

No. 8464

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

Guarantee Agreement—Third Expressway Project—Supplementary (with related letter, annexed Loan Regulations No. 4 and Loan Agreement between the Bank and the Nihon Doro Kodan). Signed at Washington, on 29 July 1966

Official text: English.

Registered by the International Bank for Reconstruction and Development on 14 December 1966.

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

**Contrat de garantie — Troisième projet d'autoroute —
Projet complémentaire (avec lettre y relative et, en
annexe, le Règlement n° 4 sur les emprunts et le Con-
trat d'emprunt entre la Banque et la Nihon Doro Kodan).
Signé à Washington, le 29 juillet 1966**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 14 décembre 1966.*

No. 8464. GUARANTEE AGREEMENT¹ (*THIRD EXPRESS-WAY PROJECT—SUPPLEMENTARY*) BETWEEN JAPAN AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 29 JULY 1966

AGREEMENT, dated July 29, 1966, between JAPAN (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by a loan agreement dated September 27, 1963² between the Bank and Nihon Doro Kodan (hereinafter called the Borrower), the Bank agreed to make a loan to the Borrower in an amount in various currencies equivalent to seventy-five million dollars (\$75,000,000), on the terms and conditions set forth in said loan agreement to assist the Borrower in financing an expressway project;

WHEREAS by a guarantee agreement dated September 27, 1963² between the Guarantor and the Bank, the Guarantor guaranteed the obligations of the Borrower in respect of said loan, on the terms and conditions set forth in said guarantee agreement;

WHEREAS by an agreement of even date herewith between the Bank and the Borrower, which agreement and schedules therein referred to are hereinafter called the Loan Agreement,³ the Bank has agreed to make available to the Borrower a supplemental loan in an amount in various currencies equivalent to one hundred million dollars (\$100,000,000) for the completion of the project, 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 :

¹ Came into force on 20 August 1966, upon notification by the Bank to the Government of Japan.

² United Nations, *Treaty Series*, Vol. 485, p. 283.

³ See p. 216 of this volume.

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, 1961,¹ subject, however, to the modifications thereof set forth in Schedule 2 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 terms defined in the Loan Agreement shall have the respective meanings therein set forth.

Article II

Section 2.01. The provisions of Articles II, III, IV and V of the 1963 Guarantee Agreement are hereby incorporated *verbatim* into this Agreement with the same force and effect as if they were fully set forth herein.

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.

Japan :

By Taketoshi YAMASHITA
Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP
Vice President

¹ See p. 214 of this volume.

LETTER RELATING TO THE GUARANTEE AGREEMENT

EMBASSY OF JAPAN
WASHINGTON, D.C.

July 29, 1966

International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433

Re : *Loan No. 460 YA (Third Expressway Project—Supplementary)*
Negative Pledge

Dear Sirs :

With reference to Section 3.03 of the Guarantee Agreement (*Third Expressway Project—Supplementary*) of even date between Japan and the Bank, we take pleasure in confirming that :

(a) there is existing legislation consistent with the Japanese Constitution which enables the Government of Japan to control the external borrowings of its agencies, its political subdivisions and their agencies and the Bank of Japan, so as to oblige them to obtain the consent of the Government of Japan to any external borrowing and to the terms thereof, whether as to security or otherwise; and

(b) the Government of Japan will make the undertaking contained in said Section 3.03 effective with respect to liens on the assets of the Bank of Japan.

Very truly yours,

Japan :
By Taketoshi YAMASHITA
Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961

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

[*Not published herein. See United Nations, Treaty Series, Vol. 400, p. 212.*]

LOAN AGREEMENT
(*THIRD EXPRESSWAY PROJECT—SUPPLEMENTARY*)

AGREEMENT, dated July 29, 1966, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and NIHON DORO KODAN (hereinafter called the Borrower).

Whereas by a loan agreement dated September 27, 1963¹ between the Bank and the Borrower, the Bank agreed to make a loan to the Borrower in an amount in various currencies equivalent to seventy-five million dollars (\$75,000,000), on the terms and conditions set forth in said loan agreement to assist the Borrower in financing an expressway project;

WHEREAS by a guarantee agreement dated September 27, 1963¹ between Japan and the Bank, Japan guaranteed the obligations of the Borrower in respect of said loan on the terms and conditions set forth in said guarantee agreement; and

WHEREAS additional funds are required for the completion of the project and the Bank is willing to make available to the Borrower a supplemental loan for such purpose on the terms and conditions hereinafter provided;

NOW THEREFORE, the parties hereto hereby agree as follows :

Article I

LOAN REGULATIONS; 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, 1961,² subject, however, to the modifications thereof set forth in Schedule 2 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 the Loan Agreement, the following terms have the following meanings :

(a) The term " 1963 Loan Agreement " means the loan agreement (*Third Expressway Project*) dated September 27, 1963 between the Bank and the Borrower.

(b) The term " 1963 Loan " means the loan provided for in the 1963 Loan Agreement.

