

**AGREEMENT ON CONSOLIDATION OF DEBTS THE GOVERNMENT
OF THE REPUBLIC OF THE PHILIPPINES AND THE GOVERNMENT
OF THE REPUBLIC OF FRANCE**

The Government of the Republic of the Philippines and the Government of France in order to give effect to the recommendations of the Agreed Minute of the Paris Club on December 20, 1984 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 maturities of principal and interest of:

a) commercial credits guaranteed by the Compagnie Francaise d'Assurance pour le Commerce Extérieur (COFACE), pursuant to a contract or other financial arrangement having an original maturity of more than one year concluded before April 1, 1984;

b) loans by the French Government or its appropriate institutions having an original maturity of more than one year and concluded before April 1, 1984.

2. The refinancing will apply to the amounts of principal and interest due from January 1, 1985 up to June 30, 1986 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 260,419,383.85 French Francs, and at 12,395,794.50 US dollars.

- 252,308,313.35 French Francs and 12,395,794.50 US dollars as regards maturities falling due from January 1, 1985 up to June 30, 1986 inclusive on credits referred to in paragraph 1 a) above (annex 1);

- 8,111,070.50 French francs, as regards maturities falling due from January 1, 1985 up to June 30, 1986 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 within a two month period from the signature of this Agreement.

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 above, resulting in the increase of the Philippine's commitments 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.

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 interest falling due between January 1, 1985 and the date of this agreement and not paid, as well as a provision corresponding to 13,33% of these maturities of interest or the documentary evidence of these 13,33 % 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 and the maturities relating to guaranteed commercial credits shall be listed on separate statements.

As regards the maturities of principal and interest falling due between the date of this agreement and June 30, 1986 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 13,33 % 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 and the maturities relating to guaranteed commercial credits 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 borrower with the guarantee of the Government of the Philippines :

- a loan equal to 100 % of the amounts of principal and 60 % of the amounts of interest mentioned on the statements referred to above.
- an additional loan equal to 26,67% of the amounts of interest mentioned on these statements.

The Banque de France shall forthwith debit the amount of these loans to the account of the Central Bank of the Philippines, acting as borrower with the guarantee of the Government of the Philippines, shall send the instructions to

pay for execution to the French banks and institutions concerned and shall credit them with the appropriate sums.

C) In order to simplify the proceedings, the Parties agree that Annexes 1 and 2, duly approved and signed by them, shall be considered as the relevant instructions to pay and statements mentioned above.

ARTICLE III (Repayment)

The Central Bank of the Philippines, with the guarantee of the Government of the Philippines, shall repay the loans extended by the French Government according to article II above as follows:

a) as regards the loans corresponding to 100 % of the consolidated maturities in principal and 60 % of the maturities of interest, in 10 equal and successive semi-annual payments, the first payment to be made on March 15, 1991 and the final payment on September 15, 1995 ;

b) as regards the additional loans corresponding to 26.67 % of the consolidated maturities of interest in 2 equal and successive annual payments, the first payment to be made on September 15, 1986, and the second and final payment on September 15, 1987.

ARTICLE IV

1. The amounts of principal and interest due as at December 31, 1984 and unpaid on the credits mentioned in paragraph 1a) of Article I above will be repaid directly to the COFACE according to the following schedule :

- 25 % on June 15, 1985 ;
- 25 % on December 15, 1985 ;
- 50 % on June 15, 1986.

2. The corresponding sums are estimated on the date of the present agreement at 212,813,871.05 French francs and 7,590,867.96 US dollars (annex 3) In case of a mutually acknowledged error of estimation, these amounts will be modified by the Parties hereto within a two month period from the signature of this Agreement.

3. On these arrears on credits guaranteed by the COFACE, interest will be due from the original contractual dates until the repayment dates mentioned in paragraph 1) above. This interest will be calculated and paid according to the relevant provisions of Article VI.

4. The COFACE, as the authorized agent of the French Government, and the Central Bank of the Philippines shall carry out the provisions of this Article.