No. 7012

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and REPUBLIC OF CHINA

Loan Agreement—*Deep Sea Fisheries Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 27 September 1963

Official text: English.

Registered by the International Bank for Reconstruction and Development on 10 December 1963.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et RÉPUBLIQUE DE CHINE

Contrat d'emprunt — *Projet relatif à la pêche hauturière* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 27 septembre 1963

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 10 décembre 1963.

No. 7012. LOAN AGREEMENT[1] (*DEEP SEA FISHERIES PROJECT*) BETWEEN THE REPUBLIC OF CHINA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 27 SEPTEMBER 1963

AGREEMENT, dated September 27, 1963, between REPUBLIC OF CHINA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961[2] with the same force and effect as if they were fully set forth herein (said Loan Regulations No. 3 being hereinafter called the Loan Regulations).

Section 1.02. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or any Schedule thereto :

(*a*) The term " Land Bank " means the Land Bank of Taiwan.

(*b*) The term " Fisheries Bureau " means the Taiwan Fisheries Bureau, an agency of the Taiwan Provincial Government.

(*c*) The term " Beneficiary Enterprise " means any fishing enterprise to which the Borrower shall, pursuant to this Agreement, make available or agree to make available any portion of the Loan for carrying out the Project.

(*d*) The term " Specific Project " means an individual fisheries project to be carried out by a Beneficiary Enterprise and to be financed out of the proceeds of the Loan.

(*e*) The term " Subsidiary Loan Agreement " means any agreement between the Borrower and the Beneficiary Enterprises referred to in Section 5.02 of this Agreement.

[1] Came into force on 22 November 1963, upon notification by the Bank to the Government of the Republic of China.
[2] See p. 170 of this volume.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to seven million eight hundred thousand dollars ($7,800,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($^3/_4$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.04. The Borrower shall pay interest at the rate of five and one-half per cent ($5^1/_2\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($^1/_2$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on February 1 and August 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in schedule 1[1] to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 2[2] to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

[1] See p. 168 of this volume.
[2] See p. 170 of this volume.

Section 3.02. The Borrower shall cause all goods financed out of the proceeds of the Loan to be used for the purposes of deep-sea fishing conducted under the flag of the Borrower in the ordinary course of business of the Beneficiary Enterprises.

Section 3.03. Except as the Borrower and the Bank shall otherwise agree, no withdrawals shall be made on account of expenditures made for any Specific Project unless and until the Bank shall have notified the Borrower in writing of the approval, by the Bank, of the Beneficiary Enterprise selected to carry out such Specific Project.

Section 3.04. Whenever the Borrower shall, for the purposes of Section 3.03 of this Agreement, request the Bank to approve a Beneficiary Enterprise for a Specific Project, the Borrower shall submit to the Bank an application, in form satisfactory to the Bank, containing a description of such Beneficiary Enterprise and such Specific Project together with a copy of the draft Subsidiary Loan Agreement to be entered into between the Borrower and such Beneficiary Enterprise, and such other information as the Bank shall reasonably request.

Article IV

Bonds

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The Minister of Finance of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

Article V

Particular Covenants

Section 5.01. The Borrower shall carry out the Project, or cause the Project to be carried out, with due diligence and efficiency and in conformity with sound financial, maritime and fisheries practices.

Section 5.02. (*a*) The Borrower shall relend the proceeds of the Loan to Beneficiary Enterprises satisfactory to the Bank under Subsidiary Loan Agreements satisfactory to the Bank. Such Subsidiary Loan Agreements shall contain terms whereby the Borrower shall obtain rights adequate to protect the interests of the Borrower and the Bank, including (i) the right to require that the Specific Projects be carried out and operated by the Beneficiary Enterprises with due diligence and efficiency and in accordance with sound financial, maritime and fisheries practices, including the maintenance of records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Specific Projects, to record the progress of the Specific Projects (including the cost thereof) and to record the financial condition and operations of the Beneficiary Enterprises; (ii) the right to require that the goods to be financed with the proceeds of the Loan be used exclusively in the carrying out of the Specific Projects; (iii) the right to obtain, promptly upon their preparation, the designs, specifications and construction schedules for the Specific Projects and any material modifications subsequently made therein, in such detail as the Borrower shall from time to time request; (iv) the right of the Borrower and the Bank to inspect the goods, works and construction included in the Specific Projects, the operation thereof and any relevant records and documents; (v) the right to require that the Beneficiary Enterprises shall take out and maintain such insurance, against such risks and in such amounts as shall be consistent with sound commercial and maritime practices, and that, except as the Bank may otherwise agree, such insurance shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable; (vi) the right to obtain all such information as the Borrower and the Bank shall reasonably request relating to the foregoing and to the financial condition and operations of the Beneficiary Enterprises; (vii) the right to receive from the Beneficiary Enterprises, as security for its advances to the Beneficiary Enterprises under the respective Subsidiary Loan Agreements, such mortgages on the goods to be financed with the proceeds of the Loan and other liens as may be consistent with sound business practices; and (viii) all such other rights as a prudent lender would request, such rights to include appropriate provision whereby further access by a Beneficiary Enterprise to the use of the proceeds of the Loan may be suspended or terminated by the Borrower, or that the Borrower may premature its loan to a Beneficiary Enterprise, upon failure of such Beneficiary Enterprise to carry out the terms of the Subsidiary Loan Agreement to which it is a party.

(*b*) The Borrower shall promptly and effectively exercise every power, right and recourse available to it to cause the Beneficiary Enterprises punctually to perform all their obligations under the respective Subsidiary Loan Agreements and generally to protect the interests of the Borrower and the Bank; provided, however, that the Borrower shall not take any action that might interfere with the carrying out of the Specific Projects or the conduct of the Beneficiary Enterprises' affairs and operations in accordance with sound financial, maritime and fisheries practices.