No. 668

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and REPUBLIC OF KOREA

Guarantee Agreement—*Third Development Finance Corporation Project* (with schedules and General Conditions Applicable to Loan and Guarantee Agreements). Signed at Washington on 17 may 1971

Authentic text: English.

Filed and recorded at the request of the International Bank for Reconstruction and Development on 23 January 1972.

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

Contrat de garantie — *Troisième projet relatif à la société financière de développement* (avec annexes et Conditions générales applicables aux contrats d'emprunt et de garantie). Signé à Washington le 17 mai 1971

Texte authentique: anglais.

Classé et inscrit au répertoire à la demande de la Banque internationale pour la reconstruction et le développement le 23 janvier 1972.

GUARANTEE AGREEMENT[1]

AGREEMENT, dated May 17, 1971, between REPUBLIC OF KOREA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by the Loan Agreement of even date herewith[2] between the Bank and the Korea Development Finance Corporation (hereinafter called the Borrower) the Bank has agreed to make to the Borrower a loan in various currencies equivalent to thirty million dollars ($30,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

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 modifications thereof set forth in Schedule 2 to the Loan Agreement (said General Conditions Applicable to Loan and Guarantee Agreements, as so modified, being hereinafter called the General Conditions).

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[1] Came into force on 29 July 1971, upon notification by the Bank to the Government of the Republic of Korea.

[2] The said Agreement entered into force on 17 May 1971. As it does not constitute an international agreement or a part of the present Agreement, it is not reproduced herein. However, it was published by the Bank as document LN 735 KO, a certified true copy of which was transmitted to the Secretariat together with the documentation submitted for filing and recording of the present Guarantee Agreement.

[3] See p. 234 of this volume.

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

Article II

GUARANTEE; BONDS

Section 2.01. Without limitation or restriction upon any of its other obligations under the Guarantee Agreement, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loan and the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds prior to their maturity, all as set forth in the Loan Agreement and in the Bonds.

Section 2.02. The Guarantor shall endorse, in accordance with the provisions of the General Conditions, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Guarantor for the purposes of Section 8.10 of the General Conditions.

Section 2.03. The provisions of Article 470 of the Commercial Code of the Guarantor, or any similar provisions of the laws of the Guarantor, shall not apply to the Bonds executed and delivered by the Borrower.

Article III

OTHER COVENANTS

Section 3.01. (*a*) It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan or the Bonds by way of a lien on governmental assets.

(*b*) To that end the Guarantor (i) represents that at the date of this Agreement no lien exists on any governmental assets as security for any external debt except as otherwise disclosed in writing by the Guarantor to the Bank, and (ii) undertakes that, except as the Bank shall otherwise agree, if any such lien shall be created, it will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds and in the creation of any such lien express provision will be made to