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COMMITTEE OF ECONOMIC ADVISERS

EX POST FACTO NOTIFICATION OF OFFICIALLY BACKED EXPORT
CREDITS OF OVER FIVE YEARS TO COMMUNIST COUNTRIES

Note by the Chairman

Attached is a new draft decision on ex post facto notification of officially backed export credits of over five years to Communist countries. Thus amended, this text was in general considered as acceptable by the Committee(1) at its last meeting on 23rd July, 1964; but several delegations reserved their final approval.

2. The present document will again be placed on the Agenda of the next meeting of the Committee of Economic Advisers which is scheduled for 3rd September, 1964. If some countries are not in a position to inform the International Secretariat of their final agreement before this date, they will have the opportunity of expressing in the Committee the views of their Authorities. If all reservations can be lifted before the meeting, the Committee will only have to note that the attached text has become final.

(Signed) F.D. GREGH.

(1) AC/127-R/141, Item I.

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EX POST FACTO NOTIFICATION OF OFFICIALLY BACKED EXPORT CREDITS OF OVER FIVE YEARS TO COMMUNIST COUNTRIES

The Committee agreed that all export credits(1) officially backed(2) and exceeding five years(3) extended to Communist countries(4) since 31st December, 1962(1) should be the subject of an exchange (5) of information(6), it being understood that notification of such credits should be given as soon as possible(7). The Committee agreed further that the above-mentioned terms should be interpreted as follows:

(1) Export credits

- credits or loans given to national suppliers to finance exports;
- credits or loans given to foreign purchasers of national products or to foreign banks or other financial institutions to finance exports of national products;

(2) Officially backed

- export credits for which national agencies have given official cover or which have been financed by national governments or organisations under their control;
- export credits for which regional agencies have given official cover or which have been financed by provincial or local governments or organisations under their control, or by a nationalised concern;

(3) Exceeding five years

(a) Definition of duration

- the last instalment is due more than five years after the starting point of the credit even if the official backing does not exceed five years (part period cover);
- or the agreement allows the buyer to renew the original contract and carry the last instalment beyond five years from the starting point of the credit;
- or the agreement is, in fact, renewed in such a way;

(1) To the knowledge of member countries no export credits "officially backed" and "exceeding five years" were extended to Communist countries before 1st January, 1963 apart from two minor exceptions which were reported to the Committee.

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(b) Definition of starting point of the credit

- in the cases of individual items usable in themselves, the starting point of the credit is the date when the buyer actually takes physical possession of the goods in his own country;
- if a number of individual items are delivered over a period of time and credit arrangements are made independently of the individual deliveries, the starting point of the credit can be regarded as the mean date of the actual dates when the buyer has taken physical possession of the goods;
- in the case of equipment for complete plants or factories, the starting point of the credit is the date when the buyer is taking physical possession of the entire equipment (excluding spare parts) supplied under the contract;
- in the case of construction or installation contracts, the starting point is the date when the seller has constructed or installed the plant;

4) Communist countries

- the USSR, Poland, Czechoslovakia, Hungary, Roumania, Bulgaria, Albania, the Soviet Occupied Zone of Germany, the Soviet Occupied Sector of Berlin, Communist China, Mongolia, North Korea, North Vietnam;

5) Exchange

- the notification received from member countries will be circulated confidentially to all members of the Committee;

6) Information required

- name of country of buyer of goods;
- nature of goods bought;
- date of contract for purchase of goods) where credit is given
by national supplier
- approximate value of contract for purchase of goods) to foreign buyer

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- date of credit/loan agreement } where credit or loan is given to foreign buyers to foreign bank or other financial institution otherwise than by national supplier
- amount of credit/loan }
- period of export credit from starting point;
- percentage of value of purchase contract covered by export credit;
- percentage of export credit officially backed;
- date of official backing;

(7) As soon as possible

- where credit is given by national suppliers to foreign buyers as soon as the supplier or the institution financing the supplier accepts the offer from the guaranteeing body;
- in other cases as soon as the official backing is given.