

No. 2029

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
BELGIUM**

**Loan Agreement (with annexed Loan Regulations No. 1).
Signed at Washington, on 1 March 1949**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
13 January 1953.*

**BANQUE INTERNATIONALE POUR LA
RECONSTRUCTION ET LE DÉVELOPPEMENT
et
BELGIQUE**

**Contrat d'emprunt (avec, en annexe, le Règlement n° 1 sur
les emprunts). Signé à Washington, le 1^{er} mars 1949**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 13 janvier 1953.*

No. 2029. LOAN AGREEMENT¹ BETWEEN THE KINGDOM OF BELGIUM AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 1 MARCH 1949

AGREEMENT, dated March 1, 1949, between KINGDOM OF BELGIUM, party of the first part, and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, party of the second part.

Article I

DEFINITIONS

Wherever used in this Agreement or in any Schedule to this Agreement, unless the context shall otherwise require, the following terms shall have the respective meanings hereinafter in this Article set forth :

(1) The term Borrower means Kingdom of Belgium, the party of the first part hereto.

(2) The term Bank means International Bank for Reconstruction and Development, the party of the second part hereto.

(3) The term Banque Nationale means Banque Nationale de Belgique S. A., a société anonyme, organized and existing under the laws of the Kingdom of Belgium.

(4) The term Loan means the loan provided for in this Agreement.

(5) The term Loan Account means the loan account to be opened as provided in Section 2 of Article IV of this Agreement. An amount of the Loan shall be deemed to have been withdrawn from the Loan Account on the date on which the Bank shall pay such amount to or on the order of the Banque Nationale or on the date on which the Bank shall incur a firm obligation to pay such amount to anyone other than the Banque Nationale, whichever date shall be the earlier.

(6) The term United States means the United States of America.

(7) The term dollars and the sign \$ means dollars in such coin or currency of the United States as at the time referred to shall be legal tender for the payment of public and private debts in the United States.

¹ Came into force on 1 March 1949, as from the date of signature, in accordance with article I (12).

(8) The term Bond means a bond issued in accordance with Article V of this Agreement.

(9) The term principal office of the Bank means its principal office in the City of Washington, District of Columbia, United States. If the principal office of the Bank shall be changed and the Bank shall so notify the Borrower, the term principal office of the Bank shall thereafter mean the principal office so notified to the Borrower.

(10) The term goods means equipment, supplies and services which are required for the purposes specified in Article III of this Agreement, and wherever reference is made in this Agreement to the cost of any goods such cost shall be deemed to include the cost of importing such goods into the territories of the Borrower, but only to the extent that such cost shall be paid in currency other than Belgian currency.

(11) The term external debt means any debt payable in any currency other than Belgian currency, whether such debt is payable absolutely or at the option of the creditor in such other currency.

(12) The term Effective Date means the date of this Agreement.

(13) The term Projects means the projects described in Schedule 1 to this Agreement, as such Schedule shall be amended from time to time by agreement in writing between the Bank and the Borrower, and the term Project means one of such Projects.

(14) The term Agency means any instrumentality of the Borrower or of a political subdivision of the Borrower and shall include any institution or organization a majority interest in which at the time referred to is owned directly or indirectly by the Borrower or a political subdivision of the Borrower, or all or substantially all of whose obligations are guaranteed by the Borrower or a political subdivision of the Borrower, or the operations of which are conducted primarily in the interest of or for account of the Borrower or a political subdivision of the Borrower, as the case may be.

(15) The term this Agreement includes the respective Schedules¹ which are referred to herein and all of which are hereby incorporated herein and are herein referred to by their respective letters and numbers.

Article II

THE LOAN

Section 1. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth, the sum of sixteen million dollars (\$16,000,000).

¹ See pp. 164, 166 and 172 of this volume.

Section 2. (a) The Borrower shall pay interest (including commission) at the rate of four and one-quarter per cent ($4\frac{1}{4}\%$) per annum on the principal amount of the Loan from the Effective Date; provided, however, that the Borrower shall not be required to pay interest on any part of the Loan which shall be repaid from and after the date of repayment thereof. Such interest shall be payable in dollars semi-annually on March 1 and September 1 in each year.

(b) If any Bond, whether held by the Bank or by others than the Bank, shall bear interest at a rate less than the rate of interest on the Loan specified in paragraph (a) of this Section, the Borrower shall pay to the Bank semi-annually on the dates specified in said paragraph (a) a service charge on the principal amount of the Loan represented by such Bond at an annual rate equal to the difference between four and one-quarter per cent ($4\frac{1}{4}\%$) and the rate of interest of such Bond. The payment of interest at the rate specified in such Bond and the payment of service charge on the principal amount of the Loan represented by such Bond as in this Section provided shall pro tanto discharge the obligation of the Borrower to pay interest in the Loan.

Section 3. The amount of the Loan may be withdrawn as provided in Article IV of this Agreement. The Bank shall credit the Borrower with interest on any amount of the Loan not so withdrawn for the period from the Effective Date to the respective dates on which the respective amounts shall be so withdrawn or to June 1, 1952, whichever shall be the earlier. Such credit shall be computed as follows: For each three-months period beginning January 1, April 1, July 1, or October 1, or for any part of such period, such credit shall be computed at the rate of one per cent (1%) per annum plus the approximate rate of annual discount on the issue of 90, 91 or 92-day United States Treasury Bills last sold by the United States immediately preceding the beginning of such period on the basis of the average price for the sale of such issue, all as announced by the United States Treasury Department; provided, however, that the rate at which such credit shall be computed for any such period, or part thereof, shall in no event exceed two and three-quarters per cent ($2\frac{3}{4}\%$) per annum. So long as the Borrower shall not be in default in the performance of any of its obligations under this Agreement, the Bank shall on March 1 and September 1 in each year pay to the Banque Nationale for account of the Borrower the amount of such credit for the six months period then ended.

