

No. 4826

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

**Guarantee Agreement—*Woodworking Projects* (with annexed Loan Regulations No. 4 and Loan Agreement between the Bank and Mortgage Bank of Finland Oy). Signed at Washington, on 16 March 1959**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 13 July 1959.*

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

**Contrat de garantie—*Projets relatifs aux industries du bois* (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque et la Mortgage Bank of Finland Oy). Signé à Washington, le 16 mars 1959**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 13 juillet 1959.*

No. 4826. GUARANTEE AGREEMENT<sup>1</sup> (*WOODWORKING PROJECTS*) BETWEEN THE REPUBLIC OF FINLAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 16 MARCH 1959

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AGREEMENT, dated March 16, 1959, between REPUBLIC OF FINLAND (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 Mortgage Bank of Finland Oy (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 thirty-seven million dollars (\$37,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided ; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower ;

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 June 15, 1956,<sup>3</sup> subject, however, to the modifications 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.

*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

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<sup>1</sup> Came into force on 16 May 1959, upon notification by the Bank to the Government of Finland.

<sup>2</sup> See p. 274 of this volume.

<sup>3</sup> See p. 294 of this volume.

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, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

### 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 ; (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date ; or (iv) any lien created by Suomen Pankki-Finlands Bank on any of its assets in the ordinary course of its business to secure a debt maturing by its terms not more than one year after the date on which it is incurred.

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 subdivisions, including Suomen Pankki-Finlands Bank.

*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.

#### *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 Minister of Finance 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.

#### *Article V*

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

For the Guarantor :

Republic of Finland  
Embassy of Finland  
1900 Twenty-fourth Street, N.W.  
Washington 8, D. C.  
United States of America

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 of Finance 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.

Republic of Finland :

By R. R. SEPPÄLÄ  
Authorized Representative

International Bank for Reconstruction and Development :

By W. A. B. ILIFF  
Vice-President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 JUNE 1956

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

[*Not published herein. See United Nations, Treaty Series, Vol. 260, p. 376.*]

#### LOAN AGREEMENT (*WOODWORKING PROJECTS*)

AGREEMENT, dated March 16, 1959, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and MORTGAGE BANK OF FINLAND OY (hereinafter called the Borrower).

#### *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 June 15, 1956,<sup>1</sup> subject, however, to the

<sup>1</sup> See above.

modifications thereof set forth in Schedule 3<sup>1</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.* Wherever used in this Agreement, unless the context shall otherwise require, the term "Beneficiary Enterprise" shall mean any entity to which the Borrower shall, pursuant to this Agreement, advance or agree to advance any portion of the Loan for the carrying out of a Project, and the term "First Loan Agreement" shall mean the Loan Agreement dated May 22, 1956,<sup>2</sup> between the Bank and the Borrower.

## 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 thirty-seven million dollars (\$37,000,000).

*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. Such commitment charge shall accrue from a date sixty days after the date of this Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in Article IV of the Loan Regulations or shall be cancelled pursuant to Article V of the Loan Regulations.

*Section 2.04.* The Borrower shall pay interest at the rate of five and three-fourths per cent ( $5\frac{3}{4}$  %) 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 February 15 and August 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>3</sup> to this Agreement.

<sup>1</sup> See p. 294 of this volume.

<sup>2</sup> United Nations, *Treaty Series*, Vol. 248, p. 57.

<sup>3</sup> See p. 288 of this volume.

*Article III*

## USE OF PROCEEDS OF THE LOAN

*Section 3.01.* The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Projects described in Schedule 2<sup>1</sup> to this Agreement. The specific goods to be financed out of the proceeds of the Loan shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them, and the methods and procedures for procurement of such goods shall be satisfactory to the Bank.

*Section 3.02.* The Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Projects.

*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 Chairman of the Board of Directors and the Manager of the Borrower and such person or persons as they shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

*Article V*

## PARTICULAR COVENANTS

*Section 5.01.* (a) The Borrower shall cause the Projects to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices and shall (unless the Bank shall otherwise agree) exercise every right and remedy available to it to cause the Projects to be so carried out.

