

**No. 19517**

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**DENMARK  
and  
POLAND**

**Agreement on a credit facility (with appendix). Signed  
at Copenhagen on 12 May 1980**

*Authentic text: English.*

*Registered by Denmark on 28 January 1981.*

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**DANEMARK  
et  
POLOGNE**

**Accord concernant un mécanisme de crédit (avec appendice).  
Signé à Copenhague le 12 mai 1980**

*Texte authentique : anglais.*

*Enregistré par le Danemark le 28 janvier 1981.*

## AGREEMENT<sup>1</sup>

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The Government of the Kingdom of Denmark and the Government of the Polish People's Republic,

Desiring to further develop and strengthen their economic relations;

Having in mind the importance attached to the mutual trade exchange between the Kingdom of Denmark and the Polish People's Republic;

Understanding the necessity of creating appropriate conditions for purchases in the Kingdom of Denmark on the basis of the best possible credit facilities;

Have reached the following understanding:

With the aim to finance the sale of Danish goods to Poland, the Danish Export Credit Council (EKR) will issue guarantees for a credit arrangement, which is to be concluded between Danish banking Institutions and Bank Handlowy w Warszawie S. A. according to the following articles of this agreement.

### *Article 1. CREDIT FACILITY*

EKR has agreed to issue guarantees to Danish banks (commercial and savings banks) for loans granted under lines of credit under a loan agreement approved by EKR, which Bank Handlowy w Warszawie S. A. as borrower is expected to enter into with Danish banks as lenders within a total amount of Kr. 500 million.

### *Article 2. PURPOSE OF CREDIT FACILITY*

The credit facility is intended to finance contracts between Polish buyers and Danish exporters for supplies of Danish semi-manufactured goods as listed in appendix I to this agreement, Danish capital goods and related Danish services.

This implies that contracts covering raw materials and semi-manufactures not listed in appendix I to this agreement cannot be financed under this credit facility. It is assumed that the part of the contract which covers supplies from third countries will not exceed 30 per cent.

In cases where special circumstances necessitate supplies from third countries which will make the above-mentioned percentage exceed 30, or in cases where the amount of the contract comprises local costs, EKR will decide whether and on what terms such supplies can be covered under this credit facility. The local cost financing may cover up to 15 per cent of the export value of the appropriate contracts.

### *Article 3. DURATION OF CREDIT FACILITY*

Financing under this credit facility is subject to the conditions that the Polish buyer and the Danish exporter have entered into the contract during the period from the date of signing of this agreement to 30th June 1981 and that the contract stipulates delivery not later than 31st December 1981.

### *Article 4. APPROVAL OF INDIVIDUAL CONTRACTS*

Contracts eligible under the credit facility must have a content which is acceptable to EKR. In cases where the contract involves a loan exceeding Kr. 20 million,

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<sup>1</sup> Came into force on 12 May 1980 by signature.

the final draft contract between the Danish exporter and the Polish importer must be forwarded to the lending Danish bank for approval by EKR.

*Article 5. PREPAYMENT — DISBURSEMENT UNDER THE LOAN*

A prepayment of 15 per cent of the contract value must be made on each individual contract, 5 per cent of which must be paid not later than 30 days after the signing of the contract and the remaining 10 per cent must be paid by the time of shipment.

The remaining 85 per cent of the contract value is disbursed to the Danish exporter under a documentary credit payable at sight in accordance with the loan agreement to be entered into by Bank Handlowy w Warszawie S. A. with the Danish lender and financed under that agreement.

*Article 6. MINIMUM AMOUNT OF CONTRACT*

Contracts for not less than Kr. 75,000 are eligible for financing under this credit facility.

*Article 7. REPAYMENT OF LOAN*

Loans granted in connection with individual contracts are repayable in equal semi-annual instalments plus interest of the principal outstanding at any time, the first instalment falling due for payment 6 months after the beginning of the credit period.

*Article 8. LENGTH OF CREDIT*

The length of the credit period, which will be determined among other things by the amount of the contract, will be:

For all goods mentioned in article 2:

- Maximum of 2 years for contracts covering an order for up to Kr. 300,000;
- Maximum of 3 years for contracts covering an order for between Kr. 300,000 and Kr. 600,000;

For capital goods and related services only:

- Maximum of 4 years for contracts covering an order for between Kr. 600,000 and Kr. 1,2 million;
- Maximum of 5 years for contracts covering an order for between Kr. 1,2 million and Kr. 10 million;
- Maximum of 6 years for contracts covering an order for between Kr. 10 million and 20 million;
- Maximum of 7 years for contracts covering an order exceeding Kr. 20 million.

For major contracts separate credit arrangements foreseeing a longer period of credit than 7 years will be concluded. The period of credit to be agreed upon individually, depending on the nature of the project and the contract value involved.

*Article 9. INTEREST AND FINANCING*

If financing is effected in currency other than Danish kroner the interest rate will be fixed by agreement between Bank Handlowy w Warszawie S. A. and the lender. If financing is effected in Danish kroner the interest rate for that part of the credit which falls due for payment within

- The first 18 months after the beginning of the credit period for credits with 2-3 years to run;

- The first 12 months after the beginning of the credit period for credits with 3-5 years to run;
- The first 6 months after the beginning of the credit period for credits with a lifetime of 5 years and over

will be fixed by agreement between Bank Handlowy w Warszawie S. A. and the lender. For that part of the credit which falls due for payment after the above-mentioned periods of respectively 18, 12 and 6 months after the beginning of the credit period, a fixed rate of interest is charged: at present 7  $\frac{1}{4}$  per cent p. a. for credits with a lifetime of 2-5 years and 7  $\frac{3}{4}$  per cent p. a. for credits with a lifetime of over 5 years.

*Article 10.* UTILISATION OF THE FACILITY — STANDARD LOAN AGREEMENT

Representatives of the association of Danish banks and EKR will enter into early negotiations with Bank Handlowy w Warszawie S. A. about the utilisation of this credit facility and about the standard loan agreement which is intended for use in connection with lines of credit established between Bank Handlowy w Warszawie S. A. and the individual Danish banks under the credit facility.

DONE in duplicate in Copenhagen this 12th day of May 1980 in the English language.

For the Government of the Kingdom of Denmark:

ERLING JENSEN

For the Government of the Polish People's Republic:

P. KARSKI

APPENDIX I TO CREDIT ARRANGEMENT AGREEMENT OF MAY 12th 1980  
BETWEEN THE KINGDOM OF DENMARK AND THE POLISH PEOPLE'S REPUBLIC

List of semi-manufactures comprised by the agreement:

1. Semi-manufactures for the pharmaceutical industry.
  2. Semi-finished products from chemical industry including fatty acids and fatty alcohols.
  3. Semi-manufactures of synthetic materials and ready made products for hospital use.
  4. Rubber technical products.
  5. Pectine.
  6. Products of mineral wool.
  7. Semi-manufactures of wood.
  8. Paper sheet rolls corrugated and other finished or semi-finished products of paper.
  9. Spare parts.
  10. Packaging materials of metal.
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