



Treaty Series No. 17 (1990)

Exchange of Notes

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Government of the Polish People's Republic

concerning Certain Commercial Debts

(The United Kingdom/Poland Debt Agreement No. 4 (1987))

Warsaw, 27 October 1989

[The Exchange of Notes entered into force on 27 October 1989]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
February 1990*

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**EXCHANGE OF NOTES
BETWEEN THE GOVERNMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
AND THE GOVERNMENT OF THE POLISH PEOPLE'S REPUBLIC
CONCERNING CERTAIN COMMERCIAL DEBTS
(THE UNITED KINGDOM/POLAND DEBT AGREEMENT NO. 4 (1987))**

No. 1

*Her Majesty's Ambassador at Warsaw to the Director of the International Department of
the Ministry of Finance of Poland*

*British Embassy
Warsaw
27 October 1989*

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the Polish People's Republic which was signed in Paris on 16 December 1987, and to inform you that the Government of the United Kingdom of Great Britain and Northern Ireland is prepared to provide debt relief to the Government of the Polish People's Republic on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Government of the Polish People's Republic, 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/Poland Debt Agreement No. 4 (1987)', and which shall enter into force on the date of your reply.

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

STEPHEN J BARRETT

ANNEX

SECTION 1

Definitions and Interpretation

- (1) In this Annex, unless the contrary intention appears:
- (a) "Agreed Minute" means the Agreed Minute on the Consolidation of the Debt of the Polish People's Republic which was signed in Paris on 16 December 1987;
 - (b) "the Bank" means Bank Handlowy W Warszawie SA;
 - (c) "Contract" means a contract, or any agreement supplemental thereto, all of which were entered into before 1 January 1984, the parties to which include a Debtor and a Creditor and which is either for the sale of goods and/or services from outside Poland to a buyer in Poland, or is in respect of the financing of such a sale, and which in either case granted or allowed credit to the Debtor for a period exceeding one year;
 - (d) "Creditor" means a person or body of persons or corporation resident or carrying on business in the United Kingdom, or any successor in title thereto;
 - (e) "Currency of the Debt" means the currency specified in the relevant Contract or in the First, Second or Third Agreements as being the currency in which that Debt is to be paid;
 - (f) "Debt" means any debt to which, by virtue of the provisions of Section 2(1), the provisions of this Annex apply;
 - (g) "Debtor" means the Government of Poland (whether as primary debtor or as guarantor), or any person or body of persons or corporation resident or carrying on business in Poland, or any successor in title thereto;

- (h) "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;
 - (i) "the First Agreement" means the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Polish People's Republic on Certain Commercial Debts signed on 2 July 1981¹ and amended by an Exchange of Notes dated 15 October 1985², and the related bridging finance arranged in 1981;
 - (j) "the Government of Poland" means the Government of the Polish People's Republic;
 - (k) "the Government of the United Kingdom" means the Government of the United Kingdom of Great Britain and Northern Ireland;
 - (l) "Maturity" in relation to a Debt specified in Section 2(1)(a) means 31 December 1987; to a Debt specified in 2(1)(b) means 31 March 1987; to a Debt specified in Section 2(1)(c), (d) and (e) means the due date for repayment thereunder or 31 December 1987 whichever be the later, or, to a Debt specified in Section 2(1)(f) 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;
 - (m) "Reference Rate" means the arithmetic mean (rounded upwards where necessary to the nearest multiple of 1/16th (one sixteenth) of one per cent) of the rates quoted to the Department by National Westminster Bank PLC, Lloyds Bank PLC, Midland Bank PLC and Barclays Bank PLC at which six-month sterling deposits in the case of Debts denominated in sterling and six-month eurodollar deposits, in the case of Debts denominated in US dollars are offered to the Reference Banks by prime banks in the London interbank market at 11am (London time) two business days before the commencement of the relevant interest period in each year;
 - (n) "the Second Agreement" means the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Polish People's Republic on Certain Commercial Debts signed on 30 November 1985³;
 - (o) "the Third Agreement" means the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Polish People's Republic on Certain Commercial Debts signed on 7 August 1986⁴;
 - (p) "United Kingdom" means the United Kingdom of Great Britain and Northern Ireland, and for the purposes of Sections 1(1)(d) and 8 includes the Channel Islands and the Isle of Man.
- (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 365 days, in the case of Debts denominated in sterling, and 360 days in the case of Debts denominated in US dollars.
- (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 specified 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, apply to:
- (a) any amount of interest charged under Section 5 (1) such interest having accrued on or before 31 December 1987 and remaining unpaid;
 - (b) 50 per cent of the amounts of principal or interest payable under the First Agreement which fell due on or before 31 March 1987 and remains unpaid;

¹Treaty Series No. 68 (1981), Cmnd 8374.