Section 4. The Borrower shall repay the principal of the Loan in thirty-two (32) equal semi-annual instalments, the first of such instalments being due and payable on September 1, 1953, and the last of such instalments being due and payable on March 1, 1969. To the extent that the Loan is evidenced by Bonds such repayment shall be made through the operation of the sinking fund as provided in Section 7 of Article V of this Agreement.

Section 5. In all cases in which it shall be necessary to compute the amount of interest or of the service charge provided for in Section 2 (b) of this Article or of the credit provided for in Section 3 of this Article, which shall have accrued under this Agreement for periods of less than six months, such interest, service charge or credit shall be computed on a daily basis using a 365-day factor. For even periods of six months such interest, service charge or credit shall be computed on an annual basis.

Section 6. The principal of and interest on the Loan and the Bonds, the service charge on the Loan and the premium on the redemption of Bonds shall be paid at the office of the Bank in the City of New York, State of New York, United States, or at such other place or places as the Bank shall from time to time request in writing, or as shall be specified in the Bonds.

Article III

USE OF PROCEEDS OF THE LOAN

Section 1. The Borrower covenants that the proceeds of the Loan will be applied exclusively to the payment of the cost of purchasing and importing into the territories of the Borrower goods which will be required for the carrying out of the Projects. The specific goods to be purchased out of the proceeds of the Loan for use in each Project shall be determined by agreement in writing between the Bank and the Borrower, and the list of such goods may be modified from time to time by agreement in writing between them.

Section 2. The Borrower covenants that all goods purchased in whole or in part with the proceeds of the Loan will be imported into the territories of the Borrower and shall there be used exclusively in the carrying out of the Project for which such goods were purchased.

Section 3. Notwithstanding the provisions of Section 1 of this Article, if the principal of any of the Bonds shall become due and payable by declaration pursuant to Article VIII of this Agreement before the entire amount of the Loan shall have been withdrawn, the Bank shall be entitled to apply, and if so requested by the Borrower shall apply, any amount of the Loan not theretofore withdrawn equally and ratably to the payment of the principal of such Bonds and any amount so applied shall be deemed for all purposes of this Agreement to have been withdrawn on the date when such amount shall have been so applied.

Section 4. Notwithstanding the provisions of Section 1 of this Article, if the principal of any of the Bonds shall become due and payable by call for redemption or by maturity before the entire amount of the Loan shall have been withdrawn, the Bank shall be entitled to apply, and if so requested by the Borrower shall apply, any amount of the Loan not theretofore withdrawn

equally and ratably to the payment of the principal of such Bonds and any amount so applied shall be deemed for all purposes of this Agreement to have been withdrawn on the date when such amount shall have been so applied; provided, however, that the Bank shall not be obligated so to apply any amount of the Loan not theretofore withdrawn unless the Borrower shall have made provision satisfactory to the Bank for the payment of all further amounts which shall be due upon such call for redemption or such maturity, as the case may be.

Article IV

WITHDRAWAL OF PROCEEDS OF THE LOAN

Section 1. The proceeds of the Loan shall be withdrawn for account of the Borrower as hereinafter in this Article provided.

Section 2. The Bank shall open an account on its books in the name of the Banque Nationale for account of the Borrower and shall credit to said account the amount of the Loan. The Banque Nationale shall be entitled from time to time to withdraw from the Loan Account such amounts as shall be required by the Borrower in order to reimburse it for amounts paid or provided by it subsequent to the Effective Date (except as shall be otherwise specifically provided by agreement in writing between the Bank and the Borrower) for the purpose of paying the reasonable cost of goods purchased in accordance with Article III of this Agreement. The Banque Nationale shall also be entitled from time to time to withdraw from the Loan Account such amounts as shall from time to time be approved in writing by the Bank and as shall be required by the Borrower in order to enable it to pay or provide for the payment of the reasonable cost of such goods not theretofore paid. For all purposes of this Agreement all action taken and all statements, representations and documents made or furnished by the Banque Nationale under the provisions of this Article shall be deemed to be action taken, or statements, representations and documents made or furnished by the Borrower.

Section 3. (a) Whenever the Banque Nationale shall desire to draw on the Loan Account, the Banque Nationale shall deliver to the Bank an application in writing setting forth :

(1) The amount which the Banque Nationale so desires to withdraw from the Loan Account;

(2) A statement that said amount is required to reimburse the Borrower for, or to enable the Borrower to meet, payments made or provided or to be made or provided by it for the purpose of paying the cost of goods as therein set forth, which statement shall show, to the extent applicable and in such reasonable detail as the Bank shall request, the cost of such goods, the date on

which such goods were ordered and the dates on which payment for such goods was made or will be due, the names and addresses of the purchasers and of the suppliers of such goods, the date of arrival or the estimated date of arrival of such goods in the territories of the Borrower, and the known or intended destination and end-use of such goods in the Projects;

(3) A statement that the Banque Nationale has not theretofore withdrawn, or applied for the withdrawal, from the Loan Account of any amounts for the purpose of reimbursing the Borrower for or meeting such payments, and that the Borrower has not obtained and will not obtain funds for such purpose out of the proceeds of any other external loan, credit or grant available to it, other than a short-term loan or credit established in anticipation of the withdrawal applied for and to be repaid pro tanto with the funds to be withdrawn, which loan or credit shall be described in the application;

(4) A statement that such payments were or will be made for the purposes specified in Article III of this Agreement; that the goods purchased or to be purchased by means of such payments are appropriate for such purposes; and that the cost and terms of purchase thereof are not unreasonable; and

(5) A statement that at the date of the application there is no existing default in the performance of any of the obligations of the Borrower under this Agreement.

