

No. 10482

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**DENMARK**  
and  
**COLOMBIA**

**Agreement on a Danish Government Loan to Colombia  
(with annex and exchange of notes). Signed at Bogotá  
on 10 May 1968**

*Authentic texts: English and Spanish.*

*Registered by Denmark on 20 May 1970.*

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**DANEMARK**  
et  
**COLOMBIE**

**Accord relatif à un prêt du Gouvernement danois à la  
Colombie (avec annexe et échange de notes). Signé à  
Bogotá le 10 mai 1968**

*Textes authentiques: anglais et espagnol.*

*Enregistré par le Danemark le 20 mai 1970.*

AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF DEN-  
MARK AND THE GOVERNMENT OF COLOMBIA ON A  
DANISH GOVERNMENT LOAN TO COLOMBIA

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The Government of Denmark and the Government of Colombia desiring to strengthen the traditional co-operation and cordial relations between their countries, have agreed that, as a contribution to Colombia's Development Plan, a Danish Government Loan will be extended to Colombia in accordance with the following provisions :

*Article I*

THE LOAN

The Government of Denmark (hereinafter called the Lender) agrees to make available to the Government of Colombia (hereinafter called the Borrower) a Loan in an amount of fourteen (14) million Danish Kroner for the delivery of capital goods and payment of services as described in Article VI of this Agreement.

*Article II*

LOAN ACCOUNT

*Section 1.* An account (designated as the "Loan Account") will be opened with Danmarks Nationalbank (acting as agent for the Lender) in favour of the Borrower or the Colombian Institute for Industrial Development (acting as agent for the Borrower).

The Lender will ensure that sufficient funds are always available in the Loan account to enable the Borrower to effect punctual payment for goods and services as described in Article VI, provided that the amounts successively made available to the Borrower shall not, in the aggregate, exceed the Loan amount specified in Article I.

*Section 2.* The Colombian Institute for Industrial Development, acting as agent for the Borrower, is authorized, subject to the provisions of this Agreement, to withdraw from the Loan Account the amounts needed for payment of equipment or services contracted for under the Loan.

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<sup>1</sup> Came into force on 31 December 1968, after approval by the Parliament of Colombia, in accordance with article XIII, section 2.

*Article III*

## RATE OF INTEREST

The Loan will be free of interest.

*Article IV*

## REPAYMENT

*Section 1.* The Borrower will repay to the Lender the principal of the Loan withdrawn from the Loan Account in 35 semi-annual instalments of 385.000 Danish Kroner each, commencing on March 31, 1975, and ending on March 31, 1992, and one final instalment of 525.000 Danish Kroner on September 30, 1992.

*Section 2.* The Borrower shall have the right to repay in advance of maturity all or any part of the principal amount of one or more maturities of the credit specified by the Borrower.

*Article V*

## PLACE OF PAYMENT

The principal of the Loan shall be repaid by the Borrower in convertible Danish Kroner to Danmarks Nationalbank to the credit of the current account of the Danish Ministry of Finance with the same bank.

*Article VI*

## USE OF THE LOAN BY THE BORROWER

*Section 1.* The Government of Colombia will use the proceeds of the Loan to finance imports including transport—and insurance—charges from Denmark to Colombia of such Danish capital equipment and services corresponding thereto that are necessary for the implementation of the development projects as will be mutually agreed upon between the Colombian Institute for Industrial Development and the Danish Secretariat for Technical Co-operation with Developing Countries.

The Borrower agrees that imports from Denmark financed under this Agreement shall include as far as possible the capital goods and services which are needed for the Industries mentioned in the Annex No. 1 to the Agreement.

The total payments cannot exceed the amount of Danish Kroner mentioned in Article I.

*Section 2.* The terms of payment, stipulated in the contracts or documents to the effect that a firm order has been placed with the Danish exporter for sup-

plies or services of the nature described above may not involve special credit facilities from the exporter.

*Section 3.* The proceeds of the Loan may be used only for payment of supplies and services that are contracted after the entry into force of this Agreement.

*Section 4.* The Borrower may draw on the Account with Danmarks Nationalbank referred to in Article II for up to three years after the entry into force of the Agreement or such other date as shall be agreed upon by the Lender and the Borrower.

*Section 5.* The concurrence of the Lender as to the eligibility of a contract under the Loan shall not be interpreted in such a manner as to imply that the Lender takes upon him any responsibility for the proper implementation or subsequent operation of such contracts.

*Section 6.* If the proceeds of the Loan have not been fully utilized within the time limit stipulated in section 4 above, the semi-annual repayment shall be reduced by a proportion equal to the ratio between the unutilized amount of the Loan and principal of the Loan.

