



Treaty Series No. 60 (1997)

Exchange of Notes

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

concerning Certain Commercial Debts (United Kingdom/Yemen Debt Agreement No. 1 (1997))

Sana'a, 26 August 1997

[The Agreement entered into force on 26 August 1997]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
October 1997*

**EXCHANGE OF NOTES
BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT
BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE
REPUBLIC OF YEMEN
CONCERNING CERTAIN COMMERCIAL DEBTS
(UNITED KINGDOM/YEMEN DEBT AGREEMENT No. 1 (1997))**

No. 1

Her Majesty's Ambassador at Sana'a to the Sub-Governor for Foreign Banking Operations and Research, Central Bank of Yemen and the Undersecretary at the Ministry of Finance for the Yemen

*British Embassy
Sana'a
26 August 1997*

Your Excellencies,

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the Republic of Yemen which was signed at the Conference held in Paris on 24 September 1996, and to inform Your Excellencies that the Government of the United Kingdom of Great Britain and Northern Ireland is prepared to provide debt relief to the Government of the Republic of Yemen 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 Yemen, I have the honour to propose that this Note together with its Annex, and your reply to that effect, shall constitute an Agreement between our two Governments in this matter which shall be known as 'The United Kingdom/Yemen Debt Agreement No. 1 (1997)' and which shall enter into force on the date of your reply.

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

DOUGLAS SCRAFTON

ANNEX

SECTION 1

Definitions and Interpretation

- (1) In this Annex, unless the contrary intention appears:
- (a) “the Agreed Minute” means the Agreed Minute on the Consolidation of the Debt of the Republic of Yemen which was signed at the Conference held in Paris on 24 September 1996;
 - (b) “Appropriate Market Rate” means the Reference Rate plus 0.5 per cent;
 - (c) “the Bank” means the Central Bank of Yemen or any other institution which the Government of Yemen may nominate for the purposes of this Annex;
 - (d) “Business Day” means a day on which dealings are carried on in the London interbank market and (if payment is required to be made on such day) on which banks are open for domestic and foreign exchange business in London in the case of Sterling and in both London and New York City in the case of US Dollars;
 - (e) “the Debt” means the sum of £9,336,497.07 or any part or portion thereof which fell due for payment under a loan agreement made on 12 June 1984 between Barclays Bank PLC and the Yemen Battery Manufacturing Company, payment pursuant to which was guaranteed by the Yemen Bank for Reconstruction and Development and which remains unpaid under either the said loan agreement or the said guarantee;
 - (f) “the Department” means 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;
 - (g) “Instalment Date” means 31 August 1996;
 - (h) “Late interest means the sum of £6,267,675.13;
 - (i) “Unconsolidated Debt” means debt to which, by virtue of the provisions of Section 3(1), the provisions of this Annex apply;
 - (j) “Reference Rate” means the rate (rounded upwards where necessary to the nearest multiple of 1/16th (one sixteenth) of one per cent) quoted by the Reuters Monitor Money Rate Services (International Swap Dealers Association Interbank Rates from London) (page reference “ISDA”) for six-month Sterling deposits two Business Days before the commencement of the relevant interest period. If the Reuters Monitor Money Rate Services are unavailable on the required date, the rate to be used will be the mean of the rates provided by two banks, to be agreed upon by the Department and the Bank, as the mean of the rates at which those banks are offering six-month sterling deposits;
 - (k) “United Kingdom” means the United Kingdom of Great Britain and Northern Ireland;
 - (l) “Yemen” means the Republic of Yemen.

(2) The Yemen Bank for Reconstruction and Development and its subsidiary, Yemen Investment and Finance Company, are both Yemeni public sector entities in which the Government of the Republic of Yemen is directly or indirectly a majority shareholder.

(3) 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.

(4) Where the context of this Annex so allows, words importing the singular include the plural and vice versa.

(5) Unless otherwise indicated, reference to a specified Section shall be construed as a reference to that Section of this Annex.

(6) The headings to the Sections are for ease of reference only.

SECTION 2

Debt Reduction and Payment

(1) The Department agrees to reduce the Debt on 1 September 1996 by 67%.

