

March 25, 1988

**AGREEMENT BETWEEN THE GOVERNMENT OF THE SWISS
CONFEDERATION AND THE GOVERNMENT OF THE REPUBLIC OF
THE PHILIPPINES AS THE BORROWER ON THE RESCHEDULING
OF PHILIPPINE DEBTS**

The Government of the Swiss Confederation and the Government of the Republic of the Philippines,

in an endeavour to act in accordance with the recommendations adopted during the meeting of the "Club de Paris" held on January 22, 1987, between representatives of the Philippine Government and the representatives of certain creditor countries, including Switzerland,

have agreed on the following provisions:

ARTICLE 1

The Government of the Republic of the Philippines (hereafter referred to as "Borrower") through the Central Bank of the Philippines, acting as its fiscal agent, agrees to pay debts mentioned in this Agreement.

ARTICLE 2

(1) The present Agreement shall apply to the Philippine public debts as defined in the Agreed Minute in principal and interest resulting from commercial loans guaranteed by the Swiss Confederation with an original maturity of more than one year, contracted prior to April 1, 1984, extended to the Government of the Philippines or to one of its agencies, organizations/ or institutions, or covered by a guarantee of payment of the Government of the Philippines or one of its agencies, organizations/ or institutions, and falling due between January 1, 1987 and June 30, 1988.

(2) The total amount of these maturities shall not exceed 15 million Swiss Francs. The maturities falling under this Agreement are specified in a separate list constituting an integral part of this Agreement.

(3) Debt service due as a result of the December 20, 1984 previous consolidation is not affected by the present reorganization.

ARTICLE 3

The Philippine debts specified in Article 2 shall be paid as follows:

a) Regarding the amounts in principal and interest falling due- between January 1, 1987, and June 30, 1988, and not paid:

100 % of the-amounts in principal and 70 % of the amounts in interest in 10 equal and consecutive half-yearly payments, the first falling due on April 1, 1993, and the last on October 1, 1997.

b) The payment of the remaining 30 % due in interest will be paid according to the original schedule. As regards the interests already due and not paid as at January 22, 1987, they will be paid as soon as possible and in any case not later than one month after signature of the present Agreement.

ARTICLE 4

The Borrower shall assume all the financial obligations deriving from the present Agreement as long as the original debtor is a public sector entity or has a guarantee from the Government of the Philippines or a financial public institution or corporation.

The Government of the Philippines undertakes to pay all debt service due and not paid as at the date of the Agreed Minute of 22 January 1987, and guaranteed by the Swiss Export Risk Guarantee, and not covered by this Agreement, as soon as possible, and in any case not later than one month after the date of signature of the present Agreement.

The Government of the Philippines guarantees the immediate and unrestricted transfer of the foreign exchange counterpart of all amounts paid in local currency by the private debtors in the Philippines for servicing their foreign debt guaranteed by the Swiss Export Risk Guarantee and not subject to the present Consolidation.

ARTICLE 5

The Philippine Government shall pay interest on the outstanding debts. This interest shall be calculated from the date of the contractual maturity of these debts up to the date of their payment on the basis of 360 days/year and shall be paid to the Swiss bank to be specified on April 1, and October 1 of each year, for the first interest payment date of April 1, 1988. The accounting shall be made in the form of a current account every six months.

The rate of interest shall be 5,5 % per year.

ARTICLE 6

The payments foreseen in this Agreement shall be made in freely convertible Swiss francs by the Borrower to a Swiss bank which is to be specified.

ARTICLE 7

The payment obligation of the Borrower under this Agreement substitutes the payment obligation of original debtors. Other rights and obligations of individual creditors and debtors under their original contracts remain unaffected.

ARTICLE 8

The Philippine Government shall undertake to grant Switzerland a treatment comparable with that which it may accord the Governments of other countries or their appropriate institutions for the consolidation or rescheduling of debts of comparable terms.

ARTICLE 9

The present Agreement shall enter into force on the date of its signature.