



Treaty Series No. 30 (2005)

# Exchange of Notes

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

concerning Certain Commercial Debts

(The United Kingdom/Ecuador Debt  
Agreement No. 8 (2003))

London, 8 and 10 November 2004

[The Agreement entered into force on 10 November 2004]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
June 2005*

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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 ECUADOR  
CONCERNING CERTAIN COMMERCIAL DEBTS (THE UNITED  
KINGDOM/ECUADOR DEBT AGREEMENT No. 8 (2003))**

No. 1

*The Chief Economist, Foreign and Commonwealth Office, to the Ambassador of  
Ecuador*

London  
8 November 2004

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the Republic of Ecuador which was signed in Paris on 13 June 2003, 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 the Republic of Ecuador 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 Ecuador, 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/Ecuador Debt Agreement No. 8 (2003)' 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.

**CREON BUTLER**

## 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 Ecuador which was signed in Paris on 13 June 2003;
  - (b) "**Appropriate Market Rate**" means the Reference Rate plus 0.5 per cent;
  - (c) "**Business Day**" means (i) a day on which banks are open for domestic and foreign exchange business in London, and (ii) in respect of Debt whose Currency is the US dollar, a day on which banks are open for domestic and foreign exchange business in both London and New York;
  - (d) "**Currency**" in relation to the Debt specified in Section 2 means the currency in which it was agreed in the Previous Agreements that such a Debt should be paid;
  - (e) "**Debt**" means any debt to which, by virtue of the provisions of Section 2, the provisions of this Annex apply;
  - (f) "**Department**" means the Export Credits Guarantee Department or any other department or entity that the Government of the United Kingdom may subsequently nominate to perform the functions of the Export Credits Guarantee Department hereunder;
  - (g) "**Ecuador**" means the Republic of Ecuador;
  - (h) "**Fifth Agreement**" means the Agreement between the Government of the United Kingdom and the Government of the Republic of Ecuador signed on 30 July 1992<sup>1</sup>;
  - (i) "**Maturity**" in relation to a Debt specified in Section 2 means the date for payment specified in the Previous Agreements;
  - (j) "**Ministry**" means the Ministry of Economy and Finance or any other institution which the Government of the Republic of Ecuador may nominate for this purpose;
  - (k) "**Previous Agreements**" means the Fifth Agreement and the Sixth Agreement collectively;

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<sup>1</sup> Treaty Series No. 76 (1992) Cm 2090

(l) **"Reference Rate"** means the rate (rounded upwards where necessary to the nearest multiple of one sixteenth of one per cent) quoted by the Reuters Monitor Money Rate Services (International Swap Dealers Association Interbank Rate from London) (page reference "ISDA") as the rate at which 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 or any other currency, are offered in the London Interbank Market at 11am (London time) two Business Days before the commencement of the relevant interest period. If the Reuters Monitor Money Rate Services are unavailable at that time on that date, the rate to be used will be the rate (rounded upwards where necessary to the nearest multiple of one sixteenth of one per cent) quoted by a bank to be agreed by the Department and the Ministry, as the rate at which that bank is offering six-month eurodollar deposits or six-month sterling deposits as the case may be;

(m) **"Sixth Agreement"** means the Agreement between the Government of the United Kingdom and the Government of the Republic of Ecuador signed on 13 January 1995<sup>1</sup>;

(n) **"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 360 days, in the case of Debts denominated in US dollars, and 365 days, in the case of Debts denominated in sterling.

(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 paragraph 3 of Article IV of the Agreed Minute, apply to

(1) any amount of principal payable under the Fifth Agreement which remains unpaid; and

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<sup>1</sup> Treaty Series No. 106 (1995) Cm 3114

(2) any amount of principal payable under the Sixth Agreement which remains unpaid.

### **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**

#### **Payment of Debt**

(1) The Government of the Republic of Ecuador shall pay to the Department, in accordance with the provisions of Section 6 the aggregate of:

(a) 100 per cent of each Debt specified in Section 2 which has fallen due during the period from 1 March 2003 to 30 September 2003 inclusive; and

(b) 50 per cent of each Debt specified in paragraph (1) of Section 2 which has fallen due or will fall due during the period from 1 October 2003 to 31 March 2004 inclusive;

in 30 consecutive half-yearly rising instalments as follows:

<u>Repayment date</u>	<u>Percentage to be repaid</u>
15 March 2007	0.44
15 September 2007	0.58
15 March 2008	0.74
15 September 2008	0.90
15 March 2009	1.07
15 September 2009	1.25
15 March 2010	1.43
15 September 2010	1.62
15 March 2011	1.82
15 September 2011	2.02
15 March 2012	2.22
15 September 2012	2.43
15 March 2013	2.64
15 September 2013	2.86
15 March 2014	3.08
15 September 2014	3.30
15 March 2015	3.53
15 September 2015	3.76
15 March 2016	4.00
15 September 2016	4.23
15 March 2017	4.48
15 September 2017	4.72
15 March 2018	4.97
15 September 2018	5.22
15 March 2019	5.47
15 September 2019	5.72
15 March 2020	5.98
15 September 2020	6.24
15 March 2021	6.51
15 September 2021	6.77

(2) The Government of the Republic of Ecuador shall on the 31 March 2004 pay to the Department, in accordance with the provisions of Section 6, the remaining 50 per cent of each Debt specified in paragraph (1) of Section 2 which has fallen due or will fall due during the period from 1 October 2003 to 31 March 2004 inclusive.

## **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 complete payment of that Debt.

(2) The Government of the Republic of Ecuador shall be liable for and shall pay to the Department interest on each Debt to the extent that such Debt has not been settled by payment to the Department in the United Kingdom. Such interest shall be paid first on 15 June 2004 and then half-yearly on 15 March and 15 September (the "Due Dates") each year commencing on 15 September 2004.

(3) Interest payable in accordance with the provisions of paragraph (2) 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.

(4) If any amount of Debt payable in accordance with the provisions of Section 4 or if any amount of interest payable in accordance with the provisions of paragraph (2) of this Section is not paid on the pertinent Due Date, the Government of the Republic of Ecuador shall compensate the Department for any amount of Debt and/or interest outstanding. Such compensation shall be in addition to the interest payable under paragraph (2) of this Section. It shall accrue at the Appropriate Market Rate plus 0.5 per cent and be payable on the outstanding amount from day to day from the Due Date and until the date of receipt of the payment by the Department, and shall be due without further notice or demand.

## **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 each Debt to the 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, interest and/or compensation 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 the Republic of Ecuador 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 under Section 5.

## **SECTION 9**

### **Debt Swaps Option**

The Department shall notify the Government of the Republic of Ecuador if it wishes to exercise the option given in paragraph 2C of Article II of the Agreed Minute to sell or exchange Debt. This option may only be implemented with the consent of the Government of the Republic of Ecuador and will only be exercised on condition that the Debt sold or exchanged is discharged in the legal currency of the Republic of Ecuador.

No. 2

*The Ambassador of Ecuador to the Chief Economist at the Foreign and Commonwealth Office*

London  
10 November 2004

I have the honour to acknowledge receipt of Your Excellency's Note of 8 November 2004 which in translation<sup>1</sup> 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 the Republic of Ecuador, 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/Ecuador Debt Agreement No 8 (2003)' and which shall enter into force today.

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

**EDUARDO CABEZAS MOLINA**

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<sup>1</sup> The Ecuadorean Note is in English but repeats the UK Note in Spanish. There is no Spanish text of the Annex.





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