

Guarantee for unfair calling

Guarantee holder: exporters

EKN's guarantee for unfair calling is designed for exporters who need to issue a contract guarantee. It covers the risk of unfair calling of the contract guarantee by the buyer. This guarantee protects against events that occur from the date on which the contract guarantee is issued.

With an EKN guarantee, you receive compensation for unfair calling of the contract guarantee by your customer. This makes it easier for you to offer your customer contract guarantees.

TRANSACTIONS THAT CAN BE GUARANTEED

The guarantee for unfair calling can cover different types of contract guarantee. These are normally unconditional (on-demand) guarantees, where the buyer is entitled to request payment from the issuing bank without giving a reason.

You can apply for a guarantee for unfair calling for different types of cross-border transactions: export of goods and export of services. EKN can guarantee both small and large transactions with this guarantee.

A prerequisite for EKN's participation is that the transaction promotes Swedish interests and is connected to Swedish export. This means the export transaction will normally relate to Swedish products. It could also be a transaction that indirectly leads to Swedish exports.

RISKS COVERED BY THE GUARANTEE

The guarantee provides protection against your buyer requesting payment from the issuing bank even though you have discharged your contractual obligations.

HOW DOES THE GUARANTEE WORK?

The guarantee normally covers 90 per cent of the amount issued, which means your excess is 10 per cent.

There must be an underlying export contract before EKN can guarantee a contract guarantee.

EKN's guarantee never covers more than what has been agreed between you and the beneficiary, as described in your application to EKN.

WHAT DOES IT COST?

EKN charges a premium, which reflects the transaction risk. The premium is expressed as a percentage of the guaranteed amount.

The premium is normally paid in advance when EKN issues the guarantee. The size of the premium depends on the import country, the beneficiary and the exporter's ability to effect the transaction. If the contract guarantee follows the ICC International guidelines for on-demand guarantees, this may render a lower premium.

There is no fee for applying for a guarantee and receiving an offer. Our offer is valid for six months. After this period, you can extend the offer for periods of three months in return for a fee. If the offer results in a guarantee, the extension fee will be returned.

The minimum premium is SEK 1,500.

WHEN DOES EKN PAY COMPENSATION?

EKN pays compensation within 30 days of your verification of your right to compensation.

CURRENCY

The currency indicated in the contract guarantee determines the currency in which EKN issues the guarantee. If your currency is Swedish kronor, euros, US dollars, Swiss francs or Japanese yen, EKN will issue the guarantee, invoice the premium and pay compensation in this currency. For other contract guarantee currencies,

EKN issues the guarantee, invoices the premium and pays compensation in Swedish kronor.

CORPORATE RESPONSIBILITY IN THE ISSUING OF GUARANTEES

EKN promotes corporate responsibility. In its guarantee operation EKN's considerations include the environment, human rights and labour rights, anti-corruption and the promotion of sustainable lending to poor countries.

EKN'S GENERAL CONDITIONS

The guarantee is governed by EKN's General Conditions for Guarantees for Unfair Calling (February 2006).

HOW TO OBTAIN A GUARANTEE

All the relevant forms can be found at www.ekn.se.

Apply

Apply well in advance of the date on which the contract guarantee is issued.

EKN orders a credit report on the buyer/beneficiary. You will normally need to provide supplementary information on the buyer such as an annual report.

EKN makes a risk assessment, and if the result is satisfactory, we make an offer.

Notify us

Notify EKN when the contract guarantee has been issued and you want the guarantee to be issued. The request must be sent within 30 days of the contract guarantee being issued.

Pay the premium

EKN will send a premium invoice with the guarantee. The premium must be paid within 30 days of the invoice date.



The Swedish Export Credits Agency

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