

No. 30684

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

Exchange of notes constituting an agreement concerning certain commercial debts (The United Kingdom/Nicaragua Debt Agreement No. 1 (1991) (with annex). Managua, 22 February 1993

Authentic texts: English and Spanish.

Registered by the United Kingdom of Great Britain and Northern Ireland on 18 February 1994.

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

Échange de notes constituant un accord concernant certaines dettes commerciales [Accord n° 1 (1991) entre le Royaume-Uni et le Nicaragua en matière de dette] (avec annexe). Managua, 22 février 1993

Textes authentiques : anglais et espagnol.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 18 février 1994.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF NICARAGUA CONCERNING CERTAIN COMMERCIAL DEBTS (THE UNITED KINGDOM/NICARAGUA DEBT AGREEMENT No. 1 (1991))

I

*Her Majesty's Ambassador at Managua
to the Minister of External Co-operation of Nicaragua*

BRITISH EMBASSY
MANAGUA

22 February 1993

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the Republic of Nicaragua which was signed at the Conference held in Paris on 17 December 1991, 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 Nicaragua 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 Nicaragua, 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/Nicaragua Debt Agreement No. 1 (1991)' 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.

JOHN CULVER

¹ Came into force on 22 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 the Republic of Nicaragua which was signed at the Conference held in Paris on 17 December 1991;
 - (b) “Appropriate Market Rate” means the Reference Rate plus a margin of 0.5 per cent;
 - (c) “the Bank” means the Central Bank of Nicaragua or any other institution which the Government of Nicaragua may nominate for the purposes of this Annex;
 - (d) “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;
 - (e) “the Consolidation Period” means the period from 1 January 1992 to 31 March 1993;
 - (f) “Contract” means a contract, or any agreement supplemental thereto, the parties to which include a Debtor and a Creditor and which either was for the sale of goods and/or services from outside Nicaragua to a buyer in Nicaragua, or was for the financing of such a sale, and which either:
 - (i) granted or allowed credit for a period exceeding one year and was entered into before 1 November 1988, or
 - (ii) granted or allowed credit for a period of one year or less and was entered into before 17 December 1991;
 - (g) “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;
 - (h) “Currency of the Debt” means the currency specified in the relevant Contract as being the currency in which that Debt is to be paid;
 - (i) “Debt” means any debt to which, by virtue of the provisions of Section 2(1), the provisions of this Annex apply;
 - (j) “Debtor” means either:-
 - (i) the Government of Nicaragua, its public sector or the Bank (whether acting as primary debtor or as guarantor) or
 - (ii) any other person or corporation resident or carrying on business in Nicaragua;
 - (k) “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;
 - (l) “Maturity” in relation to a Debt:
 - (i) specified in Section 2(1)(a) means 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;
 - (ii) specified in Section 2(1)(b)(i) means 31 December 1991;

- (iii) specified in Section 2(1)(b)(ii) means the relevant date of capitalisation specified in Section 4(3); or
 - (iv) specified in Section 2(1)(c) means the date on which the Nicaraguan Cordoba counterpart of the obligation is deposited by a Debtor with the Bank.
 - (m) “Nicaragua” means the Republic of Nicaragua;
 - (n) “Reference Rate” means the rate (rounded upwards where necessary to the nearest multiple of $\frac{1}{16}$ (one sixteenth) of one per cent) quoted to the Department by a bank to be agreed upon by the Department and the Ministry as the rate at which that bank is offering 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, in the London Interbank Market at 11am (London time) two Business Days before the commencement of the relevant interest period;
 - (o) “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 sterling.
- (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 paragraph 3 of the Agreed Minute, apply to:
- (a) any amount whether of principal or of contractual interest accruing up to Maturity owed by a Debtor as specified in Section 1(1)(j)(i) to a Creditor and which:
 - (i) was guaranteed by the Department as to payment according to the terms of the Contract;
 - (ii) was not expressed by the terms of the Contract to be payable in Nicaraguan Cordoba;
 - (iii) does not arise from an amount payable upon or as a condition of the cancellation or termination of the Contract;
 - (iv) arose under or in relation to a Contract specified either in
 - (a) Section 1(1)(f)(i) and which has fallen due for payment on or before 31 December 1991 and remains unpaid, or falls due for payment during the Consolidation Period and remains unpaid;
- or