

ANNEX 7

The Planting Agreement
of 1926
with amendments of
1935, 1936, 1937, 1939,
1950, 1951, 1953, 1959, 1962
and 1965

MEMORANDUM OF AGREEMENT made and entered into at the City of Monrovia, this 2nd day of October in the year of our Lord Nineteen Hundred and Twenty-six by and between THE GOVERNMENT OF THE REPUBLIC OF LIBERIA hereinafter styled the Government, and FIRESTONE PLANTATIONS COMPANY, a Corporation organized and existing under and by virtue of the laws of the State of Delaware, with principal office in the City of Akron, State of Ohio, United States of America, hereinafter styled the Lessee
WITNESSETH:-

ARTICLE I

That the Government hath agreed and by these presents doth agree to grant, demise and to farm-let unto the Lessee for the period of Ninety-nine years from this date an area of land within the boundaries of the Republic of Liberia of one million acres or any lesser area that may be selected by the Lessee from time to time within said period of Ninety-nine years; such land to be suitable for the production of rubber or other agricultural products.

But should the Lessee fail

(a) To notify the Government of its acceptance of the conditions herein contained and stipulated within six months after the execution of this Agreement by the Government of Liberia;

(b) Or within one year thereafter to commence the selection of lands hereunder;

Then in such case the obligation of the Government under this Agreement shall be discharged and ended.

ARTICLE II

The Government, in consideration (1) of the establishment of Lessee's enterprise in the Republic of Liberia, (2) the payment of the revenue tax for which provision is made in paragraph (d) of Article III hereof, (3) the prepayment by Lessee of the sum of Four Hundred Thousand (\$400,000) dollars in bonds, at par, of the Liberian Government issued under the Loan Agreement of 1926, or any amendment thereof, as rent in full upon the one hundred and ten thousand (110,000) acres, approximately, of land now held by it under the Planting Agreement and the lease dated March 1, 1935, for the 90-year period beginning October 2, 1935

and ending October 2, 2025, and (4) the further payment of the sum of Two Hundred and Fifty Thousand (\$250,000) dollars in such bonds, at par, agrees that during the life of this Agreement Lessee shall have and enjoy the following additional rights and exemptions: (*)

(a) The Lessee shall be entitled to make such importations as it shall deem necessary for the operation and development of its plantations and to export without restriction the products thereof and freely to transport such exports and imports by land or water within the Republic; and the Lessee, except with respect to documentary stamp taxes of general application not exceeding existing rates as applied to exports and imports, and to consular fees of general application (**), shall be wholly free and exempt from any and all taxes, duties, dues, imposts, excises, license fees, inspection fees, wharfage dues, harbour dues highway tolls, and all other charges of whatsoever sort, description, or designation now or hereafter authorized, levied, or imposed by the Republic Of Liberia or by any entity now or hereafter acting or existing by its authority in the exercise of the inherent or delegated power (1) to tax persons, tangible or intangible property, transactions, or occupations; (2) to lay duties upon exports and imports or either; or (3) to subject the exercise of any lawful activity to the payment of license fees, wharfage or harbour dues, highway tolls or any other imposition whatsoever, whether of the general character of those herein expressly mentioned or otherwise; provided, nevertheless, that the exemptions from import and export duties hereby granted shall be and are restricted to the importation of things and substances for use, directly or indirectly, by the Lessee upon its leased lands in the operation and development thereof and not for sale or barter and to the exportation of the products of Lessee's leased lands; and provided further that motor vehicles in excess of one hundred and fifty owned and operated at any one time by Lessee shall be subject to the same license fees and taxes as are similar vehicles owned and/or operated by others (***) ; provided further that, notwithstanding the foregoing, in the event the Government shall levy an income tax of general application in the years' 1965 to 1973 (****), both inclusive, Lessee agrees to pay such tax on the net income derived from its plantation operations in the Republic of Liberia, provided that the rate of such tax shall not exceed forty-five per centum (45%) (****) in each of said years. If such tax shall be levied in the years mentioned, Lessee and any corporate subsidiary acting for it shall be wholly exempt from the payment of the revenue tax imposed by Article III, Paragraph (d), except that, should amount of revenue tax which would otherwise be payable at a rate equivalent to one and one-half per centum (1½%) of the value of all rubber and other commercial products of said plantations as calculated by the provisions of Article III, Paragraph (d) exceed the amount of income tax determined to be due, the greater tax shall be paid in lieu of any income tax in any such taxable year.

