

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

**Guarantee Agreement—*Port of Rangoon Project* (with annexed Loan Regulations No. 4 and Loan Agreement—*Port of Rangoon Project*—between the Bank and the Commissioners for the Port of Rangoon). Signed at Washington, on 4 May 1956**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 15 November 1956.*

---

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

**Contrat de garantie — *Projet relatif au port de Rangoon* (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt — *Projet relatif au port de Rangoon* — entre la Banque et les Commissaires du port de Rangoon). Signé à Washington, le 4 mai 1956**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 15 novembre 1956.*

No. 3585. GUARANTEE AGREEMENT<sup>1</sup> (*PORT OF RANGOON PROJECT*) BETWEEN THE UNION OF BURMA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 4 MAY 1956

---

AGREEMENT, dated May 4, 1956, between THE UNION OF BURMA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and The Commissioners for the Port of Rangoon (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,<sup>2</sup> the Bank has agreed to make to the Borrower a loan in various currencies in an aggregate principal amount equivalent to fourteen million dollars (\$14,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee, on the terms and conditions herein set forth, the payment of the principal, interest and other charges on such loan ; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee the payment of the principal, interest and other charges on such loan ;

NOW THEREFORE the parties hereto hereby agree as follows :

*Article I*

*Section 1.01.* The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1955,<sup>2</sup> subject, however, to the modification thereof set forth in Schedule 3<sup>3</sup> to the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

*Section 1.02.* Wherever used in this Guarantee Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement shall have the respective meanings therein set forth.

---

<sup>1</sup> Came into force on 10 October 1956, upon notification by the Bank to the Government of the Union of Burma.

<sup>2</sup> See p. 218 of this volume.

<sup>3</sup> See p. 230 of this volume.

## Article II

*Section 2.01.* Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds, and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as set forth in the Loan Agreement and in the Bonds.

*Section 2.02.* Without limitation or restriction upon the provisions of Section 3.06 of this Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for carrying out the Project, to make arrangements, satisfactory to the Bank, promptly to provide the Borrower or cause the Borrower to be provided with such funds as are needed to meet such expenditures.

## Article III

*Section 3.01.* It is the mutual intention of the Guarantor 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 Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor 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 ; provided, however, that 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 ; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Guarantor" as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision, including the Union Bank of Burma.

*Section 3.02.* (a) The Guarantor 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 Guarantor, such

information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor 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 Guarantor 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 Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

*Section 3.03.* 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 Guarantor 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 Guarantor.

*Section 3.04.* This Agreement, the Loan Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

*Section 3.05.* 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 Guarantor or laws in effect in its territories.

*Section 3.06.* The Guarantor shall take or cause to be taken all action necessary or appropriate to enable, and shall refrain from taking any action which would prevent or materially interfere with, the successful carrying out and operation of the Project, the carrying on by the Borrower of its operations and enterprise in an efficient and businesslike manner and in accordance with sound engineering, financial and business practices, and the performance by the Borrower of all of its covenants, agreements and obligations in the Loan Agreement.

#### *Article IV*

*Section 4.01.* The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Secretary to the Government of The Union of

Burma, Ministry of Finance and Revenue, of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

*Section 4.02.* For the purposes of the Rangoon Port Act, the Loan Agreement, and the Bonds, are recognized by the Guarantor and the Bank to be debentures.

#### *Article V*

*Section 5.01.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

Secretary to the Government of The Union of Burma  
Ministry of Finance and Revenue  
Rangoon  
Burma

For the Bank :

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

*Section 5.02.* The Minister for Foreign Affairs of the Guarantor is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee 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.

The Union of Burma :

By MAUNG WIN  
Authorized Representative

International Bank for Reconstruction and Development :

By Eugene R. BLACK  
President

## INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

## LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1955

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN  
MEMBERS GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 221, p. 160*]

LOAN AGREEMENT (*PORT OF RANGOON PROJECT*)

AGREEMENT, dated May 4, 1956, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and THE COMMISSIONERS FOR THE PORT OF RANGOON otherwise known as The Board of Management for the Port of Rangoon (hereinafter called the Borrower), which Agreement for the purposes of the Rangoon Port Act is recognized by the parties hereto to be a debenture.

