



Treaty Series No. 21 (1991)

Exchange of Notes

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Government of the United Republic of Tanzania

concerning Certain Commercial Debts

(The United Kingdom/Tanzania Debt Agreement No. 2 (1988))

Dar es Salaam, 26 June 1990

[The Agreement entered into force on 26 June 1990]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
April 1991*

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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 UNITED REPUBLIC OF TANZANIA
CONCERNING CERTAIN COMMERCIAL DEBTS
(THE UNITED KINGDOM/TANZANIA DEBT AGREEMENT No. 2 (1988))**

No. 1

*The United Kingdom High Commissioner at Dar es Salaam to the Principal Secretary of the
Ministry of Finance of the United Republic of Tanzania*

*British High Commission
Dar es Salaam
26 June 1990*

Dear Principal Secretary,

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the United Republic of Tanzania which was signed at the Conference held in Paris on 13 December 1988, 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 United Republic of Tanzania on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Government of the United Republic of Tanzania, 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/Tanzania Debt Agreement No. 2 (1988)" 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.

THOROLD MASEFIELD

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 United Republic of Tanzania which was signed at the Conference in Paris on 13 December 1988;
 - (b) "the Bank" means the Bank of Tanzania;
 - (c) "Contract" means a contract, and any agreement supplemental thereto, entered into before 30 June 1986, the parties to which include a Debtor and a Creditor and which is either for the sale of goods and/or services from outside Tanzania to a buyer in Tanzania 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 First Agreement or the relevant Contract 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 Tanzania (whether as primary debtor or as guarantor) or any person or body of persons or corporation resident or carrying on business in Tanzania 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 purposes hereof;
 - (i) "the First Agreement" means the Agreement between the Government of the United Kingdom and the Government of Tanzania on Certain Commercial Debts signed on 8 August 1987;
 - (j) "the Government of Tanzania" means the Government of the United Republic of Tanzania;
 - (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 the due date for repayment thereunder, or, to a Debt specified in Section 2(1)(b) means the due date for 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 rate quoted to the Department by a bank to be agreed upon by the Department and the Bank at which six-month sterling deposits, in the case of Debts denominated in sterling or any currency other than US dollars, and six-month eurodollar deposits, in the case of Debts denominated in US dollars, are offered to that bank by prime banks in the London interbank market at 11 am (London time) two business days before the commencement of the relevant interest period in each year;
 - (n) "United Kingdom" means the United Kingdom of Great Britain and Northern Ireland, and for the purposes of Section 1(1)(d) 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 or any currency other than US dollars, or 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 and Article IV paragraph 3 of the Agreed Minute, apply to any amount which fell due on or before 30 June 1989 which is:
- (a) either principal or interest payable under the First Agreement and which remains unpaid; or
 - (b) either principal or contractual interest accruing up to Maturity, owed by a Debtor to a Creditor which:
 - (i) arises under or in relation to a Contract;
 - (ii) is guaranteed by the Department as to payment according to the terms of the Contract;
 - (iii) is not expressed by the terms of the Contract to be payable in Tanzanian shillings; and
 - (iv) does not arise from an amount payable upon or as a condition of the cancellation or termination of the Contract.

(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.

SECTION 3

Payments under the First Agreement

The provisions of the First Agreement insofar as they relate to the payment of any Debt shall cease to apply upon entry into force of this Agreement.

SECTION 4

Payments in Tanzanian Shillings in Respect of Debts

Where a Debtor other than the Government of Tanzania has made a payment to the Government of Tanzania in Tanzanian shillings in respect of any Debt, then the payment of such Debt shall become the obligation of the Government of Tanzania:

- (a) upon entry into force of the Agreement, of which this Annex forms a part, where the payment was made before such entry into force, and
- (b) upon payment, where payment was made subsequently to the entry into force of the Agreement.

The payment of all such Debt by the Government of Tanzania to the Department shall be made in accordance with the provisions of Section 5.

SECTION 5

Transfer Scheme

The Government of Tanzania shall pay to the Department in accordance with the provisions of Section 7(1), the following:

- (a) in respect of each Debt which fell due on or before 31 December 1988 and which remains unpaid:
100 per cent by 12 equal and consecutive half-yearly instalments commencing on 31 December 1996;
- (b) in respect of each Debt which fell due between 1 January 1989 and 30 June 1989 and which remains unpaid:
100 per cent by 12 equal and consecutive half-yearly instalments commencing on 30 September 1997.

SECTION 6

Interest

- (1) Interest shall be deemed to have accrued and shall accrue on the unpaid portion of each Debt 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 5.
- (2) The Government of Tanzania shall be liable for and shall pay to the Department in accordance with the provisions of Section 7(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 5. Such interest shall be paid to the Department first on 1 April 1990 and then half-yearly on 1 October and 1 April (the "Due Dates") each year.
- (3) All interest accruing up to each Due Date payable in accordance with the provisions of this Section shall be paid at the rate of 3.0 per cent below the Reference Rate applicable to each six-monthly interest period commencing from Maturity of the Debt concerned.

(4) If any amount of interest payable in accordance with the provisions of paragraph (2) of this Section is not paid on the relevant Due Date, interest on such amount of overdue interest at the rate of 0.5 per cent above the Reference Rate shall thereafter become payable and shall accrue from day to day from the relevant Due Date to the date of receipt of the payment by the Department.

SECTION 7

Payments to the Department

(1) As and when payments become due under the terms of Sections 5 and 6, the Government of Tanzania shall arrange for the necessary amounts, without deduction for taxes, fees and other public charges or any other costs accruing inside or outside Tanzania, to be paid and transferred 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 Government of Tanzania.

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

SECTION 8

Exchange of Information

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

SECTION 9

Other Debt Settlements

(1) The Government of Tanzania undertakes to perform its obligations under Article III of the Agreed Minute and agrees to accord to the United Kingdom terms no less favourable than agreed with any other creditor country notwithstanding any provisions 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 6.

SECTION 10

Preservation of Rights and Obligations

This Annex and its implementation shall not affect the rights and obligations of any Creditor of Debtor under a Contract other than those rights and obligations in respect of which the parties hereto are authorised to act respectively on behalf of and to bind such Creditor and Debtor.

No. 2

*The Principal Secretary of the Ministry of Finance of the United Republic of Tanzania to the
United Kingdom High Commissioner at Dar es Salaam*

*Ministry of Finance
Dar es Salaam
26 June 1990*

Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note of today's date which reads as follows:

[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 United Republic of Tanzania and that Your Note together with its annex and this reply shall constitute an agreement between our two Governments in this matter which shall be known as the United Kingdom/Tanzania Debt Agreement No. 2 (1988) and which shall enter into force today.

S. MBILINYI



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