

THE BERNE UNION

GENERAL

UNDERSTANDING

THE BERNE UNION GENERAL UNDERSTANDING**TABLE OF CONTENTS**

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- II. Notification Form (Form N)

**BERNE UNION AGREEMENTS, UNDERSTANDINGS AND
OBLIGATIONS IN THE EXPORT CREDIT
INSURANCE FIELD**

GENERAL UNDERSTANDING

I. INTRODUCTION

- (i) One of the main purposes of the Berne Union is "to work for the international acceptance of sound principles of export credit insurance and the establishment and maintenance of discipline in the terms of credit for international trade." (Statutes Article 2.01).

"With a view to achieving the aims set out in Article 2 the Members will (...) exchange information and furnish the Union with the information necessary for the accomplishment of its tasks." (Statutes Article 3.01).

- (ii) In the spirit of the Statutes, Berne Union Members have, over the years, reached Understandings and Agreements regarding terms of payment, reporting systems and exchanges of information. For the convenience of Members these have been summarised and consolidated.
- (iii) This General Understanding updates the General Understanding circulated under cover of Circular EIC/1339 dated 15 January 1998.

II. CATEGORIES AND CRITERIA

Goods and Services have been defined and classified into seven Categories and dealt with against 5 main Criteria in Section V.

Special Cases are dealt with in separate Sections, i.e. individual Sector Agreements (Section VI) and Lines of Credit (Section VII).

CATEGORIES

- | | | |
|-----|---|--------------|
| (a) | Raw Materials, Primary Products and Semi Manufactures | (page 3) |
| (b) | Consumer Goods and Consumer Services | (page 4) |
| (c) | Consumer Durables, including Related Services | (page 5) |
| (d) | Parts and Components (Intermediate Goods), including Related Services | (page 6) |
| (e) | Quasi Capital Goods, including Related Services | (page 7) |
| (f) | Capital Goods and Project Services | (page 8) |
| (g) | Complete Plants | (page 10-11) |

CRITERIA

- (i) Definitions
- (ii) Starting Point of Credit (SPC)
- (iii) Length of Credit
- (iv) Downpayments
- (v) Instalments

There are also Agreements and Requirements on Reporting and the Exchange of Information if Members depart (Deviations) from Guidelines and Agreements. These, too, are dealt with in a separate Section, i.e. Section VIII (page 15/16).

Other Guidelines on Reportings and Exchanges of Information are dealt with in Sections X and XI.

This General Understanding is not confidential but the responsibility for applying it is for Members themselves and not for exporters or banks.

III. DEFINITION OF CREDIT PERIODS FOR GOODS AND SERVICES

The Berne Union defines Credit Periods as follows :-

(a) Short Term Credit

Up to and including one year's credit.

(b) Medium Term Credit

Over one year's credit. A formal division between Medium and Long Term Credit does not seem necessary, however, if this was required by any Member, then :

(c) Long Term Credit

should be regarded as over 5 years (i.e. Medium Term being up to and including 5 years).

It should be noted that where the Starting Point of Credit is related to "acceptance" (of the goods and/or services), such "acceptance" can relate either to physical acceptance or documentary acceptance of goods/services.

It is stressed that the Lengths of Credit shown are Maximum Lengths of Credit.

Experience has shown that it is normally sound underwriting practice for credit terms to be related to the nature of the goods and to be in line with sound conditions normally accepted in the market.

Most Services will be carried out on the basis of Short Term Credit either related to submission of regular invoices whilst the project is being carried out or from the completion/acceptance of the Services.

Normal Retention Payments arrangements (maximum 10%) payable upon expiry of the warranty period should not be regarded as Deferred Payments.

IV. LEASING

For leasing, the following points should be borne in mind :-

- (a) References to Leasing in this Understanding relate to both so-called “full pay-out” or “financial” leasing contracts, and also to so-called “operational leasing” contracts.

Full pay-out, or financial, leasing contracts are arrangements under which the lessee retains possession and normally acquires title to the goods leased, perhaps after making a final token payment to the lessor, at the end of the leasing contract.