(2) The Government of Yemen shall pay to the Department, in accordance with the provisions of Section 6(1), the remainder of the Debt on the following dates and in the following percentages:

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
1 August 2003	0.12
1 February 2004	0.20
1 August 2004	0.28
1 February 2005	0.38
1 August 2005	0.48
1 February 2006	0.58
1 August 2006	0.70
1 February 2007	0.82
1 August 2007	0.94
1 February 2008	1.08
1 August 2008	1.22
1 February 2009	1.36
1 August 2009	1.52
1 February 2010	1.70
1 August 2010	1.86
1 February 2011	2.06
1 August 2011	2.26
1 February 2012	2.46
1 August 2012	2.68
1 February 2013	2.92
1 August 2013	3.18
1 February 2014	3.44
1 August 2014	3.70
1 February 2015	4.00
1 August 2015	4.30
1 February 2016	4.64
1 August 2016	4.98
1 February 2017	5.34
1 August 2017	5.72
1 February 2018	6.12
1 August 2018	6.54
1 February 2019	7.00
1 August 2019	7.46
1 February 2020	7.96

SECTION 3

Unconsolidated Debt

- (1) The provisions of this Annex shall, subject to the provisions of paragraph (2) of this Section, apply to any amount, whether of principal or contractual interest, which has fallen due and remains unpaid, and is payable in accordance with Article III paragraph 7 of the Agreed Minute.
- (2) The Department and the Bank shall, as soon as possible, agree and draw up a list of the amounts of Unconsolidated Debt to which this Section shall apply. Delay in the completion of such list shall neither prevent nor delay the implementation of the other provisions of this Annex.
- (3) The Government of Yemen shall pay to the Department as soon as possible and in any case no later than 1 April 1997 the total amount of Unconsolidated Debt.
- (4) If any amount of Unconsolidated Debt is not paid by 1 April 1997, interest shall accrue from day to day on such amount of Unconsolidated Debt at the Appropriate Market Rate until receipt of payment by the Department.

SECTION 4

Payment of Late Interest

The Government of Yemen shall pay to the Department in accordance with the provisions of Section 6(1) the Late Interest by four equal half-yearly instalments commencing 1 April 1997.

SECTION 5

Interest

- (1) Interest on the balance of the Debt and of the Late Interest shall be deemed to have accrued and shall accrue during, and shall be payable in respect of, the period from the Instalment Date until the settlement of the Debt and the Late Interest by payment to the Department.
- (2) The Government of Yemen 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 the Debt and on the Late Interest to the extent that such amounts have not been settled by payment to the Department in the United Kingdom. Such interest shall be paid to the Department first on 1 April 1997 and then on a half-yearly basis on 1 February and 1 August (the "Due Dates") each year commencing on 1 August 1997.
- (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 Yemen 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 without further notice or demand.
- (4) All interest payable in accordance with the provisions of this Section shall be paid at the Appropriate Market Rate applicable to each half-yearly interest period commencing 1 August 1996.

SECTION 6

Payments to the Department

- (1) When payment becomes due under the terms of Section 2, 3, 4 or 5, the Bank shall arrange for the necessary amounts to be paid in Sterling or US Dollars, as the case may be, to an account notified by the Department to the Bank without deduction of taxes, fees, other public charges or any other costs accruing inside Yemen.
- (2) If the day on which such a payment falls due is not a Business Day payment shall be made on the next following Business Day.
- (3) The Bank shall in respect of each payment give the Department full particulars of the principal and/or interest to which that payment relates.

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 Yemen undertakes to fulfil its commitments under Article III of the Agreed Minute.
- (2) The Government of Yemen agrees to accord to the United Kingdom terms no less favourable than those agreed with any other creditor, notwithstanding any provision of this Annex to the contrary.
- (3) The provisions of paragraph (2) of this Section shall not apply to matters relating to the payment of interest determined by Section 3(4) and Section 5.

SECTION 9

Preservation of Rights and Obligations

This Annex and its implementation shall not affect the rights or obligations of the original contracting parties in relation to the Debt other than those rights and obligations in respect of which the Government of the United Kingdom and the Government of Yemen are authorised to act respectively on behalf of and to bind such parties.

SECTION 10

Debt Conversion Option

The Department agrees to give prior notification to the Government of Yemen if it is willing to exercise the option provided for in Article II paragraph 3 of the Agreed Minute. The Department recognises that this option can only be implemented with the consent of the Government of Yemen.

No. 2

Their Excellencies the Sub-Governor for Foreign Banking Operations and Research at the Central Bank of Yemen and the Undersecretary at the Ministry of Finance for the Yemen to Her Majesty's Ambassador at Sana'a

*Sana'a
26 August 1997*

Your Excellency,

We have the honour to acknowledge receipt of Your Excellency's Note of 26 August 1997 which reads as follows:

[AS IN NO. 1]

[ANNEX AS IN NO. 1]

We 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 Yemen, 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/Yemen Debt Agreement No. 1 (1997)" and which shall enter into force today.

We have the honour to convey to Your Excellency the assurance of our highest consideration.

Sub-Governor for Foreign Banking
Operations & Research
Central Bank of Yemen

Undersecretary
Ministry of Finance

M.A. HUMAM

AHMED GHALIB

