

No. 3170

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**UNITED STATES OF AMERICA**  
**and**  
**EUROPEAN COAL AND STEEL COMMUNITY**

**Loan Agreement. Signed at Washington, on 23 April 1954**

*Official text : English.*

*Registered by the United States of America on 28 February 1956.*

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**ÉTATS-UNIS D'AMÉRIQUE**  
**et**  
**COMMUNAUTÉ EUROPÉENNE DU CHARBON**  
**ET DE L'ACIER**

**Accord de prêt. Signé à Washington, le 23 avril 1954**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 28 février 1956.*

No. 3170. LOAN AGREEMENT<sup>1</sup> BETWEEN THE UNITED STATES OF AMERICA AND THE EUROPEAN COAL AND STEEL COMMUNITY. SIGNED AT WASHINGTON, ON 23 APRIL 1954

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WHEREAS, the European Coal and Steel Community, established by Treaty dated April 18, 1951, was created with supranational powers in order to establish a common basis for economic development in Europe through the creation of a common market in coal and steel and thereby to establish a foundation for the unification of Europe ; and

WHEREAS, the United States of America, recognizing that economic unification in Europe is a means of building strength, enhancing security, and preserving peace in the North Atlantic area, desires to assist the European Coal and Steel Community in its efforts to attain the objectives of the Community ; and

WHEREAS, the attainment of the purposes of the European Coal and Steel Community requires at this time that additional capital resources from outside the Community be made available to the enterprises of the Community in order to modernize and expand facilities for the production of raw materials ; and

WHEREAS, the High Authority of the European Coal and Steel Community has requested the extension of credit by the United States of America in order to provide additional capital resources, thereby enabling it to further the creation of a broad competitive market in coal and steel and to stimulate the revival of European capital markets ; and

WHEREAS, the President of the United States of America has determined that it is necessary and appropriate in order to achieve the purposes of the Mutual Security Act of 1951, as amended,<sup>2</sup> to assist the High Authority of the European Coal and Steel Community to carry out the purposes of the Community by extending a loan to the High Authority from funds available under that Act ;

NOW, THEREFORE, the Government of the United States of America and the High Authority of the European Coal and Steel Community hereby agree as follows :

*Article I*

ESTABLISHMENT OF CREDIT

There is hereby established in favor of the High Authority a credit of One Hundred Million Dollars (\$100,000,000) against which Export-Import Bank of

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<sup>1</sup> Came into force on 23 April 1954 by signature.

<sup>2</sup> United States of America : 65 Stat. 373 ; 22 U.S.C. § 1651 *et seq.*

Washington (hereinafter referred to as "Eximbank"), acting as agent for the Government of the United States of America, will make advances from time to time, after the date of this Agreement and on or before June 30, 1955, in furtherance of the purposes expressed in the preamble of this Agreement and subject to the terms and conditions hereinafter stated, to enable the High Authority to make loans (hereinafter referred to as "project loans") to enterprises to which the High Authority is empowered to make loans under the Treaty. Such loans shall be made to assist such enterprises in financing investment projects initiated by them which are approved by the High Authority as urgently required for modernizing and expanding facilities for the production of raw materials in the Community, and which are considered by the High Authority to be consistent with the operation of a common market free from national barriers and private obstructions to competition.

For the purposes of the credit, such investment projects shall be limited to the following categories :

- (a) Modernizing and mechanizing mining operations and expanding capacity for the production of coal and providing additional housing for miners.
- (b) Modernizing and mechanizing mining operations and expanding capacity for the production of iron ore, modernizing facilities for the treatment of iron ore, and providing additional housing for miners.
- (c) Modernizing operations and expanding capacity for the production of coke.
- (d) Constructing and modernizing power stations at the pit heads to facilitate the use of low-grade coal to supply low-cost power for coal mining operations and for sale.

### *Article II*

#### ADVANCES UNDER THE CREDIT

Not less than thirty days prior to the date on which the High Authority desires an advance under the credit, it shall notify Eximbank of its intention to request such advance, specifying the date of such advance and the amount thereof in terms of United States dollars. Such advance may be made in United States dollars or, at the option of Eximbank after consultation with the High Authority, in whole or in part in any currency other than United States dollars (hereinafter referred to as "foreign currency") which the Government of the United States of America will be able to supply to the High Authority on the date specified for the advance and which will be usable by the High Authority in making project loans. Each such amount of foreign currency shall thereupon become a constituent of the proposed advance as hereinafter provided.

