No. 8882

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and REPUBLIC OF CHINA

Loan Agreement—*Second Deep-Sea Fisheries Project* (with annexed Loan Regulations No. 3, as amended). Signed at Washington, on 14 June 1967

Official text: English.

Registered by the International Bank for Reconstruction and Development on 29 December 1967.

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

Contrat d'emprunt — *Deuxième projet relatif à la pêche hauturière* (avec, en annexe, le Règlement n° 3 sur les emprunts, tel qu'il a été modifié). Signé à Washington, le 14 juin 1967

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 29 décembre 1967.

No. 8882. LOAN AGREEMENT[1] *(SECOND DEEP-SEA FISHERIES PROJECT)* BETWEEN THE REPUBLIC OF CHINA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 14 JUNE 1967

AGREEMENT, dated June 14, 1967, 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, as amended February 9, 1967, [2] (said Loan Regulations No. 3 being hereinafter called the Loan Regulations) with the same force and effect as if they were fully set forth herein.

Section 1.02. Unless the context otherwise requires, the following terms wherever used in this Loan Agreement have the following meanings :

(*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 any one of the Beneficiary Enterprises referred to in Section 5.02 of this Agreement.

[1] Came into force on 8 August 1967, upon notification by the Bank to the Government of the Republic of China.

[2] See p. 264 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 Loan Agreement set forth or referred to, an amount in various currencies equivalent to fourteen million four hundred thousand dollars ($14,400,000).

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 Loan Agreement.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($^3/_8$ 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 six per cent (6 %) 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 (½ 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 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 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.

Section 3.02. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively 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 purpose 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 and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

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 interest 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 keeping with the construction standards of the China Corporation Register of Shipping 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 with responsible insurers or make other provision satisfactory to the Borrower and the Bank for insurance against such risks and in such amount as shall be consistent with sound commercial and maritime practices and that any indemnity shall be payable in a currency freely usable by the Beneficiary Enterprises to replace or repair such goods ;

(vi) the right to obtain all such information as the Borrower and the Bank shall reasonably request relating to the foregoing Subsections and to the administration, 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