No. 9892

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
and
REPUBLIC OF CHINA

Loan Agreement—*Third Railway Project* (with annexed General Conditions applicable to Loan and Guarantee Agreements and Project Agreement between the Bank and the Province of Taiwan and the Taiwan Railway Administration). Signed at Washington on 29 May 1969

Authentic text : English.

Registered by the International Bank for Reconstruction and Development on 27 September 1969.

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

Contrat d'emprunt — *Troisième projet relatif aux chemins de fer* (avec, en annexe, les Conditions générales applicables aux Contrats d'emprunt et de garantie et le Contrat relatif au Projet entre la Banque, la Province de Taïwan et l'Administration des chemins de fer de Taïwan). Signé à Washington le 29 mai 1969

Texte authentique : anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 27 septembre 1969.

LOAN AGREEMENT[1]

AGREEMENT, dated May 29, 1969, between REPUBLIC OF CHINA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Borrower and the Taiwan Railway Administration (hereinafter called TRA), an agency of the Province of Taiwan (hereinafter called the Province) entrusted with the administration and operation of the Borrower's railway facilities in the Province have requested the Bank to assist in the financing of part of the first two years of TRA's Investment Plan 1969-1972;

WHEREAS TRA will, with the Borrower's assistance, carry out such Plan, and, as part of such assistance, the Borrower will make available to TRA the proceeds of the loan provided for herein; and

WHEREAS the Bank is willing to make a loan available on the terms and conditions provided herein and in a project agreement of even date herewith between the Bank, the Province and TRA;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969,[2] with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified, being hereinafter called the General Conditions) :

(*a*) by the insertion in Section 6.06 of the words "the Project Agreement," after the words "these General Conditions,"; and

(*b*) by the insertion in Section 9.03 of the words "or the Project Agreement" after the words "the Loan Agreement".

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[1] Came into force on 22 August 1969, upon notification by the Bank to the Government of the Republic of China.
[2] See p. 300 of this volume.

Section 1.02. Wherever used in this Loan Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

(*a*) "Project Agreement" means the agreement of even date herewith[1] between the Bank, the Province and TRA, as the same may be amended from time to time by agreement between the Bank, the Province and TRA;

(*b*) "Subsidiary Loan Agreement" means the loan agreement, referred to in Section 5.02 (*a*) of this Agreement, to be entered into between the Borrower and TRA;

(*c*) "1965 Loan Agreement"[2] means the loan agreement dated April 28, 1965 (*First Railway Project*) between the Borrower and the Bank;

(*d*) "1965 Project Agreement"[3] means the project agreement dated April 28, 1965 (*First Railway Project*) between the Bank, the Province and TRA;

(*e*) "1968 Loan Agreement"[4] means the loan agreement dated January 18, 1968 (*Second Railway Project*) between the Borrower and the Bank;

(*f*) "1968 Project Agreement"[5] means the project agreement dated January 18, 1968 (*Second Railway Project*) between the Bank, the Province and TRA; and

(*g*) "Investment Plan 1969-1972" means the investment plan set forth in Annex A of a letter of even date herewith from the Province and TRA to the Bank and shall include any amendment to be agreed from time to time between the Borrower, TRA and the Bank.

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 thirty-one million two hundred thousand dollars ($31,200,000).

Section 2.02. (*a*) 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.

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[1] See p. 342 of this volume.
[2] United Nations, *Treaty Series*, vol. 549, p. 145.
[3] *Ibid.*
[4] *Ibid.*, vol. 646, p. 193.
[5] *Ibid.*

(*b*) 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 and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Bank.

Section 2.03. The Borrower shall be entitled to withdraw from the Loan Account :

(*a*) such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) for the reasonable foreign exchange cost of goods or services required for the Project and to be financed under this Loan Agreement; and

(*b*) such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) for such portion of the reasonable cost of goods required for the Project, to be financed under this Loan Agreement and procured in Taiwan, representing the foreign exchange cost of the imported materials, supplies or components for such goods.

For the purposes of subsection (*b*) hereof, clause (*b*) of Section 5.01 of the General Conditions shall not apply.

Section 2.04. 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 withdrawn from time to time.

Section 2.05. The Borrower shall pay interest at the rate of six and one-half per cent (6 1/2 %) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on June 15 and December 15 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 2 to this Agreement.

Article III

Use of Proceeds of Loan

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied in accordance with the provisions of this Loan Agreement to expenditures on the Project, described in Schedule 3 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, (i) the goods and services to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding in accordance with the Guidelines for Procurement under World Bank Loans and IDA Credits, published by the Bank in February 1968, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Agreement or as shall be agreed between the Borrower and the Bank, and (ii) contracts for the procurement of such goods and services shall be subject to the prior approval of the Bank.

Section 3.03. Except as the Bank shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively in carrying out the Project.

Article IV

Bonds

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VIII of the General Conditions.

Section 4.02. The Minister of Finance of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

Article V

Particular Covenants

Section 5.01. (*a*) The Borrower shall cause the Project to be carried out and the operations of the railway facilities administered by TRA to be conducted with due diligence and efficiency and in conformity with sound railway, engineering and financial practices.

(*b*) The Borrower shall cause the Province and TRA punctually to perform all the covenants and agreements on their part to be performed as set forth in the Project Agreement, shall take all action which shall be necessary to enable the Province and TRA to perform such covenants and agreements and shall not take any action that would interfere with such performance.