(b) If such application shall be to withdraw from the Loan Account amounts for the purpose of enabling the Borrower to meet the cost of goods not theretofore paid, it shall also set forth :

(6) A statement of the arrangements under which the amount to be withdrawn from the Loan Account on such application will be applied to the payment of the cost of such goods; and

(7) An agreement by the Borrower that it will apply or cause to be applied the amount to be withdrawn from the Loan Account on such application only to the payment when and as due of the cost of such goods and that, as promptly as possible thereafter, the Borrower will furnish to the Bank proof satisfactory to the Bank that such amount has been so applied.

Section 4. (a) Each application under this Article shall be in writing in the English language and shall be signed on behalf of the Banque Nationale by its representative or representatives duly authorized for the purpose. Each such application shall be executed and delivered to the Bank in triplicate as the Bank shall from time to time direct. Except as otherwise agreed in writing between the Bank and the Borrower, each such application (except the final application) shall be for an amount of not less than \$50,000. Such applications shall be serially numbered.

(b) The Borrower shall furnish or cause to be furnished to the Bank, upon request, original or duplicate receipted bills or invoices or other documents

sufficient to show that the payments covered by the application have been made for the goods specified therein.

Section 5. Each application and the accompanying documents must be sufficient to satisfy the Bank that the amount to be withdrawn from the Loan Account is to be used only for the purposes specified in Article III of this Agreement. The Borrower shall furnish or cause to be furnished to the Bank any and all such further documents and other evidence in support of the application as the Bank shall at any time or from time to time reasonably request and whether before or after the Bank shall permit any withdrawal requested in the application. All applications and other documents delivered to the Bank under this Article shall be in form and substance satisfactory to the Bank.

Section 6. If the Bank is satisfied that the application fully complies with the provisions of this Agreement and that the Banque Nationale is entitled under this Agreement to withdraw from the Loan Account the amount applied for, the Bank shall promptly pay such amount to or on the order of the Banque Nationale.

Article V

BONDS

Section 1. The Borrower shall, as hereinafter in this Article provided, execute and deliver Bonds to the Bank. From and after the delivery of any such Bonds they shall represent a principal amount of the Loan equal to the aggregate principal amount of such Bonds. Except as shall be otherwise provided in this Agreement or in the Bonds, no holder of any Bond other than the Bank shall by virtue of being the holder thereof be entitled to any of the rights or benefits conferred, or be subject to any of the conditions or obligations imposed, upon the Bank under this Agreement.

Section 2. Within sixty days after the Effective Date the Borrower shall execute and deliver to the Bank Bonds in an aggregate principal amount of sixteen million dollars (\$16,000,000). The Bonds shall all be dated March 1, 1949 (except as hereinafter provided in respect of registered Bonds); shall mature March 1, 1969; shall be in such authorized denominations as the Bank shall specify; shall be fully registered Bonds without coupons (herein called registered Bonds), or shall be in bearer form with coupons for semi-annual interest attached, as the Bank shall request; and shall bear interest at such rate not in excess of four and one-quarter per cent ($4\frac{1}{4}\%$) per annum as the Bank shall specify.

Section 3. Registered Bonds shall be dated (a), if issued on any March 1 or September 1, then the date of issued thereof, or (b), if issued on any other

date, then the March 1 or September 1, as the case may be, next preceding the date of issuance thereof, and shall be substantially in the form set forth in Schedule 2-A to this Agreement. Bonds in bearer form and the coupons for semi-annual interest attached thereto shall be substantially in the forms set forth in Schedule 2-B to this Agreement.

Section 4. Bonds executed and delivered pursuant to this Article shall be in denominations of \$1,000 or multiples thereof.

Section 5. At any time or from time to time the Borrower shall, within 60 days after the Bank shall so request, execute and deliver to the Bank, in exchange for Bonds theretofore executed and delivered to it, new Bonds in accordance with the following provisions :

(a) Registered Bonds may be exchanged for Bonds in bearer form with coupons for semi-annual interest attached, and Bonds in bearer form may be exchanged for registered Bonds.

(b) Bonds of any denominations may be exchanged for Bonds of any other authorized denominations.

(c) Bonds bearing interest at one rate may be exchanged for Bonds bearing interest at any other rate not in excess of four and one-quarter per cent ($4\frac{1}{4}\%$) per annum.

(d) Coupon Bonds surrendered, or executed and delivered, on any such exchange shall have all unmatured coupons attached.

(e) Registered Bonds surrendered on any such exchange shall be accompanied by appropriate instruments of assignment.

(f) All Bonds surrendered on any such exchange shall be cancelled forthwith.

(g) Upon exchanges of registered Bonds for coupon Bonds or of coupon Bonds for registered Bonds or of Bonds bearing interest at one rate for Bonds bearing interest at another rate appropriate adjustment shall be made so that there shall not be any loss to the Bank or the Borrower in respect of interest or service charge on the principal amount of the Loan represented by such Bonds.

(h) The new Bonds so executed and delivered shall be of the same aggregate principal amount and, except as hereinbefore provided, shall be of the same tenor and effect as the Bonds surrendered for exchange.

(i) The Bank shall reimburse the Borrower for the reasonable cost of preparation of the new Bonds and of effecting the exchange.

Section 6. The Borrower agrees that if the Bank shall at any time sell any of the Bonds and shall then or thereafter guarantee the payment in whole or in part of the principal thereof, the interest thereon and the premium, if

any, on the redemption thereof in accordance with the terms thereof, the Borrower will indemnify the Bank against liability arising out of such guarantee.