Operational leasing contracts are arrangements under which title to the goods leased remains with the lessor and which, at the end of the leasing contract, possession normally reverts to the lessor.

- (b) For financial or full payout leases, care should be taken to ensure that, in terms of quality of cover, Terms for Goods, Length of Credit and Downpayment requirements, leasing transactions are not treated more favourably than contracts of sale and thus allowed to undermine policy on credit terms and sound underwriting practice.
- (c) For operational leases involving a long rental period, care should be taken to ensure that the normal terms for Goods set out below are not undermined but a downpayment need not be stipulated.

V. CATEGORIES OF GOODS AND UNDERWRITING GUIDELINES *)

- (a) RAW MATERIALS, PRIMARY PRODUCTS AND SEMI-MANUFACTURES

- (i) Definition

Materials in their natural or original state prior to processing or manufacture or in an unfinished state prior to further processing or manufacture.

***) Attached at Annex I, Members will find more detailed information about goods and services understood to be part of the Definition.**

(ii) Starting Point of Credit

Not later than the actual date of acceptance of the goods/services or the weighted mean date of acceptance of the goods/services by the buyer.

(iii) Length of Credit

Maximum of six months.

(iv) Downpayment

No requirements.

(v) Instalments

No requirements.

(b) CONSUMER GOODS AND CONSUMER SERVICES

(i) Definition

Goods generally of short economic life intended for consumer consumption and services for consumer use.

(ii) Starting Point of Credit

Not later than the actual date of acceptance of the goods or the weighted mean date of acceptance of the goods by the buyer; or for services, the date of the submission of the invoices to the client or acceptance of service by the client. There could be a prolonged period over which services are rendered, during which invoices could be submitted or acceptance takes place at regular intervals.

(iii) Length of Credit

Maximum of six months.

(iv) Downpayment

No requirements.

(v) Instalments

No requirements.

(c) CONSUMER DURABLES, INCLUDING RELATED SERVICES

(i) Definition

Goods that are intended to remain usable for a relatively long period but are not intended for use in an industrial process. The emphasis should be on the goods and not on the end buyer.

(Consumer Durables are different from Quasi-Capital Goods and Capital Goods - see (e) and (f) below.)

(ii) Starting Point of Credit

Not later than the actual date of acceptance of the goods or the weighted mean date of acceptance of the goods (including services, if applicable) by the buyer or, for services, the date of the submission of the invoices to the client or acceptance of service by the client. There could be a prolonged period over which services are rendered, during which invoices could be submitted or acceptance takes place at regular intervals.

(iii) Length of Credit

Normally 6 months credit but Maximum of two years. High unit value does not automatically mean that longer credit should be involved.

(iv) Downpayment

No requirements if less than 2 years credit.

If 2 years credit is involved, then a downpayment of at least 15% should be stipulated, payable at or before the starting point of credit.

(v) Instalments

No requirements if 1 year credit or less.

If more than 1 year credit is involved, then throughout the credit period, principal shall normally be repaid in equal and regular instalments not less frequently than every six months, plus accrued interest on the outstanding balance.

(vi) Leasing

If these types of goods are leased, then the requirements set out in (ii), (iii) and (iv) above will continue to apply.

As regards instalments:

There are no requirements if credit is for one year or less.

If more than one year credit is involved, then throughout the credit period, principal shall normally be repaid in equal and regular instalments not less frequently than every six months, plus accrued interest on the outstanding balance. Alternatively, equal and regular instalments of principal and interest combined may be paid not less frequently than every six months.

(d) PARTS OR COMPONENTS (INTERMEDIATE GOODS), INCLUDING RELATED SERVICES

(i) Definition

Goods in a finished state which are to be incorporated into quasi-capital or capital goods.

(ii) Starting Point of Credit

Not later than the actual date of acceptance of the goods or the weighted mean date of acceptance of the goods (including services, if applicable) by the buyer or, for services, the date of the submission of the invoices to the client or acceptance of service by the client. There could be a prolonged period over which services are rendered, during which invoices could be submitted or acceptance takes place at regular intervals.

