



NEW ZEALAND EMBASSY
KOTAK POS. 2439 DKT.
JAKARTA

29 January 1975

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\$750,000 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 on the following terms:

1. The Government of New Zealand will make available to the Government of the Republic of Indonesia a loan of seven hundred and fifty thousand dollars New Zealand currency (NZ\$750,000). 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.

His Excellency
Prof. Dr. Mochtar Kusumaatmadja,
Minister for Foreign Affairs a.i. of
the Republic of Indonesia,
JAKARTA.

2. The Indonesian purchases made under the credit will be restricted to products purchased in New Zealand which are included in the Indonesian import list falling under groups A, B, C and D mentioned in Decree of the Minister of Trade No. 334/KP/X/71 of 29 October 1971 and the Joint Decree of the Minister of Finance and the Minister of Trade No. 177/MK/IV/3/1972 and No. 114/KPB/IV/72 dated 28 March 1972, and which are available for export from New Zealand.
3. Indonesian purchases of dairy products and purchases of forest products under the credit will be restricted, respectively, to 20 percent of the total credit made available under the loan. The Government of the Republic of Indonesia will not take any further measures to limit the use of the New Zealand credit in any way without prior consultations with the Government of New Zealand.
4. 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, Jakarta, so that arrangements can be made for their purchase in New Zealand in accordance with normal New Zealand Government purchasing procedures.

5. 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 mentioned in Paragraph 2 above, and that the prices paid are justified.
6. 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.
7. The credit shall be available up to 30 June 1975 and no further drawings will be permitted after that date unless agreed between the parties to this agreement.
8. 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

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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



MINISTER FOR FOREIGN AFFAIRS
REPUBLIC OF INDONESIA

Jakarta, January 29, 1975.-

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's letter of to day's date, 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\$. 750.000 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 on the following terms:

1. The Government of New Zealand will make available to the Government of the Republic of Indonesia a loan of seven hundred and fifty thousand dollars New Zealand currency (NZ\$. 750.000). 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.

His Excellency
Mr. Raymond L. Jermyn
Ambassador Extraordinary and
Plenipotentiary of New Zealand
J A K A R T A.-



2. The Indonesian purchases made under the credit will be restricted to products purchased in New Zealand which are included in the Indonesian import list falling under groups A, B, C and D mentioned in Decree of the Minister of Trade No. 334/KP/X/71 of 29 October 1971 and the Joint Decree of the Minister of Finance and the Minister of Trade No. 177/MK/IV/3/1972 and No. 114/KPB/IV/72 dated 28 March 1972, and which are available for export from New Zealand.
3. Indonesian purchases of dairy products and purchases of forest products under the credit will be restricted, respectively, to 20 percent of the total credit made available under the loan. The Government of the Republic of Indonesia will not take any further measures to limit the use of the New Zealand credit in any way without prior consultations with the Government of New Zealand.
4. 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, Jakarta, so that arrangements can be made for their purchase in New Zealand in accordance with normal New Zealand Government purchasing procedures.
5. 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 mentioned in Paragraph 2 above, and that the prices paid are justified.

6. 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.
7. The credit shall be available up to 30 June 1975 and no further drawings will be permitted after that date unless agreed between the parties to this agreement.
8. 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 letter and this reply shall be regarded as constituting an Agreement between the two Governments on this matter.



MINISTER FOR FOREIGN AFFAIRS
REPUBLIC OF INDONESIA

- 4 -

Accept, Excellency, the assurance of my highest consideration.-

For the Government of
the Republic of Indonesia



PROF. DR. MOCHTAR KUSUMAATMADJA

Minister for Foreign Affairs a.i.