- (*) Amendment of March 20, 1935.
- (**) Amendment of November 27, 1951, 2nd Supplement.
- (***) Amendment of March 20, 1935.
- (****) Amendment of January 27, 1965.

Net income shall be determined in accordance with generally accepted accounting practices and shall be understood to mean total net sales, less all cost of production, cost of operation, and all expense incidental thereto.

In the event the Lessee shall exercise the option contained in the "Assignment Agreement of 1949" to operate the plantations through a wholly owned corporate subsidiary, and so long as said plantations are so operated, the rights, privileges and immunities herein granted to the Lessee, including all fiscal and tax immunities, shall extend to and inure to the benefit of the Lessee and such subsidiary jointly and severally in the manner and to the extent necessary to enable each of them to enjoy the benefit of each and every provision of said "Planting Agreement" as amended from time to time, the same as though said Lessee and such subsidiary were one and the same and the payment by either the Lessee or such subsidiary of the income tax which may be lawfully assessed within the limits herein set forth or any other lawfully assessed tax, duty, impost or assessment of whatever kind or character, shall be considered as payment for each and for both. In other words the Lessee or any subsidiary thereof will pay one income tax only, irrespective of whether its plantation operations are conducted by the Lessee or its subsidiary. The Lessee and such corporate subsidiary shall be immune from the payment of any tax upon the declaration, payment or receipt of rents, dividends and all payments or transfers made by such subsidiary to the Lessee from surplus or net income as above defined shall not be subject to any tax assessment or deduction of any kind or character. (*)

(b) The Lessee's foreign employees, under contract or otherwise, shall be permitted to reside and work in the Republic, and to enter and depart therefrom, and they shall not be subject to the payment of any direct or personal taxes of whatsoever character; provided, nevertheless, that nothing herein contained shall be construed as creating an exemption in favor of such employees with respect to general property taxes or customs duties (**), or income taxes which are of general application under the laws of Liberia. (***)

(c) Lessee shall have the exclusive right and privilege upon the lands which shall be selected under this Agreement to construct highways, railways and waterways for the efficient operation and development of the properties. It is agreed that all trails across such lands used immemorially by the population shall be subject and open to free use by the public.

(d) Lessee shall have the right to construct and establish at its own expense, lines of communication and transportation such as highways, roadways, waterways, power lines, pipe lines and railways outside the lands selected under this Agreement. Such routes may be so located by the Lessee as to best serve the purpose of efficient operation of its plantations and enterprises, but the Lessee agrees to consult the Government in the matter of such location.

(*) Amendment of February 16, 1959.

(**) Amendment of March 20, 1935.

(***) Amendment of December 24, 1959, 2nd Supplement.

All highways and roadways in this paragraph mentioned shall, upon completion, become public property. But the Government, in any event, shall not be required to refund to the Lessee any sums of money expended by it in the construction and maintenance of such highways, roadways, waterways or railways.

Lessee may use during the term of this Agreement any Government land not already devoted to some other incompatible use, for rights of way, not to exceed eighty (80) feet in width and station areas not exceeding five acres, for any highway, roadway, waterway, powerline, pipe line or railway constructed by it beyond the confines of land held by it under lease by selection under this Agreement; provided, that for lands occupied by the Lessee under the provisions of this paragraph, rent shall be paid at the rate provided by Paragraph (c) of Article III hereof except as to such land situated within the boundaries of organized municipalities, as to which land rent shall be paid at the rate of 50 ¢ per acre per annum. (*)