(iii) Length of Credit

Normally 6 months credit, or exceptionally up to 5 years if justified by both the life of the part/component and high unit value.

(iv) Downpayment

No requirements if less than 2 years credit.

If 2 years or more credit is involved, then a downpayment of at least 15% should be stipulated payable at or before the starting point of credit.

(v) Instalments

No requirements if 1 year credit or less.

If more than 1 year credit is involved, then throughout the credit period, principal shall normally be repaid in equal and regular instalments not less frequently than every six months, plus accrued interest on the outstanding balance.

(e) QUASI-CAPITAL GOODS, INCLUDING RELATED SERVICES

(i) Definition

Machinery or equipment, generally of relatively low unit value, intended to be used in an industrial process or for productive or commercial use.

(ii) Starting Point of Credit

Not later than the actual date of acceptance of the goods or the weighted mean date of acceptance of the goods by the buyer or, if the exporter has responsibilities for commissioning, then the latest starting point is at commissioning or, for services, the date of the submission of the invoices to the client or acceptance of service by the client. There could be a prolonged period over which services are rendered, during which invoices could be submitted or acceptance take place at regular intervals. In the case of a contract for the supply of services where the supplier has responsibility for commissioning, the latest starting point should be commissioning.

(iii) Length of Credit

Depending on the size of the order (see below) up to a maximum of 5 years.

Members have agreed to adopt the following minimum order values as guidelines supporting 5 years credit or less : these figures are reviewed periodically :-

<u>Credit Length</u>	<u>Minimum Contract Value</u>
3 years	\$ 80,000 excluding interest
4 years	\$175,000 excluding interest
5 years	\$350,000 excluding interest

(iv) Downpayment

No requirements if less than 2 years credit.
If 2 years or more credit is involved, then a downpayment of at least 15% should be stipulated payable at or before the starting point of credit.

(v) Instalments

No requirements, if 1 year credit or less.
If more than 1 year credit is involved, then throughout the credit period, principal shall normally be repaid in equal and regular instalments not less frequently than every six months, plus accrued interest on the outstanding balance.

(vi) Leasing

If these types of goods are leased then the requirements set out in (ii), (iii) and (iv) above will continue to apply.

As regards instalments:

There are no requirements if credit is for one year or less.

If more than one year credit is involved, then throughout the credit period, principal shall normally be repaid in equal and regular instalments not less frequently than every six months, plus accrued interest on the outstanding balance. Alternatively, equal and regular instalments of principal and interest combined may be paid not less frequently than every six months.

(f) CAPITAL GOODS AND PROJECT SERVICES

(i) Definition

Machinery or equipment of high unit value intended to be used in an industrial process or for productive or commercial use.

(ii) Starting Point

1. In the case of a contract for the sale of capital goods consisting of individual items usable in themselves, the latest starting point is the actual date when the buyer takes physical possession of the goods, or the weighted mean date when the buyer takes physical possession of the goods.
2. In the case of a contract for the sale of capital equipment for complete plant or factories where the supplier has no responsibility for commissioning, the latest starting point is the date when the buyer is to take physical possession of the entire equipment (excluding spare parts) supplied under the contract.
3. If the exporter has responsibility for commissioning, then the latest starting point is at commissioning.
4. For services, the date of the submission of the invoices to the client or acceptance of service by the client. There could be a prolonged period over which services are rendered, during which invoices could be submitted or acceptance take place at regular intervals. In the case of a contract for the supply of services where the supplier has responsibility for commissioning, the latest starting point should be commissioning.

(iii) Length of Credit

5 years or longer in accordance with agreed Guidelines and Sector Agreements. *)

Members have agreed to adopt the following minimum order values as guidelines supporting 5 years credit or less : these figures are reviewed periodically :-

<u>Credit Length</u>	<u>Minimum Contract Value</u>
3 years	\$ 80,000 excluding interest
4 years	\$175,000 excluding interest
5 years	\$350,000 excluding interest

(iv) Downpayment

No requirements if less than 2 years credit.

If 2 years or more credit is involved, then a downpayment of at least 15% should be stipulated, payable at or before the starting point of credit.

