No. 665

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
and
REPUBLIC OF CHINA

Loan Agreement—*Fourth Railway Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements and Project Agreement between the Bank, the Province of Taiwan and the Taiwan Railway Administration). Signed at Washington on 11 June 1971

Authentic text: English.

Filed and recorded at the request of the International Bank for Reconstruction and Development on 16 December 1971.

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

Contrat d'emprunt — *Quatrième 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 Taiwan et la Taiwan Railway Administration). Signé à Washington le 11 juin 1971

Texte authentique : anglais.

Classé et inscrit au répertoire à la demande de la Banque internationale pour la reconstruction et le développement le 16 décembre 1971.

LOAN AGREEMENT[1]

AGREEMENT, dated June 11, 1971, 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 TRA's Investment Plan 1971-1974;

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 part of the proceeds of the loan provided for herein;

WHEREAS the Borrower has also requested the Bank to assist in financing the foreign exchange cost of technical assistance to the Transport Planning Board of the Borrower; 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[2] 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 Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969,[3] 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*) Section 5.01 is deleted;

(*b*) Section 6.02 (*b*) is amended to read as follows:

" (*b*) The Borrower or the Guarantor shall have failed to perform any other obligation under the Loan Agreement, the Guarantee Agreement, the

[1] Came into force on 8 September 1971, upon notification by the Bank to the Government of the Republic of China.

[2] See p. 262 of this volume.

[3] *Ibid.*

Bonds or any other loan agreements with the Bank for railway projects.";

(*c*) Section 6.02 (i) is amended to read as follows :

" (i) Any event specified in paragraph (*e*) or (*f*) of Section 7.01 shall have occurred.";

(*d*) Section 7.01 (*d*) is amended to read as follows :

" (*d*) A default shall occur in the performance of any other obligation on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement, the Bonds or any other loan agreements with the Bank for railway projects and such default shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor.";

(*e*) the words " the Project Agreement " are added after the words " these General Conditions " in Section 6.06; and

(*f*) the words " or the Project Agreement " are added after the words " the Loan Agreement " in Section 9.03.

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 between the Bank, the Province and TRA, as the same may be amended from time to time.

(*b*) " Subsidiary Loan Agreement " means the agreement to be entered into between the Borrower and TRA, pursuant to Section 3.01 (*b*) of this Agreement, as the same may be amended from time to time.

(*c*) " 1965 Loan Agreement " means the loan agreement dated April 28, 1965[1] (*First Railway Project*) between the Borrower and the Bank, as the same may be amended from time to time.

(*d*) " 1965 Project Agreement " means the project agreement dated April 28, 1965[1] (*First Railway Project*) between the Bank, the Province and TRA, as the same may be amended from time to time.

(*e*) " 1968 Loan Agreement " means the loan agreement dated January 18, 1968[2] (*Second Railway Project*) between the Borrower and the Bank, as the same may be amended from time to time.

(*f*) " 1968 Project Agreement " means the project agreement dated January 18, 1968[2] (*Second Railway Project*) between the Bank, the Province and TRA, as the same may be amended from time to time.

[1] United Nations, *Treaty Series*, vol. 549, p. 145.

[2] *Ibid.*, vol. 646, p. 193.

(*g*) " 1969 Loan Agreement " means the loan agreement dated May 29, 1969[1] (*Third Railway Project*) between the Borrower and the Bank, as the same may be amended from time to time.

(*h*) " 1969 Project Agreement " means the project agreement dated May 29, 1969[1] (*Third Railway Project*) between the Bank, the Province and TRA, as the same may be amended from time to time.

(*i*) " Investment Plan 1971–1974 " means the investment plan set forth in Schedule 2 to the Project Agreement, as the same may be amended from time to time.

(*j*) " TPB " means the Transportation Planning Board of the Borrower established under Executive Order No. TAI 59 YUAN JEN CHENG II 04311, dated April 24, 1970.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to fifteen million dollars ($15,000,000).

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed under the Loan Agreement; provided, however, that, except as the Bank shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. Except as the Bank shall otherwise agree, the goods and services required for the Project and to be financed out of the proceeds of the Loan shall be procured pursuant to the provisions set forth or referred to in Section 2.02 of the Project Agreement.

Section 2.04. The Closing Date shall be October 31, 1974 or such other date as shall be agreed between the Borrower and the Bank.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent (¾ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of seven and one-

[1] United Nations, *Treaty Series*, vol. 691, p. 271.

quarter per cent (7¼%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on May 15 and November 15 in each year.

Section 2.08. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

Section 2.09. 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 2.10. 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 III

EXECUTION OF THE PROJECT

Section 3.01. (*a*) The Borrower shall carry out Part B of the Project and shall cause the Province and TRA to carry out Part A of the Project with due diligence and efficiency and in the case of said Part A, in conformity with sound administrative, railway, engineering and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(*b*) The Borrower shall relend the part of the proceeds of the Loan, which shall be required to carry out Part A of the Project, to TRA under a subsidiary loan agreement to be entered into between the Borrower and TRA, under terms and conditions which shall have been approved by the Bank.

(*c*) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and except as the Bank shall otherwise agree, the Borrower shall not assign, nor amend, abrogate or waive the Subsidiary Loan Agreement or any provision thereof.

(*d*) The Borrower shall take and shall cause all its agencies to take all action which shall be necessary on their part to enable the Province and TRA to perform all of their respective obligations under the Project Agreement and TRA's obligations under the Subsidiary Loan Agreement and shall not take or permit to be taken any action which might interfere with such performance.

Section 3.02. (*a*) It is the mutual understanding of the Borrower and the