

No. 8000

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

Guarantee Agreement—*Second Toll Transport Project* (with annexed Loan Regulations No. 4 and Loan Agreement between the Bank and the Caminos y Puentes Federales de Ingresos y Servicios Conexos and Nacional Financiera, S.A.). Signed at Washington, on 4 February 1965

Official text: English.

Registered by the International Bank for Reconstruction and Development on 6 December 1965.

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

Contrat de garantie — *Deuxième projet relatif aux routes et ponts à péage* (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque et les Caminos y Puentes Federales de Ingresos y Servicios Conexos et la Nacional Financiera, S.A.). Signé à Washington, le 4 février 1965

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 6 décembre 1965.

No. 8000. GUARANTEE AGREEMENT¹ (*SECOND TOLL TRANSPORT PROJECT*) BETWEEN THE UNITED MEXICAN STATES AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 4 FEBRUARY 1965

AGREEMENT, dated February 4, 1965, between UNITED MEXICAN STATES (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 Caminos y Puentes Federales de Ingresos y Servicios Conexos and Nacional Financiera, S.A. (hereinafter called the Borrowers), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrowers a loan in various currencies equivalent to thirty-two million dollars (\$32,000,000), 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 Borrowers 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 Borrowers, has agreed so to guarantee such obligations of the Borrowers ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961,³ subject, however, to the modifications thereof set forth in Section 1.01 of 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 Agreement, unless the context shall otherwise require, the terms defined in Section 1.02 of the Loan Agreement shall have the same meanings as therein set forth.

¹ Came into force on 11 May 1965, upon notification by the bank to the Government of Mexico.

² See p. 200 of this volume.

³ See p. 198 of this volume.

Article II

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

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrowers will be inadequate to meet the estimated expenditures required for carrying out the Project, to make arrangements, satisfactory to the Bank, promptly to provide the Borrowers or cause the Borrowers to be provided with such funds as are needed to meet such expenditures.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

As used in this Section (a) the term "assets of the Guarantor" includes assets of the Guarantor or of any of its political subdivisions or of any Agency and (b) the term "Agency" means any agency or instrumentality of the Guarantor or of any political subdivision of the Guarantor and shall include any institution or organization which is owned or controlled directly or indirectly by the Guarantor or by any political subdivision of the Guarantor or the operations of which are conducted primarily in the interest of or for account of the Guarantor or any political subdivision of the Guarantor.

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 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 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 that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Guarantor or laws in effect in its territories.

Section 3.06. The Guarantor shall not take or permit any of its political subdivisions or agencies to take any action which would prevent or interfere with the performance by the Borrowers of any of the covenants, agreements and obligations of the Borrowers or either of them in the Loan Agreement contained and shall take or cause to be taken all reasonable governmental action which shall be necessary in order to enable the Borrowers to perform such covenants, agreements and obligations.

Section 3.07. The Guarantor covenants that it will : (a) grant and maintain or cause to be granted and maintained toll charges on Caminos's facilities as shall be required to provide Caminos with funds sufficient to : (i) cover all cash operating expenses of Caminos, including adequate maintenance and taxes, and service payments on debt ; and (ii) after January 1972 or such other date or dates as shall be agreed

upon by the Guarantor, the Bank and Caminos, create a surplus adequate to meet a reasonable portion of the cost of expansion of Caminos's facilities ; (b) cause the agency or agencies of the Guarantor responsible for the setting and adjustment of such charges to effect, when necessary, a review of such charges in order to verify that such charges are adequate to provide Caminos with such funds ; and (c) take or cause to be taken all such action as shall be necessary or advisable (including action with respect to the adjustment of Caminos's toll charges) to assure that the toll roads, bridges and related facilities entrusted to Caminos by the Guarantor are to the maximum extent possible fully, effectively and economically utilized.

Section 3.08. The Guarantor covenants that :

(a) it will cause the access and service roads included in the Project (including the avenues leading to the Peñón-Textcoco toll road) to be completed not later than the date of completion of the construction or improvement works on the toll roads to be served by them ;

(b) it will cause such access and service roads to be adequately maintained and will cause all necessary repairs thereof to be made, all in accordance with sound engineering practices ; and

(c) it will not transfer control of such access roads to any entity other than Caminos.

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 Borrowers. Financiera and such person or persons as Financiera 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 :

United Mexican States
c/o Nacional Financiera, S.A.
Avenida Venustiano Carranza 25
Mexico 1, D.F., Mexico

Alternative address for cablegrams and radiograms :

Nafin
Mexico City