

No. 10353

**DENMARK
and
CAMBODIA**

Agreement regarding a loan for the economic development of Cambodia (with annex and exchange of letters). Signed at Phnom-Penh on 20 November 1969

Authentic text: French.

Registered by Denmark on 11 March 1970.

**DANEMARK
et
CAMBODGE**

Accord relatif au prêt pour le développement économique du Cambodge (avec annexe et échange de lettres). Signé à Phnom-Penh le 20 novembre 1969

Texte authentique : français.

Enregistré par le Danemark le 11 mars 1970.

[TRANSLATION — TRADUCTION]

AGREEMENT¹ BETWEEN THE GOVERNMENTS OF THE
KINGDOM OF DENMARK AND THE KINGDOM OF
CAMBODIA REGARDING A LOAN FOR THE ECONOMIC
DEVELOPMENT OF CAMBODIA

The Danish Government and the Government of the Kingdom of Cambodia, desiring to strengthen the traditional co-operation and friendly relations between their countries, have agreed, with a view to the economic development of Cambodia, upon the following provisions:

Article I

The Danish Government (hereinafter called the Lender) shall extend to the Royal Government of Cambodia (hereinafter called the Borrower) a loan of thirty million Danish Kroner for the purpose of purchasing capital goods and paying for services as described in article VI of this Agreement.

Article II

LOAN ACCOUNT

(1) An account designated "Royal Government of Cambodia Special Account" (hereinafter called "Special Account") shall be opened with Denmark's Nationalbank (acting as agent for the Lender) in favour of the Banque Nationale du Cambodge (acting in the name of and as agent for the Borrower). The Lender shall ensure that sufficient funds are always available in the Special Account to enable the Borrower to effect punctual payments for the goods and services for which contracts have been concluded under the loan, provided, however, that the amounts successively made available to the Borrower shall not, in the aggregate, exceed the amount specified in article I.

(2) The Banque Nationale du Cambodge (acting in the name of and as agent for the Borrower) shall be entitled, subject to the provisions of this

¹ Came into force on 20 November 1969 by signature, in accordance with article XIV (1).

Agreement, to withdraw from the Special Account amounts needed for the purchase of goods or the payment of services for which contracts have been concluded under the loan.

Article III

RATE OF INTEREST

The loan shall be free of interest.

Article IV

REPAYMENT

(1) The Borrower undertakes to repay to the Lender the amount of the loan withdrawn from the Special Account in thirty-five semi-annual instalments of 830,000 Danish Kroner each, the first of which shall fall due on 1 October 1976 and the last on 1 October 1993, and a final payment of 950,000 Danish Kroner to be made on 1 April 1994.

(2) The Borrower shall have the right to repay in advance of maturity all or part of one or more payments specified by him.

Article V

PLACE OF PAYMENT

The Borrower undertakes to repay the loan to Danmarks Nationalbank, in Danish Kroner by crediting the current account of the Danish Ministry of Finance with Danmarks Nationalbank.

Article VI

USE OF THE LOAN BY THE BORROWER

(1) The Borrower shall use the loan

- (a) To finance imports from Denmark (including transport charges from Denmark to Cambodia) of capital goods required for carrying out Cambodia's Plan for the development of agriculture, of its energy potential, of a road infrastructure and of tourism (in accordance with the annexed list, which may be amended or extended with the mutual consent of the Contracting Parties),

(b) To pay for services of Danish origin required for carrying out the Development Plan mentioned in subparagraph (a), including, in particular, pre-investment studies, preparation of projects, installation costs, services of engineering consultants, and technical and administrative assistance, for example for the putting into operation of undertakings established by means of the loan.

Under the Agreement, the total disbursement shall not exceed the amount of thirty (30) million Kroner specified in article I.

(2) The Borrower shall ensure that the loan is used exclusively to pay for goods and services needed to fulfil contracts approved by both Parties. The special conditions relating to the payment of such goods and services, other than the conditions referred to in article II, shall be defined in detail by the Lender and the Borrower.

(3) The Lender shall approve contracts concluded under the loan but such approval shall not cause him to be held responsible for the proper execution or implementation of such contracts.

(4) The terms of payment laid down in a contract or other document establishing that an order has been placed with a Danish exporter for goods or services of the type mentioned above shall be deemed to be normal and reasonable when the said contract or document contains no clauses under which the Danish exporter grants special credit facilities.

