In response to the request by the Committee on Trade in Industrial Products the OECD has communicated the text of the Decision of the OECD Council concerning the implementation of a prior consultation procedure for export credits of more than five years' duration to industrialized countries.
COUNCIL

DECISION OF THE COUNCIL

CONCERNING THE IMPLEMENTATION OF A PRIOR CONSULTATION PROCEDURE
FOR EXPORT CREDITS OF MORE THAN FIVE YEARS' DURATION
TO INDUSTRIALISED COUNTRIES

(Adopted by the Council at its 289th Meeting
on 18th April, 1972(*), and derestricted
at its 303rd Meeting on 27th September, 1972)

The Council,

Having regard to Article 5(a) of the Convention on the
Organisation for Economic Co-operation and Development of
14th December, 1960;

Having regard to the terms of reference of the Trade
Committee's Group on Export Credits and Credit Guarantees, which
includes consideration of all possible ways of improving co­
operation between Member countries in the field of export
credits and credit guarantees C(63)141, C/M(63)22 Annex(Final),
Item 2257;

Having regard to the Report by the Trade Committee's
Group on Export Credits and Credit Guarantees of 6th April,
1972, concerning the implementation of an O.E.C.D. Prior
Consultation Procedure for export credits of more than five
years' duration to industrialised countries C(72)827;

I. DECIDES:

1. The countries, Members of the Trade Committee's Group on
Export Credits and Credit Guarantees, designated as participating
countries in the Prior Consultation Procedure, as set out in the
Annex to this Decision, of which it shall form an integral part,
shall implement between themselves that Procedure as from

2. The operation of the Prior Consultation Procedure shall
be reviewed at the end of a trial period of one year.

(*) The Delegates for Australia, Greece, Japan, Portugal and
the United States abstained.
3. Following this trial period, any Member country participating may withdraw from the Procedure on giving three months' notice to the Secretary-General of the Organisation.

II. INSTRUCTS:

The Trade Committee's Group on Export Credits and Credit Guarantees to undertake the review provided for in paragraph 2 above, to follow the Procedure's application, and to make any appropriate proposals to the Council.
ANNEX

Prior consultation procedure for the guaranteeing of export credits exceeding five years’ duration to industrialised countries

I. FIELD OF APPLICATION

1. Transactions involving the grant of guarantees for supplier credit or financial credit by the State or by any government agency shall be subject to the present procedure in all cases where:

- they relate to exports from any of the participating countries, as follows: Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Ireland, Italy, Luxembourg, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom;

- the country of destination is one of the following: Austria, Belgium, Canada, Denmark, Federal Republic of Germany, France, Ireland, Italy, Japan, Luxembourg, Netherlands, Norway, Sweden, Switzerland, United Kingdom, United States.

2. Each of the participating countries is required to engage in prior consultation(1) in all cases where it is planned to guarantee in whole or in part credits having a maturity exceeding five years from the recognised starting points of the Berne Union.

3. Each participating country shall inform the Organisation of the person, persons or authority who is to act on its behalf under the Procedure. All communications concerning these consultations, whether they are notifications, remarks from the participants consulted or requests for particulars, shall begin as follows:

"CONSULTATION CREDITS - O.E.C.D."

II. PROCEDURE APPLICABLE TO TRANSACTIONS COVERED BY SECTION 1

1. Information to be provided at the time of consultation

(A) The consulting participant country shall provide the following particulars:

(1) Including for exports of goods for which maximum credit terms have been fixed in specific agreement within the O.E.C.D., as is the case for ships.
- country of destination;
- identification of goods and description of technical particulars in order to determine the nature and order of magnitude(1) of the transaction;
- credit terms sought, showing the percentage and duration;
- credit terms which the authorities of the exporting country envisage to accept, stating the following:
  (a) percentage of the contract price payable upon signature of the contract;
  (b) percentage of the contract price payable on or before delivery;
  (c) total length of credit and the reasons for which it is considered justified to envisage credit terms exceeding five years' duration (specifying in the case of shipments by instalments whether the credit would begin from the date of each shipment or delivery, from the mean date of all shipments or deliveries, or from the final date of shipment or delivery, or, in the case of projects for the erection of complete plants from the date of handing over of the completed plant);
  (d) the number and percentage of instalments and the period between each;
  (e) any arrangements for covering local costs.

(B) The aforementioned particulars must be supplied as soon as possible after the competent authorities have found it justified to envisage a credit exceeding five years' duration.

(1) The order of magnitude of transactions shall be given by reference to the following scale of value ranges:
- category I : up to 750,000 dollars
- category II : from 600,000 to 1,500,000 dollars
- category III : from 1,250,000 to 3,000,000 dollars
- category IV : from 2,500,000 to 5,000,000 dollars
- category V : from 4,500,000 to 10,000,000 dollars
- category VI : for contracts between 8 and 22 million dollars
- category VII : for contracts between 20 and 44 million dollars
- category VIII : for contracts exceeding 40 million dollars.
2. **Recipients of notifications**

(A) The particulars mentioned in paragraph 1 of this section, the remarks that may be forthcoming from the other participants as mentioned in paragraph 3 and the notification referred to in paragraph 5 shall be transmitted by telex to the respective officials designated by each participant and by the Secretariat of the O.E.C.D.

(B) This information shall not be transmitted, however, to the country of export destination.

3. **Presentation of remarks by the participants concerned**

(A) Each participant having received the initial notification described in paragraph 1 of this section may:

- state that the terms envisaged by the consulting participant do not call for any remarks;

- ask the consulting participant for further particulars;

- formulate observations or reservations.

(B) The consulted participant shall have seven calendar days dating from the introductory notification by the consulting participant in which to put in motion the procedure mentioned in (A) above.

However, this period shall be reduced to three calendar days if the consulting participant specifies in its introductory notification that the matter is one of urgency.

(C) In the event of a request for further particulars being sent to the consulting participant, at the latest on the expiry of the period of seven calendar days referred to in (B), the consulting participant shall reply at the latest within five calendar days.

The participant consulted shall have a maximum of three working days dating from the receipt of these further particulars in which to make known its views.
4. **Suspension of decision by the consulting participant**

The consulting participant shall be required not to take any final decision concerning the transaction in question before hearing the views of the participants consulted. In the event that the opinion of a participant consulted has not been notified before the expiry of the time limits specified in (B) and (C) of paragraph 3, that participant shall be deemed not to have any remarks to formulate concerning the terms envisaged by the consulting participant.

5. **Notification of final decision**

The consulting participant shall immediately notify the final decision it has taken regarding the transaction concerned to the participants consulted. The terms thus notified shall not be improved except to match proved competition from another exporting country. Such improved terms shall be immediately notified.

When a participant, which had decided to support a credit operation whose duration was initially envisaged not to exceed five years and for which the consultation procedure was therefore not required, ultimately finds it necessary to give its support to a credit whose maturity exceeds five years in order to match proved officially supported competition, the participant shall immediately notify the decision taken.

6. **Confidential nature of the proceedings**

The information, observations and replies notified under the present procedure shall be confidential. They may not be divulged to any parties other than those participating in the consultation on each transaction.