Section 7. (a) As a sinking fund for the Bonds, until all the Bonds shall have been purchased or paid and retired by the Borrower or shall have become due, the Borrower shall, on or before September 1, 1953, and semi-annually thereafter on or before each first day of March and September to and including March 1, 1969, purchase and retire or redeem Bonds in aggregate principal amounts of five hundred thousand dollars (\$500,000). Bonds may be redeemed by the Borrower for the purposes of the sinking fund in accordance with the provisions of Article VI of this Agreement, except that Bonds redeemed on any interest payment date beginning with September 1, 1953, to meet the instalment of sinking fund due on the date on which they are so redeemed may be redeemed at a redemption price equal to one hundred per cent (100 %) of their principal amount, together with accrued interest to the date fixed for redemption.

(b) All Bonds purchased or redeemed for the purposes of, or applied to any instalment of, the sinking fund shall be cancelled forthwith. The Borrower shall, on each semi-annual interest payment date beginning with September 1, 1953, deliver to the Bank a certificate setting forth the serial numbers and denominations of the Bonds which the Borrower shall have applied to the instalment of the sinking fund then due; and the Borrower shall, during a reasonable period after each such date, make such Bonds available to the Bank for inspection.

Article VI

REDEMPTION OF BONDS

Section 1. The Borrower may, at its election, at any time or from time to time after the date of the Bonds, pay off and redeem all or any of the Bonds, as hereinafter provided, at a redemption price for each Bond equal to the principal amount thereof, plus the interest accrued and unpaid thereon to the date fixed for the redemption thereof, plus as a premium the following respective percentages of such principal amount: $2\frac{1}{2}$ %, if called for redemption on or before March 1, 1954; $1\frac{3}{4}$ %, if called for redemption on or before March 1, 1959; 1 %, if called for redemption on or before March 1, 1964; and $\frac{1}{2}$ of 1 %, if called for redemption thereafter.

Section 2. If the Borrower shall so elect to redeem less than all of the Bonds at the time outstanding and unpaid, the Bonds so to be redeemed shall be designated by lot, or in such other manner, as the Bank and the Borrower shall agree upon in writing.

Section 3. The Borrower's election to redeem the Bonds or any thereof shall be exercised by giving notice to the Bank stating such election, designating the Bonds or Bonds to be redeemed, stating the redemption price or prices thereof determined as in Section 1 of this Article provided, or as specified in Section 7 (a) of Article V, and stating the date (sometimes referred to in this Article as the date fixed for redemption) on which such Bonds are to be redeemed. Such notice shall be given not less than 90 days prior to the date fixed for redemption.

Section 4. Notice of election to redeem having been given as above provided, the Bonds to be redeemed shall on the date fixed for redemption become due and payable at their respective redemption prices determined as in Section 1 of this Article provided, or as specified in Section 7 (a) of Article V. From and after the date fixed for redemption (unless the Borrower shall fail to make payment of the redemption price or prices of such Bonds) interest on such Bonds and on the part of the Loan represented thereby shall cease to accrue and, upon presentation of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Borrower at the redemption price or prices aforesaid. If any of such Bonds shall not be so paid upon presentation thereof, they shall continue to bear interest as therein specified until paid. Upon the date fixed for redemption, the Borrower shall pay to the Bank the amount of service charge, if any, accrued and unpaid on the part of the Loan represented by the Bonds to be redeemed.

Article VII

PARTICULAR COVENANTS OF THE BORROWER

The Borrower hereby covenants as follows :

Section 1. The Borrower will cause the Projects to be carried out and completed with due diligence and efficiency and in conformity with sound engineering practice.

Section 2. The Borrower will, immediately upon the preparation thereof, furnish or cause to be furnished to the Bank the plans and specifications for the Projects in such form and detail as the Bank shall reasonably request. Any material modifications or changes in such plans and specifications shall be promptly furnished to the Bank.

Section 3. The Borrower will maintain, or will cause to be maintained, books, accounts and records adequate to identify the goods purchased in whole or in part with the proceeds of the Loan, to disclose the end-use thereof in the

Projects, and to record the progress of the Projects. The Borrower will enable accredited representatives of the Bank, including independent accountants and engineers designated by the Bank for that purpose, to inspect any and all goods purchased in whole or in part out of the proceeds of the Loan and any of the sites on which the Projects are carried out and to inspect, audit and make copies of, any books, accounts, records, contracts, orders, invoices, engineering studies and reports, and other documents relating to the goods purchased in whole or in part out of the proceeds of the Loan, and the use thereof in the Projects, or to the progress of the Projects.

Section 4. The Borrower will furnish or cause to be furnished to the Bank all such information, at such times, in such form and in such detail, as the Bank shall reasonably request relating to the expenditure of the proceeds of the Loan, the use of the goods purchased in whole or in part therewith, the progress of the Projects and the internal and external economic and financial condition of the Borrower.

Section 5. Unless the Bank shall otherwise agree in writing, if any privilege or priority (including any mortgage, pledge or other charge) on any property, assets, revenues or receipts of the Borrower or any of its political subdivisions or any Agency shall be created as security for any external debt, such privilege or priority shall equally and ratably secure the payment of the Loan and the Bonds and the interest and other charges thereon, and in the creation of any such privilege or priority express provision shall be made to that effect; provided, however, that this Section shall not apply to the creation of any mortgage, pledge or other charge on any property purchased, at the time of the purchase, solely as security for the payment of the purchase price of such property.

Section 6. If the Borrower, or any of its political subdivisions, or any Agency shall propose to incur, assume or guarantee any external debt, or substantially to modify the terms of payment of any then existing external debt, incurred, assumed or guaranteed by any of them, the Borrower will notify the Bank promptly of the particular proposal, and prior to the time of taking the proposed action, will afford to the Bank all opportunity which is reasonably practicable under the circumstances to exchange views with the Borrower with regard to such proposal; provided, that the foregoing provisions shall not apply to the incurring of additional external debt through utilization, in accordance with the terms of any credit established prior to the date of this Agreement, of any unused amounts available under such credit.