Not less than two days prior to the date specified for the advance, the High Authority may present to Eximbank its request for an advance under the credit in a total amount of United States dollars equal to the amount specified as provided above. Each such request shall be accompanied by the following in form and substance satisfactory to Eximbank :

- (a) The promissory note of the High Authority conforming to the provisions of Article III (hereinafter referred to as the "Dollar Payment Note") in a principal amount determined by subtracting from the United States dollar amount of the advance the aggregate principal United States dollar amount of any notes which the High Authority is required to submit with such request under the provisions of the next succeeding subparagraph.
- (b) With respect to each amount of foreign currency which has become a constituent of the advance as provided above, a promissory note of the High Authority conforming to the provisions of Article IV (hereinafter referred to as an "Optional Payment Note") in a principal amount determined by converting the amount of such foreign currency into United States dollars as of the date of preparing such request at the rate of exchange specified in Article V.
- (c) A statement signed by a duly authorized official of the High Authority designating by name and amount the bank or banks in which the High Authority desires to have deposited to its credit the United States dollars constituting the proceeds of the Dollar Payment Note and designating the bank in which the High Authority desires to have deposited to its credit the foreign currency constituting the proceeds of each Optional Payment Note.
- (d) With respect to each Optional Payment Note, a statement signed by a duly authorized official of the High Authority authorizing Eximbank to insert in such note the rate of exchange at which Eximbank has advanced the foreign currency in which such note is optionally payable.

On the date specified for the advance, Eximbank will deposit or cause to be deposited to the credit of the High Authority, in accordance with the aforesaid designation, an aggregate amount of United States dollars equal to the principal amount of the Dollar Payment Note and an amount of foreign currency equal to the principal amount in United States dollars of each Optional Payment Note converted on said date into the foreign currency in which it is optionally payable at the rate of exchange specified in Article V.

The United States dollars so deposited to the credit of the High Authority shall be disbursed by the High Authority, whether by conversion into foreign currency or otherwise, only when and to the extent that Eximbank has received a statement or statements signed by a duly authorized official of the High Authority setting out (1) that the High Authority has received from one or more governments undertakings in writing that United States dollar exchange will be made available to it at the times and in the amounts necessary to permit a prompt and

full payment of each installment of principal and interest on the Dollar Payment Note ; and (2) that each such statement contains an acknowledgment of the government giving the same that it is given for the benefit of Eximbank and for the purpose of inducing Eximbank to advance United States dollars to the High Authority. A copy of each such undertaking shall forthwith be transmitted to Eximbank.

### Article III

#### DOLLAR PAYMENT NOTES

Each Dollar Payment Note given to evidence an advance under the credit shall be a general obligation of the High Authority pledging its full faith and credit for the payment of the principal thereof and interest thereon in accordance with its terms.

Each such note shall be dated as of its date of issue ; shall be in the amount determined as provided in Article II (*a*) ; shall be payable to the order of Eximbank or its nominee at the office of Eximbank in Washington, D. C. or at such other place as Eximbank may designate ; and shall be payable, both as to principal and interest, in lawful money of the United States.

The principal of each note shall be due and payable in twenty-two annual installments on the dates and in the percentages of such principal amount set forth below :

<i>Date</i>	<i>Percentage of Principal</i>	<i>Date</i>	<i>Percentage of Principal</i>
May 1, 1958 . . . . .	2.9	May 1, 1969 . . . . .	4.5
May 1, 1959 . . . . .	3.1	May 1, 1970 . . . . .	4.7
May 1, 1960 . . . . .	3.2	May 1, 1971 . . . . .	4.9
May 1, 1961 . . . . .	3.3	May 1, 1972 . . . . .	5.0
May 1, 1962 . . . . .	3.4	May 1, 1973 . . . . .	5.2
May 1, 1963 . . . . .	3.6	May 1, 1974 . . . . .	5.4
May 1, 1964 . . . . .	3.7	May 1, 1975 . . . . .	5.7
May 1, 1965 . . . . .	3.9	May 1, 1976 . . . . .	5.9
May 1, 1966 . . . . .	4.0	May 1, 1977 . . . . .	6.1
May 1, 1967 . . . . .	4.2	May 1, 1978 . . . . .	6.4
May 1, 1968 . . . . .	4.3	May 1, 1979 . . . . .	6.6

