No. 6132

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
REPUBLIC OF CHINA

Development Credit Agreement—*China Development Corporation Project* (with related letters and annexed Development Credit Regulations No. 1). Signed at Washington, on 1 December 1961

Official text: English.

Registered by the International Development Association on 23 April 1962.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
RÉPUBLIQUE DE CHINE

Contrat de crédit de développement — *Projet relatif à la China Development Corporation* (avec lettres y relatives et, en annexe, le Règlement n° 1 sur les crédits de développement). Signé à Washington, le 1er décembre 1961

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 23 avril 1962.

No. 6132. DEVELOPMENT CREDIT AGREEMENT[1] (*CHINA DEVELOPMENT CORPORATION PROJECT*) BETWEEN THE REPUBLIC OF CHINA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 1 DECEMBER 1961

AGREEMENT, dated December 1, 1961, between THE REPUBLIC OF CHINA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

CREDIT REGULATIONS ; SPECIAL DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961[2] (said Development Credit Regulations No. 1 being hereinafter called the Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Agreement or in any schedule thereto, unless the context shall otherwise require, the following terms shall have the following meanings :

1. The term "Corporation" means the China Development Corporation, a company organized under the Company Law of the Borrower in accordance with Articles of Association, dated April 30, 1959, as amended from time to time.

2. The term "Qualified Enterprise" means an enterprise to which the Corporation shall have made a loan in accordance with, and as provided in, Section 3.01 of this Agreement.

3. The term "Qualified Project" shall mean a specific development project to be carried out by a Qualified Enterprise in respect of which amounts shall have been credited to the Credit Account pursuant to Section 2.02 of this Agreement.

4. The term "Subsidiary Loan Agreement" means the loan agreement between the Borrower and the Corporation referred to in Section 4.01 of this Agreement.

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[1] Came into force on 2 February 1962, upon notification by the Association to the Government of the Republic of China.

[2] See p. 126 of this volume.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to five million dollars ($5,000,000).

Section 2.02. The Association shall open a Credit Account on its books in the name of the Borrower. The amount of the Credit shall be credited to the Credit Account in instalments as follows :

(*a*) When any Qualified Project shall have been submitted to, and shall have been approved by, the Association as in Section 3.03 (*a*) of this Agreement provided, there shall be so credited such amount as the Borrower shall request but not in excess of the estimated foreign currency cost thereof as approved by the Association. Except as the Association and the Borrower shall otherwise agree, no amount shall be credited to the Credit Account pursuant to this paragraph (*a*) for any Qualified Project in respect of which any amount has been credited pursuant to paragraph (*b*) of this Section.

(*b*) There shall be so credited, in respect of the estimated foreign currency cost of any Qualified Project, such amounts as the Borrower shall from time to time request, but not exceeding, with respect to any Qualified Project or in the aggregate, such limits as shall from time to time be agreed by the Association. Each request by the Borrower for credit to the Credit Account pursuant to this paragraph (*b*) shall identify the Qualified Project for which the amount to be credited is requested. No amount shall be credited to the Credit Account and no withdrawal shall be made therefrom pursuant to this paragraph (*b*) for any Qualified Project in respect of which any amount has been credited pursuant to paragraph (*a*) of this Section.

(*c*) The outstanding balance of the Credit Account may, by agreement between the Association and the Borrower, be reduced by any amount credited thereto pursuant to paragraph (*a*) or paragraph (*b*) of this Section. No such reduction shall be deemed *ipso facto* to be a cancellation of any part of the Credit.

Section 2.03. (*a*) Amounts credited to the Credit Account in respect of a Qualified Project may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Regulations and shall be applied exclusively for loans made by the Corporation for the Qualified Project in respect of which such amounts were credited to the Credit Account.

(*b*) With respect to each Qualified Project the Borrower shall be entitled to withdraw from the Credit Account (i) amounts expended for the reasonable cost of goods financed under the loan made by the Corporation for such Qualified Project pursuant to paragraph (*a*) of this Section, and (ii) if the Association shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of such goods.