Section 7. If at any time any condition shall arise which shall prevent, obstruct or interfere with, or threaten to prevent, obstruct or interfere with, the completion of the Projects, or any of them, the accomplishment of the purposes of the Loan or the maintenance of the service of the Loan, the Borrower will promptly inform the Bank of such condition and will afford to the Bank a reasonable opportunity to exchange views with the Borrower with regard thereto.

Section 8. In order that the Bank and the Borrower may cooperate to the fullest extent in assuring that the purposes of the Loan shall be accomplished, the Borrower will afford to the Bank, from time to time as the Bank shall reasonably request :

(a) All reasonable opportunity for exchanges of views between accredited representatives of the Bank and officials empowered to represent the Borrower in such exchanges of views with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof and other matters of mutual interest, it being understood that both the Bank and the Borrower will receive from one another suggestions and observations in regard to all such matters in a spirit of mutual cooperation; and

(b) All reasonable opportunity for accredited representatives of the Bank to visit freely any part of the territories of the Borrower for the purpose of performing the functions set forth in Section 3 of this Article and for the purpose of studying the financial and economic conditions of the Borrower and all other matters relating to the purposes of the Loan.

Section 9. The principal of and the interest on the Loan and the Bonds, the service charge on the Loan and the premium on the redemption of the Bonds shall be paid without deduction for and free from any taxes, imposts, levies or duties of any nature now or at any time hereafter imposed by the Borrower or by any taxing authority thereof or therein and shall be paid free from all restrictions of the Borrower, its political subdivisions or any Agency. This Section shall not apply to taxes on any payments made in respect of any Bond to any holder of such Bond other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

Section 10. This Agreement and the Bonds issued hereunder shall be free of any issue, stamp or other tax imposed by the Borrower or any taxing authority thereof or therein.

Section 11. The Borrower shall insure or cause to be insured with responsible insurers all goods purchased in whole or in part with the proceeds of the Loan against marine and transit hazards incident to importation of such goods into the territories of the Borrower under contracts of insurance payable in the currencies in which the cost of such goods is payable.

Article VIII

REMEDIES OF THE BANK ON DEFAULT

Section 1. If any of the following events (herein called Events of Default) shall happen, that is to say :

(a) if default shall be made in the payment of any instalment of interest on any of the Bonds or any instalment of interest or service charge on the Loan when and as the same shall become payable and such default shall continue for thirty (30) days; or

(b) if default shall be made in the payment of the principal of the Loan or of any of the Bonds, whether upon the date of maturity of such principal or upon call for redemption or by declaration or otherwise as provided in this Agreement or in the Bonds; or

(c) if default shall be made in the performance of any other covenant or agreement on the part of the Borrower in the Bonds or in this Agreement set forth and such default shall continue for sixty (60) days after written notice thereof shall have been given by the Bank to the Borrower;

then and in each such case during the continuance of such Event of Default the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding (if not already due) to be due and payable immediately, and upon any such declaration such principal shall become and shall be due and payable immediately, anything in this Agreement or in the Bonds contained to the contrary notwithstanding.

Section 2. No delay or omission of the Bank to exercise any right or power accruing to it under this Agreement upon any Event of Default shall impair any such right or power or be construed to be a waiver of any such Event of Default or any acquiescence therein; nor shall the action of the Bank in respect of any default, or in respect of the waiver of any default, affect or impair any right or power of the Bank in respect of any other or subsequent default on the part of the Borrower, and every right, power and remedy given hereunder to the Bank may be exercised by it from time to time and as often as it may deem expedient.

Article IX

INTERPRETATION OF AGREEMENT; ARBITRATION

Section 1. The respective rights and obligations of the parties under this Agreement and under the Bonds shall be valid and enforceable in accordance with their terms anything in any statute, law or regulation of any nation or state or political subdivision thereof to the contrary notwithstanding. Neither

party shall be entitled in any proceeding under this Article to assert any claim that any provision of this Agreement or of the Bonds is invalid or unenforceable because of any provision of the Articles of Agreement of the Bank¹ or for any other reason.

Section 2. The provisions of this Agreement and of the Bonds shall be interpreted in accordance with the law of the State of New York, United States, as at the time in effect.

Section 3. Any controversy between the parties to this Agreement and any claim by either party to this Agreement against the other party thereto arising under this Agreement or the Bonds which shall not be determined by agreement of such parties shall be submitted to and determined by arbitration by an Arbitral Tribunal in accordance with the provisions of Loan Regulations No. 1² of the Bank dated May 9, 1947 (hereinafter called Regulations), a copy of which has been furnished to the Borrower. The parties to this Agreement accept and agree to the provisions of the Regulations with the same force and effect as if they were fully set forth herein; provided, however, that the Bank shall not be entitled to enter any judgment against the Borrower in any court for the enforcement of any award rendered pursuant to the Regulations or to enforce by execution against the Borrower any judgment entered upon any such award or any judicial mandate or order made in any proceeding to enforce any such award, except as any such remedy may be available to the Bank against the Borrower otherwise than by reason of the provisions of the Regulations.

Article X

MISCELLANEOUS PROVISIONS

Section 1. Any notice, demand or request required or permitted to be given under this Agreement shall be deemed to have been duly given when it shall be delivered in writing or by telegram, cable or radiogram to the party to which such notice, demand or request is required or permitted to be given at its address hereinafter specified, or at such other address as such party shall have designated by notice in writing to the party giving or making such notice, demand or request. The addresses so specified are :

(a) For the Bank : International Bank for Reconstruction and Development, 1818 H Street, N.W., Washington 25, District of Columbia, United States of America.