Each such note shall bear interest from its date of issue at the rate of three and seven-eighths per cent ( $3 \frac{7}{8} \%$ ) per annum on the unpaid principal balance thereof from time to time outstanding, such interest to be computed on the basis of the actual number of days using a factor of 365 days and to be due and payable on May 1 of each year ; it being understood, however, that an appropriate adjustment will be effected with respect to interest accrued between the date of each such note and the date of its purchase hereunder.

Each such note shall be in the English language ; shall be satisfactory in form and substance to Eximbank ; and shall be substantially in the form of Exhibit A<sup>1</sup> annexed hereto and made a part hereof.

<sup>1</sup> See p. 250 of this volume.

*Article IV*

## OPTIONAL PAYMENT NOTES

Each Optional Payment Note given to evidence an advance under the credit shall be a general obligation of the High Authority pledging its full faith and credit for the payment of the principal thereof and interest thereon in accordance with its terms.

Each such note shall be dated as of its date of issue ; shall be in the amount determined as provided in Article II(*b*) ; shall be payable to the order of Eximbank or its nominee or nominees at the office of Eximbank in Washington, D. C., or at such other place as Eximbank may designate ; and shall be payable, both as to principal and interest, in lawful money of the United States or, at the option of the maker, in whole or in part in the foreign currency advanced against such note at the rate of exchange at which such foreign currency was advanced.

The principal and interest of each such note shall be due and payable and each such note shall bear interest as provided with respect to Dollar Payment Notes in Article III.

Each such note shall be in the English language ; shall be satisfactory in form and substance to Eximbank ; and shall be substantially in the form of Exhibit B<sup>1</sup> annexed hereto and made a part hereof.

*Article V*

## RATES OF EXCHANGE

For the purposes of this Agreement, the rate of exchange between United States dollars and any foreign currency on any date specified herein shall be the ratio of the par values of such currencies on that date as agreed with the International Monetary Fund or, if such par values are not then agreed, the most favorable rate at which the Government of the United States of America is then purchasing its requirements of that currency.

*Article VI*

## PREPAYMENT OF PROMISSORY NOTES

The High Authority hereby reserves the right to prepay at any time and from time to time, without penalty or premium, all or any part of the principal of any or all promissory notes issued hereunder by payment of the principal amount so prepaid with interest thereon to the date of prepayment. Each such prepayment shall be accompanied by instructions specifying the note or notes to which such

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<sup>1</sup> See p. 252 of this volume.

prepayment is to be applied and the amount to be applied to each such note. Such prepayment shall thereupon be applied pro rata to the installments of principal on such note or notes in accordance with such specification.

*Article VII*

COVENANTS OF THE HIGH AUTHORITY

Without in any way limiting the general liability of the High Authority under other provisions of this Agreement and as the maker of the promissory notes given to evidence advances under the credit, the High Authority hereby covenants that, until all such advances and interest thereon have been paid in full :

- (a) The High Authority will adhere to and carry out the policies which it has established in connection with the use of its credit to assist the enterprises of the Community in obtaining capital for their investment needs as set forth in the letter addressed by the High Authority to Eximbank, a copy of which is annexed hereto as Exhibit C.<sup>1</sup>
- (b) The High Authority will maintain and collect levies, as provided in the Treaty, on the production of coal and steel by enterprises within the jurisdiction of the Community, sufficient to provide, in addition to any other payments to be made therefrom, for any payment of such advances and interest thereon which cannot be promptly and fully paid from the receipts of the High Authority from project loans made with the proceeds of such advances, or promptly and fully paid from its other funds ; and the High Authority will apply such levies, to the extent required, to the payment of such advances and interest thereon.
- (c) Each project loan will include such terms as the High Authority shall deem to be most in its interest and, if not secured by a mortgage or other lien upon the project, will include a commitment by the enterprise not to create any mortgage or other lien thereon (except that the High Authority may, in particular cases, authorize the enterprise to give a prior lien to the supplier of equipment to secure deferred payment of part of the purchase price), unless the project loan shall be secured thereby equally and ratably with all other indebtedness secured by such mortgage or lien.
- (d) The High Authority will retain all obligations representing project loans and any security therefor, and all undertakings received under the last paragraph of Article II, in a separate portfolio (at all times free of any mortgage, pledge or other priority, except as stated below) dedicated to the payment of the install-

