

No. 23701

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

**Agreement on certain commercial debts (with schedules).
Signed at London on 18 June 1984**

Authentic texts: English and Spanish.

*Registered by the United Kingdom of Great Britain and Northern Ireland
on 2 January 1986.*

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

**Accord relatif à certaines dettes commerciales (avec an-
nexes). Signé à Londres le 18 juin 1984**

Textes authentiques : anglais et espagnol.

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord
le 2 janvier 1986.*

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF ECUADOR ON CERTAIN COMMERCIAL DEBTS

The Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as “the United Kingdom”) and the Government of the Republic of Ecuador (hereinafter referred to as “Ecuador”);

As a result of the Conference regarding consolidation of Ecuadorian debts held in Paris on 27 and 28 July 1983 at which the Government of the United Kingdom, the Government of Ecuador, certain other Governments, the International Monetary Fund, the International Bank for Reconstruction and Development, the Secretariat of the United Nations Conference on Trade and Development, the Organisation for Economic Co-operation and Development and the Inter-American Development Bank were represented;

Have agreed as follows:

Article 1. DEFINITIONS

In this Agreement, unless the contrary intention appears:

- (a) “Certificate” shall mean a certificate issued by the Bank to account for the payment in Ecuadorian sucres made by the debtor;
- (b) “Credit contract” shall mean a credit contract as defined in Article 2 of this Agreement;
- (c) “Creditor” shall mean a creditor as defined in Article 2 of this Agreement;
- (d) “Currency of the debt” shall mean sterling or such other currency not being Ecuadorian sucres as is specified in the credit contract;
- (e) “Debt” shall mean any debt to which, by virtue of the provisions of Articles 2 and 10 of this Agreement and of Schedule 2 thereto, the provisions of this Agreement apply;
- (f) “Debtor” shall mean a debtor as defined in Article 2 of this Agreement;
- (g) “Maturity” in relation to a debt shall mean the date for the repayment thereof under the relevant credit contract or under a promissory note or bill of exchange drawn up pursuant to the terms of such credit contract;
- (h) “The Bank” shall mean the Central Bank of Ecuador;
- (i) “The Department” shall mean the Export Credits Guarantee Department of the Government of the United Kingdom or any other Department thereof which the Government of the United Kingdom may nominate for the purposes of this Agreement;
- (j) “Payment in Ecuadorian sucres” shall mean payment in Ecuadorian sucres as specified in Article 3 of this Agreement;

¹ Came into force on 18 June 1984 by signature, in accordance with article 11.

(k) "Transfer scheme" shall mean the transfer scheme referred to in Article 3 of this Agreement.

Article 2. THE DEBT

(1) The provisions of this Agreement shall, subject to the provisions of paragraph (2) of this Article, apply to any debt, whether of principal or of contractual interest accruing up to maturity owed as primary or principal debtor or as guarantor by the Government of Ecuador or by a person or body of persons or corporation resident or carrying on business in Ecuador or by any successor thereto (hereinafter referred to as "debtor") to a person or body of persons or corporation resident or carrying on business in the United Kingdom or to any successor thereto (hereinafter referred to as "creditor") provided that:

- (a) The debt arises under or in relation to a contract or any agreement supplemental thereto which was made between the debtor and the creditor for the supply from outside Ecuador of goods or services or both or of finance therefor, and which allowed credit to the debtor for a period exceeding one year, and which was entered into before 1 January 1983 (hereinafter referred to as a "credit contract");
- (b) Maturity of the debt has occurred, or will occur, between 1 June 1983 and 31 May 1984 both dates inclusive and that after maturity that debt remains unpaid;
- (c) The debt is in respect of a credit contract guaranteed as to payment of that debt under a guarantee issued by the Department; and
- (d) The debt is not expressed by the terms of the credit contract to be payable in Ecuadorian sucres.

(2) The provisions of this Agreement shall not apply to so much of any debt as arises from an amount payable upon or as a condition of the formation of the credit contract, or upon or as a condition of the cancellation or termination of the credit contract.

Article 3. PAYMENTS IN ECUADORIAN SUCRES IN RESPECT OF DEBTS

Each payment in Ecuadorian sucres by a debtor in respect of a debt shall upon the entry into force of this Agreement or upon payment by the debtor, whichever is the later, be placed upon deposit in a special account with the Bank. Amounts so deposited shall remain deposited with the Bank until transfer to the creditors in accordance with the provisions of Article 4 of this Agreement.

Article 4. PAYMENTS TO CREDITORS

Ecuador undertakes to pay its debts punctually and shall ensure that funds are transferred to the creditors in the United Kingdom in the currency of the debt in accordance with the transfer scheme set out in Schedule 1 to this Agreement. The amount of the currency of the debt so transferred shall in all cases be calculated at the rate of exchange prevailing at the time of payment in Ecuadorian sucres.

