

BANGLADESH



Treaty Series No. 19 (1980)

Exchange of Notes

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Government of the
People's Republic of Bangladesh
concerning outstanding Debts
(United Kingdom/Bangladesh
Debt Agreement 1979)

Dacca, 20 September 1979

[The Agreement entered into force on 20 September 1979]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
February 1980*

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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 PEOPLE'S REPUBLIC OF
BANGLADESH CONCERNING OUTSTANDING DEBTS
(UNITED KINGDOM/BANGLADESH DEBT AGREEMENT 1979)**

No. 1

*The United Kingdom High Commissioner at Dacca to the Joint Secretary,
External Resources Division of the Ministry of Finance of Bangladesh*

*British High Commission,
Dacca*

Sir,

20 September 1979

United Kingdom/Bangladesh Debt Agreement 1979

1. I have the honour to refer to the discussions between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of Bangladesh concerning outstanding debts owed to the United Kingdom in respect of projects visibly located in Bangladesh (hereinafter called "the debts") and to state that it is the understanding of my Government that your Government agree to accept liability for the discharge of these debts.

2. The following paragraphs of this Note together with its Annexes set out the arrangements which my Government propose for the discharge of the debts.

3. For the purposes of these arrangements the debts shall be divided into two groups:

(a) repayments of capital and payments of interest set out in Annex I to this Note which were outstanding on 1 July 1974 on loans and credits provided as Official Development Assistance to the Government of Pakistan by my Government (hereinafter called "aid debts"). The aid debts relate to disbursements made up to the end of 1971 on projects visibly located in Bangladesh;

(b) outstanding payments under the contracts set out in Schedule 1 to Annex II to this Note (hereinafter called "commercial debts").

4. Your Government shall accept liability for the aid debts of £23,300,470 (twenty-three million three hundred thousand four hundred and seventy pounds sterling) principal and £7,653,084 (seven million six hundred and fifty-three thousand and eighty-four pounds sterling) interest. My Government shall waive repayment of the aid debts amounting to £30,953,554 (thirty million, nine hundred and fifty-three thousand five hundred and fifty-four pounds sterling).

5. Your Government shall accept liability for the commercial debts and shall repay the entire sum in accordance with the provisions of Annex II to this Note.

6. *If the foregoing proposal is acceptable to the Government of the People's Republic of Bangladesh* I have the honour to propose that the present Note and its Annexes together with Your Excellency's reply in that sense shall constitute an Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of Bangladesh which shall enter into force on the date of Your Excellency's reply and which shall be known as the United Kingdom/Bangladesh Debt Agreement No. 1 1979.

F. STEPHEN MILES

ANNEX I

Credit No.	Credit or loan	Date of original Agreement	Financial assistance made available up to 31 December 1971	Repayments of capital outstanding on 1 July 1974 (see note)	Interest payments on column 4	Total sum to be discharged
	Referred to as					
	1	2	3	4*	5†	6
3rd	United Kingdom/Pakistan Credit Agreement 1960 ⁽¹⁾	28 December 1960	£ 4,534,740	£ 1,808,454	£ 368,827	£ 2,177,281
4th	United Kingdom/Pakistan (Railway) Credit Agreement 1961 ⁽¹⁾	16 March 1961	240,945	104,410	20,924	125,334
5th	United Kingdom/Pakistan Credit Agreement 1962 ⁽¹⁾	8 January 1962	4,458,547	2,997,988	1,273,548	4,271,536
6th	2nd United Kingdom/Pakistan Credit Agreement 1962 ⁽¹⁾	5 November 1962	5,815,219	4,245,110	2,038,129	6,283,239
7th	United Kingdom/Pakistan Credit Agreement 1963 ⁽¹⁾	18 June 1963	1,681,243	1,318,095	691,306	2,009,401
8th	United Kingdom/Pakistan Credit Agreement 1964 ⁽¹⁾	25 February 1964	2,911,038	2,352,471	1,284,575	3,637,046
9th	2nd United Kingdom/Pakistan Credit Agreement 1964 ⁽¹⁾	23 December 1964	3,726,865	3,219,495	1,975,775	5,195,270
14th	United Kingdom/Pakistan Loan No. 2 1966 ⁽¹⁾	12 August 1966	3,445,571	3,348,983	Nil	3,348,983

ANNEX I (continued)

Credit No.	Credit or loan	Date of original Agreement	Financial assistance made available up to 31 December 1971	Repayments of capital outstanding on 1 July 1974 (see note)	Interest payments on column 4	Total sum to be discharged
	Referred to as					
	1	2	3	4*	5†	6
16th	United Kingdom/Pakistan Loan No. 1 1967 ⁽¹⁾	11 April 1967	£ 1,951,431	£ 1,951,431	£ Nil	£ 1,951,431
18th	United Kingdom/Pakistan Loan No. 3 1967 ⁽¹⁾	28 July 1967	1,647,984	1,647,984	Nil	1,647,984
19th	United Kingdom/Pakistan Loan No. 1 1969 ⁽¹⁾	25 January 1969	7,831	7,831	Nil	7,831
20th	United Kingdom/Pakistan Loan No. 2 1969 ⁽¹⁾	28 March 1969	222,238	222,238	Nil	222,238
23rd	United Kingdom/Pakistan Loan No. 3 1969 ⁽¹⁾	15 November 1969	50,000	50,000	Nil	50,000
25th	United Kingdom/Pakistan Loan No. 1 1970 ⁽¹⁾	10 July 1970	25,980	25,980	Nil	25,980
	Total		30,719,632	23,300,470	7,653,084	30,953,554

* The sum calculated to be due in column 4 is that sum which would have been outstanding on 1 July 1974 in respect of the credits and loans specified in columns, 1, 2 and 3 had the Government of Pakistan made all repayments due at the date and had not been permitted to reschedule the repayments due on the said credits and loans in respect of the period 1 May 1971 to 30 June 1974.