<sup>1</sup> See p. 256 of this volume.

ments of principal and interest becoming due on the promissory notes given to evidence advances under the credit. The High Authority will pledge and hold in trust for the benefit of Eximbank all obligations and any security therefor and the above mentioned undertakings which are from time to time in the special portfolio ; and it will take such action as may be necessary under the laws of any member country of the Community to give effect to the provisions of this subparagraph (*d*), and to make such pledge and the trusteeship of such obligations and security therefor and such undertakings effective against claims of third parties.

Such pledge and trusteeship shall not require the High Authority to apply the payments of principal or interest received by it on such obligations, whether received by prepayment or in due course or through the enforcement of any security, to the payment of the promissory notes issued hereunder ; and shall not prevent the withdrawal of any or all of such obligations, together with any security for the obligations so withdrawn, for the purpose of sale in the currency in which such obligations are payable ; provided, however, that such payments and the proceeds of such sales shall be made subject forthwith to such pledge and trusteeship, and shall not be converted into any other currency (without obtaining from the appropriate national government further undertakings of the nature specified in the last paragraph of Article II) except for the purpose of making payments on the promissory notes issued hereunder, and may be used by the High Authority only for such purpose or for making additional project loans. In the latter event, any and all obligations and any security therefor given to or for the benefit of the High Authority by any enterprise receiving such a project loan shall likewise be made subject forthwith to such pledge and trusteeship.

Such pledge and trusteeship shall not prevent the withdrawal of any or all of such obligations, together with any security for the obligations so withdrawn, for the purpose of exchanging such obligations for other obligations of the same enterprise payable in the same currency ; provided, however, that any and all obligations and any security therefor given to or for the benefit of the High Authority by any enterprise making such exchange shall be made subject forthwith to such pledge and trusteeship.

Upon the withdrawal of any obligations and any security therefor under the provisions of either of the two preceding paragraphs, the title to such obligations and security shall be deemed to be released fully and completely from such pledge and trusteeship and such release may be evidenced by the execution and delivery of such documents or by taking such action with respect to such obligations and security as may be appropriate for that purpose.

Upon payment in full of any project loan, the obligations representing such loan and any security therefor shall, on the initiative of the High Authority, be cancelled and discharged.



- (e) It is recognized that the High Authority may hereafter deem it advisable to borrow additional funds for the purpose of making loans to enterprises as contemplated by the Treaty to assist them in financing their capital requirements.

The High Authority and the United States of America will proceed without delay to study together the steps to be taken to enlarge the separate portfolio and the pledge and trusteeship provided for in subparagraph (d) so as to include both (1) the obligations and any security therefor and all undertakings required by the last paragraph of Article II received by the High Authority in connection with project loans under this Agreement and (2) the obligations and any security therefor and all undertakings of the nature specified in the last paragraph of Article II received by it in connection with loans made to enterprises with the proceeds of all additional borrowings of the High Authority, and so that the enlarged pledge and trusteeship shall be for the equal pro rata benefit of all lenders to the High Authority. If, as a result of such study, it is mutually determined that such enlargement is advisable, the High Authority and the United States of America will enter into an agreement supplemental to this Agreement containing provisions appropriate for the creation of such common pledge and trusteeship.

Pending the execution of such supplemental agreement, the High Authority undertakes that it will not grant to any other lender in connection with any subsequent loan to the High Authority more favorable terms with respect to the matters referred to in subparagraphs (c) and (d) above than are set forth in said subparagraphs for the benefit of Eximbank. In making loans to enterprises with the proceeds of the credit and the proceeds of any other borrowing or borrowings by the High Authority, it will follow the policy set forth in the letter addressed by the High Authority to Eximbank, a copy of which is annexed hereto as Exhibit D.<sup>1</sup>

### *Article VIII*

#### NON-DISCRIMINATORY PURCHASING

The High Authority will use its best efforts with the governments of the member countries of the Community to assure that recipients of project loans made out of the proceeds of advances under the credit shall not, in using such loans, be prevented by exchange or other restrictions from purchasing goods or services from sources most advantageous to them on the basis of commercial considerations.