(v) Instalments

No requirements, if 1 year credit or less is involved.

If more than 1 year credit is involved, then throughout the credit period, principal shall normally be repaid in equal and regular instalments not less frequently than every six months , plus accrued interest on the outstanding balance.

(vi) Leasing

If these types of goods are leased, the requirements set out in (ii), (iii) and (iv) above will continue to apply.

As regards instalments:

There are no requirements if credit is for one year or less.

If more than one year credit is involved, then throughout the credit period, principal shall normally be repaid in equal and regular instalments not less frequently than every six months, plus accrued interest on the outstanding balance/the reducing balance. Alternatively, equal and regular instalments of principal and interest combined may be paid not less frequently than every six months.

(vii) For contracts relating to essential parts of projects, see also (g) below.

***) See also Chapter IX on OECD Arrangement**

(g) COMPLETE PLANTS

(i) Definition

Complete productive units of high value requiring extensive use of capital goods.

(ii) Starting Point of Credit

1. In the case of a contract for the sale of capital equipment for complete plant or factories where the supplier has no responsibility for commissioning, the starting point is the date when the buyer is to take physical possession of the entire equipment (excluding spare parts) supplied under the contract.
2. In the case of construction contracts where the contractor has no responsibility for commissioning, the starting point is the date when construction has been completed.
3. In the case of any contract where the supplier or contractor has a contractual responsibility for commissioning, the latest starting point is the date when he has completed installation or construction and preliminary tests to ensure that it is ready for operation. This applies whether or not it is handed over to the buyer at that time in accordance with the terms of the contract and irrespective of any continuing commitment which the supplier or contractor may have, e.g. for guaranteeing its effective functioning or for training local personnel.
4. In the case of paragraphs 1, 2, and 3 above where the contract involves the separate execution of individual parts of a project, the latest date of the starting point is the date of the starting point for each separate part, or the mean date of those starting points or, where the supplier has a contract, not for the whole project but for an essential part of it, the starting point may be that appropriate to the project as a whole.
5. For services, the date of the submission of the invoices to the client or acceptance of service by the client. There could be a prolonged period over which services are rendered, during which invoices could be submitted at regular intervals. In the case of a contract for the supply of services where the supplier has responsibility for commissioning, the latest starting point should be commissioning.

(iii) Length of Credit

5 years or longer in accordance with agreed Guidelines and Sector Agreements. *)

Where an exporter is tendering for part of a project, it is acceptable to support the length of credit appropriate to the project as a whole.

(iv) Downpayment

No requirements if less than 2 years credit.

Where 2 years credit or more is involved, then a downpayment of at least 15% should be stipulated, payable at or before the starting point of credit.

(v) Instalments

No requirements, if 1 year credit or less.

If more than 1 year credit is involved, then throughout the credit period, principal shall normally be repaid in equal and regular instalments not less frequently than every six months, plus accrued interest on the outstanding balance.

(vi) Leasing

If leasing is involved then the requirements set out in (ii), (iii) and (iv) above will continue to apply.

As regards instalments:

There are no requirements if credit is for one year or less.

If more than one year credit is involved, then throughout the credit period, principal shall normally be repaid in equal and regular instalments not less frequently than every six months, plus accrued interest on the outstanding balance. Alternatively, equal and regular instalments of principal and interest combined may be paid not less frequently than every six months.

*) See also Chapter IX on OECD Arrangement.

VI. SECTOR AGREEMENTS

(i) GENERAL

Members participating in an Agreement are committed to hold to the terms specified in the Agreement and should not support in whole or in part any contract for the supply of the relative goods on more favourable terms of payment, irrespective of whether such support is given for a supplier credit, a buyer credit or under a guaranteed Line of Credit.

- (a) Departures without notification are only allowed where goods are not sold separately but form an essential part of a capital project for which longer terms have been agreed for the total project.
- (b) Departures are allowed, subject to notification :
 - 1. where the Member is instructed to support credit intended as Government aid on concessional terms to a developing country;
 - 2. to match conditions offered and confirmed by other Members.
- (c) If other departures occur, they should be notified.*)

(ii) DOWNPAYMENTS

No requirement, if less than 2 years credit.

