



Treaty Series No. 18 (1968)

Agreement

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

on certain Commercial Debts

Djakarta, 1 August 1967

[The Agreement entered into force on signature]

*Presented to Parliament by the Secretary of State for Foreign Affairs
by Command of Her Majesty
February 1968*

LONDON

HER MAJESTY'S STATIONERY OFFICE

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**AGREEMENT
BETWEEN THE GOVERNMENT OF THE REPUBLIC OF
INDONESIA AND THE GOVERNMENT OF THE UNITED
KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
ON CERTAIN COMMERCIAL DEBTS**

The Governments of the Republic of Indonesia and of the United Kingdom of Great Britain and Northern Ireland;

Considering the statement made on behalf of the Indonesian Government at the multilateral conference at Tokyo on 19th and 20th September, 1966, wherein the Indonesian Government expressed their need to request creditors to agree to a deferment of debt repayments;

Considering that the terms on which such deferment should be effected were expressed in the agreed minute of a conference held in Paris on 19th and 20th December, 1966, in which the Governments of Indonesia, France, the Federal Republic of Germany, Italy, Japan, the Netherlands, the United Kingdom, and the United States of America took part, and at which the International Monetary Fund and the International Bank for Reconstruction and Development were represented;

Desiring to conclude an Agreement for the establishment of a transfer scheme for the repayment of debts owing by Indonesian debtors to United Kingdom creditors on such terms;

Have agreed as follows:

ARTICLE 1

Definitions

For the purpose of this Agreement:

- (a) "Bank Negara Indonesia" shall mean the state-owned corporate body established by Presidential Decree No. 17 of 1965 appointed to exercise the functions of the central bank of Indonesia, or its successors in those functions;
- (b) "Board of Trade" shall mean the Board of Trade of the United Kingdom;
- (c) "business" shall include a trade or profession;
- (d) "contract" shall mean any contract made between any debtor and creditor for the supply of goods or services or the provision of finance therefor from outside Indonesia under which credit was allowed for a period exceeding 180 days;
- (e) "creditor" shall mean any person or body of persons resident or carrying on business in the United Kingdom who has supplied goods or rendered services to any debtor or who has financed provision of such goods or services;

- (f) "currency of the debt" shall mean sterling or such other currency as is specified in the relevant contract;
- (g) "debt" shall mean any debt as defined in Article 2 and shall include the amount of any interest accruing thereon up to the date for payment specified in the relevant contract or on a bill of exchange or promissory note drawn pursuant to the terms of such contract;
- (h) "Debt Investment Conversion Scheme" shall mean the scheme described in Cabinet Praesidium Instruction No. 28/EK/IN/5 of 1967, as may be modified from time to time;
- (i) "debtor" shall mean any person or body of persons resident or carrying on business in Indonesia owing a debt as defined in Article 2 and shall include any guarantor of payment of such debt.

ARTICLE 2

The Debts

The provisions of this Agreement shall apply to any debt—

- (a) which arises under or in relation to a contract entered into before 1st July, 1966, and
- (b) which is already overdue for payment or which falls due for payment on or before 31st December, 1967,

and shall include the obligations of a guarantor, of the acceptor and endorser of a bill of exchange, of the issuer and endorser of a promissory note and of the issuer of a letter of credit.

ARTICLE 3

The Transfer Scheme

(1) Subject to the provisions of Article 4, the Indonesian Government undertakes that the full amount of all debts shall be transferred to the creditors in the currency of the debt in accordance with the transfer scheme set out in Annex 1 to this Agreement.

(2) The amount to be so transferred shall not be reduced or affected in any way by the failure or refusal of any debtor to pay any sum payable by such debtor in respect of that debt to the Bank Negara Indonesia.

ARTICLE 4

Use of Funds in Indonesia

(1) Any creditor duly authorised to do so by the authorities of the United Kingdom may apply to the Bank Negara Indonesia for the registration under the Debt Investment Conversion Scheme of his debt or part thereof, together with the moratorium interest accrued thereon, and on such registration

the amount to be transferred in accordance with the provisions of paragraph (1) of Article 3 shall be correspondingly reduced.

(2) The amount of rupiah so registered shall be not less than the rupiah equivalent of the debt or part thereof, together with the moratorium interest accrued thereon, calculated at the rate of exchange ruling at the date of such registration for inward investment in Indonesia in accordance with the Indonesian regulations then governing foreign investment.