(e) The Lessee shall have the right to construct, maintain and operate lines of communication for the purpose of more efficiently operating its plantations and enterprises, such as telegraph lines, telephone lines and radio communication stations upon the lands selected and held under this Agreement and beyond the confines thereof, subject to the provisions of paragraph (h), Article IV of this Agreement. To the extent necessary for any or all of the foregoing purposes, the Lessee may use, for a period to expire with this Agreement, any Government land not already devoted to some other incompatible use, provided that the width of any right of way so occupied on Government land for telegraph or telephone lines shall not exceed forty (40) feet, and that land, occupied exclusively for telegraph, telephone or radio stations shall not exceed five acres in extent. The Lessee shall also be and is hereby granted the right, directly or through any corporate subsidiaries or affiliates, as licensees or assignees, to construct, maintain and operate for its own use and that of its subsidiary or affiliate corporations and for public service a domestic and foreign radio communication system; and to determine the rates to be charged the public for such service; provided, however, that the Government shall be entitled to transmit messages on official business over any radio system established hereunder at rates not exceeding one half of the rates charged the general public; and provided, further, that the rates charged the public for domestic service shall be fixed by agreement with the Government and the rates for foreign service shall not be higher than those charged by any competing radio service; and provided further, that messages deposited by the public, with any Government radio station now or hereafter existing for transmission on the domestic or foreign radio communication system of the Lessee established hereunder shall be transmitted by radio communication by said Government radio station to the nearest radio receiving station of the Lessee according to the rates, schedules and conditions to be fixed by Agreement with the Government.

(*) Amendment of December 28, 1939.

All tax exemptions granted the Lessee under the provisions of paragraph (a) of Article II of this Agreement or any amendment thereof shall be enjoyed by any subsidiary or affiliate corporation operating a radio service under license or assignment by Lessee of the rights granted by this paragraph. The frequencies granted the Lessee by its contract with the Government of the Republic of Liberia dated January 22, 1929, and now in use under assignment by its subsidiary United States-Liberia Radio Corporation, and the frequencies enumerated in the letter of the Firestone Plantations Company to the Postmaster General of the Republic of Liberia, dated February 9, 1934, and as set out in the Memorandum of Agreement between the Lessee and the Postmaster General of the Republic of Liberia, dated March 20th, 1935, together with frequencies 35140, 33860, 37060 and 37460 for point to point radio communication between the Lessee's stations in Liberia, shall be available to the Lessee and/or its subsidiaries, affiliates, licensees, or assignees during the life of this Agreement. The Government in case of war or other public emergency, so declared by the President of Liberia, shall have the right to use the lines of communication to which this paragraph relates. (*)

(f) The Lessee shall have the right to cut and use all timber upon the lands covered by this Agreement but if it shall engage in the sale of lumber to be removed from such lands for export it shall pay the Government royalty of two (2) cents per cubic foot for the lumber so sold. (**)

(g) The Lessee shall have the exclusive right to engage in any operations upon the lands held under this Agreement in addition to the agricultural activities herein authorized, including the exclusive right to take by mining or any similar operations the mineral contents of the subsoil of the leased lands; provided, nevertheless, that any precious metals or precious stones so obtained by Lessee shall be subject to a royalty payment to the Government of not to exceed ten per centum (10%) of the value thereof. (***)

(h) The Government warrants to the Lessee the title to all lands selected by it upon which the Government shall accept the rental or compensation as herein provided and will defend and protect such title for the benefit of the Lessee.

The Government further agrees that (****) the Lessee shall not be required by compulsion of law to maintain a scale of wages, benefits and conditions of employment in excess of (1) the average of the prevailing compensation paid (2) benefits granted and (3) conditions of employment maintained from time to time by other employers of like labour in comparable work for like hours of labour in Liberia and other tropical countries of West Africa. (*****)

(*) Amendment of March 20, 1935, as further amended by the Agreement of December 28, 1939.

(**) Amendment of March 3, 1936.

(***) Amendment of March 20, 1935.

(****) Amendment of November 2, 1962.

(*****) Amendment of November 10, 1937.

ARTICLE III

The Lessee in consideration of the Agreements herein by the Government hath agreed and by these presents doth agree as follows:

(a) To notify the Government within a period of six (6) months after the execution of this Agreement by the Government of Liberia of its acceptance or rejection of the conditions and stipulations of this Agreement.