### *Article VII*

#### NON-DISCRIMINATION

*Section 1.* In regard to the repayment of the Loan, the Borrower undertakes to give the Lender no less favourable treatment [than] that accorded to other foreign creditors.

*Section 2.* All shipments of equipment covered by this Agreement shall be in keeping with the principle of free circulation of ships in international trade in free and fair competition.

### *Article VIII*

#### MISCELLANEOUS PROVISIONS

*Section 1.* Prior to the first drawing against the Loan Account referred to in Article II the Borrower will satisfy the Lender that :

- a) The necessary legal requirements for assuming the obligations arising out of the Agreement have been met.
- b) The person or persons who will, on behalf of the Borrower, take any action or execute any documents under this Agreement, are duly authorized in this respect and the Borrower will furnish the Lender with authenticated specimen signatures of all such persons.

*Section 2.* Any notice or documentation from the Lender or the Borrower under this Agreement shall be in writing and shall be deemed to have been duly given and delivered to the Party to whom it is addressed when it has been delivered by hand, or sent by mail, telegram, cable or radiogram to the Party at the addresses specified in Article XIV.

The addresses specified can be substituted with other addresses upon written notification of the change to the addresses indicated.

### *Article IX*

#### PARTICULAR COVENANTS

The principal of the Loan shall be repaid without deduction for, and free from, any taxes and charges, and free from all restrictions imposed under the laws of the Borrower. This Agreement shall be free from any taxes imposed under the laws in effect in the territories of the Borrower on or in connection with the execution, issue, delivery or registration thereof.

### *Article X*

#### CANCELLATION AND SUSPENSION

*Section 1.* The Borrower may, by notice to the Lender, abstain from drawing any amount of the Loan. The Lender may, by notice to the Borrower, suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account in each of the following events, as long as they exist :

- a) A default shall have occurred in the repayment of principal under the Agreement or of any other financial commitment entered into by the Borrower in relation to the Lender; or
- b) A default shall have occurred on the part of the Borrower in the performance of any other commitment entered into under the present Agreement.

*Section 2.* The right of the Borrower to make withdrawals from the Loan Account shall continue to be suspended, until the event or events which gave rise to such suspension shall have ceased to exist or until the Lender shall have notified the Borrower that the right to make withdrawals has been restored. This restoration of the right to make withdrawals shall be to the extent and subject to the conditions specified in such notice; such notice shall not effect or impair any right, power or remedy of the Lender in respect of any other or subsequent event described in this Article.

If the right of the Borrower to make withdrawals from the Loan Account shall have been suspended for reasons that can be ascribed to the Borrower for a continuous period of sixty (60) days, the Lender may, by notice to the Borrower,

terminate definitely the right of the Borrower to make withdrawals with respect to that part of the Loan that has not been utilized on the date in question, whereafter the Loan Account will continue to be cancelled with respect to any new transaction.

*Section 3.* Notwithstanding any cancellation or suspension of the withdrawal right all the provisions of the Agreement shall continue in force and effect except as is specifically provided in this Article.

### *Article XI*

#### REMEDIES OF THE LENDER

If any of the events of default specified in subparagraphs (a) and (b) of section 1 of Article X of this Agreement shall occur and this default shall continue for a period of sixty (60) days after notice thereof has been given by the Lender to the Borrower, then the Lender may declare the principal of the Loan then outstanding to be due and payable immediately, and upon any such declaration repayment of such principal may be requested, anything in the Agreement to the contrary notwithstanding.

### *Article XII*

#### SETTLEMENT OF DISPUTES

*Section 1.* Any dispute between the Contracting Parties arising out of the interpretation or administration of the present Agreement, which has not been settled within six months through diplomatic channels, shall, at the request of either Party, be submitted to a tribunal of arbitration consisting of three members. The chairman of the tribunal shall be a citizen of a third country and shall be appointed by common consent of the Contracting Parties. Should the Parties fail to agree on the appointment of the chairman of the tribunal, either Party may request the President of the International Court of Justice to make the appointment. Each Party appoints its own arbitrator; if a Party abstains from appointing an arbitrator, the latter may be appointed by the President of the International Court of Justice.

*Section 2.* Decisions by the arbitral tribunal are taken by a majority of all its members.

*Section 3.* Each contracting Party will observe and carry out the decisions given by the tribunal.

### *Article XIII*

#### DURATION OF THE AGREEMENT

*Section 1.* Before this Agreement enters into force, the approbation of the Parliament on the part of Colombia is necessary.

