



Treaty Series No. 20 (2016)

# Exchange of Notes

between the Government of the United Kingdom of Great Britain and  
Northern Ireland and the Government of the Republic of Argentina  
concerning the Clearance of Arrears  
(The United Kingdom/Argentina Debt Agreement No.6 (2014))

Buenos Aires, 23 December 2015 and 27 January 2016

[The Exchange of Notes entered into force on 27 January 2016]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
March 2016*



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**EXCHANGE OF NOTES BETWEEN THE GOVERNMENT OF THE  
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND  
AND THE GOVERNMENT OF THE REPUBLIC OF ARGENTINA  
CONCERNING THE CLEARANCE OF ARREARS  
(THE UNITED KINGDOM/ARGENTINA  
DEBT AGREEMENT NO.6 (2014))**

**No.1**

*British Embassy in Buenos Aires to the Ministry of Foreign Affairs and Culture of  
Argentina*

*23 December 2015*

I have the honour to refer to the Joint Declaration on Arrears Clearance which was signed in Paris on 29 May 2014, and to inform Your Excellency that the Government of the United Kingdom of Great Britain and Northern Ireland is prepared to accept the clearance of arrears by the Government of the Republic of Argentina on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Government of the Republic of Argentina, I have the honour to propose that this Note together with its Annex, and your reply to that effect, shall constitute an Agreement between our two Governments in this matter which shall be known as “The United Kingdom/Argentina Debt Agreement No.6 (2014)” and which shall enter into force on the date of your reply.

I have the honour to convey to Your Excellency the assurance of my highest consideration.

## ANNEX

### SECTION 1

#### Definitions and Interpretation

- (1) In this Annex, unless the contrary intention appears:
- a. **“Arrears”** means the sum of any (i) unpaid principal, (ii) unpaid interest and (iii) unpaid Late Interest, as of 30 April 2014 (inclusive), under the Previous Agreements, being forty four million five hundred and ninety nine thousand seven hundred and twenty two dollars and twenty eight cents (\$44,599,722.28) and seventeen million seven hundred and seventy three thousand nine hundred and eighty four pounds and sixty seven pence (£17,773,984.67);
  - b. **“Basic Interest”** means interest payable at the rate set out in Section 4(1) a and accruing from 1 May 2014 on the remaining Arrears;
  - c. **“Breach of the Scheme”** means where (i) the Government of the Republic of Argentina fails to meet its payment obligations under the Joint Declaration; and (ii) a declaration by the Paris Club that a “Breach of the Scheme” has occurred following the mandatory sixty (60) day period after the payment obligation fell due in accordance with section III of the Joint Declaration;
  - d. **“Business Day”** means (i) a day on which banks are open for domestic and foreign exchange business in London, and (ii) in respect of Arrears whose currency is the dollar, a day on which banks are open for domestic and foreign exchange business in both London and New York;
  - e. **“Compensatory Interest”** means interest, payable at the rate set out in Section 4(1)b and charged on the difference between (i) the sum of the Target Payments from 1 May 2014 to the due date of such Target Payment and (ii) the sum of Arrears actually paid over the same period;
  - f. **“DADP”** (by its Spanish acronym, Dirección de Administración de la Deuda Pública) means Public Debt Management Unit, a sub-unit inside the National Bureau of Public Credit of the Ministry of Economy and Public Finances.
  - g. **“Date of the Breach”** means the date on which a payment obligation under the Joint Declaration is not met and which results in a Breach of the Scheme;

- h. **“Department”** means the Export Credits Guarantee Department (operating as UK Export Finance) or any other department or entity that the Government of the United Kingdom may from time to time nominate to perform the functions of the Department hereunder;
- i. **“End of the Scheme”** means the day following the final scheduled Repayment Date;
- j. **“Final Interest”** means interest, payable at the rate set out in Section 4(1) c, (i) charged on the amount of all remaining Arrears, Basic Interest and Compensatory Interest not paid by the End of the Scheme, and (ii) which may be applied if a Breach of the Scheme has been declared in accordance with Section 4(2);
- k. **“Interest”** means together, Basic Interest, Compensatory Interest and Final Interest;
- l. **“Interest Payment Date”** means (i) the thirtieth day of May in each year or (ii) in the case of a Breach of the Scheme, the date on which the Breach of the Scheme is declared pursuant to section III of the Joint Declaration and in accordance with Section 4 (2);
- m. **“Interest Period”** means the period commencing on an Interest Payment Date and ending on the succeeding Interest Payment Date;
- n. **“Joint Declaration”** means the Joint Declaration on Arrears Clearance with the Argentine Republic which was signed in Paris, France on 29 May 2014;
- o. **“Late Interest”** means, with respect to a scheduled repayment date under the Previous Agreements, any interest accruing from the date on which the scheduled repayment of principal and interest was due to be made and ending on 30 April 2014 (inclusive);
- p. **“Minimum Payment”** means, in relation to a Repayment Date, the amount set out opposite the Repayment Date in the second column of Section 3, expressed as a percentage of the Arrears;
- q. **“Ministry of Economy”** means the Ministry of Economy and Public Finances of the Republic of Argentina;
- r. **“Participating Creditor Country”** has the meaning given to that term in the Joint Declaration;

- s. **“Previous Agreements”** means the agreements between the Government of the United Kingdom and the Government of the Republic of Argentina concerning certain commercial debts which entered into force on 17 March 1992<sup>1</sup> and 8 February 1993<sup>2</sup>;
  - t. **“Repayment Date”** means a date listed in the column entitled “Repayment Date” in Section 3;
  - u. **“Target Payment”** means, in relation to a Repayment Date, the amount set out opposite the Repayment Date in the third column of Section 3, expressed as a percentage of the Arrears; and
  - v. **“United Kingdom”** means the United Kingdom of Great Britain and Northern Ireland.
- (2) "\$" and "dollars" denote the lawful currency of the United States of America.
  - (3) "£" and “pounds” denote the lawful currency of the United Kingdom.
  - (4) Where the context of this Annex so allows, words importing the singular include the plural and vice versa.
  - (5) Unless otherwise indicated, reference to a specified Section shall be construed as a reference to that section of this Annex.
  - (6) The headings to the Sections are for ease of reference only.