(c) The term " 1963 Guarantee Agreement " means the guarantee agreement (*Third Expressway Project*) dated September 27, 1963 between Japan and the Bank.

(d) The term " approach road " means any road, for the exclusive use of toll traffic, connecting interchanges of the Project with other roads.

¹ United Nations, *Treaty Series*, Vol. 485, p. 283.

² See p. 214 of this volume.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to one hundred million dollars (\$100,000,000).

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 Agreement.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($\frac{3}{8}$ 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 six and five-eighths per cent ($6\frac{5}{8}\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Interest and other charges shall be payable semi-annually on February 1 and August 1 in each year.

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

Section 2.07. For the purposes of facilitating the sale of portions of the Loan, Bonds, portions of the 1963 Loan or bonds representing the 1963 Loan, it is agreed in connection with any such sale :

(a) notwithstanding the provisions of Section 3.03 of the Loan Regulations (applicable to this Loan Agreement and to the 1963 Loan Agreement), the Bank and the Borrower, with the approval of the Guarantor, may from time to time agree that any portion of the Loan or the 1963 Loan repayable in one currency may be made repayable in one or more other currencies (other than the currency of the Guarantor) and from the date specified in such agreement such portion of the Loan or the 1963 Loan shall be payable in such other currency or currencies; and

(b) the Bank may from time to time, by notice to the Borrower, interchange equivalent portions of the Loan and the 1963 Loan repayable in different currencies under the provisions of Section 3.03 of the Loan Regulations (applicable to this Loan Agreement and the 1963 Loan Agreement), provided that the aggregate amount so to be paid in any currency in respect of the Loan and the 1963 Loan and the amounts of the respective maturities set forth in the amortization schedules to this Loan Agreement and the 1963 Loan Agreement shall not be varied.

Article III

USE OF PROCEEDS OF 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 construction of the Project. 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 used exclusively in the construction 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.

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

Section 4.03. Notwithstanding the provisions of Section 6.06 of the Loan Regulations, the Bank may from time to time request pursuant to Section 6.03 or Section 6.11 of the Loan Regulations, and the Borrower shall execute and deliver, Bonds providing : (a) for the payment on a single date of two or more maturities, or parts thereof, specified in such request, of installments of the principal amount of the Loan set forth in Schedule 1 to this Agreement; (b) that the principal amount of each such Bond shall be payable in a single currency on the date of the latest maturity of the installments specified in such request; (c) that as a sinking fund for such Bonds the Borrower will, on each date specified in Schedule 1 to this Agreement as the maturity of an installment of the portion, or all, of the Loan represented by such Bonds, redeem a principal amount of such Bonds equal to the amount of such installment; (d) that the Bonds to be redeemed in whole or in part shall be selected by lot; (e) that no premium shall be payable on such redemption; (f) that the obligation of the Borrower to redeem Bonds shall be satisfied *pro tanto* by the substitution of uncanceled Bonds issued pursuant to such request, Bonds so substituted to be valued for such purpose at their principal amount; and (g) that all Bonds so redeemed or substituted shall be immediately cancelled. All the provisions of this Article IV and of Article VI of the Loan Regulations shall apply to such Bonds except that appropriate changes shall be made in the forms of Bonds and the guarantee to be endorsed thereon by the Guarantor as the Bank shall reasonably request in order to give effect to the provisions of this Section 4.03.

Article V

PARTICULAR COVENANTS

Section 5.01. The provisions of Article V of the 1963 Loan Agreement, except Section 5.08 thereof, are hereby incorporated *verbatim* into this Agreement with the same force and effect as if they were fully set forth herein.

Section 5.02. The Borrower shall give priority to the expressway between Tokyo and Komaki in its construction program, and, to that end, shall, if necessary to accomplish the prompt and diligent construction of those works, make such revisions in the construction schedules for other parts of that program as may be required.

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 or in Section 6.02 (b) of this Agreement 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 such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Section 6.02. Pursuant to paragraph (j) of Section 5.02 of the Loan Regulations the following are specified as additional events for the purposes of said Section :

(a) Failure by the Borrower to fulfil an obligation to make payment of principal or interest or any other payment required under this Loan Agreement or any other loan agreement between the Bank and the Borrower or under any bond delivered pursuant to any such agreement even though such payment has been made by other persons.

(b) A default has occurred in the performance of any covenant or agreement on the part of the Borrower or the Guarantor under the 1963 Loan Agreement or the 1963 Guarantee Agreement, the loan agreement (*Fourth Expressway Project*) dated April 22, 1964¹ between the Bank and the Borrower or the guarantee agreement (*Fourth Expressway Project*) of even date therewith between the Guarantor and the Bank, or under the loan agreement (*Fifth Expressway Project*) dated May 26, 1965² between the Bank and the Borrower or the guarantee agreement (*Fifth Expressway Project*) of even date therewith between the Guarantor and the Bank.

