

No. 12083

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

**Guarantee Agreement—*Gas Pipeline Project* (with General  
Conditions Applicable to Loan and Guarantee Agree-  
ments). Signed at Washington on 23 September 1971**

*Authentic text: English.*

*Registered by the International Bank for Reconstruction and Development on  
17 October 1972.*

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

**Contrat de garantie — *Projet relatif à un gazoduc* (avec Con-  
ditions générales applicables aux contrats d'emprunt  
et de garantie). Signé à Washington le 23 septembre  
1971**

*Texte authentique : anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développe-  
ment le 17 octobre 1972.*

GUARANTEE AGREEMENT<sup>1</sup>

AGREEMENT, dated September 23, 1971, between the ARGENTINE REPUBLIC (hereinafter called the Guarantor (Argentina)) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (A) Gas del Estado, an Agency of the Argentine Government (hereinafter called Gas del Estado) entered into an agreement (hereinafter called the Sales Agreement) dated July 23, 1968 to purchase certain quantities of gas to be delivered from various fields in Bolivia to Yacuiba on the Argentine border and to pay therefor in currency of the United States of America under arrangements to be agreed upon;

(B) Said Sales Agreement was approved by the Guarantors by an exchange of notes dated August 5, 1968;<sup>2</sup>

(C) Said Sales Agreement was modified by Convenios Modificatorios dated April 9, 1970 and May 27, 1971;

(D) Said Convenios Modificatorios were approved by the Guarantors by exchanges of notes dated July 18, 1970 and July 12, 1971;

(E) Pursuant to the foregoing, and in order to effectuate the payment provisions of the Sales Agreement, Yacimientos Petrolíferos Fiscales Bolivianos (hereinafter called YPF), the Borrower, and various other parties have *inter alia* entered into an agreement of even date herewith<sup>3</sup> with the First National City Bank as Trustee (hereinafter called the Lenders Trust Agreement), the provisions of which were accepted by Gas del Estado and approved by the Guarantor (Argentina) providing, *inter alia*, for the receipt and distribution of funds paid by Gas del Estado under the Sales Agreement;

(F) By a Loan Agreement of even date herewith<sup>4</sup> between the Bank and Compañía Yacibol Bogoc Transportadores (hereinafter called the Borrower) the Bank, subject to the terms and conditions therein set forth, has agreed to make to the Borrower a Loan in various currencies equivalent to twenty-three million two hundred fifty thousand dollars (\$23,250,000) for the purpose of financing the construction of a pipeline system (hereinafter called the Project) for delivery of gas pursuant to the Sales Agreement as modified, but, *inter alia*, only on condition that the Guarantor (Argentina) agree to guarantee the obligations of the Borrower in respect of such Loan as hereinafter provided; and

(G) The Guarantor (Argentina), 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. GENERAL CONDITIONS; DEFINITIONS*

*Section 1.01.* The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated Jan-

<sup>1</sup> Came into force on 2 November 1971, upon notification by the Bank to the Government of Argentina.

<sup>2</sup> United Nations, *Treaty Series*, vol. 671, p. 159.

<sup>3</sup> The said Agreement entered into force on 2 November 1971. As it does not constitute an international agreement or a part of the present Agreement, it is not reproduced herein. However, it was published by the Bank and a certified true copy was transmitted to the Secretariat together with the documentation submitted for registration of the present Guarantee Agreement.

<sup>4</sup> The said Agreement entered into force on 2 November 1971. As it does not constitute an international agreement or a part of the present Agreement, it is not reproduced herein. However, it was published by the Bank as document LN 635 BO, a certified true copy of which was transmitted to the Secretariat together with the documentation submitted for registration of the present Guarantee Agreement.

uary 31, 1969,<sup>1</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 5 to the Loan Agreement (said General Conditions Applicable to Loan and Guarantee Agreements, as so modified, being hereinafter called the General Conditions).

*Section 1.02.* Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to, and Section 1.02 of, the Loan Agreement have the respective meanings therein set forth.

## *Article II. GUARANTEE; BONDS*

*Section 2.01.* Without limitation or restriction upon any of its other obligations under this Agreement, and subject to the provisions of Sections 2.03 and 2.04 hereof, the Guarantor (Argentina) hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loan and the Bonds and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds prior to their maturity, all as set forth in the Loan Agreement and in the Bonds.

*Section 2.02.* The Guarantor (Argentina) shall endorse, in accordance with the provisions of the General Conditions, its guarantee on the Bonds to be executed and delivered by the Borrower. The President of Banco Central de la República Argentina and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Guarantor (Argentina) for the purposes of Section 8.10 of the General Conditions.