## **SECTION 2**

### **Payments under the Previous Agreements**

Subject to Section III of the Joint Declaration, the provisions of the Previous Agreements insofar as they relate to the payment of any of the Arrears shall cease to apply upon the entry into force of this Agreement.

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<sup>1</sup> Treaty Series No.28 91993) Cm 2237

<sup>2</sup> Treaty Series No. 33 (1993) Cm 2246

### SECTION 3

#### Payment of Arrears

- (1) Subject to the terms of this Annex, the Government of the Republic of Argentina shall pay to the Department the Arrears on the following dates and in the following instalments, each instalment to be paid on each such date, being no less than the Minimum Payment:

Repayment Date	Minimum Payment (% of Arrears)	Target Payment (% of Arrears)
Upfront Payment		
30 July 2014	6.7074	Not applicable
30 May 2015	5.1596	23.21804
Subsequent Payments		
30 May 2016	16.5106	23.21804
30 May 2017	11.351	23.21804
30 May 2018	18.5744	23.21804
30 May 2019	19.0904	23.21804

- (2) The Government of the Republic of Argentina may, at its discretion, exceed the amount of a Target Payment.
- (3) If the amount of a Minimum Payment or a Target Payment should ever exceed remaining Arrears due on a Repayment Date, then the aggregate of all remaining Minimum Payments and the Target Payments amounts shall be reduced to equal the amount of the remaining Arrears at such Repayment Date.
- (4) In the event of a Breach of the Scheme, Arrears and Interest unpaid at the Date of the Breach shall become immediately due and payable.

### SECTION 4

#### Interest

- (1) Interest shall be payable by the Government of the Republic of Argentina on an Interest Payment Date as follows:
- with respect to Basic Interest, at a rate of three percent (3%) per annum payable from 2015 to (and including) 2019;
  - with respect to any Compensatory Interest, at a rate of four point five percent (4.5%) per annum payable from 2016 to (and including) 2020; and

- c. with respect to Final Interest, at a rate of nine percent (9%) per annum from 2020 and annually thereafter until the Arrears and any outstanding Interest has been repaid in full.
- (2) In the event of a Breach of the Scheme, Final Interest shall, on the date of the Breach of the Scheme, be payable on any unpaid Arrears and/or Interest accrued between 1 May 2014 and the Date of the Breach and shall be payable annually thereafter until such Arrears and Interest has been repaid in full.
- (3) Final Interest (if unpaid) on any applicable Interest Payment Date will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain due and payable. Final Interest will continue to accrue on the compounded amount until such overdue amount and all Final Interest has been paid in full.
- (4) All Interest payable pursuant to this Annex shall be calculated on the basis of actual days elapsed and a year of three hundred and sixty (360) days, in the case of Arrears denominated in dollars, and three hundred and sixty five (365) days, in the case of Arrears denominated in pounds.

## **SECTION 5**

### **Payments to the Department**

- (1) All payments received pursuant to Sections 3 and 4 shall be applied towards the satisfaction of the Arrears and Interest in the following order:
  - a. first, towards any unpaid Final Interest;
  - b. second, towards any unpaid Basic Interest;
  - c. third, towards any unpaid Compensatory Interest; and
  - d. fourth, towards any unpaid Arrears.
- (2) The Government of the Republic of Argentina shall make all payments to be made pursuant to Sections 3 and 4 free from any deduction of taxes, fees, other public charges or any other costs incurred outside the United Kingdom.
- (3) If the day on which a payment under this Annex falls due is not a Business Day, payment shall be made on the next Business Day.
- (4) Each payment made pursuant to Sections 3 and 4 shall be paid in the currency of the applicable Arrears and to the account notified by the Department to DADP.

## **SECTION 6**

### **Exchange of Information**

The Department and DADP shall exchange all information required for the implementation of this Annex.

## **SECTION 7**

### **Conditionality**

The terms and conditions of Section III of the Joint Declaration shall apply to this Annex.

## **REPLY NOTE**

I have the honour to acknowledge receipt of Your Excellency's Note of [date] which reads as follows:

QUOTE UK NOTE AND ANNEX IN FULL

I have the honour to confirm that the terms and conditions set out in the Annex to your Note are acceptable to the Government of the Republic of Argentina, and that your Note together with its Annex, and this reply, shall constitute an Agreement between our two Governments in this matter which shall be known as “The United Kingdom/Argentina Debt Agreement No.6 (2014)” and which shall enter into force today.

I have the honour to convey to Excellency the assurance of my highest consideration.

**No. 2**

*Ministry of Economy and Public Finance of Argentina to the British Embassy,  
Buenos Aires*

*27 January 2016*

I have the honour to acknowledge receipt of Your Excellency's Note No. GB 241/15 of 23 December 2015 which reads as follows:

[As in No.1]

I have the honour to confirm that the terms and conditions set out in the Annex to your Note are acceptable to the Government of the Republic of Argentina, and that your Note together with its Annex, and this reply, shall constitute an Agreement between our two Governments in this matter which shall be known as “The United Kingdom/Argentina Debt Agreement No.6 (2014)” and which shall enter into force today.

I have the honour to convey to Excellency the assurance of my highest consideration.

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