(b) Beginning one year after the acceptance by the Lessee of this Agreement it shall select from year to year land suitable for the production of rubber and other agricultural products in such areas or quantities within the maximum limit of one million acres of land as may be convenient to it and in accordance with the economical and progressive development of its holdings; and said Lessee shall upon the selection or location of any tract or tracts of land notify the Government of such selection and the boundaries thereof. But the Lessee shall within five years of the final execution of this Agreement select and begin the payment of rent upon a total of not less than twenty thousand acres.

Upon written notice by the Lessee to the Government of Liberia of Lessee's intention to make a selection of land hereunder within a named territory Lessee shall have six (6) months thereafter to select land within such territory and upon the filing by Lessee with the Government within such six (6) months of written notice of the selection of land within such designated territory the title of such selected land shall vest in Lessee for the purpose named in this Agreement.

It is not intended hereby to deny Lessee the right to make selection of lands hereunder without such previous notification of intention to select within six (6) months; but if such last named notification is filed the same shall have the effect of preventing others from acquiring title within such territory during six (6) months.

(c) As and when the Lessee takes possession of lands selected by it under this Agreement and yearly thereafter in advance, Lessee shall pay to the Government rent therefor (unless otherwise paid by special agreement) at the rate of six cents (6¢) per acre per annum in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts. As long as any of the bonds issued under the terms of the Loan Agreement of 1926, as amended, shall remain outstanding and unpaid, such rent payments shall be made to The National City Bank of New York at its office in New York City in the United States of America and receipted for by the said Bank on behalf of the Government. (*)

(*) Amendment of December 28, 1939.

(d) Lessee shall pay to the Government a revenue tax equivalent to one per centum (1%) of the value of all rubber and other commercial products of its plantations shipped from Liberia, calculated upon the closing prices of such products, or products of similar grade, prevailing on the New York market on the date of departure of the carrying vessel from a Liberian port, without deduction from such price of any costs or expenses whatsoever. The tax shall be payable in any United States currency which, at the time of payment, shall be legal tender for the payment of debts. Payments shall be made semi-annually on the first day of April and the first day of October in each calendar year, and each payment shall include the tax payable upon all shipments of rubber and other products of the plantations which have been shipped from Liberia in the preceding period of six months before each of the semi-annual payment dates. The tax shall be paid to The National City Bank of New York and receipted for by said Bank on behalf of the Government. (*)

(e) Any taxes which may become payable by virtue of the laws of the Republic by any person or persons carried on the payroll of the Lessee, if the Lessee so desires, shall be collected as follows: The Lessee may come to an arrangement with the Treasury Department of the Republic of Liberia which shall regulate the method of collection and payment of such taxes. But the Lessee shall in no event be held to collect in any year the tax for a greater number of employees than the average employed during the year.

The Lessee's employees and labourers engaged in work on its plantations shall, while so employed, be exempt from the performance of personal labour upon the public roads, to which they might otherwise be subject; and furthermore, all such employees and labourers in the service of the Lessee shall be permitted to perform such service for military training as may be required of them in time of peace upon land to be provided by the Government contiguous to the plantations upon which they are respectively employed. (**)

(f) Should the rent reserved on any piece or parcel of ground selected by the Lessee be behind or unpaid on any day of payment whereon the same ought to be paid as herein provided, or if default should be made in any of the covenants hereinbefore contained on the part of Lessee to be paid, kept and performed, and if such default in the payment of rent or otherwise shall continue after six months written notice of the existence of such default served by the Government upon the Lessee, then it shall be lawful for the Government to cancel this lease as to that piece or parcel of ground, the rent for which is in default or in respect of which piece or parcel any other default exists as specified in such notice, and to reenter into and upon the said demised premises and to again repossess and enjoy the same. But if the Lessee shall, within said period of six (6) months after written notice as aforesaid, make good the default complained of in said notice, no right of cancellation shall thereafter exist because of such default.

(*) Amendment of December 28, 1939.

(**) Amendment of November 10, 1937.

The notice required by this paragraph to be served on the Lessee shall be delivered to the representative of the Lessee in the Republic of Liberia and a duplicate thereof shall be simultaneously sent by registered mail to the President of the Lessee at its head office in the City of Akron, State of Ohio, United States of America. The Lessee shall promptly notify the Government of any change in the location of its head office and thereafter any such notice shall be addressed accordingly.

