

**Agreement**  
**between**  
**the Government of the Czech Republic**  
**and**  
**the Government of the Republic of Serbia**  
**on the Settlement of the Debt of the Republic of**  
**Serbia**  
**towards the Czech Republic**

**The Government of the Czech Republic** (hereinafter referred to as “the Czech Party”)

and

**The Government of the Republic of Serbia** (hereinafter referred to as “the Serbian Party” and collectively referred to as “the Parties”);

Desiring to develop long-term and stable trade, economic and financial co-operation based on principles of mutual benefits;

Intending to finalize the settlement of the debt of the Republic of Serbia towards the Czech Republic;

Having regard to

the Payment Agreement between the Czech and Slovak Federal Republic and the Socialist Federal Republic of Yugoslavia, signed at Belgrade on February 8<sup>th</sup>, 1991,

the Protocol from the Negotiations on the Solution of the Liquidation Account Balance held between March 23<sup>rd</sup> and March 26<sup>th</sup> 1992 in Prague, confirmed by the exchange of letters of the Prime Ministers of the Czech and Slovak Federative Republic and of the Federal Republic of Yugoslavia, dated May 7<sup>th</sup> and May 11<sup>th</sup>, 1992 (hereinafter referred to as “the 1992 Protocol”),

the Agreement between the Governments of the Czech Republic and of the Slovak Republic on Transfer of Governmental Claims towards Foreign States into the Competence of the CR and SR and on Ensuring Internal Financing of Provided Governmental Loans signed at Bratislava on April 7<sup>th</sup> 1993,

the Agreement on Succession Issues, concluded at Vienna on June 29<sup>th</sup>, 2001, Annex C thereto,

the Agreement on the Regulation of Membership in International Financial Organization and the Distribution of Financial Assets and Liabilities between the Republic of Serbia and the Republic of Montenegro, signed at Belgrade on July 10<sup>th</sup>, 2006,

the Vienna Convention on the Law of Treaties, concluded at Vienna on May 23<sup>rd</sup>, 1969;

Respecting the fact that the Czech Republic as one of the two legal successors of the former Czech and Slovak Federal Republic (hereinafter referred to as “the former CSFR”) administers, independently and individually, its share in receivables and liabilities of the former CSFR;

Taking into account

the Minutes (Promemoria) of expert talks between the National Bank of Yugoslavia and the Československá obchodní banka, a.s. (hereinafter referred to as “CSOB”) of October 22<sup>nd</sup>, 1997,

the Agreed Minutes on the Consolidation of the Debt of the Federal Republic of Yugoslavia concluded on December 13<sup>th</sup>, 2001 between the participating Paris Club creditor countries and the Government of the Federal Republic of Yugoslavia,

the Agreed Minutes of the sixth meeting of the Joint Working Group aiming to the settlement of the outstanding debt of the Republic of Serbia towards the Czech Republic signed at Belgrade on June 6<sup>th</sup>, 2017,

the Banking Arrangement between the National Bank of Serbia and the Československá obchodní banka, a.s. (CSOB) signed at Prague on July 17<sup>th</sup>, 2017 and at Belgrade on July 20<sup>th</sup>, 2017;

Have agreed as follows:

## Article 1 Treated Debt

1. The Parties confirm that:

a) the original principal of the former Socialist Federal Republic of Yugoslavia (hereinafter referred to as "the former SFRY") debt towards the former CSFR recorded on the Liquidation Clearing Account amounts to 85,970,743.82 Clearing Dollars;

b) on 11 April 2000, the Czech Republic assigned 25% value of the Czech original part of the former CSFR claim towards the former SFRY in the amount of 13,720,481.57 Clearing Dollars to Rondex Finance Inc., British Virgin Islands;

c) the new reconciled balance of the original Liquidation Clearing Account amounts to 72,250,262.25 Clearing Dollars, out of which 41,161,444.69 Clearing Dollars represents the Czech part of the principal amount.

2. The Parties agree that the principal of the debt of the Republic of Serbia towards the Czech Republic amounts to 35.7656% of the debt of the former SFRY to the Czech Republic, i.e. 14,721,637.66 Clearing Dollars.