*Section 2.* When the entire principal amount of the Loan has been repaid, the Agreement shall terminate forthwith.

*Article XIV*

SPECIFICATION OF ADDRESSES

For the purposes of this Agreement the following addresses are specified :

For the Borrower :

Instituto de Fomento Industrial  
Apartado aéreo 4222  
Bogotá  
República de Colombia

Alternative address for cablegrams and radiograms :

Industrial  
Bogotá, Colombia

For the Lender :

Ministry of Foreign Affairs  
Secretariat for Technical Co-operation with Developing Countries  
Copenhagen, Dinamarca

Alternative address for cablegrams and radiograms :

Dacomta  
Copenhagen  
Dinamarca

For the Lender with respect to servicing of the Loan :

Ministry of Finance  
Copenhagen

Alternative address for cablegrams and radiograms :

Finans  
Copenhagen  
Dinamarca

IN WITNESS WHEREOF the Parties hereto, acting through their representatives duly authorized for this purpose, have caused this Agreement to be signed in two copies in the English language and two copies in the Spanish language, in Bogotá, the tenth of May, nineteen sixty-eight.

For the Government of Denmark :

A. C. KARSTEN

For the Government of Colombia :

GERMÁN ZEA

## ANNEX 1

List of some of the Products which in whole or in part can be financed under the present Agreement

- 1) Cement production
- 2) Milk pasteurization and production of milk-powder
- 3) Production of yeast-powder
- 4) Production of albumin-powder of eggs
- 5) Production of fish-meal and fish-oil
- 6) Production of powder tanning-extract
- 7) Equipment for the extraction of clay and kaolin
- 8) Equipment for dehydration of eggs
- 9) Refrigeration plants and slaughter-houses
- 10) Equipment for dry-freezing of food-stuffs
- 11) Plants for processing of fish



## EXCHANGE OF NOTES

## I

J. nr. 104. Dan. 6.

Bogotá, 10th of May, 1968

Excellency,

With reference to the Development Loan Agreement of to-day's date between the Government of Denmark and the Government of Colombia (herein-after called the Agreement) I have the honour to propose that the following provisions shall govern the implementation of Article VI, Section 1, of the Agreement.

Payment out of the Loan Account shall be effected in the following manner :

1) The Danish exporter or consultant and the Colombian importer or prospective investor shall negotiate a contract, subject to the final approval of the Colombian and the Danish authorities. No contract for the delivery of capital goods or the financing of Danish services, having a value of less than 100.000 Danish Kroner, except for utilization of any final balance below that amount, will be given consideration.

2) The Government of Colombia through the Colombian Institute for Industrial Development, Instituto de Fomento Industrial, will make available to the Danish Ministry of Foreign Affairs copies of the contracts for import into the Republic of Colombia of capital goods and services to be concluded under this Agreement. The latter will ascertain *inter alia*, that

- a) the commodities or services contracted fall within the framework of the Loan Agreement;
- b) the capital equipment involved has been manufactured in Denmark, or the services to be rendered will be performed by persons carrying on business in Denmark, and inform the Government of Colombia of the approval of such contracts.

3) The Colombian Institute for Industrial Development, Instituto de Fomento Industrial, may then in the name of the Colombian Government draw on the Loan Account with Danmarks Nationalbank the necessary amounts for payment to the respective Danish exporters. The amounts drawn on this account shall be subject to the presentation of the necessary documents to Danmarks Nationalbank, which will verify that the conditions stipulated in the respective contracts for effecting such payment have been observed.

If the foregoing provisions are acceptable to the Government of Colombia, I have the honour to suggest that this letter and Your Excellency's reply to that effect constitute an agreement between our two Governments on this matter.

Please accept, Excellency, the assurance of my highest consideration.

A. C. KARSTEN  
Ambassador

His Excellency Dr. Germán Zea Hernández  
Minister of Foreign Affairs  
Bogotá

[TRANSLATION — TRADUCTION]

Bogotá, 10 May 1968

Sir,

I have the honour to refer to your note No. 104.Dan.6 of today's date, in which you propose that the following rules shall govern the implementation of article VI, section 1, of the Development Loan Agreement between our two Governments :

[*See note I*]

You also suggest that, if the foregoing provisions are acceptable to the Government of Colombia, the above-mentioned communication and my affirmative reply shall form part of the Agreement between our two Governments on this matter; my Government agrees to this formula and regards the agreement proposed by you as having been concluded in the terms contained in this exchange of notes.

Accept, Sir, etc.

GERMÁN ZEA

His Excellency Mr. A. C. Karsten  
Ambassador Extraordinary and Plenipotentiary of Denmark  
Bogotá

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