



NEW ZEALAND EMBASSY

KOTAK POS. 2439 DKT.

DJAKARTA

30 April 1970

Your Excellency,

I have the honour to refer to the recent discussion between representatives of our respective Governments regarding the offer of the New Zealand Government to make available to the Government of Indonesia a loan of NZ\$500,000 for the purchase of New Zealand goods qualifying for import into the Republic of Indonesia under the Devisa Kredit (Credit Foreign Exchange) regulation. I now propose on behalf of the Government of New Zealand that an agreement be reached between our two Governments in the following terms:

1. The Government of New Zealand will make available to the Government of the Republic of Indonesia a loan of five hundred thousand dollars New Zealand currency (NZ\$500,000). This will take the form of a credit from the Reserve Bank of New Zealand to the Bank Indonesia in the form and on the terms of the financial agreement between the two banks annexed hereto. The Government of the Republic of Indonesia will guarantee the payment of each instalment due under the agreement and will facilitate the transfer of such payments under the agreement.
2. The Indonesian purchases made under the credit will be restricted to products purchased in New Zealand which are included in the Indonesian Devisa Kredit import

list attached to this letter and which are available for export from New Zealand.

3. Orders for goods required by the Government of the Republic of Indonesia or intended for the ultimate use of agencies receiving financial support from the Indonesian Budget will be channelled through the New Zealand Embassy, Djakarta, so that arrangements can be made for their purchase in New Zealand in accordance with normal New Zealand Government purchasing procedures.
4. This agreement may be applied to additions to the attached Devisa Kredit import list but only after prior consultation between the respective Governments.
5. The Government of the Republic of Indonesia will not take any measures to limit the use of the New Zealand credit in any way without prior consultations with the Government of New Zealand.
6. The Government of the Republic of Indonesia will arrange for checks to be made to ensure that goods purchased with funds made available under the New Zealand credit do enter the Republic of Indonesia, that these goods are included in the Indonesian Devisa Kredit import list, and that the prices paid are justified.
7. When, in the opinion of either Government, any irregular transactions involving the credit have taken place, consultations will be held at the request of either Government in order to identify and rectify such irregular transactions and to prevent future irregularities.

3. The credit shall be available up to 30 June 1971 and no further drawings will be permitted after that date unless agreed between the parties to this Agreement.

9. At the request of either Government, the two Governments will consult together in respect of any matter that may arise from or in connection with this agreement.

If the foregoing provisions are acceptable to the Government of the Republic of Indonesia I have the honour to suggest that this letter and your reply to that effect should constitute an agreement between our two Governments from the date of your reply.

Accept, Excellency, the assurance of my highest consideration.

Ambassador of New Zealand
to Indonesia

His Excellency Mr Adam Malik,
Minister of Foreign Affairs of
the Republic of Indonesia,
DJAKARTA.

List of products referred to in paragraph 2 of letter from the Ambassador of New Zealand to the Foreign Minister of the Republic of Indonesia dated 30 April 1970.

<u>Description</u>	<u>Indonesian Tariff Item</u>
(1) <u>Primary Products</u>	
<u>Milkpowders</u>	153 - I (Infants feeding) 12 - IIA (Other)
Seeds and plants for cultivation (grasses, clover, beet, turnip, etc.)	50 - II
Livestock for breeding (cattle and sheep)	2
(ii) <u>Manufactured Products</u>	
<u>Motor vehicles (cars)</u>	334 - IaI
<u>Agricultural Aircraft</u>	344
<u>Pulp</u>	300
<u>Newsprint</u>	303
<u>Asphalt</u>	135 - II
<u>Boilers</u>	711, 712
<u>Fertiliser Distribution Equipment</u>	766 - IX
<u>Motor Vehicle Oil and Air Filters</u>	714 - IIIa
<u>Water pumps</u>	719 - I, 719 - II
<u>Woodworking Machinery</u>	726
<u>Wool yarns</u>	351 - IX
<u>Refrigeration equipment</u>	744
<u>Ventilation and ducting equipment</u>	722
<u>Fibreglass and perlite insulation</u>	304 - IX
<u>Circuit breakers, switches, sockets, etc., metal and electrical fittings, clamps, cable casings and other such hardware</u>	316 - IIA, 316 - IIB
<u>Industrial Safety Equipment</u>	539, 312 - I, 320
<u>Agricultural Implements</u>	620
<u>Agricultural Chemicals</u>	565-I, 565-Ia2, 565-Ib, 565-Ic, 787
<u>Forestry Machinery and equipment</u>	169-Ia, 169-IIa, 169-IIB
<u>Fire extinguishers and fire fighting equipment</u>	726
<u>Wire ropes</u>	765
<u>Miscellaneous motor vehicle parts</u>	555
<u>Casein</u>	936-II
<u>Animal Vaccines</u>	154
<u>Kraft paper</u>	167-I
<u>Writing papers, etc.</u>	307-I 315-I



