



Treaty Series No.38 (2005)

Implementation Agreement

between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Russian Federation concerning the Partial Prepayment of Certain Debt Obligations of the Government of the Russian Federation

London, 7 July 2005 and Moscow, 12 July 2005

[The Agreement entered into force on 12 July 2005]

Supplemental Implementation Agreement

between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Russian Federation concerning the Partial Prepayment of Certain Debt Obligations of the Russian Federation

London, 26 July 2005 and Moscow, 28 July 2005

[The Agreement entered in force on 28 July 2005]

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

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**IMPLEMENTATION AGREEMENT
BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT
BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE
RUSSIAN FEDERATION CONCERNING THE PARTIAL PREPAYMENT OF
CERTAIN DEBT OBLIGATIONS OF THE GOVERNMENT OF THE
RUSSIAN FEDERATION**

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Russian Federation,

With a view to implementing the recommendations of the Paris Club Agreement on the Debt Prepayment of the Russian Federation of May 13, 2005, with respect to the prepayment of up to US\$15 billion of the Russian Federation's Paris Club debt (the "Prepayment Agreement"),

Have agreed as follows:

1. Amount and Timing of Prepayment. The prepayment to be made to the United Kingdom Export Credits Guarantee Department ("ECGD") shall be calculated and paid as follows:
 - (a) The prepayment shall be paid in two instalments in accordance with the irrevocable notice sent by ECGD to the Chairman of the Paris Club and the Government of the Russian Federation dated 31 May 2005. The first instalment:
 - (i) shall represent approximately 35.3% of the principal outstanding under the Bilateral Agreements referred to below (after giving effect to the scheduled principal payments due thereunder on August 20, 2005),
 - (ii) shall be in the amount of £175,097,378.93 and US\$88,023,151.46
 - (iii) shall be paid by the Government of the Russian Federation for value no later than July 15, 2005.
 - (b) The Government of the Russian Federation shall notify ECGD of the amount of the second instalment promptly following its determination but in no event later than July 21, 2005. The second instalment shall be paid by the Government of the Russian Federation for value no later than July 29, 2005.
 - (c) The amount of the first instalment has been, and the amount of the second instalment shall be, calculated in accordance with the recommendations set out in Articles III.2.A and III.2.B, respectively, of the Prepayment Agreement, after consultation with the Chairman of the Paris Club.

- (d) The Government of the Russian Federation shall notify ECGD of the specific value date of each instalment at least three days before its payment.
- (e) The first and second instalments shall be made at par and paid in accordance with the procedures, in the currencies and to the account(s) provided in or pursuant to the Bilateral Agreements referred to below as in effect on May 13, 2005.
2. Application of Prepayment. In accordance with the recommendations made in the Prepayment Agreement, the prepayment to be made to ECGD shall be applied:
- (a) to the rateable reduction of each scheduled principal maturity falling due after August 20, 2005 under the relevant provisions of the bilateral agreements between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Russian Federation (the “Bilateral Agreements”) implementing:
- (i) Articles II-2/A, II-2/B, II-3/A and II-3/B of the Paris Club’s Agreement with the Government of the Russian Federation on the Debt Due to Foreign Official Creditors dated April 29, 1996 (The United Kingdom/Russia Debt Agreement No 4 (1996) of June 9, 2000)¹, and
- (ii) Articles II-2/A-1, II-2/A-2 and II-2/B-1.b of the Paris Club’s Agreed Minute on the Reorganisation of the Debt of the Russian Federation dated August 1, 1999 (The United Kingdom/Russia Debt Agreement No 5 (1999) of November 22, 2000)²; and
- (b) within each such scheduled principal maturity, to the rateable reduction of each Category of Debt (as defined in the Prepayment Agreement) in accordance with the recommended rule for the application of the Russian Federation’s prepayment set out in Article II.2 of the Prepayment Agreement.
3. Scheduled Maturities. The amounts of the scheduled principal maturities falling due on August 20, 2005 under the Bilateral Agreements shall be determined without giving effect to the prepayment referred to in this Implementation Agreement.
4. Interest. The unpaid interest accrued under the Bilateral Agreements after giving effect to the payment of the first and second instalments (being the interest so accrued on the daily principal balance outstanding under each Bilateral Agreement from the last applicable interest payment date to the date of payment) shall be paid together with the scheduled principal maturities falling due on August 20, 2005 under the Bilateral Agreements.

¹ Treaty Series No. 108 (2000) Cm 4854

² Treaty Series No. 8 (2001) Cm 5041

5. Reconciliation. The amount outstanding under the Bilateral Agreements after giving effect to the first and second instalments of the prepayment and to the payment of the scheduled principal maturities falling due on August 20, 2005 under the Bilateral Agreements shall be reconciled by ECGD and Vnesheconombank, acting on behalf of the Government of the Russian Federation. A copy of their agreed reconciliation report shall be provided to the Chairman of the Paris Club.

6. Breakage Costs. No breakage costs or other fees shall be due or payable in connection with the prepayment to be made under this Implementation Agreement.

7. Deadlines. The deadlines for the taking of the actions referred to in this Implementation Agreement may, in exceptional circumstances, be changed with the consent of the Government of the Russian Federation and the Paris Club creditors of the Russian Federation.

