2001	2·80
15 May 2002	3·00
15 November 2002	3·00
15 May 2003	3·80
15 November 2003	3·80
15 May 2004	4·80
15 November 2004	4·80
15 May 2005	5·80
15 November 2005	5·80
15 May 2006	6·80
15 November 2006	7·00
15 May 2007	7·80
15 November 2007	7·80
15 May 2008	7·80
15 November 2008	7·80

SECTION 6

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, until the settlement of that Debt by payment to the Department.

(2) The Government of Argentina shall be liable for and shall pay to the Department in accordance with the provisions of Section 7(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 5. Such interest shall be paid to the Department first on 15 February 1993 and then half-yearly on 15 May and 15 November (the “Due Dates”) each year.

(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, the Government of Argentina shall compensate the Department for any amount of interest outstanding. Such compensation shall be in addition to the interest payable under paragraph (2) of this Section. It shall accrue and be payable on the outstanding amount of overdue interest from day to day from the Due Date 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 without further notice or demand. Such compensation shall be calculated in accordance with the provisions of paragraph (4) of this Section.

(4) All interest and compensation payable in accordance with the provisions of this Section shall be paid at the Appropriate Market Rate applicable to each half-yearly interest period commencing with the half-yearly interest period within which the Maturity of the Debt concerned occurs.

SECTION 7

Payments to the Department

(1) When payment becomes due under the terms of Section 5 or 6, the Bank shall arrange for the necessary amounts, without deduction of taxes, fees, other public charges or any other costs accruing outside the United Kingdom, to be paid in the Currency of the Debt to an account notified by the Department to the Bank.

(2) If the day on which such a payment falls due is not a Business Day payment shall be made on the nearest Business Day.

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

SECTION 8

Exchange of Information

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

SECTION 9

Other Debt Settlements

(1) The Government of Argentina undertakes to perform its obligations under Article III of the Agreed Minute and agrees to accord to the United Kingdom terms no less favourable

than those agreed with any other creditor, 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 6.

SECTION 10

Preservation of Rights and Obligations

This Annex and its implementation shall not affect the rights or 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 Argentina are authorised to act respectively on behalf of and to bind such Creditor and Debtor.

SECTION 11

Release of Guarantee

Where the Government of Argentina has assumed responsibility for the transfer of any deposit made in accordance with Section 3(1) in respect of any Debt which is guaranteed by a guarantor resident in Argentina, and when that guarantor has requested the relevant Creditor to release him from his guarantee, the Department shall advise that Creditor that it does not object to his release of that guarantor from that proportion of his guarantee which the deposit bears to the outstanding Debt.

SECTION 12

Conditionality

Unless the Department otherwise agrees, this Annex shall continue to apply in the same way as the Agreed Minute. In particular, the conditions referred to in Article IV paragraphs 3, 4 and 5 of the Agreed Minute shall apply to this Annex in the same way as they apply to the Agreed Minute. If this Annex ceases to apply as a result of the non-fulfilment of one of the above conditions, all payments shall be due according to the original contracts or according to the payment schedules established in the Previous Agreements.

[TRANSLATION¹ — TRADUCTION²]

ARGENTINE EMBASSY
LONDON

8 February 1993

Your Excellency

I have the honour to acknowledge receipt of Your Excellency's Note of 8 February 1993 which in translation reads as follows:

[*See note I*]

[*Annex as under 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 Republic of Argentina, 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/Argentina Debt Agreement No. 5 (1992)" and which shall enter into force today.

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

MARIO CAMPORA

¹ Translation supplied by the Government of the United Kingdom.

² Traduction fournie par le Gouvernement du Royaume-Uni.