



Treaty Series No. 61 (1990)

Exchange of Notes

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

concerning Certain Commercial Debts

(The United Kingdom/Costa Rica Debt Agreement No. 3 (1989))

San José, 7 June 1990

[The Agreement entered into force on 7 June 1990]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
October 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 REPUBLIC OF COSTA RICA
CONCERNING CERTAIN COMMERCIAL DEBTS
(THE UNITED KINGDOM/COSTA RICA DEBT AGREEMENT No. 3 (1989))**

No. 1

*The British Chargé d'Affaires a.i. at San José to the Minister of Finance of the Republic of
Costa Rica*

*British Embassy
San José
7 June 1990*

Excellency,

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the Republic of Costa Rica which was signed at the Conference held in Paris on 26 May 1989, 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 Costa Rica 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 Costa Rica, 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/Costa Rica Debt Agreement No. 3 (1989)" and which shall enter into force on the date of your reply. It shall remain in force until all the amounts due under the Annex have been paid.

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

M C RAMSCAR

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 Republic of Costa Rica which was signed at the Conference held in Paris on 26 May 1989;
 - (b) "Consolidation Period" means the period from 1 April 1989 to 31 May 1990 inclusive;
 - (c) "Contract" means a contract, or any agreement supplemental thereto, entered into before 1 July 1982, the parties to which include a Debtor and a Creditor and which either is for the sale of goods and/or services from outside Costa Rica to a buyer in Costa Rica, 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) "Costa Rica" means the Republic of Costa Rica;
 - (e) "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;
 - (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 Costa Rica (whether as primary debtor or as guarantor), or any public sector body carrying on business in Costa Rica 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) "Maturity" in relation to a Debt specified in:
 - (i) Section 2(1) (a) means 31 March 1989;
 - (ii) Section 2(1) (b) means the due date for payment thereunder; or
 - (iii) Section 2(1) (c) 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;
 - (j) "the Ministry" means the Ministry of Finance of the Government of Costa Rica;
 - (k) "Previous Agreements" means the Agreements between the Government of the United Kingdom and the Government of Costa Rica on certain Commercial Debts signed on 12 March 1984¹ and 30 January 1986²;
 - (l) "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 365 days.
- (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) 100 per cent of amounts of interest charged under Section 4(1) which fell due on or before 31 March 1989 and remain unpaid;
 - (b) 100 per cent of amounts of principal or interest payable under the Previous Agreements which fell due on or before 31 March 1989 and remain unpaid;
 - (c) 100 per cent of the amounts, whether of principal or of contractual interest accruing up to Maturity, which are owed by a Debtor to a Creditor and:
 - (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 Costa Rican colones; and
 - (iv) does not arise from an amount payable upon, or as a condition of the formation, cancellation or termination of the Contract; and
 - (v) fell due for payment on or before 31 March 1989 and remains unpaid; or
 - (vi) falls due for payment during the Consolidation Period.
- (2) The Department and the Ministry 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 shall apply. The Debt List may be reviewed from time to time at the request of the Department or of the Ministry, but may not be added to or amended without the agreement of both the Department and the Ministry. Delay in the completion of the Debt List shall neither prevent nor delay the implementation of the other provisions of this Annex.

¹ Treaty Series No. 40 (1984), Cmnd. 9237.

² Treaty Series No. 37 (1986), Cmnd. 9845.

SECTION 3

Payment of Debt

The Government of Costa Rica shall pay to the Department in accordance with the provisions of Section 5(1) the following:

in respect of each Debt specified in—

- (a) Section 2(1) (a) and Section 2(1) (c) (v):
100 per cent in eight equal and consecutive half-yearly instalments commencing on 31 March 1994;
- (b) Section 2(1) (c) (vi):
100 per cent in ten equal and consecutive half-yearly instalments commencing on 30 April 1995;
- (c) Section 2(1) (b):
100 per cent by three equal and consecutive annual instalments commencing on 30 June 1990.

SECTION 4

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 3.

(2) The Government of Costa Rica shall be liable for and shall pay to the Department in accordance with the provisions of Section 5(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 3. Such interest shall be paid to the Department half-yearly on:

- (a) 31 March and 30 September each year commencing 31 March 1990 in respect of Debts referred to at Section 3(a);
- (b) 30 April and 31 October each year commencing 30 April 1990 in respect of Debts referred to at Section 3(b);
- (c) 30 June and 31 December each year commencing 30 June 1990 in respect of Debts referred to at Section 3(c).

(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 Costa Rica shall compensate the Department for late interest. Such compensation shall be in addition to the interest payable under paragraph (2) of this Section. It shall accrue and be payable on the late interest from day to day from the original due date 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 payable in the currency of the Debt to which the late interest refers without further notice or demand of any kind. Such compensation shall be calculated in accordance with the provisions of paragraph (4) of this Section.

(4) All interest payable in accordance with the provisions of this Section shall be paid at the rate of 10.5 per cent per annum and any compensation payable in accordance with the provisions of paragraph (3) of this Section shall be paid at the same rate from the date on which the liability to pay such compensation arises.

SECTION 5

Payments to the Department

- (1) As and when payments become due under the terms of Sections 3 and 4, the Ministry shall:
 - (a) in the first instance draw upon the special account at the Banque de France referred to in paragraph 4 of Article IV of the Agreed Minute to meet such payments; and

- (b) arrange for the necessary amounts, without deduction for taxes, fees, other public charges or any other costs accruing inside or outside Costa Rica, to be paid in the currency specified in the Contract as being the currency in which the Debt is to be paid to the Department in the United Kingdom to an account details of which shall be notified by the Department to the Ministry.
- (2) The Ministry shall give the Department full particulars of the Debts and/or interest to which the payments relate.

SECTION 6

Exchange of Information

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

SECTION 7

Other Debt Settlements

- (1) The Government of Costa Rica undertakes to perform its obligations under Article III 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 4.

SECTION 8

Preservation of Rights and Obligations

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

No. 2

*The Minister of Finance of the Republic of Costa Rica to the British Chargé d'Affaires
a.i. at San José*

*Ministry of Finance
San José
7 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]

[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 Republic of Costa Rica, 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/Costa Rica Debt Agreement No. 3 (1989)" and which shall enter into force today. It shall remain in force until all payments due under the attached Annex have been paid.

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

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