Djakarta, 30th April, 1970

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note dated 30th April, 1970, which reads as follows :

"I have the honour to refer to the recent discussion between representatives of our respective Governments regarding the offer of the New Zealand Government to make available to the Government of Indonesia a loan of NZ\$500,000 for the purchase of New Zealand goods qualifying for import into the Republic of Indonesia under the Devisa Kredit (Credit Foreign Exchange) regulation. I now propose on behalf of the Government of New Zealand that an agreement be reached between our two Governments in the following terms :

1. The Government of New Zealand will make available to the Government of the Republic of Indonesia a loan of five hundred thousand dollars New Zealand currency (NZ\$500,000). This will take the form of a credit from the Reserve Bank of New Zealand to the Bank Indonesia in the form and on the terms of the financial agreement between the two banks annexed hereto. The Government of the Republic of Indonesia will guarantee the payment of each instalment due under the agreement and will facilitate the transfer of such payments under the agreement.
2. The Indonesian purchases made under the credit will be restricted to products purchased in New Zealand which are included in the Indonesian Devisa Kredit import list attached to this letter and which are available for export from New Zealand.
3. Orders for goods required by the Government of the Republic of Indonesia or intended for the ultimate use

of agencies receiving financial support from the Indonesian budget will be channelled through the New Zealand Embassy, Djakarta, so that arrangements can be made for their purchase in New Zealand in accordance with normal New Zealand Government purchasing procedures.

4. This agreement may be applied to additions to the attached Devisa Kredit import list but only after prior consultation between the respective Governments.
5. The Government of the Republic of Indonesia will not take any measures to limit the use of the New Zealand credit in any way without prior consultations with the Government of New Zealand.
6. The Government of the Republic of Indonesia will arrange for checks to be made to ensure that goods purchased with funds made available under the New Zealand credit do enter the Republic of Indonesia, that these goods are included in the Indonesian Devisa Kredit import list, and that the prices paid are justified.
7. When, in the opinion of either Government, any irregular transactions involving the credit have taken place, consultations will be held at the request of either Government in order to identify and rectify such irregular transactions and to prevent future irregularities.
8. The credit shall be available up to 30 June 1971 and no further drawings will be permitted after that date unless agreed between the parties to this agreement.
9. At the request of either Government, the two Governments will consult together in respect of any matter that may arise from or in connection with this agreement.

If the foregoing provisions are acceptable to the Government of the Republic of Indonesia I have the honour to suggest that this letter and your reply to that effect should constitute an agreement between our two Governments from the date of your reply. "

In reply to the above, I have the honour to inform Your Excellency that the above-mentioned provisions are acceptable to the Government of the Republic of Indonesia and that Your Excellency's Note and this reply shall be regarded as Constituting an Agreement between the two Governments on this matter.

Please accept, Your Excellency, the assurances of my highest consideration.

For the Government of the
Republic of Indonesia,

A handwritten signature in dark ink, appearing to be 'Adam Malik', written over a horizontal line.

ADAM MALIK
Minister for Foreign Affairs

His Excellency R.L.G. Challis
Ambassador of New Zealand
D J A K A R T A . -

List of products referred to in paragraph 2 of letter from the Ambassador of New Zealand to the Foreign Minister of the Republic of Indonesia dated 30 April 1970.

<u>Description</u>	<u>Indonesian Tariff Item</u>
<u>(i) Primary Products</u>	
Milkpowders	168 - I (Infants feeding) 12 - IIA (Other)
Seeds and plants for cultivation (grasses, clover, beet, turnip, etc.)	50 - II
Livestock for breeding (cattle and sheep)	2
<u>(ii) Manufactured Products</u>	
Motor vehicles (ckd)	834 - IaI
Agricultural Aircraft	844
Pulp	300
Newsprint	308
Asphalt	135 - II
Boilers	711, 712
Fertiliser Distribution Equipment	766 - II
Motor Vehicle Oil and Air Filters	714 - IIIa
Water pumps	719 - I, 719 - II
Woodworking Machinery	726
Wool yarns	351 - II
Refrigeration equipment	744
Ventilation and ducting equipment	722
Fibreglass and perlite insulation	804 - II
Circuit breakers, switches, sockets, etc., metal and electrical fittings, clamps, cable casings and other such hardware	816 - IIa, 816 - IIb
Industrial Safety Equipment	539, 812 - I, 820
Agricultural Implements	609
Agricultural Chemicals	565-I, 565-Ia2, 565-Ib, 565-Ic, 727
Forestry Machinery and equipment	169-Ia, 169-IIa, 169-IIb
Fire extinguishers and fire fighting equipment	726
Wire ropes	765
Miscellaneous motor vehicle parts	555
Casein	836-II
Animal Vaccines	164
Kraft paper	167-I
Writing papers, etc.	307-I
	315-I