(b) For the Borrower : Ministry of Finance, 14 rue de la Loi, Brussels, Belgium.

¹ United Nations, *Treaty Series*, Vol. 2, p. 134; Vol. 19, p. 300, and Vol. 141, p. 356.

² See p. 176 of this volume.

Section 2. Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Agreement on behalf of the Borrower may be taken or executed by the Minister of Finance of the Borrower or any person thereunto authorized in writing by him. Any modification or amplification of the provisions of this Agreement may be agreed to on behalf of the Borrower by written instrument executed on behalf of the Borrower by its Minister of Finance or any person thereunto authorized in writing by him; provided that, in the opinion of such Minister of Finance, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower hereunder. The Bank may accept the execution by such Minister of Finance or other person of any such instrument as conclusive evidence that, in the opinion of such Minister of Finance, any modification or amplification of the provisions of this Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower hereunder.

Section 3. If and when the Borrower shall have paid or caused to be paid the entire principal amount of the Loan and the redemption premium, if any, on the redemption of all Bonds which shall have been called for redemption and all interest and other charges which shall have accrued on the Loan and the Bonds, this Agreement and all obligations of the Borrower hereunder shall forthwith terminate.

Section 4. This Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be signed in their respective names by their representatives thereunto duly authorized as of the day and year first above written.

Kingdom of Belgium :

By SILVERCRUYS

International Bank for Reconstruction and Development :

By John J. McCLOY

SCHEDULE 1

DESCRIPTION OF THE PROJECTS

Steel Mill Project — S. A. Compagnie des Fers Blancs et Tôles à Froid (Ferblatil)

A cold rolling and tinplating mill with a nominal monthly capacity of 2000 tons of cold rolled steel and 5000 tons of tinplate will be installed at Tilleur on the Meuse, opposite the main plant of the S. A. John Cockerill, the parent company of S. A. Ferblatil, at Seraing.

The project involves clearing the site and making repairs to some existing buildings as well as the construction of adequate new buildings to house the equipment and stocks. A multi-purpose reversing type cold rolling mill suitable for rolling steel strip up to 42 inches in width will be purchased and installed, this mill to be used alternately for the production of cold rolled strip and tinplate as well as for the skin pass operation after annealing.

Two types of annealing furnaces will be provided to give sufficient flexibility for the production of various types of steel sheets. Conventional equipment will be provided for shearing and welding of the cold rolled strip, one shearing line to be used for the production of steel sheets, a second line to be used for cutting strips for tinplates. Both lines will include the necessary auxiliary equipment such as side trimmers, magnetic thickness controllers, automatic shears and flattening rolls.

Two types of tinplating equipment will be installed, one for the production of heavy plated materials by the hot dip process, the second for the production of electrolytic tinplate. Each of these units will have a nominal capacity of 2500 to 3000 tons of tinplate per month.

The electrical equipment will include a main driving motor of 3000 horsepower for the rolling mill with a 1500 horsepower motor on the coil winder, along with other smaller motors on the mill and other equipment as required.

The miscellaneous equipment will include spare rolls, a roll grinder, spare parts for the mills, and other miscellaneous items.

Blooming Mill Project — S.A. d'Ougrée-Marihaye

A blooming mill will be installed in the Ougrée plant of S. A. d'Ougrée-Marihaye. Simultaneously the ingot casting facilities of the Ougrée plant will be rearranged in order to realize fully the economies offered by the new blooming mill. A total of eight new overhead cranes for handling ingots, molds, and blooms will be installed.

The site of the new plant will be on the present property of the company. A new building is being constructed for housing the blooming mill and the necessary auxiliary equipment.

The new blooming mill will be of conventional design of the two-high reversing type, 114 inches wide. The mill will be designed for the production of both blooms and slabs and will be equipped with handling apparatus, scales, shears, pilers and transfer equipment. New soaking pits for ingots will be provided. The equipment will include the necessary spare parts for the mill and auxiliaries.

The main driving motor to be installed in the mill will be 8000 horsepower and auxiliary motors, motor generator sets, controls and other electrical equipment will be installed.

In the new installation two 60-ton cranes will be provided for pouring ingots and two additional 15-ton cranes will be installed for handling ingot molds. One heavy crane of 200 tons will be installed for stripping ingots. Two light cranes of 15 tons will be installed for servicing the soaking pits and one 20-ton crane will be provided for transferring blooms after rolling.

Power Project — S. A. Union des Centrales Électriques de Liège-Namur-Luxembourg (U.C.E. Linalux)

A thermal power station having a generating capacity of 100,000 kilowatts will be installed at Awirs, located upstream from Liège on the Meuse river, together with transformers and transmission lines to connect the station with the existing network.

Four steam boilers each having a rated capacity of 120 tons of steam per hour generating at a pressure of 60 kilograms per square centimeter at a temperature of 485 degrees Centigrade, and two turbo-generators each having a nominal capacity of 50,000 kilowatts will be installed.

The auxiliary mechanical equipment will include two cooling water screens, two industrial locomotives, cars, coal and ash handling equipment, boiler feed pumps and miscellaneous piping.

The electrical equipment for the power station will include two main transformers of 60,000 k.v.a. capacity transforming from 10,500 volts to 70,000 volts, also four smaller auxiliary motors, power cables, instruments and similar items, together with transmission line from the new station to the existing network, this extension involving the construction of four new sub-stations handling voltages of from 6 to 150 kilovolts.

A new building of modern design will be provided for housing this installation and the necessary auxiliary buildings, coal storage, water intake and site improvements are included.