Article VII

MODIFICATION OF 1963 LOAN AGREEMENT

Section 7.01. For the purposes of the 1963 Loan Agreement, the Loan Regulations No. 4 of the Bank dated February 15, 1961, as amended in Schedule 3 to said 1963 Loan Agreement, is further amended by the modification of paragraph (c) of Section 5.02 of said Loan Regulations :

“(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 Agree-

¹ United Nations, *Treaty Series*, Vol. 505, p. 21.

² United Nations, *Treaty Series*, Vol. 550, p. 95.

ment, the Guarantee Agreement, the Bonds, or under the loan agreement (*Third Expressway Project—Supplementary*) dated July 29, 1966 between the Bank and the Borrower, the guarantee agreement (*Third Expressway Project—Supplementary*)¹ of even date therewith between the Guarantor and the Bank or the bonds issued pursuant thereto.”

Article VIII

MISCELLANEOUS; TERMINATION

Section 8.01. The Closing Date shall be April 30, 1969, or such other date as may from time to time be agreed between the Bank and the Borrower.

Section 8.02. If this Loan Agreement shall not have come into force and effect by September 30, 1966, this Loan Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for purposes of this Section. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Section 8.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Nihon Doro Kodan
1-13, 1-Chome Shimbashi
Minato-Ku, Tokyo
Japan

Alternative address for cables and radiograms :

Dorokodan
Tokyo

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cables and radiograms :

Intbafrad
Washington, D.C.

¹ See p. 210 of this volume.

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 J. Burke KNAPP
Vice President

Nihon Doro Kodan :

By Yasuo KAMEOKA
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 1, 1969	\$2,630,000	February 1, 1976	\$4,020,000
February 1, 1970	2,720,000	August 1, 1976	4,155,000
August 1, 1970	2,810,000	February 1, 1977	4,290,000
February 1, 1971	2,905,000	August 1, 1977	4,435,000
August 1, 1971	3,000,000	February 1, 1978	4,580,000
February 1, 1972	3,100,000	August 1, 1978	4,730,000
August 1, 1972	3,200,000	February 1, 1979	4,890,000
February 1, 1973	3,305,000	August 1, 1979	5,050,000
August 1, 1973	3,415,000	February 1, 1980	5,220,000
February 1, 1974	3,530,000	August 1, 1980	5,390,000
August 1, 1974	3,645,000	February 1, 1981	5,570,000
February 1, 1975	3,765,000	August 1, 1981	5,755,000
August 1, 1975	3,890,000		

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), 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 three years before maturity	$\frac{5}{8}\%$
More than three years but not more than six years before maturity	$2\frac{1}{4}\%$
More than six years but not more than eleven years before maturity	4%
More than eleven years but not more than thirteen years before maturity	$5\frac{5}{8}\%$
More than thirteen years before maturity	$6\frac{5}{8}\%$

SCHEDULE 2

MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purposes of this Loan Agreement the provisions of Loan Regulations No. 4 of the Bank, dated February 15, 1961, shall be modified as follows :

(a) By the deletion of Section 3.02.

(b) By the deletion of Section 4.01 and the substitution therefor of the following Section :

“SECTION 4.01. *Withdrawal from the Loan Account.* The Borrower shall be entitled, subject to the provisions of these Regulations, to withdraw from the Loan Account, in such currencies (other than the currency of the Guarantor) as shall be reasonably selected by the Bank, amounts equivalent to a percentage to be agreed upon between the Bank and the Borrower of such amounts as shall have been expended on and after January 1, 1966 for the reasonable cost of goods to be financed under the Loan Agreement, provided that the Bank and the Borrower may make arrangements for advances on account of such withdrawals. Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawal shall be made on account of expenditures in the territories of any country (other than Switzerland) which is not a member of the Bank, or for goods produced in (including services supplied from) such territories.”

(c) By the deletion of Section 4.02.

(d) By the deletion of the first sentence of Section 4.03 and the substitution therefor of the following sentence :

“When the Borrower shall desire to withdraw any amount from the Loan Account, the Borrower shall deliver to the Bank a written application in such form, and containing such statements and agreements, as the Bank shall reasonably request.”

(e) By the deletion of Section 5.04.

(f) By the deletion of Section 9.04 and the substitution therefor of the following Section :

“SECTION 9.04. *Termination of Guarantee Agreement upon Termination of Loan Agreement.* If, in accordance with the provisions thereof, the Loan Agreement shall be terminated for failure to become effective, the Guarantee Agreement and all obligations of the parties thereunder shall also terminate. The Bank shall promptly give notice of such termination to the Guarantor.”

(g) By the deletion of paragraph 11 of Section 10.01 and the substitution therefor of the following paragraph :

“11. The term ‘Project’ means the project for which the Loan is granted, as described in the Schedule 2 (Description of Project) to the 1963 Loan Agreement and as such description may be amended from time to time by agreement between the Bank and the Borrower.”