

**BASIC AGREEMENT BETWEEN THE GOVERNMENT OF THE
REPUBLIC OF THE PHILIPPINES AND THE GOVERNMENT OF THE
FEDERAL REPUBLIC OF GERMANY ON THE CONSOLIDATION OF
THE EXTERNAL DEBT OF THE REPUBLIC OF THE PHILIPPINES**

The Government of the Republic of the Philippines

and

the Government of the Federal Republic of Germany,

On the basis of the Agreed Minute on the Consolidation of the Debt of the Republic of the Philippines, signed in Paris on 20 December 1984,

Have agreed as follows:

ARTICLE 1

(1) The Government of the Federal Republic of Germany shall enable the Government of the Republic of the Philippines to defer transfer for the following claims guaranteed by the Federal Republic of Germany and arising from contracts concluded before 1 April 1984 between German creditors and Philippine debtors:

(a) Contractual installments on principal and interest up to the contractual due date which result from credits allowed by suppliers and from financial credits tied to German supplies and services and which have fallen or fall due between 1 January 1985 and 30 June 1986 and have not been or are not paid;

(b) Contractual installments on principal and interest up to the contractual due date which result from credits allowed by suppliers and from financial credits tied to German supplies and services and which fell due up to 31 December 1984 and are unpaid.

(2) The Contracting Parties shall arrange the details of the deferment of transfer referred to in paragraph (1) above in the Agreement on the Consolidation of Philippine Debt arising from Credits connected with German Supplies and Services which shall be concluded at the same time as this Agreement.

ARTICLE 2

(1) The Government of the Federal Republic of Germany shall enable the Government of the Republic of the Philippines to alter the loan agreements concluded before 1 April 1984 with the Kreditanstalt fur Wiederaufbau, Frankfurt am Main, for a total of DM 135,300,000 (one hundred and thirty-five million three hundred thousand Deutsche Mark) by a Supplementary Agreement to be concluded between the Republic of the Philippines and the Kreditanstalt fur Wiederaufbau to the effect that

(a) the amounts in principal and 60 per cent of the amounts in interest which have fallen or fall due between 1 January 1985 and 30 June 1986

and have not been or are not paid shall be paid

- in ten equal half-yearly installments, beginning on 15 March 1991 and

ending on 15 September 1995;

of the remaining 40 per cent of the amounts in interest

- 1/3 shall be paid on the original due date,
- 1/3 on 15 September 1986; and
- 1/3 on 15 September 1987;

(b) of the amounts in principal and interest which fell due up to 31 December 19894 and for which no payment has been made

- 25 per cent shall be paid on 15 June 1985,
- 25 per cent on 15 December 1985, and
- 50 per cent on 15 June 1986.

(2) Loan agreements and amounts to which the provisions of paragraph (1) (a) above apply are listed in Annex 1; loan agreements and amounts to which the provisions of paragraph (1) (b) above apply are listed in Annex 2.

The amounts in principal and interest listed in Annex 1 total DM 3,972,739.77 (one million three hundred and nine hundred and seventy-two thousand seven hundred and thirty-nine Deutsche Mark and seventy-seven Pfennig); of this, DM 1,540,00 is principal and DM 2,432,739.77 interest.

The amounts in principal and interest listed in Annex 2 total DM 1,325,252.67 (one million three hundred twenty five thousand two hundred fifty-two Deutsche Mark and sixty-seven Pfennig); of this, DM 513,000 is principal and DM 812,252.67 interest.

The amounts in principal and interest referred to in this paragraph shall be assumed by the Republic of the Philippines as new indebtedness.

(3) Annual interest of 3% (three per cent) (consolidation interest) shall be paid on the amounts in principal and interest referred to in paragraphs (1) and (2) above as of their original contractual due date.

Consolidation interest shall be paid

- for the period up to 30 June 1985 on 30 June 1985;
- for the period beginning on 1 July 1985

half-yearly in arrears on 30 June and 31 December of each year beginning on 31 December 1985.

(4) Details of the deferment of payment pursuant to paragraphs (1) to (3) above shall be set forth in the Supplementary Agreement referred to in paragraph (1) above, which shall be subject to the legislation in force in the Federal Republic of