SCHEDULE 2-A

FORM OF REGISTERED BOND WITHOUT COUPONS

\$ 000
No. 000

\$ 000
No. 000

KINGDOM OF BELGIUM

SINKING FUND BOND
DUE MARCH 1, 1969

KINGDOM OF BELGIUM, for value received, hereby promises to pay to
or registered assigns, on the first day of March, 1969, at the office or agency of International Bank for Reconstruction and Development (hereinafter called the Bank) in the Borough of Manhattan in The City of New York, State of New York, United States of America, the sum of Dollars in such coin or currency

of the United States of America as at the time of payment thereof shall be legal tender for the payment of public and private debts, and to pay interest thereon from the date hereof at said office or agency in like coin or currency at the rate of . . . per cent (. . %) per annum, payable semi-annually on March 1 and September 1 in each year until payment of the said sum has been made or duly provided for.

This Bond is one of an authorized issue of bonds of the aggregate principal amount of \$16,000,000, known as the Sinking Fund Bonds, due March 1, 1969, of the Kingdom of Belgium (hereinafter called the Bonds), all issued under a Loan Agreement dated, 1949, between the Bank and Kingdom of Belgium. No reference herein to the Loan Agreement shall impair the obligation of Kingdom of Belgium which is absolute and unconditional to pay the principal of and interest on this Bond at the time and place and in the amount and in the currency herein prescribed.

This Bond is transferable by the registered holder hereof, or by his attorney duly authorized in writing, at the office or agency of Kingdom of Belgium in said Borough of Manhattan, upon payment, if Kingdom of Belgium shall so require, of a charge calculated to reimburse Kingdom of Belgium for the cost of the transfer, and upon surrender of this Bond for cancellation. Upon any such transfer a new registered Bond or Bonds, without coupons, of authorized denominations, for a like aggregate principal amount, will be issued to the transferee in exchange for this Bond. Kingdom of Belgium may, at its option, close the transfer books for a period of not exceeding 20 days prior to and including any date for the payment of interest on, or principal or redemption price of, any of the Bonds.

The Bonds are subject to redemption at the election of Kingdom of Belgium as a whole at any time or in part (designated by lot, or in such other manner, as may be agreed upon by the Bank and Kingdom of Belgium) from time to time, upon at least 90 days' notice to the Bank at its principal office in the City of Washington, District of Columbia, United States of America (and, in addition, if any of the Bonds to be redeemed are coupon Bonds, upon at least 45 days' notice by publication in two daily newspapers printed in the English language and published and of general circulation in said Borough of Manhattan), at a redemption price for each Bond equal to the principal amount thereof and interest accrued thereon to the date fixed for such redemption, plus as a premium the following respective percentages of such principal amount: 2½%, if called for redemption on or before March 1, 1954; 1¾%, if called for redemption on or before March 1, 1959; 1%, if called for redemption on or before March 1, 1964; and ½ of 1%, if called for redemption thereafter; provided, however, that the redemption price of Bonds redeemed on any interest payment date beginning with September 1, 1953, to meet the instalment of sinking fund due on the date on which they are so redeemed shall be equal for each Bond to the principal amount thereof and interest accrued thereon to the date fixed for such redemption.

After the redemption date specified in said notice, interest on the Bonds so called for redemption shall cease to accrue and, upon presentation and surrender of such Bonds for payment and redemption in accordance with said notice, such Bonds shall

be paid by Kingdom of Belgium at the office or agency of the Bank in The City of New York aforesaid and at the redemption price or prices aforesaid; provided, however, that, if this Bond shall be of a denomination in excess of \$1,000, and a portion only of the principal sum hereof shall be so called for redemption, Kingdom of Belgium shall, on the redemption date, issue and deliver (upon surrender hereof), without expense to the holder, a new Bond or Bonds in an aggregate principal amount equal to the portion of the principal sum hereof not so called for redemption. If any of such Bonds shall not be so paid upon presentation thereof, they shall continue to bear interest as therein specified until paid.

As a sinking fund for the Bonds, until all the Bonds shall have been purchased or paid and retired or shall have become due, Kingdom of Belgium will on or before September 1, 1953, and semi-annually thereafter on or before each first day of March and September to and including March 1, 1969, purchase and retire or redeem Bonds in aggregate principal amounts of \$500,000.

In case an Event of Default as defined in said Loan Agreement shall happen, then and in each such case during the continuance of such Event of Default the Bank, at its option, may declare the principal of all the Bonds then outstanding (if not already due) to be due and payable immediately, and upon any such declaration such principal shall become and shall be due and payable immediately.

The principal of the Bonds, the interest accruing thereon and the premium on the redemption thereof shall be paid without deduction for and free from any taxes, imposts, levies or duties of any nature now or at any time hereafter imposed by Kingdom of Belgium or by any taxing authority thereof or therein and shall be paid free from all restrictions of Kingdom of Belgium, its political subdivisions or its agencies; provided, however, that the provisions of this paragraph shall not apply to payments made under the provisions of any Bond to a holder thereof other than the Bank if at the time of such payment such Bond is beneficially owned by an individual or corporate resident of Kingdom of Belgium.

IN WITNESS WHEREOF Kingdom of Belgium has caused this Bond to be signed in its name with the facsimile signature of its Minister of Finance and to be countersigned by its thereunto duly authorized.

Kingdom of Belgium :
 By
 Minister of Finance

Countersigned :
 Dated

FORM OF ASSIGNMENT

For Value Received hereby sell, assign and transfer unto the within Bond issued by Kingdom of Belgium and hereby irrevocably authorize Kingdom of Belgium to transfer said Bond on its books.

Dated

Witness.....

