



BOSNIA AND HERZEGOVINA

Treaty Series No. 18 (2003)

Exchange of Notes

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Government of Bosnia and Herzegovina

concerning Certain Commercial Debts

(The United Kingdom/
Bosnia and Herzegovina
Debt Agreement No. 1 (1998))

Sarajevo, 6 and 17 December 1999

[The Agreement entered into force on 17 December 1999]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
May 2003*

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**EXCHANGE OF NOTES BETWEEN THE GOVERNMENT OF THE UNITED
KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE
GOVERNMENT OF BOSNIA AND HERZEGOVINA CONCERNING CERTAIN
COMMERCIAL DEBTS (THE UNITED KINGDOM/BOSNIA AND
HERZEGOVINA DEBT AGREEMENT NO. 1 (1998))**

No 1

The British Ambassador at Sarajevo to the Minister for Foreign Affairs and Economic Relations of Bosnia and Herzegovina.

*British Embassy
Sarajevo
6 December 1999*

Note No 31/99

Your Excellency

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of Bosnia and Herzegovina which was signed in Paris on 28 October 1998, and to inform Your Excellency that the Government of the United Kingdom of Great Britain and Northern Ireland is prepared to provide debt relief to the Government of Bosnia and Herzegovina on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Government of Bosnia and Herzegovina, 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/Bosnia and Herzegovina Debt Agreement No 1 (1998)" 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.

G S HAND

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 Bosnia and Herzegovina which was signed in Paris on 28 October 1998;
 - (b) "Appropriate Market Rate" means the Reference Rate plus 0.5 per cent;
 - (c) "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;
 - (d) "Currency of the Debt" means the currency specified in the Previous Agreements as being the currency in which that Debt is to be paid;
 - (e) "Debt" means any debt to which, by virtue of the provisions of section 2, the provisions of this Annex apply;

- (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) “Maturity” in relation to a Debt:
 - (i) specified in section 2(a) means 30 June 1998;
 - (ii) specified in section 2(b) means the date for payment specified in the Previous Agreements;
- (h) “the Ministry” means the Ministry of Foreign Trade and Economic Relations or any other institution which the Government of Bosnia and Herzegovina may nominate for the purposes of this Annex;
- (i) “the Previous Agreements” means the Agreements between the Government of the United Kingdom and the Government of the Socialist Federal Republic of Yugoslavia on certain Commercial Debts signed on 6 December 1984¹, 7 February 1986², 29 July 1987³ and 11 January 1989;
- (j) “Reference Rate” means the rate (rounded upwards where necessary to the nearest multiple of 1/16 (one sixteenth) of one percent) quoted to the Department by a bank to be agreed upon by the Department and the Ministry, as the rate at which that bank is offering six-month eurodollar deposits, in the case of a Debt denominated in US Dollars, or six-month sterling deposits, in the case of a Debt denominated in sterling, in the London interbank market at 11 am (London time) two Business Days before the commencement of the relevant interest period;
- (k) “United Kingdom” means the United Kingdom of Great Britain and Northern Ireland.

2. All interest payable pursuant to this Annex shall be 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

The provisions of this Annex shall, subject to the provisions of Article IV paragraph 3 of the Agreed Minute, apply to:

- (a) any amount, whether of principal or of interest (including interest accrued on interest), payable under the Previous Agreements which fell due on or before 30 June 1998 and remains unpaid; and
- (b) any amount, whether of principal or of interest, payable under the Previous Agreements which has fallen due or fell due during the period from 1 July 1998 to 30 April 1999 and remains unpaid; and
- (c) any amount of interest which accrued under section 5 of this Annex from 1 July 1998 to 30 April 1999.

¹Treaty Series No. 13 (1985) Cmnd 9463.

²Treaty Series No. 60 (1986) Cm 13.

³Treaty Series No. 35 (1988) Cm 384.

