

**AGREEMENT ON CONSOLIDATION OF DEBTS BETWEEN THE
GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE
GOVERNMENT OF THE REPUBLIC OF FRANCE PURSUANT TO THE
AGREED MINUTE OF THE PARIS CLUB DATED JANUARY 22, 1987.**

The Government of the Republic of the Philippines (hereafter referred to as the Philippine Government) and the Government of the Republic of France (hereafter referred to as the French Government) in order to give effect to the recommendations of the Agreed Minute of the meeting within the framework of the Paris Club on January 22, 1987 have agreed as follows :

TERMS OF THE CONSOLIDATION

**ARTICLE I
(DEBTS CONCERNED)**

1. The consolidated debt of the Philippines to France covered by this Agreement is made up of instalments of principal and interest of :

a) commercial credits having an original maturity of more than one year, guaranteed by the Compagnie Francaise d 'Assurance pour le Commerce Exterieur (COFACE), pursuant to a contract or other financial arrangement concluded before April 1, 1984, extended to the Philippine Government or to one of its agencies, organizations or institutions, or covered by a guarantee of payment of the Philippine Government or one of its agencies, organizations or institutions.

b) loans by the French Government or its appropriate institutions having an original maturity of more than one year, concluded before April 1, 1984, extended to the Philippine Government or to one of its agencies, organizations or institutions, or covered by a guarantee of payment of the Philippine Government or one of its agencies, organizations or institutions.

2. The present consolidation will apply to the amounts of principal and interest due from January 1, 1987 up to June 30, 1988 inclusive, and not paid, on the credits and loans mentioned in paragraph 1 above.

3. The total amount of the maturities referred to in paragraph 2 above is estimated at the date of this Agreement, at 200,062,892.87 French Francs, and at 11,033,123.62 American Dollars :

- 190,286,741.24 French Francs and 11,033,123.62 American Dollars as regards maturities falling due from January 1, 1987 up to June 30, 1988 inclusive on credits referred to in paragraph 1 a) above (Annex 1) ;

- 9,776,151.63 French Francs, as regards maturities falling due from January 1, 1987 up to June 30, 1988 inclusive on loans referred to in paragraph 1 b) above (Annex 2).

In case of a mutually acknowledged error of estimation, the amounts so estimated shall be modified by the Parties hereto.

The annexes will form an integral part of this Agreement.

4. In the event of any amendment being made after March 31, 1984 to the contracts concerning the maturities referred to above, resulting in the increase of debt commitments of the Philippines towards France, such new commitments would not be covered by the provisions of this Agreement.

5. This Agreement shall in no way affect rights and obligations under the common law or under commitments undertaken by the Parties in the contracts referred to above, except for the provisions set forth in Article V, paragraphs 3 and 5 hereafter.

ARTICLE II (REFINANCING)

The debts of the Philippines mentioned in paragraph 2 of Article I shall be refinanced on the following terms:

A) From the entry into force of this Agreement and not later than two months after its signature, the Central Bank of the Philippines shall provide the Banque de France with a statement of the maturities of principal and of interest falling due between January 1, 1987 and the date of this Agreement and not paid, as well as a provision corresponding to 30 % of these maturities of interest or the documentary evidence of these 30 % of interest which might have been paid before the entry into force of this Agreement. The Central Bank of the Philippines shall provide, at the same time, the relevant instructions to pay and the names of the payees as well as their bankers, with a breakdown for the principal and the interest. The maturities relating to Government loans on the one hand, and the maturities relating to guaranteed commercial credits on the other hand, shall be listed on separate statements.

As regards the maturities of principal and of interest falling due between the date of this Agreement and June 30, 1988 inclusive, the Central Bank of the Philippines shall provide the Banque de France, on the 15th of each month at the latest, with a statement of the maturities of principal and interest due as of the previous month, and a provision of 30 % of these maturities of interest together with the relevant instructions to pay and the names of the payees, as well as their bankers, with a breakdown for the principal and the interest. The maturities relating to Government loans on the one hand, and the maturities relating to guaranteed commercial credits on the other hand, shall be listed on separate statements.

B) In order to enable the payment in favour of creditors to be made, the Banque de France (acting as the authorized agent of the French Government), shall extend on its books to the Central Bank of the Philippines (acting as the authorized agent of the Philippine Government), a loan equal to 100 % of the amounts of principal and 70 % of the amounts of interest mentioned on the statements referred to above.

The Banque de France shall forthwith debit the amount of these loans to the account of the Central Bank of the Philippines (acting as the authorized agent of the Philippine Government) and shall credit with the corresponding sums the French banks and institutions concerned.

C) In order to simplify the proceedings, the Parties agree that Annexes 1 and 2 to this Agreement, duly approved and signed by them, shall be considered as the