

No. 9153

**DENMARK
and
MALAYSIA**

Agreement on a Danish Government Loan to Malaysia (with annexes and exchange of letters). Signed at Kuala Lumpur, on 29 February 1968

Official text: English.

Registered by Denmark on 9 July 1968.

**DANEMARK
et
MALAISIE**

Accord relatif à un prêt du Gouvernement danois à la Malaisie (avec annexes et échange de lettres). Signé à Kuala-Lumpur, le 29 février 1968

Texte officiel anglais.

Enregistré par le Danemark le 9 juillet 1968.

NO. 9153. AGREEMENT¹ BETWEEN THE GOVERNMENT
OF DENMARK AND THE GOVERNMENT OF MALAY-
SIA ON A DANISH GOVERNMENT LOAN TO MALAYSIA.
SIGNED AT KUALA LUMPUR, ON 29 FEBRUARY 1968

The Government of Denmark and the Government of Malaysia desiring to strengthen the traditional co-operation and cordial relations between their countries, have agreed that, as a contribution to Malaysia's Development Plans, a Danish Government Loan will be extended to Malaysia in accordance with the following provisions of this Agreement and Annex A and B attached, which are considered an integral part of the Agreement :

Article I

THE LOAN

The Government of Denmark (hereinafter called the Lender) agrees to make available to the Government of Malaysia (hereinafter called the Borrower) a development Loan in an amount of 30 million Danish Kroner for the realization of the purposes described in Article VI of this Agreement.

Article II

LOAN ACCOUNT

Section 1. An account designated " Bank Negara Malaysia as agents for Government of Malaysia loan account " (hereinafter called " Loan Account ") shall be opened with Danmarks Nationalbank (acting as agent for the Lender) in favour of Bank Negara Malaysia (acting as agent for the Borrower). The Lender shall 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 shall be entitled, subject to the provisions of this Agreement, to withdraw from the Loan Account amounts needed for the purposes as provided in Article VI of this Agreement.

¹ Came into force on 29 February 1968 by signature, in accordance with article XI.

Article III

RATE OF INTEREST

The Loan shall be free of interest.

Article IV

REPAYMENT

Section 1. The Borrower shall repay the Lender the Principal of the Loan withdrawn from the Loan Account in 36 equal semi-annual instalments—except in a case where the figure representing the Principal withdrawn is not easily or conveniently divisible by 36—in which case repayment can be made in 35 equal and one unequal semi-annual instalment—commencing on March 31, 1975.

Section 2. The Borrower shall have the right to repay in advance of maturity all or any part of any principal withdrawn with such variations in the amount of instalments as may thereby be rendered necessary.

Article V

PLACE OF PAYMENT

Any principal withdrawn from the Loan shall be repaid by the Borrower in 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 MALAYSIA

Section 1. The Borrower shall use the proceeds of the Loan to finance purchases (including transport charges from Denmark to Malaysia) of such Danish capital goods and equipment for the implementation of Malaysia's development projects as shall be agreed upon between the Lender and the Borrower.

Section 2. The proceeds of the Loan may also be used to pay for Danish services required for the implementation of Malaysia'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 established by means of the Loan.

Section 3. The Borrower shall cause the proceeds of the Loan to be applied exclusively to the provision of goods and services needed to implement contracts

approved by both Parties. The particulars of the methods and procedures for the payment of such goods and services, beyond those already set forth in Article II, shall be as provided for in Annex B to this Agreement.

Section 4. The Lender shall not be responsible for the implementation or subsequent operation of any contract under the Loan notwithstanding his concurrence as to the eligibility of the contract.

Section 5. 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 6. The proceeds of the Loan may be used only for payment of goods, equipment and services contracted for after the entry into force of the Agreement.

Section 7. 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.

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 goods and equipment under 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 shall satisfy the Lender that all constitutional requirements and other requirements laid down by statute in Malaysia have been met so that this Loan Agreement shall constitute a valid obligation binding on the Borrower.

Section 2. The Borrower shall furnish the Lender evidence of authority of the person or persons who shall, on behalf of the Borrower, take any action or execute any documents under this Agreement, and authenticated specimen signatures of all such persons.

Section 3. Any notice or request under this Agreement and any agreement between the Parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it has been delivered by hand or by mail, telegram, cable or radiogram to the Party at such Party's address specified in Article XII, or at such address as such Party shall have indicated by notice to the Party giving such notice or making such request.

Article IX

PARTICULAR COVENANTS

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

Article X

APPLICABLE LAW

Unless otherwise provided for in this Agreement, this Agreement and all the rights and obligations deriving from it shall be governed by Danish Law.

Article XI

DURATION OF THE AGREEMENT

Section 1. This Agreement shall come into force on the date of signature of the parties.

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

Article XII

SPECIFICATION OF ADDRESSES

The following addresses are specified for the purposes of this Agreement :