No. 9138

DENMARK
and
IRAN

Agreement on a Danish Government loan to Iran (with annex and exchange of notes). Signed at Copenhagen, on 2 November 1967

Official text: English.

Registered by Denmark on 17 June 1968.

DANEMARK
et
IRAN

Accord relatif à un prêt du Gouvernement danois à l'Iran (avec annexe et échange de notes). Signé à Copenhague, le 2 novembre 1967

Texte officiel anglais.

Enregistré par le Danemark le 17 juin 1968.

No. 9138. AGREEMENT[1] BETWEEN THE GOVERNMENTS OF DENMARK AND IRAN ON A DANISH GOVERNMENT LOAN TO IRAN. SIGNED AT COPENHAGEN, ON 2 NOVEMBER 1967

The Government of Denmark and the Government of Iran desiring to strengthen the traditional co-operation and cordial relations between their countries, have agreed that, as a contribution to Iran's Development Plans a Danish Government Loan will be extended to Iran 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 Iran (hereinafter called the Borrower) a development Loan in an amount of 21 million Danish Kroner for the procurement of capital equipment and services as described in Article VI of this Agreement.

Article II

LOAN ACCOUNT

Section 1. An account designated Government of Iran Loan Account (hereinafter called " Loan Account ") will be opened with Danmarks Nationalbank (acting as agent for the Lender) in favour of the Borrower or the Plan Organization of Iran (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 procured under this Loan, 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 Borrower (or the Plan Organization of Iran acting as agent for the Borrower) shall be entitled, subject to the provisions of this Agreement, to withdraw from the Loan Account amounts needed for payment of equipment or services procured under the Loan.

[1] Came into force on 8 February 1968, the date upon which the constitutional requirements of both Contracting Parties had been fulfilled, in accordance with article XIV (1).

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 The Borrower will repay to the Lender the principal of the Loan withdrawn from the Loan Account in thirty-five semi-annual instalments of 580.000 Danish Kroner each, commencing on October 1st, 1974 and ending on October 1st, 1991, and one final instalment of 700.000 Danish Kroner on April 1st, 1992.

Section 2. The Borrower has the right to repay in advance of maturity all or any part of the principal amount of one or more maturities of the Loan specified by the Borrower with such variations in the amount of instalments as may thereby be rendered necessary.

Article V

PLACE OF PAYMENT

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

Article VI

USE OF THE LOAN BY THE GOVERNMENT OF IRAN

Section 1. The Government of Iran will use the proceeds of the Loan to finance imports (including transport charges from Denmark to Iran) of Danish capital equipment, included in the annexed illustrative list, which may be modified or enlarged by mutual consent, for the implementation of Iran's Development Plans. The total disbursement shall not exceed the amount of 21 million Danish Kroner referred to in Article I.

Section 2. The proceeds of the Loan may also be used to pay for Danish services required for the implementation of Iran's Development Plans, including, in particular, pre-investment studies, preparation of projects and the provision of consultants during the implementation of the projects, assembly or construction of plants or buildings, technical and administrative assistance during the initial period of the undertakings etablished by means of the Loan.

Section 3. The terms of payment stipulated in contracts or documentation to the effect that an order has been placed with a Danish exporter or contractor for supplies or services of the nature described above shall be considered as normal and proper whenever such contracts contain no clauses involving special credit facilities from Danish exporters or contractors.

Section 4. The proceeds of the Loan may be used only for payment of supplies and services contracted for after the entry into force of the Agreement.

Section 5. The Borrower may draw on the Loan 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 by the Lender and the Borrower.

Section 6. If the proceeds of the Loan have not been fully utilized within the time limit stipulated in Section 5 above, the semi-annual repayments shall be reduced by a proportion equal to the ratio between the unutilized amount of the Loan and the principal of the Loan.

Article VII

Non-discrimination

Section 1. In regard to 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 all constitutional requirements and other requirements laid down by statute in the Borrower's home country have been met so that this Loan Agreement will constitute a valid obligation binding on the Borrower in the terms of the Loan Agreement.

Section 2. The Borrower will furnish to the Lender evidence of the authority of the person or persons who will, on behalf of the Borrower, take any action