

No. 9339

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
INDONESIA**

Exchange of notes constituting an agreement concerning an interest-free loan by the Government of the United Kingdom of Great Britain and Northern Ireland to the Government of the Republic of Indonesia (with annexes and related exchanges of notes). Djakarta, 2 December 1967

Official text : English.

Registered by the United Kingdom of Great Britain and Northern Ireland on 10 December 1968.

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
INDONÉSIE**

Échange de notes constituant un accord à l'octroi par le Gouvernement du Royaume-Uni de Grande-Bretagne et d'Irlande du Nord d'un prêt sans intérêt au Gouvernement de la République indonésienne (avec annexes et échanges de notes connexes). Djakarta, 2 décembre 1967

Texte officiel anglais.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 10 décembre 1968.

No. 9339. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND INDONESIA CONCERNING AN INTEREST-FREE LOAN BY THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND TO THE GOVERNMENT OF THE REPUBLIC OF INDONESIA. DJAKARTA, 2 DECEMBER 1967

I

*Her Majesty's Ambassador at Djakarta to the Minister for Foreign Affairs
of the Republic of Indonesia*

BRITISH EMBASSY

Djakarta, 2 December, 1967

Your Excellency,

I have the honour to refer to the discussions concerning development aid from the Government of the United Kingdom of Great Britain and Northern Ireland to the Government of the Republic of Indonesia and to inform Your Excellency that the Government of the United Kingdom are prepared to conclude an Agreement with the Indonesian Government on this question. The position of the Government of the United Kingdom with regard to the provision of finance and the commitments of that Government and of the Government of Indonesia as regards associated matters shall be as respectively set out in part A and part B below :

A. The Government of the United Kingdom declare that it is their intention, acting by the Ministry of Overseas Development (hereinafter referred to as "the Ministry"), to make available to the Government of Indonesia by way of an interest-free loan a sum not exceeding £500,000 (five hundred thousand pounds sterling) for the purchase in the United Kingdom of British goods.

B. (1) The Government of the United Kingdom shall adopt the arrangements and procedures described in the following paragraphs of this Note in so far as they

¹ Came into force on 2 December 1967, the date of the note in reply, in accordance with the provisions of the said notes.

relate to things to be done by or on behalf of that Government. The Government of Indonesia shall adopt the arrangements and procedures so described in so far as they relate to things to be done by or on behalf of that Government.

(2) (a) For the purpose of these arrangements, the Government of Indonesia through the Central Bank of Indonesia (Bank Negara Indonesia, Unit I) shall, by a request in the form set out in Annex A to this Note, open a special account (hereinafter referred to as "the Account") with a Bank in London (hereinafter referred to as "the Bank"). The Account shall be operated solely for the purposes of the loan and in accordance with the instructions contained in the said request.

(b) As soon as the Account is opened and before taking any other step required by these arrangements for obtaining any part of the loan, the Government of Indonesia shall furnish the Ministry with a copy of the Government's instructions to the Bank given in accordance with the foregoing provisions of this paragraph. The Government of Indonesia shall, at the same time and so often as any change is made therein, ensure that the Ministry is notified of the names of the officers who are duly authorised to sign on its behalf the Requests for Drawings hereinafter provided and shall also ensure that a specimen signature in duplicate of each such officer is provided.

(c) The Government of Indonesia shall ensure that the Bank shall forward monthly to the Ministry a statement of receipts to and payments from the Account.

(d) Unless the Ministry otherwise agree payments into the Account shall not be made after the 30th June, 1968.

(3) Save to the extent (if any) to which the Ministry may otherwise agree, drawings from the loan shall be used only :

(a) to reimburse any Bank in the United Kingdom for payments, made by means of irrevocable letters of credit which are opened or advised after the date of this Note, under a contract for the purchase in the United Kingdom (which expression in this Note shall be deemed to include the Channel Islands and the Isle of Man) of goods wholly produced or manufactured in the United Kingdom and that appear in the Indonesian official list of goods for which payment by means of "Export Bonus" foreign exchange is authorised by the Government of Indonesia (the so-called "B.E. List"), being a contract which :

(i) provides for payment in sterling to persons carrying on business in the United Kingdom ; and

(ii) is approved by the Government of Indonesia and accepted by the Ministry for financing from the loan ; and

(iii) is entered into after the date of this letter and before the 31st March, 1968 ;

(b) for payment of sterling bank charges and commissions payable in the United Kingdom to :

(i) the bank in respect of their services in connection with this loan ; and

(ii) any bank in the United Kingdom in respect of letters of credit referred to in this paragraph.