(5) The loan shall be used only to pay for goods or services for which contracts have been signed and approved by the two Parties after the entry into force of this Agreement and during a period of three years from that date.

(6) If the loan has not been fully utilized within the period specified above in paragraph (5) the amount of the semi-annual payments shall be reduced in proportion to the amount not utilized.

Article VII

NON-DISCRIMINATION

(1) The Borrower undertakes not to accord the Danish creditor less favourable treatment with regard to the repayment of the loan than that accorded to other foreign creditors.

(2) All shipments of capital goods under the loan shall be effected in accordance with the principle that all ships have the right to engage in inter-national trade in conditions of free competition.

Article VIII

MISCELLANEOUS PROVISIONS

(1) Prior to the first drawing against the Special Account referred to in article II, the Borrower shall satisfy the Lender that all the constitutional or other legislative requirements of the country of the Borrower have been met, so that this Agreement, under the conditions laid down therein, shall be legally binding on the Borrower.

(2) The Borrower shall furnish to the Lender evidence that the person or persons who will take any action or execute any documents under this Agreement are duly authorized thereto and shall provide a specimen signature of each of them.

(3) Any notice or request concerning this Agreement shall be in writing. Such notice or request shall be deemed to have been validly given or made when it has been delivered by hand or transmitted by letter, telegram or radio-gram to the Party concerned at the address specified in this Agreement or at any other address communicated in writing by the said party to the other Party.

Article IX

PARTICULAR COVENANTS

The repayment of the loan shall be effected without deduction of and free from all taxes and charges and from all restrictions applied under the domestic law of the Borrower. This Agreement shall be exempt from any charges which may be levied now or in the future under the domestic law of the Borrower on its conclusion, on entry into force, on the delivery of copies or on registration.

Article X

CANCELLATION AND SUSPENSION

(1) The Borrower may, by a notice to the Lender, cancel any amount of the loan which he has not utilized.

If either of the following contingencies should arise and continue to obtain, the Lender may, by a notice to the Borrower, suspend, wholly or in part, the Borrower's right to draw on the Special Account

- (a) Failure to repay the principal in accordance with the terms of this Agreement or of any other payment undertaking assumed by the Borrower in relation to the Lender;
- (b) Failure on the part of the Borrower to carry out any other obligation or decision pursuant to this Agreement.

(2) The right of the Borrower to draw on the Special Account shall be suspended wholly or in part, as the case may be, until such time as the circumstance or circumstances which caused such suspension cease to exist or the Lender notifies the Borrower that the right to make withdrawals has been restored. Restoration of the right of the Borrower to make withdrawals shall in no way impair the ability of the Lender to suspend it again, wholly or in part, in the event of a recurrence of the circumstances referred to in paragraph 1, (a) and (b).

Should the Borrower's right to draw on the Special Account be suspended with respect to any amount of the loan for a period of sixty consecutive days, the Lender may, by a notice to the Borrower, suspend his right to withdraw such amount. The said amount may be cancelled at the option of the Lender.

(3) Notwithstanding any cancellation or suspension, all the other provisions of this Agreement shall remain in force.

Article XI

REMEDIES OF THE LENDER

Should either of the contingencies referred to in article X, paragraph 1, (a) and (b) arise and continue to obtain for sixty days after the Lender has given notice thereof to the Borrower, the Lender may, at any time, declare that the outstanding balance of the principal has fallen due and become payable immediately. Upon such a declaration being made, the outstanding balance of the principal shall become due and shall be paid immediately, notwithstanding any provision to the contrary in this Agreement.

Article XII

APPLICABLE LAW

Except where this Agreement expressly provides otherwise, all the rights and obligations deriving from it shall be governed by Danish law.

Article XIII

SETTLEMENT OF DISPUTES

(1) Any dispute between the Contracting Parties concerning the interpretation or application of this Agreement which has not been settled within six months through the diplomatic channel shall, at the request of one of the Parties, be submitted to an arbitral tribunal of three members. The chairman of the tribunal, who shall be a national of a third country, shall be elected by agreement between the Contracting Parties. Should the Parties fail to agree on the election of the chairman of the tribunal, each of them may request the President of the International Court of Justice to make the appointment. Each of the Parties shall appoint its own arbitrator. Should one Party fail to appoint its arbitrator, the latter may be appointed by the chairman of the arbitral tribunal.