ARTICLE 5

Moratorium Interest

(1) The Indonesian Government shall pay to the creditors moratorium interest on the amount of any debts to the extent that they have not been settled by transfer in accordance with Article 3 or by registration in accordance with Article 4.

(2) Moratorium interest shall, subject to the provisions of paragraph (4) of this Article, be paid at the rate of 4 per cent per annum.

(3) Subject to the provisions of Article 4, moratorium interest shall accrue and be payable in the currency of the debt in respect of the period from the date on which the payment was due under the relevant contract until the transfer of the debt to the creditor in accordance with Article 3 or its registration in accordance with Article 4.

(4) Subject to the provisions of Article 4, moratorium interest shall be paid and transferred to the creditor in accordance with the transfer scheme set out in Annex 1 hereto.

ARTICLE 6

The Bank Negara Indonesia

Without prejudice to any of its own obligations in relation to any debts, the Bank Negara Indonesia shall act as the agent of the Indonesian Government in executing the provisions of this Agreement.

ARTICLE 7

Exchange of Information

The Government of the United Kingdom and the Indonesian Government shall exchange with one another all information required for the proper implementation of this Agreement.

ARTICLE 8

Other Debt Settlements

If the Indonesian Government shall at any time make arrangements for the settlement of debts as defined in Article 2 owed to creditors resident or carrying on business in any other country than the United Kingdom on

terms which are more favourable to the creditors concerned than those provided for in this Agreement, the Indonesian Government and the Government of the United Kingdom shall forthwith consult together in order to ensure no less favourable terms for the settlement of debts owed to creditors resident or carrying on business in the United Kingdom.

ARTICLE 9

Preservation of Rights and Obligations

This Agreement and its implementation shall not affect the rights and obligations of the individual creditors and debtors concerned.

ARTICLE 10

Technical Rules

The provisions of this Agreement shall be applied in accordance with the technical rules set out in Annex 2 to this Agreement.

ARTICLE 11

Entry into Force

This Agreement shall come into force on the signature hereof and shall terminate when the last of the transfers to be made hereunder has been completed.

IN WITNESS WHEREOF the undersigned, duly authorised thereto by their respective Governments, have signed this Agreement.

DONE in duplicate at Djakarta this first day of August, 1967.

For the Government of the Republic
of Indonesia:

ADAM MALIK

For the Government of the United
Kingdom of Great Britain and
Northern Ireland:

H. PHILLIPS

ANNEX 1

Transfer Scheme

(1) The amount of each debt shall be transferred to the United Kingdom as follows:

5% in four instalments of 1.25% each on 31st March, 30th June, 30th September, and 31st December of the year 1971;

30% in twelve instalments of 2.5% each on 31st March, 30th June, 30th September, and 31st December of the years 1972, 1973 and 1974;

45% in twelve instalments of 3.75% each on 31st March, 30th June, 30th September, and 31st December of the years 1975, 1976 and 1977; and

20% in four instalments of 5% each on 31st March, 30th June, 30th September, and 31st December of the year 1978.

(2) Moratorium interest shall be transferred to the United Kingdom as follows:

(a) In the case of such interest accruing up to and including 31st December, 1970, the amount so accrued shall be payable on a non-compounded basis by eight equal annual instalments beginning on 1st July, 1971.

(b) In the case of interest accruing on and after 1st January, 1971, the amounts accruing shall be payable quarterly beginning on 31st March, 1971.

ANNEX 2

Technical Rules

(1) The Bank Negara Indonesia and the Board of Trade shall agree a list of the debts to which this Agreement applies.

(2) Such list shall be completed as soon as possible and in any event by 31st December, 1970. Such list may be reviewed from time to time at the request of the Bank Negara Indonesia or of the Board of Trade, and if necessary added to, altered or amended in such manner as may be agreed between them.

(3) (a) The Bank Negara Indonesia shall transfer the necessary amounts in the currency of the debt to a commercial bank or banks in the United Kingdom together with payment instructions in favour of each of the creditors to whom payment is due in accordance with this Agreement.

(b) When amounts are so transferred, the Bank Negara Indonesia shall give the Board of Trade particulars of the debts and of the moratorium interest to which such transfers relate.

(4) The Bank Negara Indonesia shall give the Board of Trade particulars of any rupiah which it has registered in accordance with Article 4 and of the debts to which such registration relates.

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