

No. 30019

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND**
and
RUSSIAN FEDERATION
(ON BEHALF OF THE VNESHECONOMBANK)

Exchange of notes constituting an agreement concerning the deferral of the debt of the Union of Soviet Socialist Republics and its successors to foreign official creditors (with annex). London, 5 June 1992

Authentic text: English.

Registered by the United Kingdom of Great Britain and Northern Ireland on 24 May 1993.

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD**
et
FÉDÉRATION DE RUSSIE
(AU NOM DE LA VNESHECONOMBANQUE)

Échange de notes constituant un accord en vue de différer le paiement de la dette de l'Union des Républiques socialistes soviétiques et de ses successeurs aux créanciers officiels étrangers (avec annexe). Londres, 5 juin 1992

Texte authentique : anglais.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 24 mai 1993.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE VNESHECONOMBANK OF THE USSR (ACTING AS DEBT MANAGER) CONCERNING THE DEFERRAL OF THE DEBT OF THE UNION OF SOVIET SOCIALIST REPUBLICS AND ITS SUCCESSORS TO FOREIGN OFFICIAL CREDITORS

I

*The Secretary of State for Foreign and Commonwealth Affairs
to the Deputy Managing Director of Vnesheconombank of the USSR*

FOREIGN AND COMMONWEALTH OFFICE
LONDON

5 June 1992

Sir,

I refer to the Agreement on the Deferral of the Debt of the Union of Soviet Socialist Republics (USSR) and its Successors, to Foreign Official Creditors which was signed in Paris on 4 January 1992, and inform you that the Government of the United Kingdom of Great Britain and Northern Ireland are prepared to provide debt relief on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to you I propose that this Note together with its Annex, and your reply to that effect, shall constitute an Agreement between the Government of the United Kingdom, on the one side, and the Vnesheconombank of the USSR as the Debt Manager on the other side, and which shall enter into force on the date of your reply.

I avail myself of this opportunity to renew to you, sir, the assurance of my highest consideration.

For the Secretary of State,
K. TEBBIT

¹ Came into force on 5 June 1992, the date of the note in reply, in accordance with the provisions of the said notes.

ANNEX

SECTION I

Definitions and Interpretation

- (1) In this Annex, unless the contrary intention appears:
- (a) “ the Agreement ” means the Agreement on the Deferral of the Debt of the Union of Soviet Socialist Republics (USSR) and its Successors to Foreign Official Creditors which was signed in Paris on 4 January 1992 ;
 - (b) “ Appropriate Market Rate ” means the Reference Rate plus a margin of 0.5 per cent;
 - (c) “ 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 european currency units, in both London and Frankfurt in the case of deutschemarks, in both London and Zurich in the case of swiss francs, and in both London and New York City in the case of US dollars;
 - (d) “ Contract ” means a contract, or any agreement supplemental thereto, the parties to which include the Original Debtor and a Creditor and which either was for the sale of goods and/or services from outside the USSR to a buyer in the USSR, or was for the financing of such a sale, and which either:
 - (i) granted or allowed credit for a period exceeding one year
 - or
 - (ii) granted or allowed credit for a period of one year or less;
 - (e) “ Creditor ” means a person or body of persons or corporation, resident or carrying on business in the United Kingdom, including the Channel Islands and the Isle of Man, or any successor in title thereto;
 - (f) “ Currency of the Debt ” means any currency specified in the relevant Contract as being the currency in which that Debt is to be paid.
 - (g) “ Debt ” means any debt to which, by virtue of the provisions of Section 2(1), the provisions of this Annex apply;
 - (h) “ the Debt Manager ” means the Vnesheconombank of the USSR acting on behalf of the signatory States for the time being bound by the Memorandum of Understanding of 28 October 1991 on the Debt to Foreign Creditors of the Union of Soviet Socialist Republics and its Successors hereinafter referred to as “ the Debtors ”;
 - (i) “ the Deferral Period ” means the period from 5 December 1991 to 31 December 1992 inclusive;
 - (j) “ 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;
 - (k) “ Maturity ” in relation to a Debt specified in Section 2 means the due date for the repayment thereof under the relevant Contract or on a promissory note or bill of exchange drawn up pursuant thereto;

- (l) “Original Debtor” means the Government of the Union of Soviet Socialist Republics (whether as primary debtor or as guarantor), or other entities legally authorised to enter into Contracts, or any successor in title thereto;
- (m) “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 six-month european currency unit deposits in the case of a Debt denominated in european currency units, or six-month deutschemark deposits in the case of a Debt denominated in deutschemarks, or six-month swiss franc deposits in the case of a Debt denominated in swiss francs, 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 Debt Manager, 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.
- (n) “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, or 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

Deferred Debt

- (1) The provisions of this Annex shall, subject to the provisions of paragraph (2) of this Section and Article V of the Agreement, apply to any amount of principal accruing up to Maturity, owed by the Original Debtor to a Creditor and which:
- (a) arises under or in a relation to a Contract entered into prior to 1 January 1991;
- (b) is guaranteed by the Department as to payment according to the terms of the Contract;
- (c) is not expressed by the terms of the Contract to be payable in Roubles;
- (d) does not arise from an amount payable upon or as a condition of the cancellation or termination of the Contract; and