

**BILATERAL AGREEMENT ON CONSOLIDATION OF
EXTERNAL DEBT BETWEEN THE
GOVERNMENT OF NEW ZEALAND AND THE
GOVERNMENT OF PERU**

The Government of New Zealand and the Government of Peru, in order to give effect to the recommendations of the Agreed Minute on the Consolidation of the Debt of Peru which was signed at the Conference held in Paris on 17 September 1991, acknowledging that part of the debt originally owed to the Government of New Zealand by the Government of Peru is now owed to the New Zealand Dairy Board and that this Agreement applies only to that part of the debt which remains owing to the Government of New Zealand, have agreed as follows:



[Handwritten signature]

Article 1

Definitions and Interpretation

(1) In this Agreement, unless the contrary intention appears:

(a) "The Agreed Minute" means the Agreed Minute on the Consolidation of the Debt of Peru which was signed at the Conference held in Paris on 17 September 1991;

(b) "Appropriate Market Rate" means the Reference Rate plus a margin of 0.5 per cent;

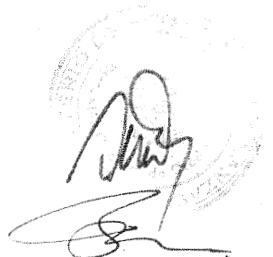
(c) "Business Day" means a day on which banks are open for domestic and foreign exchange business in both Wellington and New York City;

(d) "Consolidated Debt" means the consolidation of debts referred to in Article 2(1)(b);

(e) "Consolidated Interest" means the interest which accrues or has accrued from 1 October 1991 up to and including 31 December 1992;

(f) "the Debt" means the debt, resulting from the Loans and the Consolidated Debt, and the Consolidated Interest;

(g) "Late Interest" means those interest charges accruing at the rates specified in the original agreements from the contractual payment date of principal and interest due and not paid and the date of 30 September 1991;

A handwritten signature in black ink is located in the bottom right corner of the page. To the right of the signature is a circular stamp, which appears to be a seal or official mark, though its details are not clearly legible.

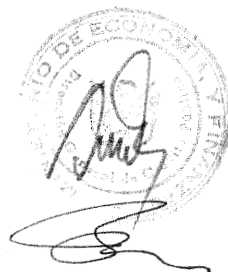
(h) "the Loans" mean the loans referred to in Article 2(1)(a);

(i) "New Zealand" means the Government of New Zealand;

(j) "Peru" means the Government of the Republic of Peru;

(k) "Reference Rate" means the interest settlement rate quoted by the British Bankers Association at 11 a.m. (London time) two Business Days before the commencement of the relevant half-yearly interest period in each year.

- (2) All references to interest, excluding contractual interest, shall be to interest accruing from day to day and calculated on the basis of actual days elapsed and a year of 365 days.
- (3) Where the context of this Agreement so allows, words importing the singular include the plural and vice versa.
- (4) The headings of the Articles are for ease of reference only.



Article 2Application

- (1) This Agreement applies to the debts owed by Peru to New Zealand resulting from:
 - (a) Loans from New Zealand with an original maturity of more than one year, pursuant to a contract or other financial arrangement concluded before 1 January 1983 and which was extended to Peru or its public sector, and being loans which were not covered by the Agreed Minute of the Paris Club meeting of 26 July 1983; and
 - (b) The consolidation of debts resulting from the bilateral agreement concluded on 22 December 1983 between New Zealand and Peru in accordance with the Agreed Minute of the Paris Club meeting of 26 July 1983.
- (2) Peru and New Zealand agree that there is no other debt subject to the Agreed Minute.
- (3) The provisions of the bilateral agreement referred to in paragraph (1)(b) of this Article insofar as they relate to the payment of any Debt shall cease to apply upon the coming into force of this Agreement.



Article 3Consolidation

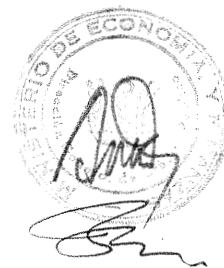
The consolidation referred to in Article 2(1)(b) of this Agreement will apply to:

(a) 100% of the amounts of principal and interest (including Late Interest) due as at 30 September 1991 inclusive and not paid, on the Debt. The list of such obligations is attached as Annex I(a) to this Agreement.

(b) 100% of the amounts of principal and interest (excluding Late Interest) due from 1 October 1991 up to 31 December 1992 inclusive and not paid, on the Debt. The list of such obligations is attached as Annex I(b) to this Agreement.