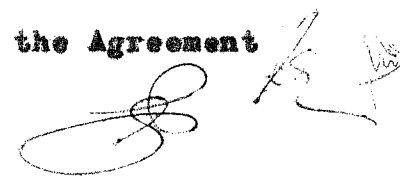
**AGREEMENT BETWEEN THE RESERVE BANK OF NEW ZEALAND
AND THE BANK INDONESIA CONCERNING A LOAN TO FINANCE
THE PURCHASE OF GOODS FROM NEW ZEALAND**

The Reserve Bank of New Zealand and the Bank Indonesia, desiring to give effect to an Agreement between the Government of New Zealand and the Government of the Republic of Indonesia concerning the grant of a loan by New Zealand to Indonesia for the purchase of New Zealand goods and to which this Agreement is attached (hereinafter called "the Governmental Agreement"), have agreed as follows:

ARTICLE 1

1. The Reserve Bank of New Zealand will make available to the Bank Indonesia a loan of five hundred thousand dollars New Zealand currency (NZ\$500,000).
2. The loan is to be utilized by 30th June 1971 and no further drawings will be permitted after that date unless agreed between the parties to this Agreement.

ARTICLE 2

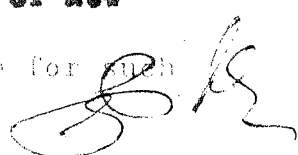
1. Drawings under the loan will be made only against irrevocable Letters of Credit, expressed in New Zealand currency, issued by a bank in the Republic of Indonesia in favour of the New Zealand exporter. The minimum amount of any such Letter of Credit is to be NZ\$1,000.
 2. Letters of Credit against which drawings are to be made pursuant to this Agreement will, subject to subsection 3 of this Article, cover only the purchase of goods from New Zealand which are included in the Indonesian "devisa kredit" import list and which form part of the Agreement
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between the Government of New Zealand and the Government of the Republic of Indonesia.

3. Additions to the range of goods which subsequently form part of the Agreement between the Government of New Zealand and the Government of the Republic of Indonesia will also be applied to this Agreement.
4. Drawings under the loan made available by the Reserve Bank of New Zealand will comprise the cost, insurance and freight of products imported by the Republic of Indonesia pursuant to this Agreement, together with all normal trading bank charges incurred relative thereto.
5. A copy of every Letter of Credit and each amendment to every Letter of Credit issued in accordance with this Agreement will immediately be forwarded to the Reserve Bank of New Zealand in Wellington.

ARTICLE 3

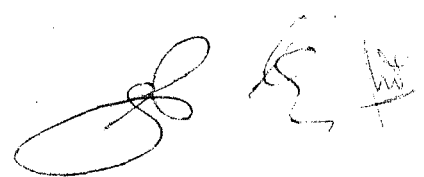
1. Interest on the amount of the loan outstanding will be payable at the rate of 3 per cent per annum and will commence to accrue from and including 1st July, 1978.
2. Repayments of principal and interest will be made by the Bank Indonesia in thirtysix equal half yearly instalments commencing 31st December, 1978.
3. Repayments of principal and interest are to be made in a convertible currency acceptable to the Reserve Bank of New Zealand. The rate of exchange to be applied for the purpose of converting such currency to New Zealand currency will be the Reserve Bank of New Zealand's telegraphic transfer buying rate for such currency on the day it is received.



4. The Bank Indonesia will be entitled to repay before the redemption date, in addition to the half yearly instalments, the whole or part of any sum outstanding and interest on the sum or sums so repaid shall cease from the date of repayment.
5. In event that any payment due to the Reserve Bank of New Zealand is not effected on the due date, the total amount of loan monies and interest thereon shall be immediately repayable unless alternative means of repayment is agreed between the Government of New Zealand and the Government of the Republic of Indonesia

ARTICLE 4

1. Drawings under the credit will be made in accordance with the procedures which may be agreed from time to time between the Reserve Bank of New Zealand and the Bank Indonesia.
2. When all drawings under Letters of Credit referred to in Article 2 of this Agreement have been completed a cash adjustment will be made, if necessary, to bring the total amount so drawn into line with the amount of the loan provided by the Reserve Bank of New Zealand pursuant to this Agreement. The method of effecting this adjustment will be agreed between the Reserve Bank of New Zealand and the Bank Indonesia after all drawings have been completed.



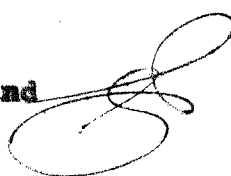
ARTICLE 5

This Agreement shall enter into force on the date on which the Governmental Agreement enters into force and shall be subject to variation following consultation between the parties hereto in the event of variation of the terms of the Governmental Agreement.

IN WITNESS WHEREOF the undersigned being duly authorized thereto by the Reserve Bank of New Zealand and the Bank Indonesia respectively, have signed this Agreement.

DONE in duplicate this thirtieth day of April, 1970.

For the Reserve Bank of New Zealand



For the Bank Indonesia