<sup>1</sup> See p. 256 of this volume.

*Article IX*

## CONSULTATION AND REPORTS

Full opportunity shall be afforded to accredited representatives of the Government of the United States of America to consult with the High Authority concerning matters of mutual interest in connection with this Agreement.

The High Authority will keep Eximbank fully informed with regard to its general financial situation, the use of advances under the credit, matters affecting the service of the credit, and such other matters as Eximbank may from time to time reasonably request.

The High Authority and Eximbank will determine by consultation from time to time the scope and manner of reporting the foregoing information as may be required by Eximbank to carry out its responsibilities hereunder and as may be required by the applicable legislation pursuant to which the funds are made available under the credit.

*Article X*

## DEFAULT

The entire principal of all promissory notes issued hereunder and accrued interest thereon shall become due and payable, on demand of Eximbank, upon the occurrence of any of the following events :

- (a) A default in the prompt and full payment of any installment of principal or interest on any such note, or upon any other indebtedness of the High Authority incurred for borrowed money, which shall not be cured by payment thereof within thirty days of the due date ; or
- (b) A material breach of any covenant contained in Article VII which shall not be cured within ninety days after notice thereof from Eximbank to the High Authority ; or
- (c) The Treaty shall be modified in a manner adversely affecting the capacity of the High Authority to perform its obligations under this Agreement.

Notwithstanding anything to the contrary contained in this Agreement, upon demand by Eximbank under this Article X, the High Authority, if unable to make full and immediate payment of such principal and interest, shall forthwith endorse and transfer to Eximbank or to any nominee or nominees of Eximbank any or all of the obligations and any security therefor given to or for the benefit of the High Authority by any enterprise as aforesaid, together with the undertakings relating thereto received pursuant to the last paragraph of Article II, or the High Authority will, without cost to Eximbank, take such action as may be necessary to effect the collection of such obligations through the enforcement of any security therefor or otherwise and will apply the proceeds thereof forthwith to the payment of the promissory notes issued hereunder.

No rights of the Government of the United States of America under this Agreement or under any promissory note issued hereunder shall be waived, or otherwise impaired, by reason of the election by such Government to exercise the right given to it in the preceding paragraph ; or by reason of the failure of such Government to make demand under this Article X ; or by reason of its failure to exercise any other rights under this Agreement or under any promissory note issued hereunder.

#### *Article XI*

##### COMMITMENT FEE

The High Authority shall pay to Eximbank a commitment fee at the rate of one-half of one per cent ( $\frac{1}{2}$  of 1 %) per annum on the principal amount of the credit which has not been advanced prior to January 1, 1955, and which may remain undisbursed from time to time thereafter. Such fee shall be computed on the basis of the actual number of days using a factor of 365 days and shall be payable in lawful money of the United States on January 31, 1955, and on the last day of each month thereafter.

#### *Article XII*

##### TAXES

The principal of the promissory notes issued hereunder and the interest thereon shall be payable without deduction for any present or future taxes, duties, fees or other charges levied or imposed thereon or on said promissory notes or the holders thereof by or within any member country of the Community or any political or taxing subdivision of any such member country.

#### *Article XIII*

##### LEGAL OPINION AND OTHER DOCUMENTS

Prior to and as a condition of the first advance under the credit, Eximbank shall be furnished with the following :

- (a) An opinion or opinions of the chief legal officer of the High Authority or other counsel satisfactory to Eximbank demonstrating to the satisfaction of Eximbank (1) that this Agreement has been validly signed and entered into by the High Authority and is binding upon it in accordance with its terms and (2) that the promissory notes, when and as signed and issued pursuant hereto, will constitute the valid and binding obligations of the High Authority in accordance with their terms. Such opinion or opinions shall be supported by such reference to treaties, constitutional and statutory provisions, special acts, decrees, regulations, resolutions and other records of action of governing bodies, powers of attorney and other documents as may be appropriate in the premises and shall be accompanied by certified copies of such of the foregoing as Eximbank may reasonably request.

(b) Evidence of the authority (1) of the person or persons who will date and sign the promissory notes to be issued hereunder and act as the representative or representatives of the High Authority in connection with the signature of this Agreement and the operation of the credit established hereby ; and (2) of the person or persons who will sign and approve the statements, certificates reports and other documents to be furnished to Eximbank hereunder ; together with the authenticated specimen signature in duplicate of each such person.