²Treaty Series No. 47 (1986), Cmnd 9889.

³Treaty Series No. 48 (1986), Cmnd. 9886.

⁴Treaty Series No. 15 (1987), Cm 105.

- (c) any amount of principal or interest payable under the First Agreement which fell due or will fall due between 1 April 1987 and 31 December 1988, both dates inclusive, and remains unpaid;
 - (d) any amount of principal or interest payable under the Second Agreement which fell due or will fall due on or before 31 December 1988 and remains unpaid;
 - (e) any amount of principal or interest payable under the Third Agreement which fell due or will fall due on or before 31 December 1988 and remains unpaid; and
 - (f) any other amount, whether of principal or of contractual interest accruing up to Maturity, owed by a Debtor to a Creditor, and which:
 - (i) arises under or in relation to a Contract;
 - (ii) fell due or will fall due for payment on or before 31 December 1988 and remains unpaid;
 - (iii) is guaranteed by the Department as to payment according to the terms of the Contract; and
 - (iv) is not expressed by the terms of the Contract to be payable in Polish Zloty.
- (2) The Department and the Bank shall, as soon as possible, agree and draw up a list of Debts ("the Debt List") to which, by virtue of the provisions of this Section, this Annex applies. 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.
- (3) The provisions of this Annex shall not apply to any amount payable upon, or as a condition of, the formation of a Contract, or as a condition of the cancellation or termination of a Contract.

SECTION 3

Payments under the First, Second and Third Agreements

The provisions of the First, Second and Third Agreements in so far as they relate to the payment of any Debt shall cease to apply upon entry into force of this Agreement.

SECTION 4

Transfer Scheme

The Government of Poland shall pay to the Department in accordance with the provisions of Section 6(1), 100 per cent of each Debt by 10 equal and consecutive half-yearly instalments commencing on 30 June 1993.

SECTION 5

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 in accordance with Section 4.
- (2) The Government of Poland shall be liable for and shall pay to the Department in accordance with the provisions of Section 6(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 4. For any Debt specified in Section 2(1)(c), (d), (e) and (f) which fell due or will fall due between 1 January 1988 and 31 December 1988, both dates inclusive, the Government of Poland shall be liable to pay during 1988 interest on 30 June 1988 and 31 December 1988 but subject to the provisions of paragraph (3) of this Section may defer payment of the sums due until 31 March 1989. Thereafter such interest due shall be paid to the Department half-yearly on 30 June and 31 December each year commencing on 30 June 1989. For all other Debts specified in Section 2(1), interest shall be payable to the Department half-yearly on 30 June and 31 December each year commencing 30 June 1988.

(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 for payment thereof, the Government of Poland shall be liable for and shall pay to the Department interest on such amount of overdue interest. Such additional interest shall accrue from day to day from the due date for payment thereof 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 and payable without further notice or demand of any kind.

(4) All interest payable in accordance with the provisions of this Section shall be paid at the rate of 0.5 per cent above the Reference Rate applicable to each six-monthly interest period commencing from Maturity of the Debt concerned.

SECTION 6

Payments to the Department

(1) As and when payments become due under the terms of Sections 4 and 5, the Bank shall arrange for the necessary amounts, without deduction for taxes, fees, other public charges or any other costs accruing inside Poland, to be paid in the Currency of the Debt to the Department in the United Kingdom to an account, details of which shall be notified by the Department to the Bank. In this respect the Department shall be regarded as acting as agent for each Creditor concerned.

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

SECTION 7

Exchange of Information

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

SECTION 8

Other Debt Settlements

(1) The Government of Poland undertakes to comply with the conditions of Section III paragraphs 1 to 3 and 7 of the Agreed Minute and agrees to accord to the Government of the United Kingdom terms no less favourable than those agreed with any other creditor country, 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 5.

SECTION 9

Preservation of Rights and Obligations

The Department shall ensure that the claims and amounts in respect of Debts referred to in this Agreement shall not be asserted by United Kingdom creditors against the Polish debtors during the term of validity of this Agreement. In all other respects, the contracts between the United Kingdom creditors and the Polish debtors shall be affected only as provided for in this Agreement, the First Agreement, the Second Agreement and the Third Agreement.

No. 2

*The Director of the Foreign Department of the Ministry of Finance of the
Polish People's Republic to Her Majesty's Ambassador at Warsaw*

*Ministry of Finance
Warsaw*

27 October 1989

Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note of October 27, 1989 which reads as follows:

[As in No. 1]

[Annex as in No. 1]

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 Polish People's Republic, and that your Note together with its Annex, and this reply, shall constitute an Agreement between our two Governments which shall be known as 'The United Kingdom/Poland Debt Agreement No. 4 (1987)' and which shall enter into force today.

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

WLADYSLAW CZULNO



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