*Article I*

## LOAN REGULATIONS ; SPECIAL DEFINITIONS

*Section 1.01.* The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1955<sup>1</sup>, subject, however, to the modification thereof set forth in Schedule 3<sup>2</sup> to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

*Section 1.02.* Except where the context otherwise requires, wherever used in this Agreement or any Schedule to this Agreement the term "Rangoon Port Act" means the Rangoon Port Act, 1905 (Burma Act No. IV of 1905) as now in effect and shall mean and include such Act as amended by the Rangoon Port (Amendment) Act, 1954 (Act No. XVI of 1954) if and when the same shall come into force; and the term "The Commissioners for the Port of Rangoon" means the body corporate constituted under the provisions of the Rangoon Port Act.

*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, an amount in various currencies equivalent to fourteen million dollars (\$14,000,000).

<sup>1</sup> See above.

<sup>2</sup> See p. 230 of this volume.

*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. 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-fourths 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.

*Section 2.04.* The Borrower shall pay interest at the rate of four and three-fourths 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.* Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ( $\frac{1}{2}$  of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

*Section 2.06.* Interest and other charges shall be payable semi-annually on April 15 and October 15 in each year.

*Section 2.07.* 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 III

#### USE OF PROCEEDS OF THE LOAN

*Section 3.01.* The Borrower shall apply the proceeds of the Loan exclusively to financing the cost of goods required to carry out the Project described in Schedule 2<sup>2</sup> to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

*Section 3.02.* The Borrower shall cause all goods financed out of the proceeds of the Loan to be imported into the territories of the Guarantor and there to be used exclusively in the carrying out of the Project.

### 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, which Bonds shall be deemed to be debentures for the purposes of the Rangoon Port Act.

<sup>1</sup> See p. 226 of this volume.

<sup>2</sup> See p. 228 of this volume.

## Article V

## PARTICULAR COVENANTS

*Section 5.01.* (a) The Borrower shall carry out the Project, maintain and operate its properties and carry on its operations with due diligence and efficiency and in conformity with sound engineering, financial and business practices.

(b) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans and specifications and the construction schedule for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(c) The Borrower shall maintain records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the financial condition and operations of the Borrower; shall enable the Bank's representatives to inspect its properties and operations including the sites, works and construction included in 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 expenditure of the proceeds of the Loan, the Project, the goods, and the financial condition and operations of the Borrower.

*Section 5.02.* (a) The Bank and the Borrower 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.

(b) The Bank and the Borrower 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.

*Section 5.03.* The Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any 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, except to the extent that such equal and ratable security shall be validly constituted by operation of law, in the creation of any such lien express provision will be made to that effect; provided, however, that 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; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

*Section 5.04.* The Borrower shall pay or cause to be paid all taxes or fees, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest



or other charges thereunder; 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 Guarantor.

*Section 5.05.* The Borrower shall pay or cause to be paid all 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 on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds.

*Section 5.06.* Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall insure or cause to be insured the goods financed with the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Guarantor. Such insurance shall be consistent with sound commercial practice and shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable.

#### *Article VI*

##### REMEDIES OF THE BANK

*Section 6.01.* (i) If any event specified in paragraph (a), paragraph (b), paragraph (e) or paragraph (f) 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, 1959.

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

For the Borrower :

The Commissioners for the Port of Rangoon  
Post Box No. 1  
Rangoon  
Burma

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.* A date 90 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.