*Section 2.03.* (a) Provided that Gas del Estado has duly complied with its obligations under the Sales Agreement, the obligations of the Guarantor (Argentina) under this Agreement shall be suspended in the event it is impossible for YPFB to offer or deliver gas pursuant to the provisions of the Sales Agreement (i) as a direct result of any act by the Government or of any governing authority in effective control of all or any part of the Guarantor (Bolivia) or of any political subdivision or of any agency or any agency of any political subdivision of the Guarantor (Bolivia) which is deliberately designed to prevent or obstruct the implementation of the Sales Agreement; or (ii) as a direct result of any act of revolution, insurrection or war in the territories of the Guarantor (Bolivia); and any such impossibility continues for a period of 180 consecutive days, or for an aggregate period of 180 days in any period of 270 consecutive days; provided, however, that the event giving rise to any claim for suspension should not have been provoked by an act or omission to act of the Guarantor (Argentina) or of any political subdivision or of any agency or any agency of any political subdivision of the Guarantor (Argentina).

(b) The obligations of the Guarantor (Argentina) shall resume their full force and effect whenever the event of suspension under subparagraph (a) above terminates.

*Section 2.04.* (a) The obligations of the Guarantor under this Agreement shall be suspended if and for as long as the Bank shall have suspended the right of the Borrower to make withdrawals from the Loan Account solely on the grounds:

- (i) that the Guarantor (Bolivia) has failed to make payment as mentioned in paragraph (a) (ii) or (iii) of Section 6.02 of the General Conditions, or
- (ii) that the Bank or the Association has suspended the right of the Borrower or the Guarantor (Bolivia) to make withdrawals under any loan agreement with the Bank

<sup>1</sup> See p. 43 of this volume.

or any development credit agreement with the Association because of a failure by the Guarantor (Bolivia) to perform any of its obligations under such agreement.

(b) The obligations of the Guarantor under this Agreement shall be terminated:

- (i) if the right of the Borrower to make withdrawals with respect to any amount of the Loan shall be terminated by the Bank under paragraph (a) of Section 6.03 of the General Conditions in any case where said right has been suspended by the Bank solely on the grounds set forth in paragraph (a) (i) or (ii) of this Section 2.04, or
- (ii) if the Bank shall exercise its rights under Section 7.01 of the General Conditions on any grounds set forth in paragraph (c) thereof other than a default under a loan or guarantee agreement between the Guarantor and the Bank or under a bond or similar instrument delivered pursuant to any such agreement.

#### *Article III. OTHER COVENANTS*

*Section 3.01.* The Guarantor (Argentina) covenants that it will not take, or cause or permit any of its political subdivisions or any of its agencies or any agency of any such political subdivisions to take, any action which would prevent or interfere with the performance by Gas del Estado of its obligations contained in the Sales Agreement or those resulting from its acceptance of the Lenders Trust Agreement, and will take or cause to be taken all reasonable action necessary or appropriate to enable Gas del Estado to perform all such obligations.

#### *Article IV. CONSULTATION AND INFORMATION*

*Section 4.01.* The Guarantor (Argentina) and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end the Guarantor (Argentina) and the Bank shall from time to time, at the request of either party: (i) exchange views through their representatives with regard to the performance of their respective obligations under this Agreement, the performance of the Borrower's obligations under the Loan Agreement, other matters relating to the purposes of the Loan and the successful implementation of the Project, the Sales Agreement and the other agreements signed in conjunction with the Project; and (ii) furnish to the other all such information as it shall reasonably request with regard to matters appertaining to the Project.

*Section 4.02.* The Guarantor (Argentina) shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Sales Agreement.

#### *Article V. TAXES AND RESTRICTIONS*

*Section 5.01.* 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 imposed under the laws of the Guarantor (Argentina) or laws in effect in its territories; provided, however, that the foregoing shall not apply to taxation of 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 (Argentina).

*Section 5.02.* This Agreement, the Loan Agreement, the Bonds and the Lenders Trust Agreement shall be free from any taxes that shall be imposed under the laws of the Guarantor (Argentina) or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

*Section 5.03.* The payment of the principal of, and interest and other charges on, the Loan and the Bonds shall be free from all restrictions, regulations, controls or mor-

atoria of any nature imposed under the laws of the Guarantor (Argentina) or laws in effect in its territories.

*Article VI.* REPRESENTATIVE OF THE GUARANTOR (ARGENTINA); ADDRESSES

*Section 6.01.* The President of Banco Central de la República Argentina is designated as representative of the Guarantor (Argentina) for the purposes of Section 10.03 of the General Conditions.

*Section 6.02.* The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Guarantor (Argentina):

Banco Central de la República Argentina  
Buenos Aires  
Argentina

Cable address:

Centralban  
Buenos Aires

For the Bank:

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

Cable address:

Intbafrad  
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

The Argentine Republic:

By T. A. NEGRI  
Authorized Representative

International Bank for Reconstruction and Development:

By J. BURKE KNAPP  
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS  
[Not published herein. See United Nations, Treaty Series, vol. 691, p. 300.]