

No. 2061

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

**Loan Agreement—*Port Project*—(with annexed Loan Regulations No. 3 and related letters). Signed at Washington, on 27 October 1950**

**Letter-Agreement concerning special commitments. Washington, 13 February 1952**

*Official texts: English.*

*Registered by the International Bank for Reconstruction and Development on 28 January 1953.*

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

**Contrat d'emprunt — *Projet relatif à des installations portuaires* — (avec, en annexe, des lettres y relatives et Règlement n° 3 sur les emprunts). Signé à Washington, le 27 octobre 1950**

**Accord par lettre concernant des engagements spéciaux. Washington, le 13 février 1952**

*Textes officiels anglais.*

*Enregistrés par la Banque internationale pour la reconstruction et le développement le 28 janvier 1953.*

No. 2061. LOAN AGREEMENT<sup>1</sup> (*PORT PROJECT*) BETWEEN THE KINGDOM OF THAILAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 27 OCTOBER 1950

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AGREEMENT, dated October 27, 1950, between the Kingdom of Thailand (hereinafter called the Borrower) and International Bank for Reconstruction and Development (hereinafter called the Bank).

*Article I*

THE LOAN

*Section 1.01.* The Bank agrees to lend to the Borrower, on the terms and conditions hereinafter in this Agreement set forth or referred to, the sum of four million four hundred thousand dollars (\$4,400,000), or the equivalent in currencies other than dollars.

*Section 1.02.* The parties to this Agreement accept all the provisions of Loan Regulations No. 3<sup>2</sup> of the Bank, dated August 15, 1950 (hereinafter called the Loan Regulations), a copy of which has been furnished to the Borrower, with the same force and effect as if they were fully set forth herein. Each of the parties hereto agrees to perform all the obligations on its part to be performed under the Loan Regulations.

*Section 1.03.* The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations. Copies of forms of withdrawal applications have been delivered to the Borrower.

*Section 1.04.* The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent (3/4%) per annum on the principal amount of the Loan not so withdrawn from time to time. Such commitment charge shall accrue from the Effective Date or from February 15, 1951, whichever shall be the earlier.

<sup>1</sup> Came into force on 29 August 1951 upon notification by the Bank to the Government of Thailand.

<sup>2</sup> See p. 56 of this volume.

*Section 1.05.* The Borrower shall pay interest at the rate of three and three-fourths percent ( $3\frac{3}{4}\%$ ) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

*Section 1.06.* Interest and commitment charge shall be payable semi-annually on April 15 and October 15 in each year.

*Section 1.07.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1<sup>1</sup> to this Agreement.

## *Article II*

### USE OF PROCEEDS OF THE LOAN

*Section 2.01.* The Borrower shall cause the proceeds of the Loan to be applied exclusively to the cost of goods which will be required for the carrying out of the Project as described in Schedule 2<sup>1</sup> to this Agreement. The specific goods to be purchased out of the proceeds of the Loan shall be determined by agreement between the Bank and the Borrower, and the list of such goods may be modified from time to time by agreement between them.

*Section 2.02.* The Borrower shall cause all goods purchased in whole or in part with the proceeds of the Loan to be used in the territories of the Borrower exclusively in the carrying out of the Project.

## *Article III*

### BONDS

*Section 3.01.* The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations. The Minister of Finance of the Borrower and such person or persons as he shall appoint in writing are designated as the authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

## *Article IV*

### PARTICULAR COVENANTS

*Section 4.01. (a)* The Borrower shall cause the Project to be carried out and completed with due diligence and efficiency and in conformity with sound engineering practice.

<sup>1</sup> See p. 54 of this volume.

(b) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans and specifications for the Project and any material modifications subsequently made therein.

(c) The Borrower shall cause to be maintained records showing the use made of the goods and the progress of the Project (including the cost thereof); shall enable the Bank's representatives to examine the Project, the goods and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the goods and the Project.

*Section 4.02 (a)* The Bank and the Borrower will cooperate fully to assure that the purposes of the Loan shall be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Bank will from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower will promptly inform the Bank of any condition that shall interfere with, or threaten to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) If the Borrower or any of its political subdivisions or any agency of the Borrower or of any such political subdivision shall propose to incur any substantial external debt, the Borrower will promptly inform the Bank of the proposal and, before the proposed action is taken, will afford the Bank all opportunity which is reasonably practicable in the circumstances to exchange views with the Borrower with respect thereto, provided, however, that the provisions of this paragraph (c) shall not apply to: (i) 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 and (ii) the entering into international payments or similar agreements the term of which is not more than one year and under which the transactions on each side are expected to balance over the period of the agreement.

(d) The Borrower will afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

*Section 4.03.* It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of

the Borrower or any of its political subdivisions or any agency of the Borrower or of any such political subdivision as security for any external debt, such lien shall equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision shall be made to that effect, provided, however, that this Section shall not apply to any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property.

*Section 4.04.* The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for and free from any taxes imposed by the Borrower or any taxing authority thereof or therein and free from all restrictions of the Borrower and its political subdivisions and agencies. The foregoing provision of this Section shall not apply to taxes on payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower. The Loan Agreement and the Bonds shall be free of any issue, stamp or other tax imposed by the Borrower or any taxing authority thereof or therein.

*Section 4.05.* The Borrower shall satisfy the Bank that it has made adequate arrangements to insure the goods financed with the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Borrower.

*Section 4.06.* The Borrower will provide or cause to be provided the funds necessary to meet the costs of the Project as and when required.