3. The Parties agree that the principal referred to in Paragraph 2 of this Article bears the simple interest that shall be calculated on the day count principle 30/360 p. a., with the following rates:

a) fixed interest rate 5.50% shall be applied from November 1<sup>st</sup>, 1991 until August 31<sup>st</sup>, 2013;

b) six month US Dollar Libor interest rate as published by the ICE (Intercontinental Exchange) Benchmark Administration, fixed last working day before the forthcoming six months interest period, shall be applied from September 1<sup>st</sup>, 2013 until June 30<sup>th</sup>, 2017;

c) since July 1<sup>st</sup>, 2017 the interest shall not be calculated.

4. The final settlement balance between the Czech Republic and the Republic of Serbia, including the simple interest calculated in compliance with Paragraph 3 of this Article with the value date of June 30<sup>th</sup>, 2017 amounts to 32,755,576.55 Clearing Dollars. This amount consists of:

a) principal amount of 14,721,637.66 Clearing Dollars; and

b) interest amount of 18,033,938.89 Clearing Dollars.

5. The Parties agree to convert the amounts defined in Paragraph 4 of this Article applying the rate of exchange of 1 Clearing Dollar = 1 US Dollar, in accordance with the 1992 Protocol, into 32,755,576.55 US Dollars, which constitutes the debt of the Republic of Serbia towards the Czech Republic as of June 30<sup>th</sup>, 2017.

## **Article 2 Settlement of the Debt**

1. The Parties agree on the following conditions on the settlement of the debt of the Republic of Serbia towards the Czech Republic:

a) After this Agreement enters into force, the Serbian Party shall repay the debt due to the Czech Party based on the conditions of the Paris Club of Creditors. The debt of the Republic of Serbia will be settled through one-time payment. Such payment in the amount of 9,800,450.00 US Dollars (nine million eight hundred thousand four hundred and fifty dollars) shall be made within 45 days from the entry into force of this Agreement, by transfer of the total amount payable into the account of CSOB specified in Subparagraph c) below;

b) The Parties shall instruct their respective banks to provide necessary steps for the technical implementation of this Article;

c) The payment by the Serbian Party to the Czech Party hereunder shall be made in US Dollars in freely transferable and immediately available funds on the relevant payment date, free of any costs, taxes, levies or charges. Respective payment to the Czech Party shall be made in favour of the account of CSOB, No. 4030004, ABA routing No 021001033 USD, held with the Deutsche Bank Trust Americas, NY, swift: BKTRUS33. If payment shall become due and payable on a Saturday, Sunday or any other day which is not a business day, such payment shall be made on the next succeeding business day.

2. Upon execution of the payment in the amount specified in Paragraph 1(a) of this Article, it shall be deemed that the debt of the Republic of Serbia towards the Czech Republic is fully settled, subject to the provisions of Article 6 of this Agreement.

## **Article 3 Settlement of Disputes**

Any dispute that may arise between the Parties in connection with the interpretation or implementation of this Agreement shall be resolved by mutual negotiations of the authorized representatives of the Parties.

## **Article 4 Amendments**

This Agreement may be amended and supplemented by mutual consent of the Parties. Any amendment or supplement to this Agreement shall be in writing and signed by both Parties.

## **Article 5**

### **Notices and Other Communications**

Notices and other communications given under this Agreement addressed to either Party shall be made to the address set out in the diplomatic notes to be exchanged under Article 7 of this Agreement.

## **Article 6**

### **Review Clause**

If the successor States of the former SFRY make a new agreement on final division of the overall debt of the former SFRY owed to the former CSFR which causes that the principle of the debt of the Republic of Serbia to the Czech Republic differs from the amount mentioned in Article 1, Paragraph 2 of this Agreement, the Parties shall review this Agreement accordingly.

## **Article 7**

### **Final Provisions**

This Agreement shall enter into force on the day of receipt of the latter notification, through diplomatic channels, in which the Parties inform each other that their national procedures for the entry into force of this Agreement have been completed.

Done at Lány, on 10<sup>th</sup> December 2018, in two originals in the English language.

**On behalf of the Government  
of the Czech Republic**

Alena Schillerová  
Minister of Finance

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**On behalf of the Government  
of the Republic of Serbia**

Siniša Mali  
Minister of Finance

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