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

(c) 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 in the Projects, to record the progress of the Projects (including the cost thereof), and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower and of each Beneficiary Enterprise and transactions between the Borrower and each Beneficiary Enterprise; shall enable, or take such steps as may be necessary to enable, the Bank's representatives to inspect

<sup>1</sup> See p. 288 of this volume.

the Projects, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Projects, the goods, transactions between the Borrower and each Beneficiary Enterprise and the operations and financial condition of the Borrower and of each Beneficiary Enterprise.

*Section 5.02.* The Borrower shall relend the proceeds of the Loan to the respective Beneficiary Enterprises under loan agreements containing provisions, satisfactory to the Bank, sufficient to protect the interests of the Borrower and the Bank. Except as the Bank shall otherwise agree, the Borrower shall not amend, assign, abrogate or waive any provision of such loan agreements. As security for loans granted by it, the Borrower shall obtain mortgages against lands, water rights, electric power properties or industrial properties. The amount secured by any such mortgage may not exceed sixty per cent of the value of the property given as security. As additional security, or as temporary security, the Borrower may accept the guarantee of a bank of sound financial standing. Pursuant to the requirements of the law governing mortgage credit banks (Law No. 88 of March 17, 1933, as amended) the Borrower will deposit with the Finnish Bank Inspectorate the loan agreements entered into with the Beneficiary Enterprises together with the mortgages or other instruments given by or on behalf of the respective Beneficiary Enterprises as security for the loans received by them. The total amount of the security so deposited may not at any time be less than the principal amount of the Loan outstanding.

*Section 5.03.* (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 5.04.* Except as the Bank shall otherwise agree, the Borrower shall not borrow any amounts other than the Loan and the loan provided for in the First Loan Agreement and shall not engage in operations other than the relending of the proceeds of the Loan and of the loan provided for in the First Loan Agreement. For purposes of this Section, the issuance or sale by the Borrower to its shareholders of debentures which are junior to all its other liabilities, as contemplated by Section 14 of the law governing mortgage credit banks (Law No. 88 of March 17, 1933, as amended), shall not be deemed to be borrowing.

*Section 5.05.* 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 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.

*Section 5.06.* 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<sup>1</sup> 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 5.07.* 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 5.08.* Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall insure or cause to be insured with responsible insurers all goods financed out of the proceeds of the Loan. Such insurance shall cover such marine, transit and other hazards incident to purchase and (in the case of imported goods) importation of the goods into the territories of the Guarantor and to delivery thereof to the sites of the Projects, and shall be for such amounts, as shall be consistent with sound commercial practice. Such insurance 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 subse-

<sup>1</sup> See p. 268 of this volume.

quent 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

##### EFFECTIVE DATE ; TERMINATION

*Section 7.01.* The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 (a) (ii) of the Loan Regulations :

- (a) That the loan agreements referred to in Section 5.02 of this Agreement, in terms satisfactory to the Bank, shall have been duly executed and delivered by the Borrower and by each Beneficiary Enterprise and shall have become effective in accordance with their respective terms.
- (b) That a duly certified copy of this Loan Agreement shall have been deposited with the Finnish Bank Inspectorate pursuant to the requirements of the law governing mortgage credit banks (Law No. 88 of March 17, 1933, as amended).

*Section 7.02.* The following are specified as additional matters, within the meaning of Section 9.02 (e) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank :

- (a) That the loan agreements referred to in Section 5.02 of this Agreement have been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and each Beneficiary Enterprise and have become effective and are valid and binding obligations of the respective parties thereto in accordance with their respective terms.
- (b) That the respective Beneficiary Enterprises have full power and authority to construct and operate the respective Projects and have all necessary rights and powers in connection therewith and that all acts, consents, validations and approvals necessary therefor have been duly and validly performed or given.