ARTICLE IV

It is further agreed between the parties hereto as follows:

(a) The Lessee will not import unskilled foreign labor for the carrying out of any operation or development undertaken by virtue of this or any other grant except in the event the local labour supply should prove inadequate to the Lessee's needs. In the event that the local labour supply should prove inadequate as aforesaid Lessee undertakes to import only such foreign unskilled labour as shall be acceptable to the Government of Liberia. It is understood and agreed that Lessee shall not have in its employ in Liberia more than 1500 white employees at any one time.

(b) Should the operations of the Lessee under this Agreement cease for a period of three consecutive years then all and singular of the rights of the Lessee hereunder shall become extinguished and void and this Agreement shall become of no effect but such cancellation of this Agreement shall not affect any rights granted by the Government to the Lessee under any other Agreement.

(c) The rights by this Agreement granted to the Lessee shall not be sold, transferred or otherwise assigned by the Lessee to any person firm, group or trust without the written consent thereof of the Liberian Government previously had and obtained.

(d) The Government reserves the right to construct roads, highways, railroads, telegraph and telephone lines and other lines of communication through any and all plantations owned and operated by Lessee; but the Government shall pay to Lessee all damage which will be caused to Lessee's property by the construction and operation of such roads or other lines of communication; such damage to be ascertained in accordance with the General law of the Republic of Liberia.

(e) The Lessee shall have the right to develop for its own use such natural water power and hydroelectric power as may be capable of development upon any of the tracts of land selected by the Lessee under this Agreement and Lessee shall have the right to construct and maintain power lines over any Government lands in order to convey power so developed from one tract of land selected by Lessee to any other tract.

(f) Tribal reserves of lands set aside for the communal use of any tribe within the Republic of Liberia are excluded from the operation of this Agreement. Should any question arise as to the limits and extent of such reserves such question shall be finally determined by the Secretary of Interior of Liberia on a reference by the Lessee.

(g) Railroads and canals constructed and established by Lessee outside the confines of the Lessee's tracts selected hereunder shall during the life of this Agreement be exempted from all taxation so long as they be used only for the purposes of the operations of Lessee upon lands held under this Agreement. In the event that such lines of communication shall be used by Lessee for general commercial purposes to serve others for hire then while so used they shall be subject to taxation under the general laws of Liberia. (*)

(h) It is further agreed that at the expiration of the term of this lease hereinabove provided or of any extension thereof or upon the cancellation of this Agreement at any earlier time such buildings and improvements erected by the Lessee upon the land selected hereunder as shall not have been removed before the expiration or cancellation of the lease shall become the property of the Government of Liberia without charge or condition.

(i) It is further agreed that if hereafter the Government shall grant to any other person, firm or corporation any rights in connection with the production of rubber in Liberia upon more favourable terms and conditions in any respect than those granted in this Agreement such more favourable terms and conditions shall inure to the benefit of the Lessee herein the same as if such more favourable terms and conditions were incorporated herein.

(j) It is further agreed that the Lessee shall use its best efforts to secure either from the Government of the United States or with the approval of the Secretary of State of the United States from some other person or persons a loan of not less than five million dollars to establish a credit for public developments in the Republic of Liberia to the end that the credit may be a revolving credit set up through reserves so as to meet the future requirement of funds for such developments. Such loan shall be upon terms and conditions to be negotiated by a Commission appointed by the President of Liberia who shall proceed promptly to the United States for this purpose. It is understood that such terms and conditions as may be agreed upon shall be subject to the approval of the Legislature of the Republic of Liberia.

(k) Wherever in this Agreement the Government grants to the Lessee the right to build and operate a railroad or to use the highways and waterways, it is understood that the Lessee is not seeking and is not granted public utility or common carrier privileges and that the same are not intended to be conveyed to it.

(l) The Lessee shall be entitled to establish, maintain and operate an aerial transportation system and necessary landing facilities therefor upon the lands selected and held under this Agreement and beyond the confines thereof; provided, however, that in the event that Lessee shall make use of Government land for the establishment of landing fields rent shall be paid therefor in accordance with paragraph (c) of Article III hereof. In the event that such lines of aerial transportation shall be used by Lessee for general commercial purposes to serve others for hire, then while so used they shall be subject to taxation under the general laws of Liberia. (**)

(*) Amendment of March 20, 1935.