† The sums in column 5 are calculated *pro rata* on the sums set out in column 4.

⁽¹⁾ Not published as a Command Paper.

ANNEX II

PARAGRAPH 1

Definitions

In this Annex unless the contrary intention appears:

- (a) "Creditor" shall mean a person or body of persons or corporation resident or carrying on business in the United Kingdom or any successors thereto who has supplied from outside Bangladesh goods or services under or in relation to the contracts listed in Schedule 1 to this Annex;
- (b) "Debt" shall mean any debt to which, by virtue of the provisions of paragraph 2 of this Annex, the provisions of this Agreement apply;
- (c) "Debtor" shall mean any person listed as such in Schedule 1 to this Annex or any successor thereto;
- (d) "Maturity" in relation to a debt shall mean the date for the payment thereof under the relevant credit contract or under a promissory note or bill of exchange drawn pursuant to the terms of such credit contract;
- (e) "The Department" shall mean the Export Credits Guarantee Department of the United Kingdom or any other department which the Government of the United Kingdom may nominate for the purposes of this Annex;
- (f) "Transfer Scheme" shall mean the transfer scheme referred to in paragraph 3 of this Annex.

PARAGRAPH 2

The Debts

The provisions of this Annex shall apply to any debt, whether of principal or of contractual interest:

- (a) which arises under or in relation to the contracts listed in Schedule 1 to this Annex;
- (b) which fell due for payment after 30 June 1974 or has yet to fall due for payment.

PARAGRAPH 3

The Transfer Scheme

The Government of Bangladesh shall pay to the creditors in the United Kingdom in sterling the amount due to such creditors in accordance with the transfer scheme set out in Schedule 2 to this Annex.

PARAGRAPH 4

Exchange of Information

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

PARAGRAPH 5

Preservation of Rights and Obligations

This Annex and the implementation of its provisions shall not affect the rights and obligations of the individual Creditors, Debtors and Guarantors concerned.

PARAGRAPH 6

Rules

In the implementation of the provisions of this Annex the rules set out in Schedule 3 to this Annex shall apply.

PARAGRAPH 7

The Schedules

The Schedules to this Annex shall form an integral part thereof.

SCHEDULE I TO ANNEX II

THE CONTRACTS

<i>Creditor</i>	<i>Debtor</i>	<i>Date of Contract</i>
Thomas Storey (Engineers) Ltd.	Chittagong Development Authority	15 November 1967
English Electric Diesels Ltd.	East Pakistan Agricultural Development Corporation	11 August 1970
Ruston and Hornsby Ltd.	East Pakistan Agricultural Development Corporation	14 December 1968

SCHEDULE 2 TO ANNEX II

TRANSFER SCHEME

1. The amount in respect of each debt falling due between 1 July 1974 and 29 February 1980, both dates inclusive, shall be transferred from Bangladesh to the United Kingdom on 1 March 1980.

2. The amount due in respect of each debt falling due after 29 February 1980 shall be transferred from Bangladesh to the United Kingdom at maturity.

3. The sums to be transferred as specified in paragraphs 1 and 2 of this Schedule are as follows:

<i>Contract</i>	<i>Amounts to be transferred on 1 March 1980</i>	<i>Amounts to be transferred falling due after 29 February 1980</i>
	£	£
Thomas Storey (Engineers) Ltd.	149,794·34	—
English Electric Diesels Ltd.	1,194,903·50	246,904·74
Ruston and Hornsby Ltd.	2,159,685·88	128,038·97

SCHEDULE 3 TO ANNEX II

RULES

1. The Bangladesh Bank shall transfer the amount to be paid pursuant to the provisions of this Annex and Schedule 2 thereto in sterling to a bank in the United Kingdom together with payment instructions in favour of the creditor to whom payment is due.

2. When making such transfers the Bangladesh Bank shall give the Department particulars of the debts to which the transfers relate.

No. 2

*The Joint Secretary, External Resources Division of the Ministry of Finance
of Bangladesh to the United Kingdom High Commissioner at Dacca*

*Ministry of Finance,
Dacca*

Your Excellency,

20 September 1979

United Kingdom/Bangladesh Debt Agreement 1979

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 foregoing proposals are acceptable to the Government of the People's Republic of Bangladesh and your letter and its Annexes together with this reply shall constitute an Agreement between our two Governments in this matter which shall enter into force on this day's date and shall be known as the United Kingdom/Bangladesh Debt Agreement No. 1, 1979.

For and on behalf of the
Government of Bangladesh

M. LUTFULLAHIL MAJID

[Annexes as in No. 1]

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