*Section 7.03.* A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

#### Article VIII

##### MODIFICATION OF THE FIRST LOAN AGREEMENT

*Section 8.01.* For the purposes of the First Loan Agreement, paragraph (c) of Section 5.02 of Loan Regulations No. 4 of the Bank, dated February 15, 1955,<sup>1</sup> as amended May 10, 1956,<sup>2</sup> is hereby amended to read as follows :

<sup>1</sup> United Nations, *Treaty Series*, Vol. 221, p. 160.

<sup>2</sup> United Nations, *Treaty Series*, Vol. 248, p. 66.

“(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds, or under the loan agreement between the Bank and the Borrower dated March , 1959, the bonds therein provided for, or the guarantee agreement between the Guarantor and the Bank of even date therewith.” ;

and the term “Loan Regulations” as used for the purposes of the said First Loan Agreement shall mean the Loan Regulations as therein in Section 1.01 defined, as hereby amended.

*Article IX*

MISCELLANEOUS

*Section 9.01.* The Closing Date shall be June 30, 1962.

*Section 9.02.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Mortgage Bank of Finland Oy  
Care of Suomen Pankki-Finlands Bank  
Helsinki, Finland

Alternative address for cablegrams and radiograms :

Mortgage Bank of Finland,  
Helsinki

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad  
Washington, D. C.

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 W. A. B. LIFF  
Vice-President

Mortgage Bank of Finland Oy :

By Jaakko LYTYNEN  
Authorized Representative

## SCHEDULE 1

## AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>
August 15, 1962 . . . . .	\$1,032,000	February 15, 1969 . . . . .	\$1,491,000
February 15, 1963 . . . . .	1,061,000	August 15, 1969 . . . . .	1,534,000
August 15, 1963 . . . . .	1,092,000	February 15, 1970 . . . . .	1,578,000
February 15, 1964 . . . . .	1,123,000	August 15, 1970 . . . . .	1,623,000
August 15, 1964 . . . . .	1,155,000	February 15, 1971 . . . . .	1,670,000
February 15, 1965 . . . . .	1,189,000	August 15, 1971 . . . . .	1,718,000
August 15, 1965 . . . . .	1,223,000	February 15, 1972 . . . . .	1,768,000
February 15, 1966 . . . . .	1,258,000	August 15, 1972 . . . . .	1,818,000
August 15, 1966 . . . . .	1,294,000	February 15, 1973 . . . . .	1,871,000
February 15, 1967 . . . . .	1,331,000	August 15, 1973 . . . . .	1,925,000
August 15, 1967 . . . . .	1,370,000	February 15, 1974 . . . . .	1,980,000
February 15, 1968 . . . . .	1,409,000	August 15, 1974 . . . . .	2,037,000
August 15, 1968 . . . . .	1,450,000		

\* 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 this column 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 3 years before maturity . . . . .	1/2 of 1 %
More than 3 years but not more than 6 years before maturity . . . . .	2 %
More than 6 years but not more than 11 years before maturity . . . . .	3 1/2 %
More than 11 years but not more than 13 years before maturity . . . . .	4 3/4 %
More than 13 years before maturity . . . . .	5 3/4 %

## SCHEDULE 2

## DESCRIPTION OF THE PROJECTS

I. *Kemi Oy Project*

This Project consists of the modernization of the sulphate pulp mill of Kemi Oy, located at Kemi, Northern Finland, and an increase in its annual capacity to produce unbleached sulphate pulp from 130,000 tons to 140,000 tons. The Project includes the installation of a new soda recovery boiler designed to burn waste liquor from either

sulphate or sulphite production and having a capacity equivalent to the production of 700 tons of pulp per day ; a new drying machine with a capacity of 250 tons of pulp per day ; the construction, at the harbor of Ajos about 6 miles away, of a storage building having a capacity of 30,000 tons of pulp ; a new digester for the sulphate pulp mill ; a new lime mud washer to increase the capacity of the causticizing department of the sulphate pulp mill ; and the use of an existing sulphate recovery boiler to burn sulphite waste liquor.