Article 5. INTEREST

(1) Ecuador shall be liable for and shall pay to the creditor interest in accordance with the provisions of this Article on any debt as defined in Article 1

to the extent that it has not been settled by payment to the creditor in the United Kingdom pursuant to Article 4 of this Agreement.

(2) Interest shall accrue during, and shall be payable in respect of, the period from maturity until the settlement of the debt by a payment to the creditor, and shall be paid and transferred to the creditor concerned in the currency of the debt half-yearly on 31 May and 30 November of each year commencing on 31 May 1984.

(3) Interest shall be calculated on the outstanding amount of the debt and paid at the rate of 11 per cent per annum and shall be calculated on the basis of a 365-day year.

Article 6. EXCHANGE OF INFORMATION

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

Article 7. OTHER DEBT SETTLEMENTS

(1) If Ecuador agrees with any creditor country other than the United Kingdom terms for the settlement of indebtedness similar to the indebtedness the subject of this Agreement which are more favourable than are the terms of this Agreement to creditors, then the terms of the payment of debts the subject of this Agreement shall, subject to the provisions of paragraphs (2) and (3) of this Article, be no less favourable to creditors than the terms so agreed with that other creditor country notwithstanding any provision of this Agreement to the contrary.

(2) The provisions of paragraph (1) of this Article shall not apply in a case where the aggregate of the indebtedness to the other creditor country is less than the equivalent of SDR500,000.

(3) The provisions of paragraph (1) of this Article shall not apply to matters relating to the payments of interest determined by Article 5 hereof.

Article 8. PRESERVATION OF RIGHTS AND OBLIGATIONS

This Agreement and its implementation shall not affect the rights and obligations of creditors and debtors under their credit contracts.

Article 9. RULES

In the implementation of this Agreement the rules set out in Schedule 2 to this Agreement shall apply.

Article 10. THE SCHEDULES

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

Article 11. ENTRY INTO FORCE AND DURATION

This Agreement shall enter into force on signature and shall remain in force until the last of the payments to be made to the creditors under Articles 4 and 5 of this Agreement has been made.

[For the testimonium and signatures, see p. 218 of this volume.]

IN WITNESS WHEREOF the undersigned being duly authorised thereto, have signed this Agreement.

DONE in duplicate at London this 18th day of June 1984 in the English and Spanish languages, both texts being equally authoritative.

For the Government
of the United Kingdom of Great
Britain and Northern Ireland:

YOUNG

For the Government
of the Republic of Ecuador:

G. LEORO F.

EN TESTIMONIO DE LO CUAL, los suscritos, debidamente autorizados a tal efecto, firman este Convenio.

HECHO en duplicado en Londres el 18 de Junio de 1984 en inglés y español, siendo ambos textos igualmente válidos.

Por el Gobierno
del Reino Unido de Gran Bretaña
e Irlanda del Norte:

Por el Gobierno
de la República del Ecuador:

SCHEDULE 1

TRANSFER SCHEME

In respect of each debt arising from a credit contract which fell due, or will fall due, between 1 June 1983 and 31 May 1984, both dates inclusive, and after maturity that debt remains unpaid:

(a) An amount equal to 85 per cent of each debt shall be paid and transferred from Ecuador to the United Kingdom in 10 equal and consecutive half-yearly instalments on 31 May and 30 November each year commencing on 31 May 1987; and

(b) The balance of 15 per cent of each debt shall be paid and transferred from Ecuador to the United Kingdom in the following manner:

- (i) 10 per cent on maturity date as specified in the credit contract or where that date has passed on or before 30 November 1983; and
- (ii) 5 per cent on 31 December 1984.

SCHEDULE 2

RULES

(1) The Department and the Bank shall agree a list of debts to which, by virtue of the provisions of Article 2 of this Agreement, this Agreement applies.

(2) Such a list shall be completed as soon as possible. This list may be reviewed from time to time at the request of the Department or the Bank. The agreement of both the Department and the Bank shall be necessary before the list may be altered or amended or added to.

(3) Neither inability to complete the list referred to in paragraphs (1) and (2) of this Schedule nor delay in its completion shall prevent or delay the implementation of the other provisions of this Agreement.

(4) Upon the placing of a payment in Ecuadorian sucres on deposit in the special account with the Bank pursuant to Article 3 of this Agreement the Bank shall notify the Department of such deposit by remitting a certificate issued by the Bank which shall state:

- (a) The amount of such payment in Ecuadorian sucres expressed in the currency of the debt at the rate of exchange prevailing at the time of such payment;
- (b) The date of such payment; and
- (c) Particulars of the credit contract and date of payment of the debt to which such payment relates.

(5) (a) The Bank shall transfer the necessary amounts in the currency of the debt to a bank in the United Kingdom together with payment instructions in favour of the creditor to whom payment is due in accordance with this Agreement.

(b) When making such transfer the Bank shall give the Department particulars of the debts and of the interest to which the transfers relate.