### *Article V*

#### REMEDIES OF THE BANK

*Section 5.01.* If any event specified in paragraph (1) or (2) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days or if any event specified in paragraph (3) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

## Article VI

## MISCELLANEOUS

*Section 6.01.* The Closing Date shall be December 31, 1953.

*Section 6.02.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower : Minister of Finance, Ministry of Finance, Bangkok, Thailand.

For the Bank :

International Bank for Reconstruction and Development, 1818 H Street, N. W., Washington 25, D. C., United States of America.

*Section 6.03.* A date 120 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

*Section 6.04.* The Minister of Finance of the Borrower in office at the time in question is designated for the purposes of Section 8.03 of the Loan Regulations.

*Section 6.05.* The following events are specified for the purposes of Section 9.01. (b) of the Loan Regulations :

(a) the autonomous authority referred to in Schedule 2 to this Agreement shall have been duly established as a separate agency of the Borrower and shall have commenced its functions; and

(b) arrangements satisfactory to the Bank shall have been made for the dredging referred to in Schedule 2 to this Agreement.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Kingdom of Thailand :  
By (*Signed*) Wan WAITHAYAKON  
Authorized Representative

International Bank for Reconstruction and Development :  
By (*Signed*) Eugene R. BLACK  
President

SCHEDULE 1  
AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal</i>	<i>Principal Amount Outstanding After Each Payment</i>	<i>Date Payment Due</i>	<i>Payment of Principal</i>	<i>Principal Amount Outstanding After Each Payment</i>
October 15, 1953 . . .	—	\$4,400,000	April 15, 1960 . . .	\$174,000	\$2,367,000
April 15, 1954 . . .	\$140,000	4,260,000	October 15, 1960 . . .	178,000	2,189,000
October 15, 1954 . . .	142,000	4,118,000	April 15, 1961 . . .	181,000	2,008,000
April 15, 1955 . . .	145,000	3,973,000	October 15, 1961 . . .	185,000	1,823,000
October 15, 1955 . . .	148,000	3,825,000	April 15, 1962 . . .	188,000	1,635,000
April 15, 1956 . . .	150,000	3,675,000	October 15, 1962 . . .	191,000	1,444,000
October 15, 1956 . . .	153,000	3,522,000	April 15, 1963 . . .	195,000	1,249,000
April 15, 1957 . . .	156,000	3,366,000	October 15, 1963 . . .	199,000	1,050,000
October 15, 1957 . . .	159,000	3,207,000	April 15, 1964 . . .	202,000	848,000
April 15, 1958 . . .	162,000	3,045,000	October 15, 1964 . . .	206,000	642,000
October 15, 1958 . . .	165,000	2,880,000	April 15, 1965 . . .	210,000	432,000
April 15, 1959 . . .	168,000	2,712,000	October 15, 1965 . . .	214,000	218,000
October 15, 1959 . . .	171,000	2,541,000	April 15, 1966 . . .	218,000	—

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than 5 years before maturity . . . . .	1/2%
More than 5 years but not more than 10 years before maturity . . . . .	1%
More than 10 years before maturity . . . . .	1 3/4%

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project consists of the development of the Port of Bangkok on the Chao Phya River and comprises the following :

(a) the dredging through the sand bar at the mouth of the Chao Phya River of a channel which will permit fully loaded vessels of up to about 10,000 DWT to enter the river. This channel will be approximately 100 meters wide and 9.3 meters (31 feet) deep below a plane of reference about 0.2 meters below mean high water and will be kept at such width and depth by the Borrower. The dredging involves the removal of about 12,000,000 cubic meters of material, about 10,000,000 cubic meters of which will be removed by a contractor engaged by the Borrower. Such contractor will provide his own equipment. The remainder will be removed by the Borrower;

(b) the improvement and expansion of facilities at the Klong Toi Port Terminal by the procurement and installation of:

- (i) cargo handling equipment, including eight semi-portal cranes of three and five tons, to be installed on the quay, crane rails, feeding lines and weighing scales;
- (ii) rails, and shunting track and equipment;
- (iii) steel shutters and sliding doors for warehouses;
- (iv) a power plant of approximately 1500 kw, consisting of three diesel electric units having a capacity of about 500 kw each;
- (v) a tug boat;
- (vi) navigation lights and buoys to mark the approaches to the port; and

(c) the establishment of an autonomous authority satisfactory to the Bank, as a separate agency of the Borrower, which will be responsible for the operation, regulation and unified development of port and navigation facilities in the Bangkok area, and which will have such organization, financial resources and procedures, and legal status and powers as are required to enable such authority to carry out its responsibilities efficiently. Such authority will carry out its functions in accordance with sound management principles.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 AUGUST 1950

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 156, p. 158*]

LETTER, DATED 27 OCTOBER 1950, FROM THE GOVERNMENT OF THAILAND TO THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT CONCERNING THE PROJECT  
and

LETTER, DATED 6 FEBRUARY 1951, FROM THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT TO THE GOVERNMENT OF THAILAND CONCERNING SPECIAL COMMITMENTS

[*Not published herein. See pp. 16 and 18, of this volume.*]

LETTER-AGREEMENT BETWEEN THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND THE GOVERNMENT OF THAILAND CONCERNING SPECIAL COMMITMENTS.  
WASHINGTON 13 FEBRUARY 1952

[*Not published herein. See Letter-Agreement of 15 June 1951, p. 40 of this volume.*]