It is expected that the Project will be completed about mid-1961.

#### II. *Oulu Osakeyhtiö Project*

This Project consists of the expansion of the pulp mill of Oulu Osakeyhtiö, at Oulu, Northern Finland, from an annual capacity of 144,000 tons sulphate pulp to about 214,000 tons. The Project includes the installation of a new multi-stage bleaching plant including chlorine-dioxide stages with a bleaching capacity of about 86,000 tons of pulp per year ; an expansion of drying capacity ; the modernization of the existing plant for semi-bleached pulp and of four existing sulphate recovery boilers ; the installation of a new back-pressure turbine of 6 Mw ; and an increase in the capacity of the existing chlorine plant from 19 to 63 tons per day.

It is expected that the Project will be completed by mid-1961.

#### III. *Metsäliiton Selluloosa Oy Project*

This Project consists of the construction and operation of a new sulphate pulp mill with an annual capacity of 70,000 tons of bleached pulp, on a site adjacent to the existing sulphite pulp mill of Metsäliiton Selluloosa Oy, at Aanekoski, in Middle Finland. The mill will be designed to produce pulp using pine and birch as raw materials and the chlorine-dioxide required for the bleaching process will be made at the plant from purchased chlorine. A soda recovery boiler, with a capacity equivalent to the production of 300 tons of pulp per day, and a lime kiln, will be installed. The mill will be designed and laid out with adequate provision for possible future expansion of plant capacity.

It is expected that the new mill will come into operation in the second quarter of 1961.

#### IV. *Kymmene Aktiebolag Project*

This Project consists of the installation in the plant of Kymin Osakeyhtiö-Kymmene Aktiebolag, at Voikka in Southeast Finland, of a new newsprint machine with a capacity of 70,000 tons per year standard newsprint, and ancillary facilities. The Project includes the expansion of the capacity of the ground-wood mill at the plant by 40,000 tons per year ; the installation of a new steam boiler with a capacity of 80 tons of steam per hour (at 480° C and 64 atm.) ; and modification of an existing power line between the Kymmene and Voikka plants of the company to permit additional utilization by

the latter of the hydroelectric power produced at the former. Two existing newsprint machines, to be replaced by the new machine, will be rebuilt, one with a capacity of 17,000 tons of glazed newsprint per year, the other with a capacity of 18,000 tons per year of fine paper.

It is expected that the Project will be completed during the third quarter of 1961.

#### V. *Myllykosken Paperitehdas Oy Project*

This Project consists of the installation in the plant of Myllykosken Paperitehdas Oy, at Myllykoski in Southeast Finland, of a new newsprint machine with 70,000 tons per year standard newsprint capacity and a super calender for the manufacture of glazed newsprint, together with all necessary accessories. Additional wood-grinding capacity and a new back-pressure turbine will be installed, adequate to meet the increased requirements for ground-wood and power.

It is expected that the Project will be completed during the third quarter of 1961.

#### VI. *United Paper Mills Project*

This Project consists of the installation in the newsprint mill of Yhtyneet Paperitehtaat Osakeyhtiö (United Paper Mills, Limited), at Kaipola in Central Finland, of a new newsprint machine, together with necessary accessories, having a standard newsprint capacity of 80,000 tons per year.

It is expected that the Project will be completed during the third quarter of 1961.

#### VII. *Aktiebolaget J.W. Enqvist Osakeyhtiö Project*

This Project consists of the modernization of the steam and power facilities of the pulp mill of Aktiebolaget J.W. Enqvist Osakeyhtiö, at Lielähti in Middle Finland, and an increase in the annual pulp-making capacity of the mill of about 10,000 tons. The Project includes the installation of a multiple-effect evaporation plant with a capacity of 65 tons of water evaporation per hour, to concentrate waste liquor from pulp production, and a boiler with a capacity of 80 tons of steam per hour (at 500° C and 70 atm.), together with all necessary accessories; and installation of a new back-pressure steam turbine of about 11 Mw capacity.