International Bank for Reconstruction and Development :

By Eugene R. BLACK  
President

The Commissioners for the Port of Rangoon :

By WIN PE  
Authorized Representative

## 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>
October 15, 1959	—	\$14,000,000	April 15, 1968 . .	\$414,000	\$8,131,000
April 15, 1960	\$284,000	13,716,000	October 15, 1968	424,000	7,707,000
October 15, 1960	291,000	13,425,000	April 15, 1969 . .	434,000	7,273,000
April 15, 1961 . .	298,000	13,127,000	October 15, 1969	444,000	6,829,000
October 15, 1961	305,000	12,822,000	April 15, 1970 . .	455,000	6,374,000
April 15, 1962 . .	312,000	12,510,000	October 15, 1970	465,000	5,909,000
October 15, 1962	320,000	12,190,000	April 15, 1971 . .	476,000	5,433,000
April 15, 1963 . .	327,000	11,863,000	October 15, 1971	488,000	4,945,000
October 15, 1963	335,000	11,528,000	April 15, 1972 . .	499,000	4,446,000
April 15, 1964 . .	343,000	11,185,000	October 15, 1972	512,000	3,934,000
October 15, 1964	351,000	10,834,000	April 15, 1973 . .	523,000	3,411,000
April 15, 1965 . .	359,000	10,475,000	October 15, 1973	536,000	2,875,000
October 15, 1965	368,000	10,107,000	April 15, 1974 . .	548,000	2,327,000
April 15, 1966 . .	377,000	9,730,000	October 15, 1974	562,000	1,765,000
October 15, 1966	386,000	9,344,000	April 15, 1975 . .	575,000	1,190,000
April 15, 1967 . .	395,000	8,949,000	October 15, 1975	588,000	602,000
October 15, 1967	404,000	8,545,000	April 15, 1976 . .	602,000	—

\* 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 of 1%
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%

## SCHEDULE 2

## DESCRIPTION OF THE PROJECT

The Project consists of the reconstruction of three general cargo berths in the Port of Rangoon, the construction of storage facilities for these berths and of roads and tracks, and the acquisition of various types of cargo handling and floating equipment.

A. *General cargo berths*

Berths 5 through 7 of the Sule Pagoda Wharf will be reconstructed as a reinforced concrete, open pile structure with a total length of about 1,570 feet.

B. *Storage facilities*

Storage facilities for the berths referred to in Item A above will be constructed consisting of three transit sheds, one shed for general cargo storage, one shed for zinc exports, and one depot and maintenance shop for cargo handling equipment. All buildings will be steel framed structures with brick walls, and their total floor area will be about 580,000 square feet. Open storage for lead exports will also be provided. The necessary service facilities, such as facilities for electricity and fire prevention, will be installed.

C. *Cargo handling equipment*

Cargo handling equipment will be acquired for use at the existing general cargo berths at the Sule Pagoda and Brooking Street Wharves, and at the berths referred to in Item A above. This equipment will consist of tractors, trailers, fork lift trucks, cranes, platform trucks, and porter trucks.

D. *Roads and tracks*

Roads, railway tracks and crane tracks will be constructed to serve the berths and storage areas referred to in Items A and B above.

*E. Floating equipment*

One suction dredger, one bucket dredger, two hopper barges, one fire float, one combined salvage and port tug, two diesel tugs, one buoy vessel, one light vessel, one pilot vessel, and a number of mooring units will be acquired for use in connection with the operations of the Port.

It is expected that the Project will be completed by the end of 1959.

## SCHEDULE 3

## MODIFICATION OF LOAN REGULATIONS No. 4

For the purposes of this Agreement the provisions of Loan Regulations No. 4 of the Bank, dated February 15, 1955, shall be deemed to be modified as follows :

By the deletion of paragraph (a) of Section 6.12 and the substitution therefor of the following :

“(a) The Bonds, and coupons attached to coupon Bonds, shall be executed in the name and on behalf of the Borrower by its authorized representative or representatives. If any authorized representative of the Borrower whose manual or facsimile signature shall be affixed to any Bond or coupon shall cease to be such authorized representative, such Bond or coupon may nevertheless be delivered, and shall be valid and binding on the Borrower, as though the person whose manual or facsimile signature shall have been affixed to such Bond or coupon had not ceased to be such authorized representative.”

---