If 2 years credit or more is involved, then a downpayment of at least 15% should be stipulated, payable at or before the starting point of credit.

(iii) INSTALMENTS

No requirements, if 1 year credit or less.

If more than 1 year credit is involved, then throughout the credit period, principal shall normally be repaid in equal and regular instalments not less frequently than every six months, plus accrued interest on the outstanding balance.

The Agreements are normally reviewed at least every 3 years.

All Members are expected to adhere to the Berne Union Understanding and Agreements. If a Member is not able to subscribe to any Understanding/Agreement, it is, nonetheless, committed at the outset to notify deviations to all Members and the Secretary-General at the outset.

***) See also Chapter on OECD Arrangement (Capital Goods and Complete Plants)**

(iv) SPECIFIC AGREEMENTS

The current Agreements – copies of which are attached – are :-

A. (i) Paper/Pulp and Lumber/Timber *)

The maximum credit terms currently permitted are :

180 days from delivery.

(ii) Breeding Animals

Normal Credit Terms are 180 days from delivery.

The maximum credit terms currently permitted for cattle are :

<u>Credit Length</u>	<u>Minimum Contract Value</u>
2 years	up to \$150,000
3 years	over \$150,000

(iii) Agricultural Vegetable Reproduction Material

The maximum credit terms currently permitted are :

360 days from delivery.

(iv) Fertilisers, Insecticides, Pesticides and Fungicides

The maximum credit terms currently permitted are :

360 days from delivery.

(v) Buses and Bus Chassis

(see below)

(vi) On-Highway Lorries and Lorry Chassis

(see below)

(vii) Containers and Semi-Trailers

(see below)

*) **Attached at Annex I, Members will find more detailed information about products understood to be part of this Agreement.**

(viii) Fire Fighting Vehicles

(see below)

<u>Credit Length</u> for (v), (vi) (vii), (viii) above	<u>Minimum Contract Value</u>
3 years	\$ 80,000, excluding interest
4 years	\$175,000, excluding interest
5 years	\$350,000, excluding interest

The maximum credit terms currently permitted for (v), (vi), (vii) and (viii) above are 5 years from delivery, i.e. minimum contract value \$350,000.

In case of larger orders, normal underwriting judgement should prevail. Credit terms up to 7 years are permitted for contracts with a value over \$500,000 and with a minimum unit value of \$100,000.

B. Hides/Skins and Wool/Mohair

This relates to the exchange of information on buyers who are more than 30 days in default.

VII. LINES OF CREDIT

The Berne Union Resolution on General Purpose Lines of Credit states :

- “1. Lines of Credit should not be supported on terms more generous than would normally have been agreed for the goods in question. In particular, the maximum terms permitted should be within the limits laid down by any relevant Sector Agreement.
2. Members should ensure that any Line of Credit which they are supporting is drawn in such a way that they can clearly answer questions from other Members. The Line of Credit should not permit the terms for a particular contract to be lengthened before or after it has been placed, because other orders have brought the aggregate value of orders supported beyond a certain figure.
3. Members should, themselves, retain the right to decide what terms should be given for particular orders under any Line of Credit which they are supporting. In any case where the credit giving institution is responsible for the decision, it should be subject to strict guidelines from the credit insurer in accordance with (1) and (2) above.
4. In deciding whether or not to match terms being supported under a Line of Credit by another credit insurer, members should consider whether the business they are being asked to support is comparable with what is being financed under the Line of Credit.”

VIII. NOTIFICATION OF DEPARTURES FROM GUIDELINES & AGREEMENTS

GENERAL

All information given must be treated as confidential.

Whilst Members will use reasonable endeavours to ensure that information provided is accurate and is supplied on a timely basis, Members do NOT accept responsibility for information so supplied nor for any omissions in such information. All information received from other Berne Union Members must be treated as CONFIDENTIAL and should not be divulged to others outside the Berne Union without the specific prior approval of the Member(s) who provided the information.