SCHEDULE 2-B

FORM OF COUPON BOND

\$ 000 No. 000

\$ 000 No. 000

KINGDOM OF BELGIUM

SINKING FUND BOND DUE MARCH 1, 1969

KINGDOM OF BELGIUM, for value received, hereby promises to pay to the bearer on the first day of March, 1969, at the office or agency of International Bank for Reconstruction and Development (hereinafter called the Bank) in the Borough of Manhattan in The City of New York, State of New York, United States of America, the sum of Dollars in such coin or currency of the United States of America as at the time of payment thereof shall be legal tender for the payment of public and private debts, and to pay interest thereon from the date hereof at said office or agency in like coin or currency at the rate of per cent (....%) per annum, payable semi-annually on March 1 and September 1 in each year until payment of the said sum has been made or duly provided for, but until the maturity of this Bond only upon presentation and surrender of the coupons annexed hereto as they severally mature.

This Bond is one of an authorized issue of bonds of the aggregate principal amount of \$16,000,000 known as the Sinking Fund Bonds, due March 1, 1969, of the Kingdom of Belgium (hereinafter called the Bonds), all issued under a Loan Agreement dated, 1949, between the Bank and Kingdom of Belgium. No reference herein to the Loan Agreement shall impair the obligation of Kingdom of Belgium which is absolute and unconditional to pay the principal of and interest on this Bond at the time and place and in the amount and in the currency herein prescribed.

The Bonds are subject to redemption at the election of Kingdom of Belgium as a whole at any time or in part (designated by lot, or in such other manner, as may be agreed upon by the Bank and Kingdom of Belgium) from time to time, upon at least 90 days' notice to the Bank at its principal office in the City of Washington, District of Columbia, United States of America (and, in addition, if any of the Bonds to be redeemed are coupon Bonds, upon at least 45 days' notice by publication in two daily newspapers printed in the English language and published and of general circulation in said Borough of Manhattan), at a redemption price for each Bond equal to the principal amount thereof and interest accrued thereon to the date fixed for such redemption, plus as a premium the following respective percentages of such principal amount: 2 $\frac{1}{2}$ %, if called for redemption on or before March 1, 1954; 1 $\frac{3}{4}$ %, if called for redemption on or before March 1, 1959; 1 %, if called for redemption on or before March 1, 1964; and $\frac{1}{2}$ of 1 %, if called for redemption thereafter; provided, however, that the redemption price of Bonds redeemed on any interest payment date beginning with September 1, 1953, to meet the instalment of sinking fund due on the date on which they are so redeemed shall be equal for each Bond to the principal amount thereof and interest accrued thereon to the date fixed for such redemption.

After the redemption date specified in said notice, interest on the Bonds so called for redemption shall cease to accrue and the coupons for interest accruing after said date shall be void and, upon presentation and surrender of such Bonds for payment and redemption in accordance with said notice with all unmatured coupons thereto appertaining, such Bonds shall be paid by Kingdom of Belgium at the office or agency of the Bank in The City of New York aforesaid and at the redemption price or prices aforesaid; provided, however, that, if this Bond shall be of a denomination in excess of \$1,000, and a portion only of the principal sum hereof shall be so called for redemption, Kingdom of Belgium shall, on the redemption date, issue and deliver (upon surrender hereof), without expense to the holder, a new Bond or Bonds, with all unmatured coupons thereto appertaining, in an aggregate principal amount equal to the portion of the principal sum hereof not so called for redemption. If any of such Bonds shall not be so paid upon presentation thereof, they shall continue to bear interest as therein specified until paid, and the coupons for interest accruing after the date fixed for redemption shall be in full force and effect.

As a sinking fund for the Bonds, until all the Bonds shall have been purchased or paid and retired or shall have become due, Kingdom of Belgium will on or before September 1, 1953, and semi-annually thereafter on or before each first day of March and September to and including March 1, 1969, purchase and retire or redeem Bonds in aggregate principal amounts of \$500,000.

In case an Event of Default as defined in said Loan Agreement shall happen, then and in each such case during the continuance of such Event of Default the Bank, at its option, may declare the principal of all the Bonds then outstanding (if not already due) to be due and payable immediately, and upon any such declaration such principal shall become and shall be due and payable immediately.

The principal of the Bonds, the interest accruing thereon and the premium on the redemption thereof shall be paid without deduction for and free from any taxes,

imposts, levies or duties of any nature now or at any time hereafter imposed by Kingdom of Belgium or by any taxing authority thereof or therein and shall be paid free from all restrictions of Kingdom of Belgium, its political subdivisions or its agencies; provided, however, that the provisions of this paragraph shall not apply to payments made under the provisions of any Bond to a holder thereof other than the Bank if at the time of such payment such Bond is beneficially owned by an individual or corporate resident of Kingdom of Belgium.

IN WITNESS WHEREOF Kingdom of Belgium has caused this Bond to be signed in its name with the facsimile signature of its Minister of Finance and to be countersigned by its _____ thereunto duly authorized and the coupons for said interest bearing the facsimile signature of its Minister of Finance to be attached hereto.

Kingdom of Belgium :
By
Minister of Finance

Countersigned :

Dated March 1, 1949.

FORM OF INTEREST COUPON

No.

.....

On the first day of _____, 19____, unless the Bond hereinafter mentioned shall have been called for previous redemption and payment duly provided therefor, Kingdom of Belgium will pay to bearer, upon surrender of this coupon, at the office or agency of International Bank for Reconstruction and Development in the Borough of Manhattan in The City of New York, Dollars (\$.....) in such coin or currency of the United States of America as at the time of payment shall be legal tender for public and private debts, being six months' interest then due on its Sinking Fund Bond, No., due March 1, 1969.

Kingdom of Belgium :
By
Minister of Finance

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 1, DATED 9 MAY 1947

REGULATIONS GOVERNING THE ARBITRATION OF CONTROVERSIES AND CLAIMS ARISING UNDER LOAN AGREEMENTS

[Not published herein. See United Nations, Treaty Series, Vol. 152, p. 116.]