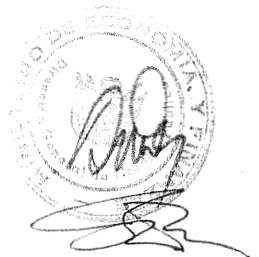
Article 4Repayments

Peru shall pay to New Zealand 100% of the Debts referred to in Article 2(1) of this Agreement in 14 equal and successive semi-annual instalments, commencing on 15 November 2000.



Article 5Interest

- (1) Peru shall pay to New Zealand interest at the Appropriate Market Rate on the amounts of the Debt from 1 October 1991 up to and including the respective dates of repayment of the Debt.
- (2) Interest payable under Article 5(1) shall be paid semi-annually on 15 May and 15 November each year commencing on 15 May 1993 and for the purposes of paragraph (3) of this Article interest shall also be payable on 31 December 1992.
- (3) Peru shall pay the interest which accrues or has accrued from 1 October 1991 up to and including 31 December 1992 (the "Consolidated Interest") as follows:
 - (a) 30% of the Consolidated Interest in 4 equal and successive semi-annual instalments payable on 15 November and 15 May in each year, commencing on 15 November 1992; and
 - (b) 70% of the Consolidated Interest in 6 equal and successive semi-annual instalments payable on 15 May and 15 November in each year, commencing on 15 May and 15 November in each year, commencing on 15 May 1995.
- (4) The Consolidated Interest shall become Debt for the purposes of this Agreement.



Article 6Debt Conversion Option

If New Zealand decides to exercise the option provided for in Article II paragraph 2D of the Agreed Minute, it shall so notify Peru at least 5 business days prior to doing so. Following the exercise of the option, New Zealand and Peru agree to consult over any consequent amendments to this Agreement.

Article 7Equality of Treatment

Peru will accord to New Zealand treatment no less favourable than that which Peru may accord to any other creditor for the consolidation of debts of a comparable term, in order to avoid inequality of treatment between different categories of creditors.

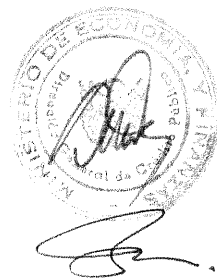


Article 8Payment

All payments covered by this Agreement will be made in US dollars into account number 021085004 of the New Zealand Treasury with the Federal Reserve Bank of New York, New York in the United States of America. Such payments will only be applied to obligations falling due under this Agreement.


Article 9Annexes

All Annexes to this Agreement form an integral part thereof, and shall be subject to modification only by further agreement between New Zealand and Peru.




Article 10Preservation of Rights and Obligations

This Agreement and its implementation shall not affect the rights or obligations of any other person, body of persons or corporation resident or carrying on business in New Zealand (a "Creditor") under a contract with Peru or any person, body of persons or corporation resident or carrying on business in Peru (a "Debtor"), other than those rights and obligations in respect of which New Zealand and Peru are authorised to act respectively on behalf of and to bind such Creditor and Debtor.



[Handwritten signature]



Article 11

Effective Date

This Agreement shall come into force on the date on which it is signed by both Parties.

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

DONE in duplicate at *LIMA* this *27th* day of *April* 1993 in the English language.



For the Government of
New Zealand



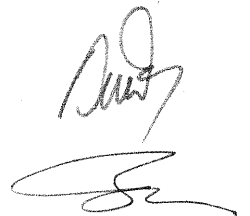
For the Government of Peru

Annex I(a)

Principal and interest (including Late Interest) due as at 30 September 1991 inclusive and not paid, on the Debts.

- A: Obligations arising from loans signed on 3 December 1969 and 1 March 1974.
- B: Obligations arising from debts rescheduled at Paris Club of 1983.

	Principal	Interest	Late Interest	Total
A	2,100,000.00	120,750.00	785,040.41	3,005,790.41
B	1,359,625.25	745,740.80	306,008.81	2,411,374.86
Total obligations in Annex I(a):				5,417,165.27



Annex I(b)

Principal and interest (excluding Late Interest) due from October 1991, up to 31 December 1992 inclusive and not paid, on the Debts.

A: Obligations arising from debts rescheduled at Paris Club of 1983.

	Principal	Interest	Total
A	142,286.36	5,964.33	148,250.70
Total obligations in Annex I(b):			148,250.70