Only Members who have provided information will receive the associated Consolidated Reports from the Secretariat.

(a) GENERAL UNDERSTANDING ON EXCHANGES OF INFORMATION

(i) Direct Questions or Exchanges of information between Members

Members should give answers to other Members' requests regarding lengths of credit at the stage when provisional cover is granted.

If, at the time of enquiry, a Member is not offering to insure terms in excess of the appropriate terms, but subsequently decides to do so, he should immediately inform the Member which made the earlier enquiry.

Exchange of information between Members with regard to precise terms of payment should be made promptly.

(ii) Exchanges of Information on Contracts in Negotiation

In order to avoid the need for supplementary questions in the course of consultations, the following information, in addition to usual general information like type of goods, should always be provided :

- the length of the credit;
- the percentage payable on contract effectiveness and on shipment/delivery/commissioning, and, if applicable, the percentage for which credit terms are agreed;
- the starting point taken for the credit
- the frequency of credit repayment whenever this is other than half-yearly.

In all cases these details must be given if known to consulting Members.

Any changes to a Member's declared position with respect to any of the foregoing particulars must be notified before or immediately after a firm commitment in the normal way to any other Member with whom information has been exchanged on the case.

(b) DEPARTURES FROM GUIDELINES AND AGREEMENTS
(HIDES & SKINS; WOOL & MOHAIR : See (c) below)

- (i) Any departures from Guidelines and the terms of a Sector Agreement, other than the one permitted by paragraph VI(i)(a), page 12, must be notified on a case by case basis before or immediately after a firm commitment by fax or e-mail to all Members or Participants in Agreements and to the Secretary-General. *)
- (ii) Members confronted with inter-governmental Protocols containing unsound credit conditions should approach their Authorities and keep Members informed.
- (iii) If refinancing of cover sight L/Cs result in credit terms longer than agreed under this Understanding, then these deviations should be notified as well.
- (iv) In the Notification, information should be given on :-
 - 1. the deviation
 - 2. the buyers country
 - 3. the goods
 - 4. the insured amount
 - 5. terms of credit
 - (a) length of credit
 - (b) downpayment (if applicable)
 - (c) starting point of credit (if applicable)
 - (d) frequency of instalments (if applicable)
 - (e) equality of instalments (if applicable)
 - 6. date of effectiveness of contract
 - 7. reason for deviation

The information should be provided on Form N – attached at Annex II.

(c) HIDES & SKINS; WOOL & MOHAIR
ADVICE ON DIFFICULTIES WITH BUYER

This information should be reported on Form H at Annex III.

***) See also Chapter IX on OECD Arrangement.**

**IX. THE ARRANGEMENT, DEVELOPED WITHIN THE OECD FRAMEWORK
ON GUIDELINES FOR OFFICIALLY SUPPORTED EXPORT CREDITS
(CONSENSUS)**

Participants and Observers to the OECD Arrangement on Guidelines for Officially Support Export Credits have to adhere to it's terms.

Non-OECD Berne Union Members might not be willing to be bound by conditions of the Arrangement.

However, the non-OECD Berne Union Members are expected to follow the main disciplines of the OECD Arrangement concerning Downpayments, Starting Points of Credit, Lengths of Credit, Instalments and Local Costs.

The OECD Consensus sometimes allows for longer credit terms than under the Berne Union Guidelines or Agreements. Whether Berne Union Members accept those longer terms or not is an underwriting question. If those longer terms deviate from Berne Union Guidelines or Sector Agreements, they should be notified.

NOTE : Project Finance

For Project Finance, the OECD Arrangement currently allows more flexible terms. For detailed information, Members can contact the Berne Union Secretariat or the OECD Trade Directorate Secretariat.

X. OTHER REPORTING OBLIGATIONS

(i) On a case-by-case basis

- claims or potential claims on private buyers or borrowers
- claims paid on public buyers/borrowers/guarantors, including bonds
- unfair calling of bonds

The information should be reported on Form D and should be sent direct to other Members by electronic mail.

The Secretariat also collates certain items of data from Form D and circulates the collated information annually to Members.

