

No. 19958

**DENMARK
and
ROMANIA**

**Agreement concerning a credit facility to finance the sale of
Danish goods to Romania. Signed at Copenhagen on
12 November 1980**

*Authentic texts: Danish, Romanian and English.
Registered by Denmark on 19 June 1981.*

**DANEMARK
et
ROUMANIE**

**Accord relatif à des mécanismes de crédit en vue de financer
la vente de produits danois à la Roumanie. Signé à
Copenhague le 12 novembre 1980**

*Textes authentiques : danois, roumain et anglais.
Enregistré par le Danemark le 19 juin 1981.*

AGREEMENT¹

The Government of the Kingdom of Denmark and the Government of the Socialist Republic of Romania;

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 Socialist Republic of Romania;

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 the Socialist Republic of Romania, the Danish Export Credit Council (EKR) will issue guarantees for credit arrangements, which are to be concluded between Danish banking Institutions and Romanian Bank for Foreign Trade, 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 (buyer credit) under loan agreements approved by EKR, which Romanian Bank for Foreign Trade as borrower is expected to enter into with Danish banks as lenders within a total amount of D.kr. 100 million.

Article 2. PURPOSE OF CREDIT FACILITY

The credit facility is intended to finance contracts between Romanian buyers and Danish exporters for supplies of Danish capital and similar goods and related Danish services (excluding ships). It is assumed that the part of the individual 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, and 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.

Article 3. DURATION OF CREDIT FACILITY

Financing under this credit facility is subject to the conditions that the Romanian buyer and the Danish exporter have entered into the contract within 36 months after the date of signing of this agreement and that the contract stipulates delivery within 54 months after the date of signing of this agreement.

The duration of this credit facility may be extended by the agreement of the signing parties.

Article 4. APPROVAL OF INDIVIDUAL CONTRACTS

In cases where the contract involves a loan of not more than D.kr. 20 million the respective contract must be in accordance with the provisions of this agreement. In cases where the contract involves a loan exceeding D.kr. 20 million, the final draft

¹ Came into force on 12 November 1980 by signature, in accordance with article 11.

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

Article 5. DOWNPAYMENT, DISBURSEMENT UNDER THE LOAN

A downpayment 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 Romanian Bank for Foreign Trade with the Danish lender and financed under that agreement.

Article 6. MINIMUM AMOUNT OF CONTRACT

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

Article 7. REPAYMENT OF LOAN AND PAYMENT OF INTEREST

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

The beginning of the credit period is to be agreed upon between the borrower and the lender, taking into consideration:

- (a) In cases where the plant or equipment supplied under the relevant contract is usable on delivery, the date on which 50 per cent of the value of the relevant contract will have been supplied.
- (b) In cases where the plant or equipment supplied under the relevant contract is usable only on final delivery, the date on which the final delivery is made.
- (c) In cases where the Danish exporter is responsible for the installation of the plant or equipment, the date of commissioning or the date being 6 months after the date of final delivery of the plant or equipment whichever the earlier.
- (d) In cases not covered by (a), (b) and (c) above, the date of drawdown of the advance.

Interest on the principal outstanding at any time shall be paid semi-annually in arrears.

The loan(s) may be prepaid subject to an agreement being reached between Romanian Bank for Foreign Trade and the lenders regarding the conditions of such prepayment.

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:

2 years for contracts covering an order for up to D.kr. 300,000;

3 years for contracts covering an order for between D.kr. 300,000 and D.kr. 600,000;

4 years for contracts covering an order for between D.kr. 600,000 and D.kr. 1,200,000;

5 years for contracts covering an order exceeding D.kr. 1,200,000.

Major contracts requiring a period of credit of more than 5 years and not exceeding 8½ years may be financed under this agreement. The period of credit is 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 currencies other than Danish Kroner the interest rate will be fixed by agreement between Romanian Bank for Foreign Trade 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 years to run;

The first 12 months after the beginning of the credit period for credits with 3 and 4 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 Romanian Bank for Foreign Trade 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 according to the arrangement on guidelines for officially supported export credits ("consensus") is charged: at present 8 per cent p.a. for credits with a lifetime of 2-5 years and 8½ per cent p.a. for credits with a lifetime of over 5 years.

In case that the rate of interest according to the "consensus" is amended, the amended rate of interest shall apply to contracts concluded after the date of amendment.

In case that the rate of interest according to the "consensus" is increased, the present interest rates (of 8 per cent p.a. and 8½ per cent p.a. respectively) will however apply to contracts entered into within 12 months after the date of signing of this agreement provided that these contracts stipulate delivery within 24 months after the date of signing of this agreement.

In case of a change or amendment of the Danish export financing system the changed or amended terms — if accepted by the borrower — shall apply to all contracts entered into on or after the effective date of such change or amendment.

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

Representatives of the associations of Danish banks and if necessary EKR will enter into early negotiations with Romanian Bank for Foreign Trade 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 Romanian Bank for Foreign Trade and the individual Danish banks under the credit facility.

Article 11.

This agreement comes into force on the date of its signing.

DONE in the Danish, Romanian and English languages each in two original copies, all texts being equally authentic. In case of differences in construing any of its provisions the English text shall be the reference text.

SIGNED in Copenhagen on 12th November, 1980.

ERLING JENSEN

For the Government of the Kingdom of Denmark

GHEORGHE OPREA

For the Government of the Socialist Republic of Romania