8. Foreign Exchange Movements. If a significant event on the foreign exchange market threatens the ability of the Russian Federation to implement its prepayment programme for an amount not in excess of US\$15 billion:

- (a) the Government of the Russian Federation shall take appropriate measures to ensure equity of treatment among the participating Paris Club creditors in accordance with the recommendations set out in Article III.4 of the Prepayment Agreement, and
- (b) the execution of this Implementation Agreement may be suspended with the consent of the Government of the Russian Federation and Paris Club creditors of the Russian Federation,

provided that in no event will the Government of the Russian Federation be required to spend more than US\$15 billion in implementation of its prepayment programme.

9. No Securitisation or Derivative Transactions. Unless otherwise agreed by the Government of the Russian Federation, ECGD commits not to enter (either directly or indirectly) into any market transaction that may affect in any way its economic or credit risk exposure to its Paris Club debt towards the Russian Federation. This undertaking will remain in effect:

- (a) up to December 31, 2006, provided the Russian Federation satisfactorily implements the prepayment programme referred to in the Prepayment Agreement in accordance with its terms, and
- (b) up to December 31, 2007, provided the Russian Federation commits before December 31, 2006 to carry out additional Paris Club prepayment operations at par before June 30, 2007 in an amount up to at least US\$6 billion.

10. No Future Commitment. The participation of ECGD in the US\$15 billion prepayment programme of the Russian Federation referred to in the Prepayment Agreement does not constitute a commitment to participate in any future prepayment programme of the Russian Federation.

11. Bilateral Agreements. This Implementation Agreement shall supplement and, in the case of any conflicting provision, shall supersede the Bilateral Agreements. Except to the extent so supplemented or superseded, the Bilateral Agreements shall remain in full force and effect.

12. Changes and Amendments. Changes in or additions to any of the matters referred to in this Implementation Agreement may be made only in writing signed on behalf of ECGD and the Government of the Russian Federation.

13. Copies of Implementation Agreement. A copy of this Implementation Agreement shall be provided to the Chairman of the Paris Club and may, upon request, be provided to any other Paris Club creditor of the Russian Federation.

14. Payment Reports. The Government of the Russian Federation shall report to the Chairman of the Paris Club the amount and payment date of each payment made under this Implementation Agreement.

15. Counterparts. This Implementation Agreement may be signed in two separate counterparts, each of which will be deemed an original and both of which, when taken together, will constitute one and the same Implementation Agreement.

16. Effective Date. This Implementation Agreement shall enter into force upon signature by both parties.

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

For the Government of the Russian
Federation

PATRICK CRAWFORD

VICTOR IVANOVICH BOLESNIKOV

**SUPPLEMENTAL IMPLEMENTATION AGREEMENT
BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT
BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE
RUSSIAN FEDERATION CONCERNING THE PARTIAL PREPAYMENT OF
CERTAIN DEBT OBLIGATIONS OF THE RUSSIAN FEDERATION**

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Russian Federation;

With a view to implementing the recommendations of the Paris Club Agreement on the Debt Prepayment of the Russian Federation of May 13, 2005, with respect to the prepayment of up to US\$15 billion of the Russian Federation's Paris Club debt (the "Prepayment Agreement");

Have entered into an Implementation Agreement dated July 12, 2005 (the "Implementation Agreement");

And further agree as follows:

1. Amount and Timing of Second Instalment. The second instalment of the prepayment referred to in the Implementation Agreement to be made to the United Kingdom Export Credits Guarantee Department ("ECGD"):
 - (a) shall represent approximately 5.6% of the principal outstanding under the Bilateral Agreements referred to in the Implementation Agreement (after giving effect to the scheduled principal payments due thereunder on August 20, 2005),
 - (b) shall be in the amount of £27,802,274.00 and US\$13,976,472.91 and
 - (c) shall be paid by the Government of the Russian Federation for value no later than July 29, 2005.
2. Implementation Agreement. This Supplemental Implementation Agreement supplements the Implementation Agreement, which in all other respects remains in full force and effect.
3. Changes and Amendments. Changes in or additions to this Supplemental Implementation Agreement shall be made in writing, signed on behalf of the Government of the Russian Federation and ECGD.
4. Copies of Supplemental Implementation Agreement. A copy of this Supplemental Implementation Agreement shall be provided to the Chairman of the Paris Club and shall, upon request, be provided to any other Paris Club creditor of the Russian Federation.

5. Payment Reports. The Government of the Russian Federation shall report to the Chairman of the Paris Club the amount and payment date of each payment made under this Supplemental Implementation Agreement.

6. Counterparts. This Supplemental Implementation Agreement may be signed in two separate counterparts, each of which will be deemed an original and both of which, when taken together, will constitute one and the same Supplemental Implementation Agreement.

7. Entry into force. This Supplemental Implementation Agreement shall enter into force upon signature by both Parties.

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

For the Government of the Russian
Federation

PATRICK CRAWFORD

SEGEI STORCHAK



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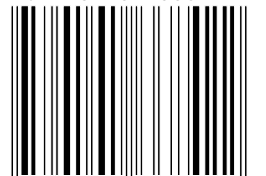
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