

No. 2714

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

**Loan Agreement—*Shipping Project*—(with annexed Loan
Regulations No. 3). Signed at Washington, on 8 April
1954**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
3 November 1954.*

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

**Contrat d'emprunt — *Projet relatif à la marine marchande*
— (avec, en annexe, le Règlement n° 3 sur les emprunts).
Signé à Washington, le 8 avril 1954**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 3 novembre 1954.*

No. 2714. LOAN AGREEMENT¹ (*SHIPPING PROJECT*) BETWEEN THE KINGDOM OF NORWAY AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 8 APRIL 1954

AGREEMENT, dated April 8, 1954, between KINGDOM OF NORWAY (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Bank desires to assist the Borrower in its economic development; and

WHEREAS the expansion of the Norwegian merchant fleet is a substantial and integral part of such development; and

WHEREAS it has been determined that the Bank shall at this time make a loan to provide foreign exchange for the acquisition of ocean going vessels for use in commercial cargo and passenger traffic as part of the Norwegian merchant fleet;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3² of the Bank dated October 15, 1952 (hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, twenty-five million dollars (\$25,000,000.00) or the equivalent thereof in currencies other than dollars.

Section 2.02. 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.

¹ Came into force on 11 May 1954, upon notification by the Bank to the Government of Norway.

² See p. 142 of this volume.

The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-quarters of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

The date specified for the purposes of Section 2.02 of the Loan Regulations is a date sixty days after the date of this Agreement or the Effective Date, whichever shall be the earlier.

Section 2.04. The Borrower shall pay interest at the rate of four and three-quarters per cent ($4\frac{3}{4}\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Interest and other charges shall be payable semi-annually on April 15 and October 15 in each year.

Section 2.06. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

Article III

USE OF PROCEEDS OF LOAN

Section 3.01. The project for which the Loan is granted is the acquisition of ocean going vessels (including tankers) for use in commercial cargo and passenger traffic as part of the Norwegian merchant fleet. The Borrower will cause the proceeds of the Loan or the equivalent thereof to be applied to the cost of such vessels.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The Minister of Commerce of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof, and to record the progress of the Project (including

¹ See p. 140 of this volume.

the cost thereof); shall enable the Bank's representatives to inspect 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 expenditure of the proceeds of the Loan, the Project, and the goods.

Section 5.02. (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will 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 shall 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 shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Borrower shall 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 5.03. 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 or by way of priority in the allocation or realization of foreign exchange. 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 of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision, as security for any external debt, such lien will *ipso facto* 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 will be made to that effect. If the Borrower, for constitutional reasons, shall be unable to make the foregoing undertaking effective with respect to any lien on assets of a political subdivision or agency of a political subdivision, the Borrower shall grant to the Bank an equivalent lien satisfactory to the Bank. The foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; (iii) any lien arising in the ordinary course of banking transactions to secure a debt maturing not more than one year after the date on which it is originally incurred; or (iv) any lien upon real estate, property in Norway or revenues or receipts in currency of the Borrower, if such

lien is given by a political subdivision or by an agency of a political subdivision of the Borrower under arrangements or circumstances which would not result in priority in the allocation or realization of foreign exchange.

Section 5.04. 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 or fees imposed under the laws of the Borrower or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, 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.

Section 5.05. The Loan Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof and the Borrower shall pay all such taxes and fees, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

Section 5.06. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) 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 VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be December 31, 1954.

Section 7.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower : Royal Norwegian Ministry of Commerce, Fr. Nansens pl. 4, Oslo, Norway.

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

Section 7.03. The Director of the Foreign Exchange Department of the Royal Norwegian Ministry of Commerce of the Borrower is designated for the purposes of Section 8.03 of the Loan Regulations.

Section 7.04. A date sixty (60) days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan 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 Norway
By Chr. BRINCH
Authorized Representative

International Bank for Reconstruction and Development
By Eugene R. BLACK
President

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars) *</i>
April 15, 1957 . .	—	\$25,000,000	October 15, 1961 .	\$ 587,000	\$ 20,183,000
October 15, 1957 .	\$ 486,000	24,514,000	April 15, 1962 . .	601,000	19,582,000
April 15, 1958 . .	498,000	24,016,000	October 15, 1962 .	615,000	18,967,000
October 15, 1958 .	510,000	23,506,000	April 15, 1963 . .	629,000	18,338,000
April 15, 1959 . .	522,000	22,984,000	October 15, 1963 .	644,000	17,694,000
October 15, 1959 .	534,000	22,450,000	April 15, 1964 . .	660,000	17,034,000
April 15, 1960 . .	547,000	21,903,000	October 15, 1964 .	675,000	16,359,000
October 15, 1960 .	560,000	21,343,000	April 15, 1965 . .	691,000	15,668,000
April 15, 1961 . .	573,000	20,770,000	October 15, 1965 .	708,000	14,960,000

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars)</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars)</i>
April 15, 1966 . . .	\$ 725,000	\$ 14,235,000	October 15, 1970 . . .	\$ 895,000	\$ 6,889,000
October 15, 1966 . . .	742,000	13,493,000	April 15, 1971 . . .	916,000	5,973,000
April 15, 1967 . . .	759,000	12,734,000	October 15, 1971 . . .	938,000	5,035,000
October 15, 1967 . . .	777,000	11,957,000	April 15, 1972 . . .	960,000	4,075,000
April 15, 1968 . . .	796,000	11,161,000	October 15, 1972 . . .	983,000	3,092,000
October 15, 1968 . . .	815,000	10,346,000	April 15, 1973 . . .	1,007,000	2,085,000
April 15, 1969 . . .	834,000	9,512,000	October 15, 1973 . . .	1,030,000	1,055,000
October 15, 1969 . . .	854,000	8,658,000	April 15, 1974 . . .	1,055,000	
April 15, 1970 . . .	874,000	7,784,000			

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02), the figures in these columns represent dollar equivalents determined as for purposes of withdrawal.

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	½%
More than 5 years but not more than 10 years before maturity	1%
More than 10 years but not more than 15 years before maturity	1¾%
More than 15 years before maturity	2½%

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 OCTOBER 1952

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[Not published herein. See United Nations, Treaty Series, Vol. 165, p. 252.]