(*c*) Notwithstanding the first sentence of Section 4.01 of the Regulations and except as the Association and the Borrower shall otherwise agree, no withdrawals shall be made on account of (i) expenditures made for any Qualified Project more than ninety days prior to the submission of such Qualified Project to the Association for approval or, in the case of credits to the Credit Account pursuant to the provisions of Section 2.02 (*b*) of this Agreement, more than ninety days prior to the request for credit to the Credit Account, or (ii) expenditures in currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower.

Section 2.04. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($^3/_4$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time. The Borrower shall also pay to the Association a service charge at the same rate on the principal amount outstanding from time to time of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations.

Section 2.05. Service charges shall be paid semi-annually on March 15 and September 15 in each year.

Section 2.06. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual instalments payable on each March 15 and September 15, commencing March 15, 1972 and ending September 15, 2011, each instalment to and including the instalment payable on September 15, 1981 to be one-half of one percent (½ of 1%) of such principal amount, and each instalment thereafter to be one and one-half percent (1½%) of such principal amount.

Article III

Description of the Project ; Use of Proceeds of the Credit

Section 3.01. The Project for which the Credit is granted is a program to contribute to the industrial development of Taiwan by providing loans for productive purposes by the Corporation to enterprises in Taiwan which are or will be controlled by private capital, all for specific development projects, in accordance with the Articles of Association of the Corporation, as amended from time to time, and in furtherance of the corporate purposes of the Corporation as therein set forth.

Section 3.02. The proceeds of any amount credited to the Credit Account shall be applied exclusively to the cost of goods required to carry out the Qualified Project, in respect of which such amount was so credited.

Section 3.03. (*a*) When submitting a Qualified Project to the Association for approval, the Borrower shall furnish to the Association an application, in form satisfactory to the Association, containing a description of such Qualified Project and such other information as the Association shall reasonably request.

(*b*) Whenever the Borrower shall have requested an amount to be credited to the Credit Account in respect of a Qualified Project pursuant to the provisions of Section 2.02 (*b*) of this Agreement, the Borrower shall submit or cause to be submitted to the Association, not later than thirty days from the date on which such amount was credited to the Credit Account, a brief description, in form satisfactory to the Association, of such Qualified Project and of the terms and conditions upon which a loan has been made by the Corporation for such Qualified Project in respect of the amount so credited to the Credit Account.

(*c*) Except as the Association and the Borrower shall otherwise agree, requests for approval of Qualified Projects pursuant to the provisions of Section 2.02 (*a*) of this Agreement and for credits to the Credit Account pursuant to the provisions of Section 2.02 (*b*) of this Agreement shall be submitted on or before December 31, 1963.

Article IV

PARTICULAR COVENANTS

Section 4.01. (*a*) The Borrower shall enter into a Subsidiary Loan Agreement with the Corporation, satisfactory to the Association, providing for the relending of the proceeds of the Credit to the Corporation for the purposes of the Project and containing appropriate provisions with respect to the carrying out of the Project and the conduct of the Corporation's operations and affairs in accordance with sound financial and business standards. Such Subsidiary Loan Agreement shall not be amended, assigned or abrogated, nor shall any material waiver of any provision thereof be given, without the consent of the Association.

(*b*) The Borrower shall promptly and effectively exercise every power, right and recourse available to it to cause the Corporation punctually to perform all its obligations under the Subsidiary Loan Agreement and shall not take any action that might interfere with the carrying out of the Project or the conduct of the Corporation's affairs and operations in accordance with sound financial and business standards.

Section 4.02. The Borrower undertakes to cause that any loan made by the Corporation to a Qualified Enterprise for a Qualified Project to be financed out of the proceeds of the Credit will be made on terms whereby the Corporation shall obtain, by the written agreement of such Qualified Enterprise or other appropriate legal means, rights adequate to protect the interests of the Borrower and the Corporation, including the right to require such Qualified Enterprise to carry out and operate the Qualified Project with due diligence and efficiency and in accordance with sound engineering