(2) Each of the Contracting Parties shall observe and carry out the awards rendered by the arbitral tribunal.

Article XIV

VALIDITY OF THE AGREEMENT

(1) This Agreement shall enter into force on the date of its signature.

(2) This Agreement shall terminate when the entire principal has been repaid.

Article XV

ADDRESSES

The addresses to be used by the two Parties are:

The Borrower:

With respect to the application of the Agreement and the settlement of any disputes concerning the application and interpretation of its provisions:

Ministry of Finance

Phnom-Penh

Telegraphic address:

Minfinances Phnom-Penh

With respect to banking operations:

Banque Nationale du Cambodge

Telegraphic address:

Banacamb Phnom-Penh

The Lender:

With respect to disbursements under the loan:

Ministry of Finance

Secretariat for Technical Co-operation with Developing Countries

Copenhagen

Telegraphic address:

Étrangères Copenhagen

With respect to repayments of the loan:

Ministry of Finance

Copenhagen

Telegraphic address:

Finans Copenhagen

IN WITNESS WHEREOF the undersigned, duly authorized by their respective Governments, have signed this Agreement.

DONE at Phnom-Penh, on 20 November 1969, in two original copies in the French language.

For the Government of the Kingdom of Denmark:

Børge RAAVAD

For the Government of the Kingdom of Cambodia:

OP KIM ANG

ANNEX

This Agreement shall apply to deliveries of capital goods by Denmark and services provided by Denmark to Cambodia in accordance with the following list:

- Equipment for hotels
- Machinery, apparatus and other equipment for drainage and irrigation
- Machinery, apparatus and other equipment for road construction
- Machinery, apparatus and other equipment for the development of Cambodia's energy potential
- Feasibility, economic viability and other studies concerning the construction and equipment of hotels, irrigation and drainage, road construction, the establishment of power plants, a transport network and electricity supply
- Equipment for slaughter-houses.

EXCHANGE OF LETTERS

I

Phnom-Penh, 20 November 1969

Sir,

With reference to the Agreement signed this day between the Danish Government and the Cambodian Government concerning a development loan (hereinafter called the Agreement), I have the honour to propose that the following rules shall apply with respect to the application of article VI. Disbursements from the loan account shall be effected in the following manner:

(1) The Danish exporter or expert and the importer or investor shall draw up a contract which shall in the last-instance be approved by the Danish and Cambodian authorities. No contract for Danish goods of a value less than 100,000 Kroner, except in the case of utilization of the final balance of the loan, shall be financed under the Agreement.

(2) The Cambodian Government shall submit to the Danish Ministry of Foreign Affairs copies of contracts drawn up under the Agreement. The Ministry of Foreign Affairs shall ascertain, *inter alia*, whether:

- (a) the goods or services covered by the contract fall within the scope of the Agreement;
- (b) the capital goods in question were manufactured in Denmark or the services required will be rendered by persons carrying on business in Denmark. It shall subsequently notify the Cambodian Government thereof.

(3) The Cambodian Government may then draw on the account opened with Danmarks Nationalbank in order to effect payment for the goods and services referred to in the contract. Disbursements from this account shall be subject to presentation of the necessary documents after Danmarks Nationalbank has determined that the conditions for making such disbursements have been fulfilled.

If the foregoing provisions are acceptable to the Cambodian Government, I have the honour to propose that this letter and your reply shall constitute an agreement between our two Governments.

Accept, Sir, etc.

Børge RAAVAD
Ambassador of Denmark

His Excellency Op Kim Ang
Third Vice-Chairman of the Council of Ministers,
in Charge of Finance, Planning and the Co-ordination
of Economic and Financial Affairs

II

Phnom-Penh, 20 November 1969

Sir,

I have the honour to acknowledge receipt of your letter of today's date which reads as follows:

[See letter I]

I have the honour to inform you that my Government is in agreement with the foregoing.

Accept, Sir, etc.

OP KIM ANG

Third Vice-Chairman of the Council of Ministers,
in Charge of Finance, Planning, and the Co-ordination
of Economic and Financial Affairs

His Excellency Børge Raavad
Ambassador of Denmark