(ii) Monthly

Changes in Terms of Cover for Countries on the Quarterly Country Return should be notified to the Secretariat.

(iii) Quarterly

Members should advise the Secretariat of :

- Details of commitments, arrears and claims on countries on the Quarterly Country Return.
- Details on Acceptable Banks Return.

The Secretariat collates and circulates this information to Members.

(iv) Exchange of information on special trades

Interested members have agreed promptly to exchange information on buyers in the Hides & Skins and Wool & Mohair sectors.

(v) On an ad hoc basis

Payment problems on business financed by international institutions: when funds from international institutions, such as IBRD and IDB, are routed via the buying country, instances of abuse should be reported to the Secretary-General.

The information on both these aspects is recorded by the Secretariat and is available on request to Members.

(vi) On a voluntary basis

Fraud

Members willing to do so may notify the Secretary-General of cases of Fraud.

XI. OTHER INFORMATION

(a) MEMBERS' SYSTEMS

(i) Annual Reports

Members' Annual Reports are copied to all Members who have provided Annual Reports and a consolidated report is prepared and issued by the Secretariat for the Annual General Meeting.

(ii) Developments in Members' Schemes

This is a regular subject at Export Credit Insurance Committee Meetings and Investment Insurance Committee Meetings and is discussed during the "Tour de Table".

Members reporting on recent developments may circulate a prepared paper or statement and should answer questions from other Members.

These developments are also recorded in the Minutes of Export Credit and Investment Insurance Committee Meetings (ST-EIC, M/LT-EIC and IIC).

(b) HANDBOOKS, REGISTERS AND PUBLICATIONS

(i) Annually

The Secretariat collects and collates information from, and distributes to, Members an update of :-

- The Register of Sources of Credit Information
- The Register of Debt Collecting Agents

The Secretariat also issues an Index of :-

- Underwriting matters discussed at Meetings
- Underwriting Questions raised by Members - Ad Hoc Exchanges
- Topics discussed at Workshops
- Ad Hoc Reports
- Country Discussions and Questions raised at Meetings and in Ad Hoc Exchanges

(ii) Ad Hoc

The Secretariat updates/revises/reissues, as necessary -

The Export Credit Insurance Handbook and Investment Insurance Handbook, based on Members' answers to a Questionnaire.

A Glossary of Technical Terms.

(c) SPECIFIC UNDERWRITING AND CLAIMS PROBLEMS

Members should nominate Contact Points for bilateral exchanges of information on individual buyer problems. These Contact Points enable Members to have closer exchanges at working level and on a bilateral basis on individual buyer problems.

The list of Contact Points is updated and circulated by the Secretariat every six months.

CATEGORIES OF GOODS

**DETAILED INFORMATION ABOUT GOODS AND SERVICES
UNDERSTOOD TO BE PART OF THE DEFINITION.**

(a) **RAW MATERIALS, PRIMARY PRODUCTS AND SEMI MANUFACTURES**

These also include such goods as light steel products, which could be regarded as finished, but which are normally subjected to further processing or manufacture.

Light steel products have been defined in detail as :

- (i) Rough Steel : such as ingots, slabs, blooms, bars, billets and rods.
- (ii) Light Steel : such as strips and steel sheets (e.g. for vehicles industry), coiled sheets, wire, rods, springs and tinplate.

(The Agreement does not apply to Bulk Grains).

(b) **CONSUMER GOODS AND CONSUMER SERVICES**

This is, in the main, related to personal consumption/use, but includes similar goods when bought by commerce and industry. It also includes pharmaceuticals.

(c) **CONSUMER DURABLES, INCLUDING RELATED SERVICES**

This relates to items normally purchased by personal consumers, including, for example, vehicles which are to be on-sold to consumers. Many of the goods differ only in size and value from similar goods used in industry.

(d) **PARTS OR COMPONENTS (INTERMEDIATE GOODS), INCLUDING RELATED SERVICES**

The essential difference between these goods and those in (a) above, is that these goods are not transformed in any further industrial process but are incorporated into finished goods, or used in the productive process itself.