(**) Amendment of March 20, 1935.

(m) During the life of this Agreement the Lessee shall at all times have access to the port and harbour facilities at Monrovia, or in any other district of the Republic where it may be carrying on operations, upon not less favourable terms than is accorded others under existing treaties and the laws of the Republic of Liberia. It shall be privileged to lease available lands in all ports of entry from the Government upon favourable terms.

(n) All or any questions in dispute arising out of this Agreement between the Government and the Lessee which cannot be harmonized or adjusted by the Lessee and the Government shall be referred to the Liberian Supreme Court or any one of the Justices thereof for arbitration on application of either party; and said Court shall make appointment of three arbitrators (one of whom shall be nominated for such purpose to said Court by the President of Liberia, and one of whom shall be nominated for such purpose to said Court by the representative of the Lessee in charge of Lessee's affairs in the Republic of Liberia, the third arbitrator being the Court's selection without nomination) to hear and determine such dispute within five days after application being filed, upon first being satisfied of the service of notice of such application at least five days previous to the filing of the application by (a) by delivery of a copy of the application to the Attorney General of Liberia, or, in his absence, to the officer in charge of his office when said application is made by the Lessee, and (b) by delivery of a copy of the application to the representative of the Lessee in charge of Lessee's affairs in the Republic of Liberia and (c) by mailing a duplicate thereof on the same date by registered mail to the President of the Lessee at its head office in the City of Akron, State of Ohio, United States of America, when said application is made by the Government;

That the arbitrators so appointed as aforesaid shall render their decision of the question or questions in dispute in writing and file same with the Clerk of the Supreme Court, together with copy of testimony taken and statement of proceedings had within fifteen days after their appointment as aforesaid. Unless an application for further arbitration, as hereinafter provided, be made by either party within a period of four months after said decision is given, said decision shall be a definitive settlement of the question or questions in dispute and shall be binding upon both parties, their Agents or Assigns, and the Government of Liberia agrees to make said decision operative. Should, however, either party feel aggrieved at the decision of the Arbitrators then the Government agrees to arrange with the United States Department of State for a further arbitration of the question or questions submitted by either or both parties; provided, however, that in the case of such further arbitration each party shall bear its own respective costs; and provided further that the procedure for such further arbitration shall be as follows:

Written notice of desire for further arbitration shall be given by either party to the other within four months after the written decision of the arbitrators in the first instance has been filed with the Clerk of the Supreme Court; thereupon both parties shall prepare and file with the Clerk of the Supreme Court within sixty days after service of the notice written statements of the questions in dispute, and these statements together with a copy of

the testimony and proceedings of the arbitrators together with a copy of their decision, shall be certified by the Clerk of the Supreme Court and delivered within five days after receipt of said papers in his office to the Secretary of State of Liberia who will thereupon promptly arrange with the United States Department of State for further arbitration of the questions in dispute, the decision of which arbitration shall be final and binding upon both parties to this Agreement.

It is understood and agreed that the final decision shall become effective thirty days after such final decision has been rendered and shall not be retroactive. It is also understood and agreed that during the period of arbitration, the Lessee shall be permitted by the Government to carry on without interference, all operations under this Agreement, including the operations involved in the subject matter of dispute, which the Lessee had undertaken, and, being undertaken, had not been objected to by the Government prior to the dispute arising. It is understood, however, that the fact there was no objection on the part of the Government shall not prejudice its rights in the subject matter of dispute.

It is hereby expressly understood and agreed that the arbitration procedure provided for herein does not apply to civil or criminal proceedings to be brought by or against employees of the Lessee in Liberia.

IN WITNESS WHEREOF the parties
hereto have hereunto set their
hands and seals the day and
year first above written.

THE GOVERNMENT OF LIBERIA

WITNESS

(Signed) Edwin Barclay
SECRETARY OF STATE

FIRESTONE PLANTATIONS COMPANY

(Signed)
Monroe Phelps

(Signed) Harvey S. Firestone, Pres.
By

PRESIDENT

Attest: Harvey S. Firestone, Jr., (Signed)
SECRETARY