From time to time thereafter, Eximbank shall be furnished with such additional opinions of the chief legal officer of the High Authority or other counsel and such additional evidences of authority, authenticated specimen signatures, documents and other information as it may reasonably request.

DONE in duplicate at Washington this 23d day of April, 1954.

For the Government of the United States of America :

Walter BEDELL SMITH

For the High Authority of the European Coal and Steel Community :

Jean MONNET

Dr. Heinz POTTHOFF

ENZO GIACCHERO

#### EXHIBIT A

#### HIGH AUTHORITY OF THE EUROPEAN COAL AND STEEL COMMUNITY

#### PROMISSORY NOTE

(Dollar Payment Note)

No. \_\_\_\_\_

Luxembourg

\$ \_\_\_\_\_

\_\_\_\_\_, 19 \_\_\_\_

FOR VALUE RECEIVED, the High Authority of the European Coal and Steel Community (hereinafter referred to as the "High Authority") hereby promises to pay to \_\_\_\_\_, or order, at \_\_\_\_\_ the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) in lawful money of the United States of America in twenty-two annual installments on the dates and in the amounts set forth below :

<i>Date</i>	<i>Installment of Principal</i>
May 1, 1958	\$ _____
to	
May 1, 1979	

and to pay interest in like money from the date hereof on May 1 of each year at the rate of three and seven-eighths per cent ( $3 \frac{7}{8} \%$ ) per annum on the unpaid principal balance of this note from time to time outstanding.

The principal of this note and the interest thereon shall be payable without deduction for any present or future taxes, duties, fees or other charges levied or imposed thereon or on this note or the holder hereof by or within any member country of the European Coal and Steel Community or any political or taxing subdivision of any such member country.

The High Authority hereby reserves the right to prepay at any time and from time to time, without penalty or premium, all or any part of the principal of this note by payment of the principal amount so prepaid with interest thereon to the date of prepayment. Any such prepayment shall be applied pro rata to the installments of principal on this note.

Upon default in the prompt and full payment of any installment of principal or interest on this note which shall not be cured by payment thereof within thirty days of the due date of such installment, or upon the happening of certain other events of default set out in the Agreement dated April 23, 1954, between the United States of America and the High Authority and the failure to cure the same within the period of grace, if any, accorded by the terms of said Agreement, the entire principal of this note and interest thereon to the date of payment shall immediately become due and payable at the option and upon the demand of the holder hereof. The failure of the holder hereof to exercise any of its rights hereunder in any instance shall not constitute a waiver thereof in that or any subsequent instance.

The High Authority hereby waives any diligence, presentment, demand, protest or notice of nonpayment or dishonor with respect to this note.

This note is a general obligation of the High Authority which hereby pledges its full faith and credit for the payment of the principal of this note and the interest thereon in accordance with its terms.

HIGH AUTHORITY OF THE EUROPEAN  
COAL AND STEEL COMMUNITY

By \_\_\_\_\_  
(Title)

### EXHIBIT B

HIGH AUTHORITY OF THE EUROPEAN COAL AND STEEL COMMUNITY

PROMISSORY NOTE  
(Optional Payment Note)

No. \_\_\_\_\_

\$ \_\_\_\_\_

LUXEMBOURG

\_\_\_\_\_, 19\_\_\_\_

FOR VALUE RECEIVED, the High Authority of the European Coal and Steel Community (hereinafter referred to as the "High Authority") hereby promises to pay to \_\_\_\_\_, or order, at \_\_\_\_\_ the principal sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) in lawful money of the United States of America in twenty-two annual installments on the dates and in the amounts set forth below :

<i>Date</i>	<i>Installment of Principal</i>
May 1, 1958	\$
to	
May 1, 1979	

and to pay interest in like money from the date hereof on May 1 of each year at the rate of three and seven-eighths' percent ( $3 \frac{7}{8} \%$ ) per annum on the unpaid principal balance of this note from time to time outstanding.

At the option of the High Authority, the principal of this note and the interest thereon may be paid in whole or in part in (name of currency) at the rate of (number of units and name of currency) to one United States dollar.