(e) **QUASI CAPITAL GOODS, INCLUDING RELATED SERVICES**

This category includes vehicles sold for industrial, agricultural or commercial use, e.g. it does not include vehicles which are to be on-sold to consumers - these are included in (c) above.

This category may also include goods and/or services integral to "Intelligent Networks", the terms for which should take account of the effective working life of the goods and/or services involved.

(f) CAPITAL GOODS AND PROJECT SERVICES

This category may also include goods and/or services integral to “Intelligent Networks”, the terms for which should take account of the effective working life of the goods and/or services involved.

Services with a high contract value and which take a prolonged period to carry out and usually linked to projects. Medium Term cover for the services need not be linked to, or made conditional on, providing cover to the associated project.

(g) COMPLETE PLANTS

This should include, where appropriate, high value aircrafts and ships and large locomotives.

Where services are involved, credit can be considered for large contract values and where they take a prolonged period to carry out. Medium Term cover for the services need not be conditional on providing cover for the project itself.

(h) SECTOR AGREEMENT ON PAPER/ PULP, LUMBER/TIMBER

Comprises wood in the rough or roughly squared and wood shaped or simply worked.

Included are sawlogs, veneer logs, pit props (mine timber), poles, pilings, posts, railway sleepers (ties) and lumber, sawn, planed, grooved, tongued etc.

FORM N

MEMBER :

DATE :

OUR REF. :

**NOTIFICATION OF DEPARTURES FROM BERNE UNION
GUIDELINES AND AGREEMENTS**

1. Guideline/Sector Agreement

.....

2. Character of Deviation

.....

3. Buyers Country

.....

4. Type of Goods

.....

5. Amount of Insured Contract (in USD)

.....

6. Terms of Credit

- (a) Length :
- (b) Downpayment : (if applicable*)
- (c) Starting Point of Credit : (if applicable)
- (d) Frequency of Instalments : (if applicable**)
- (e) Equality of Instalments : (if applicable***)

7. Final Date of Contract

.....

8. Reason(s) for Deviation

.....
.....
.....

* If more than 2 years credit
 ** If more than 1 year of credit
 *** In case of leasing instalments may be equal as to principal and interest combined.

EXPORT CREDIT INSURANCE COMMITTEE

SECTOR AGREEMENT ON EXCHANGE OF INFORMATION

HIDES AND SKINS

WOOL AND MOHAIR

In view of the problems encountered in covering these trades, the Participants agree to promptly exchange information on buyers who fall more than 30 days, or as soon thereafter as reported into arrears of their payment obligations.

Notifications on the standard Form H attached to this notice should be sent by e-mail, fax or telex to all Participants and to the Secretariat.

HIDES AND SKINS

PARTICIPANTS: EFIC, EDC, COFACE, SIAC, NCM, EXGO, GIEK, CGIC, CESCE, ECGD, TI, FCIA, CREDSURE

WOOL AND MOHAIR

PARTICIPANTS: EFIC, OND, EKR, COFACE, NCM, EXGO, CGIC, FEDERAL, ECGD, TI

Reporting should not be delayed by the need to complete Items 12 and 13 of the notification or the absence of precise details. However, if there is reason to believe that some contract dispute exists this should be recorded in Item 14.

Those Members who are also involved with the buyer on whom the difficulties have been reported should then approach the reporting member direct.

REVIEW: The operation of these Agreements will be subject to review not later than April 2003.

BERNE UNION SECTOR AGREEMENT ON EXCHANGE OF INFORMATION

HIDES AND SKINS

WOOL AND MOHAIR

ADVICE - DIFFICULTIES WITH BUYER

1. Date of this advice :
2. Reporting Member :
3. Enquiries to :
4. Ref No :
5. Full name of buyer :
6. Full address of buyer :
7. Amount overdue :
8. Due date(s) :
9. Payment terms and conditions :
10. Description of goods affected :
11. Nature of difficulties being experienced :
12. Action taken / to be taken :
13. Name, address, fax/telex No.
of attorney handling the matter :
14. Additional information :