

REPUBLIC OF NAURU

(No. 8 of 1977)

AN ACT

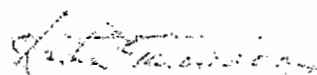
To authorise the Minister for Finance to sign on behalf of the Republic a letter of guarantee relating to the Nauru Local Government Council.

(Certified: 20th July, 1977)

I HEREBY CERTIFY that the attached document is a fair print of an Act entitled Nauru Local Government Council Guarantee Act 1977 that has been made by Parliament and is now presented to the Speaker for his Certificate under Article 47 of the Constitution.

A/Clerk of Parliament
29th July, 1977

Pursuant to Article 35 (3) and 47 of the Constitution, I, DAVID PETER GADABAO, Speaker of Parliament, HEREBY CERTIFY that the Nauru Local Government Council Guarantee Act 1977, a copy of which is attached has been passed by Parliament.


Speaker
29th July, 1977

REPUBLIC OF NAURU

NAURU LOCAL GOVERNMENT COUNCIL GUARANTEE ACT 1977

ARRANGEMENT OF SECTIONS

Section

1. Short Title
2. Interpretation
3. Letter of Guarantee authorised

Schedule - Form of Letter of Guarantee

REPUBLIC OF NAURU

(No. 8. of 1977)

AN ACT

To authorise the Minister for Finance to sign on behalf of the Republic a letter of guarantee relating to the Nauru Local Government Council.

(Certified 20th July, 1977)

Enacted by the Parliament of Nauru as follows -

SHORT TITLE

1. This Act may be cited as the Nauru Local Government Council Guarantee Act 1976.

INTERPRETATION

2. In this Act unless the context otherwise requires -
"the agreement" means an agreement made between the Nauru Local Government Council and the corporation for the corporation to construct one 25,900 D.W.L.T. Diesel Driven Bulk Carrier to be called the M.V. Rosie D;
"the corporation" means Namura Shipbuilding Co. Ltd. a corporation organised and existing under the laws of Japan and having its registered office at 1-55 Kitakagaya Suminoe-Ku, Osaka, Japan.

LETTER OF GUARANTEE AUTHORISED

3. (1) The Minister for Finance is hereby authorised to sign on behalf of the Republic and to issue to the Nauru Local Government Council an irrevocable letter of guarantee addressed to the corporation as security for the due payment by the Nauru Local Government Council to the corporation of Japanese Yen 3,439,843,750, being the total amount outstanding under the agreement; and the Republic shall be bound thereby.

(2) The letter of undertaking shall be in the form set out in the Schedule.

SCHEDULE
FORM OF LETTER OF GUARANTEE

REPUBLIC OF NAURU

Namura Shipbuilding Co. Ltd.,
1-55 Kitakagaya 4-chome,
Suminoe-Ku,
OSAKA, JAPAN.

In consideration of your entering into a Shipbuilding Contract dated 21st May, 1976 by and between the Nauru Local Government Council, Republic of Nauru (hereinafter referred to as "the Council") and Namura Shipbuilding Co. Ltd., Osaka, Japan (hereinafter referred to as "the Builder") for consideration on sale and purchase of one (1) 25,900 D.W.L.T. Bulk Carrier, Builders Hull No.826 by which seventy per cent (70%) of the contract amount being the sum equal to the Australian Dollars or United States Dollars or Free Japanese Yen equivalent of Two Thousand Five Hundred and Ninety Million Japanese Yen (Japanese Yen 2,590,000,000) (hereinafter referred to as "the principal sum") shall be paid by fourteen (14) semi-annual instalments, each together with interest on the unpaid outstanding balance of the principal sum at the rate of eight point seven five per cent (8.75%) per annum plus the amount of any withholding tax payable on any such interest payment which is eligible for remittance to Japan as follows:-

<u>No. of Instalment</u>	<u>Principal Interest Total</u> (Guarantee Australian Dollars or United States Dollars or Free Japanese Yen equivalent to Japanese Yen)			<u>Due Date</u> (Months aft the date c delivery c the vessel
1	185,000,000	113,312,500	298,312,500	6
2	185,000,000	105,218,750	290,218,750	12
3	185,000,000	97,125,000	282,125,000	18
4	185,000,000	89,031,250	274,031,250	24

5	185,000,000	80,937,500	265,937,500	30
6	185,000,000	72,843,750	257,843,750	36
7	185,000,000	64,750,000	249,750,000	42
8	185,000,000	56,656,250	241,656,250	48
9	185,000,000	48,562,500	233,562,500	54
10	185,000,000	40,468,750	225,468,750	60
11	185,000,000	32,375,000	217,375,000	66
12	185,000,000	24,281,250	209,281,250	72
13	185,000,000	16,187,500	201,187,500	78
14	185,000,000	8,093,750	193,093,750	84
TOTAL	2,590,000,000	849,843,750	3,439,843,750	

The Republic of Nauru (hereinafter referred to as "the Republic") hereby irrevocably and absolutely as a prime obligor and not as a surety merely guarantees the due and punctual payment of each and all the above instalments and undertakes that should the Council fail to pay the above instalments as and when due, the Republic shall pay you or your assignee bank the sum then due and payable subject to the following conditions:-

1. Immediately on receipt by the Republic of a notice by cable or telex from the Builder that the Council has defaulted in the payment of an instalment, such notice to be sent by the Builder not later than thirty (30) days after the due date of the instalment in respect of which the notice is sent, the Republic will immediately pay in Australian Dollars or in United States Dollars or in Free Japanese Yen the sum due and unpaid into an account to be nominated by the Builder.
2. Payment will be made without reference to the Council and notwithstanding any notice given by the Council to the Republic not to make the payment.
3. You may assign your right and interest under this guarantee to one of your bankers which will finance the construction of the said Vessel and it is hereby agreed that upon such assignment being made and notice

3.

thereof being received by the Republic, this guarantee and all terms thereof shall inure to the benefit of the assignee bank as if it was originally named herein in your stead.

4. The liability of the Republic under this guarantee shall not at any time exceed in the aggregate the Australian Dollars or United States Dollars or Free Japanese Yen equivalent to the sum of the then unpaid principal instalments, together with interest thereon.
5. This guarantee shall remain valid until all the principal sum together with the interest has been paid to the Builder.

MINISTER FOR FINANCE
FOR AND ON BEHALF OF THE REPUBLIC OF
NAURU