The principal of this note and the interest thereon shall be payable without deduction for any present or future taxes, duties, fees or other charges levied or imposed thereon or on this note or the holder hereof by or within any member country of the European Coal and Steel Community or any political or taxing subdivision of any such member country.

The High Authority hereby reserves the right to prepay at any time and from time to time, without penalty or premium, all or any part of the principal of this note by payment of the principal amount so prepaid with interest thereon to the date of prepayment. Any such prepayment shall be applied pro rata to the installments of principal on this note.

Upon default in the prompt and full payment of any installment of principal or interest on this note which shall not be cured by payment thereof within thirty days of the due date of such installment, or upon the happening of certain other events of default set out in the Agreement dated April 23, 1954 between the United States of America and the High Authority and the failure to cure the same within the period of grace, if any, accorded by the terms of said Agreement, the entire principal of this note and interest thereon to the date of payment shall immediately become due and payable at the option and upon the demand of the holder hereof. The failure of the holder hereof to exercise any of its rights hereunder in any instance shall not constitute a waiver thereof in that or any subsequent instance.

The High Authority hereby waives any diligence, presentment, demand, protest or notice of nonpayment or dishonor with respect to this note.

This note is a general obligation of the High Authority which hereby pledges its full faith and credit for the payment of the principal of this note and the interest thereon in accordance with its terms.

HIGH AUTHORITY OF THE EUROPEAN  
COAL AND STEEL COMMUNITY

By \_\_\_\_\_  
(Title)

## EXHIBIT C

April 23, 1954

Export-Import Bank of Washington  
Washington 25, D. C.

Gentlemen :

During the negotiations just now concluded relating to a loan by the United States Government to the High Authority of the European Coal and Steel Community, the representatives of the High Authority have advised representatives of the United States Government as to certain policies recently announced by the High Authority to be followed by it in connection with the use of its credit to assist the enterprises of the Community in obtaining capital for their investment needs.

We take pleasure in confirming those policies to you, as follows :

The High Authority considers that it is essential that all creditors, direct or indirect, of the High Authority have assurance that no one of them will receive any preference over any of the others as to the fundamental perennial resource of the High Authority—that is to say the levies that underlie the credit of the High Authority ; and also considers that the levies and the guaranty fund resulting from them should be at all times available to protect, without discrimination, all engagements of the High Authority, whatever their form. The High Authority, therefore, does not propose to create any mortgage, pledge or other priority on its revenues coming from the levies or on the accumulated levies from time to time resulting therefrom.

Yours very truly,

For the High Authority of the  
European Coal and Steel Community :

Jean MONNET  
Dr. Heinz POTTHOFF  
Enzo GIACCHERO

## EXHIBIT D

April 23, 1954

Export-Import Bank of Washington  
Washington 25, D. C.

Gentlemen :

In connection with the proposed loan by the United States Government to the High Authority of the European Coal and Steel Community, we take pleasure in advising you as to the policy to be followed by the High Authority in connection with making loans to enterprises of the Community with the proceeds of said loan and with the proceeds of other borrowings by the High Authority, as follows :

The financial position of the various enterprises in the several member countries, and the nature of the respective projects that give rise to their capital needs, and the

extent to which such enterprises will require the assistance of the High Authority in obtaining investment funds on reasonable terms will vary one from the other, now and in the future. The loans that will be made by the High Authority to the various enterprises with the proceeds of the credit under this Agreement and with the proceeds of any subsequent borrowing or borrowings by the High Authority must be determined by the High Authority in such order of urgency as, in its judgment, will best contribute to the development of the Community and the revival of capital markets in Europe ; and such loans will necessarily differ, one from the other, according to the enterprise and project involved, in various respects including the nature of any security therefor. The High Authority, nevertheless, recognizes its responsibility to deal on an equitable basis with all its lenders. It will, accordingly, use its best efforts, in the perspective of the foregoing conditions, to the end that all loans to enterprises by the High Authority, whether made with the proceeds of the credit under this Agreement or with the proceeds of any other borrowings by the High Authority, shall be made on as nearly a comparable basis as is feasible and without preference or discrimination as among the various sources of funds.

Yours very truly,

For the High Authority of the  
European Coal and Steel Community :

Jean MONNET  
Dr. Heinz POTTHOFF  
Enzo GIACCHERO