SECTION 3

Payments under the Previous Agreements

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

SECTION 4

Debt Reduction and Payment

1. The Department shall reduce the amount of each Debt specified in sections 2(a) and 2(b) by 67 per cent on Maturity.
2. The Government of Bosnia and Herzegovina shall pay to the Department, in accordance with the provisions of section 6(1), the remainder of each Debt specified in Sections 2(a) and 2(b) on the following dates and in the following percentages:

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
1 June 2005	0.12
1 December 2005	0.20
1 June 2006	0.28
1 December 2006	0.38
1 June 2007	0.48
1 December 2007	0.58
1 June 2008	0.70
1 December 2008	0.82
1 June 2009	0.94
1 December 2009	1.08
1 June 2010	1.22
1 December 2010	1.36
1 June 2011	1.52
1 December 2011	1.70
1 June 2012	1.86
1 December 2012	2.06
1 June 2013	2.26
1 December 2013	2.46
1 June 2014	2.68
1 December 2014	2.92
1 June 2015	3.18
1 December 2015	3.44
1 June 2016	3.70
1 December 2016	4.00
1 June 2017	4.30
1 December 2017	4.64
1 June 2018	4.98
1 December 2018	5.34
1 June 2019	5.72
1 December 2019	6.12
1 June 2020	6.54
1 December 2020	7.00
1 June 2021	7.46
1 December 2021	7.96

3. The Government of Bosnia and Herzegovina shall also pay to the Department, in accordance with the provisions of section 6(1) 100 per cent of the Debt specified in Section 2(c) in 6 equal and consecutive half-yearly instalments commencing on 1 June 2002.

SECTION 5

Interest

1. Interest on the balance of each Debt shall be deemed to have accrued and shall accrue during, and shall be payable in respect of, the period from Maturity until the settlement of that Debt by payment to the Department.
2. The Government of Bosnia and Herzegovina shall pay to the Department interest on each Debt in accordance with the provisions of Section 6(1) to the extent that such Debt has not been settled by payment to the Department. Such interest shall be paid to the Department half-yearly on 1 June and 1 December (the "Due Dates") each year commencing on 1 December 1999.
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 Bosnia and Herzegovina shall pay to the Department interest on such amount of overdue interest. Such additional interest shall accrue at the Appropriate Market Rate 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 with the half-yearly interest period within which the Maturity of the Debt concerned occurs.

SECTION 6

Payments to the Department

1. When payment becomes due under the terms of section 4 or 5, the Ministry shall arrange for the necessary amounts, without deduction of taxes, fees, other public charges or any other costs incurred outside the United Kingdom, to be paid in the Currency of the Debt sterling to an account notified by the Department to the Ministry.
2. If the day on which such a payment falls due is not a Business Day payment shall be made on the next succeeding Business Day.
3. The Ministry shall give the Department full particulars of the Debts and interest to which the payments relate.

SECTION 7

Exchange of Information

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

SECTION 8

Other Debt Settlements

1. The Government of Bosnia and Herzegovina undertakes to fulfil its commitments 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, 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 5.

SECTION 9

Debt Swaps Option

The Department shall give prior notification to the Government of Bosnia and Herzegovina if it wishes to exercise the option given in Article II paragraph 3 of the Agreed Minute to sell or exchange Debt. This option may only be implemented with the consent of the Government of Bosnia and Herzegovina and will only be exercised on condition that the Debt sold or exchanged is discharged in Bosnia and Herzegovina Marka.

SECTION 10

Conditionality

Unless the Department otherwise agrees, the conditions of Article IV paragraph 3 of the Agreed Minute shall apply to this Annex. If this Annex ceases to apply because any of these conditions has not been fulfilled, all outstanding payments shall be due according to the Previous Agreements as if this Annex had never existed.

No. 2

The Minister for Foreign Trade and Economic Relations of Bosnia and Herzegovina to the British Ambassador at Sarajevo.

*Ministry of Foreign Affairs
and Economic Relations
Sarajevo
17 December 1999*

Your Excellency

I have the honour to acknowledge receipt of Your Excellency's Note of 6 December 1999, 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 Bosnia and Herzegovina, and that your Note together with its Annex, and this replay, shall constitute an Agreement between our two Governments in this matter which shall be known as "The United Kingdom/Bosnia and Herzegovina Debt Agreement No 1 (1998)" and which shall enter into force today.

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

MIRSAD KURTOVIC



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