(4) (a) Where the Government of Indonesia proposes that part of the loan shall be applied to a contract, that Government shall ensure that there are forwarded at the earliest opportunity to the Ministry :

- (i) a copy of the contract, or of a letter of credit relating to the contract ; and
- (ii) two copies of a certificate from the supplier concerned in the United Kingdom in the form set out in Annex C to this Note.

(b) The Government of Indonesia shall ensure that the Ministry is informed if at any time a contract (being a contract in respect of which documents have been submitted in accordance with the foregoing provisions) is amended or if liability is incurred or is to be incurred thereunder to a greater or lesser amount than the amount specified in the contract certificate and, in either of these cases, the Government of Indonesia shall ensure that there are forwarded as soon as possible to the Ministry the relevant supplementary or revised documents.

(5) (a) After the Ministry has considered the documents forwarded in pursuance of the procedure described in the foregoing provisions of this Note and any additional information which it may request for this purpose from the Bank acting on behalf of the Government of Indonesia (and which shall then be supplied on behalf of that Government) the Ministry shall notify the Bank in the form set out in Annex C (i) to this Note whether and to what extent it accepts that a contract is eligible for payment from the loan.

(b) To the extent that the Ministry so accepts a contract and agrees to payment from the Account it shall on receipt of a request duly signed by the Bank on behalf of the Government of Indonesia, in the form set out in Annex B to this Note, giving details of payments due and about to be made, make payments in sterling into the Account and each such payment shall constitute a drawing on the loan.

(6) Withdrawals from the Account shall be made only in the manner and subject to the conditions hereafter set out in this paragraph :

(a) for reimbursement to a bank in the cases to which paragraph (3) (a) refers, withdrawals shall be made only on receipt by the Bank of a Payment Certificate in the form shown in Annex D hereto and the invoices referred to therein ; and provided that

- (i) the amount of reimbursement made in respect of any one contract, excluding the sterling bank charges and commissions referred to in paragraph (3) (b) above, shall not exceed the amount specified in relation to that contract in the notification in the form set out in Annex C (i) ; and

- (ii) the Bank shall forward to the Ministry the relevant Payment Certificate and invoices immediately any such reimbursements have been made ; and

- (iii) where the amount shown in paragraph (ii) of a Payment Certificate exceeds the amount specified in paragraph 4 of the Contract Certificate relating to that contract the Government of Indonesia, at the request of the Ministry, shall pay an amount equal to the difference into the Account ;

(b) for payments to which paragraph (3) (b) refers, the Bank shall debit the Account and inform the Ministry of the amount so debited. In respect of the bank charges

incurred under paragraph (3) (b) (ii) they shall relate the bank charges to the contract concerned ;

- (c) photocopies or duplicates of invoices may be submitted instead of the originals for the purposes of this paragraph.

(7) If any monies that have been paid out of the Account are subsequently refunded either by the Supplier or by a guarantor the Government of Indonesia shall, so long as there are payments or reimbursements to be made from the Account, pay an equivalent of such sums into the Account and, in any other case, apply the refunds to the reduction of the loan outstanding.

(8) The Government of Indonesia shall repay to the Ministry in pounds sterling in London the total sum borrowed under the arrangements set out in this Note, such repayment to be made by instalments paid on the dates and in the amounts specified below, except that if, on the date when any such instalment is due to be paid, there is then outstanding less than the amount specified for that instalment only the amount then outstanding shall be paid :

<i>Date due</i>	INSTALMENTS	<i>Amount</i> £
15th February, 1975 and on the 15th February in each of the succeeding 17 years		13,900
15th August, 1975 and on the 15th August in each of the succeeding 16 years		13,900
15th August, 1992		13,500

(9) Notwithstanding the provisions of paragraph (8) of this Note, the Government of Indonesia shall be free at any earlier time to repay to the Ministry in pounds sterling in London the whole or any part of the loan that is still outstanding.

If the foregoing proposals are acceptable to the Government of the Republic of Indonesia, I have the honour to suggest that the present Note together with Your Excellency's reply in that sense shall constitute an Agreement between the two Governments which shall enter into force on the date of your reply and the Agreement shall be referred to as the United Kingdom/Indonesia Loan, 1967.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

Horace PHILLIPS