It is expected that the Project will be completed by mid-1960.

#### VIII. *Oy Kaukas Ab Project*

This Project consists of the modernization of the steam and power facilities of the sulphite pulp mill of Oy Kaukas Ab, at Lauritsala, in Southeast Finland. The Project includes the installation of a multiple-effect evaporation plant with a capacity of 85 tons of water evaporation per hour (designed so as to permit a later increase in capacity),

to concentrate waste liquor from pulp production, a boiler with a capacity of 80 tons of steam per hour (at 500° C and 64 atm.), and all necessary accessories.

It is expected that the Project will be completed during the second quarter of 1961.

#### IX. *Rauma-Repola Oy Project*

This Project consists of the modernization of the pulp mill of Rauma-Repola Oy, at Rauma in Southwest Finland, and an increase in its capacity from about 70,000 to about 115,000 tons of dissolving pulp and high-grade quality paper pulp per year. The Project includes the installation of a new soda recovery boiler with a capacity of 88 tons of steam per hour (at 460° C and 84 atm.); adequate expansion of the evaporation plant; rationalization of wood handling facilities; and modernization and expansion of the bleaching plant.

It is expected that the Project will be completed by the end of 1961.

### SCHEDULE 3

#### MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purposes of this Agreement the provisions of Loan Regulations No. 4 of the Bank, dated June 15, 1956, shall be deemed to be modified as follows :

(a) Section 2.02 is deleted.

(b) The second sentence of Section 3.01 shall read as follows :

“The proceeds of the Loan shall, to the extent that the Bank shall so elect, be withdrawn from the Loan Account in the several currencies in which goods are paid for; except that with respect to goods paid for in the currency of the Guarantor or acquired from sources within the territories of the Guarantor such withdrawals may, to the extent that the Bank shall so elect, be made in any currency selected by the Bank.”

(c) The following paragraph shall be added to Section 3.05 :

“If a withdrawal is applied for on account of expenditures in the currency of the Guarantor, the value of the currency of the Guarantor in terms of the currency or currencies to be withdrawn shall be as reasonably determined by the Bank.”

(d) The second sentence of Section 4.01 shall read as follows :

“Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (a) expenditures prior to April 1, 1958 or (b) expenditures in the territories of any country which is not a member of the Bank or for goods produced in (including services supplied from) such territories.\*”

(e) Section 5.02 (c) shall read as follows :

“A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agree-

ment, the Guarantee Agreement or the Bonds or under the loan agreement between the Bank and the Borrower dated May 22, 1956, the bonds therein provided for, or the guarantee agreement between the Guarantor and the Bank of even date therewith."

(f) Each of the Forms of Bond set forth respectively in Schedule 1 and Schedule 2 shall be amended by insertion between the second and third paragraphs thereof of a new paragraph, as follows :

"[The Borrower] covenants that, as security for loans granted by it, [the Borrower] will obtain mortgages against lands, water rights, electric power properties or industrial properties. The amount secured by any such mortgage may not exceed sixty per cent of the value of the property given as security. As additional security, or as temporary security, [the Borrower] may accept the guarantee of a bank of sound financial standing. Pursuant to the requirements of the law governing mortgage credit banks (Law No. 88 of March 17, 1933, as amended) [the Borrower] will deposit with the Finnish Bank Inspectorate the loan agreements entered into, pursuant to the terms of the said Loan Loan Agreement between [the Borrower] and the Bank, with ultimate beneficiaries of the proceeds of the loan provided for in said Loan Agreement, together with the mortgages or other instruments given by them or on their behalf as security for the loans received by them. The total amount of the security so deposited may not at any time be less than the principal amount outstanding of the Loan provided for in the said Loan Agreement between [the Borrower] and the Bank."

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