

May 08, 1971

RICE LOAN AGREEMENT BETWEEN THE REPUBLIC OF THE PHILIPPINES AND THE REPUBLIC OF CHINA

Note: This Agreement entered into force May 8, 1971.

Reference: This Agreement is also published in X DFA TS No. 1, p. 33.

KNOW ALL MEN BY THESE PRESENTS: WHEREAS, the Government of the Republic of China and the Government of the Republic of the Philippines, in the spirit of the friendly relations and cooperation between their countries, have a common desire to enhance the prosperity and stability of their countries and the area;

WHEREAS, both Governments recognize the validity of a regional approach in the solution of the problem of temporary shortage in supply of the staple cereal in a country within the region;

WHEREAS, the Government of the Republic of China, cognizant of the rice problems presently confronting the Republic of the Philippines as a result of several destructive typhoons that visited the Philippines last year, hereby voluntarily offers to extend a Rice Loan for stabilization purposes to alleviate the situation, to be repaid over a ten-year period in the form of rice;

WHEREAS, the Government of the Republic of the Philippines is grateful for the offer so generously extended by her neighbor, the Government of the Republic of China, and desires to accept this offer;

NOW THEREFORE, the undersigned representatives of both Governments hereby agree as follows:

ARTICLE I

RICE LOAN BY THE REPUBLIC OF CHINA

The Government of the Republic of China (hereinafter referred to as the "LENDER") hereby agrees to supply FIFTY THOUSAND (50,000) metric tons of Milled Rice to the Government of the Republic of the Philippines (hereinafter referred to as the "BORROWER") in accordance with the following terms and conditions;

1. Commodity:

Milled Taiwan Tsai Lai Rice, first (July/August) crop of 1970, of the specifications as follows:

- a) Milling degree: about 90 percent equivalent to the standard sample submitted by the Taiwan Food Bureau;

- b) Broken kernels: 25 percent Maximum;
- c) Moisture: 14 percent Maximum;
- d) Yellow and/or damaged kernels: 2 percent Maximum;
- e) Chalky kernels: 5 percent Maximum;
- f) Foreign matters: 0.5 percent Maximum; and
- g) Other varieties: 5 percent Maximum.

2. The rice shall be in good condition, freshly milled, and free from infestation at the time of shipment.

3. Quantity:

50,000 M/T (Fifty Thousand Metric Tons Net)

4. Packing:

To be packed in new, sound bags of 50 kilograms net capacity.

5. Delivery:

- a) Shipments shall be effected on the basis of FOB Keelung stowed;
- b) The "BORROWER" shall charter vessels and submit to the "LENDER" a full detailed and acceptable shipping schedule not later than 10 days after the effectiveness of this agreement.
- c) The first shipment shall be commenced within 15 days after the receipt of acceptable standby letter of credit in accordance with Item 3 of Article II, and the last shipment shall not be later than July 30, 1971;
- d) The "BORROWER" shall advise the name of ETA Keelung of each vessel to the "LENDER" by cable at least 7 days ahead of the proposed shipment;
- e) Loading term: Customary Quick Despatch (C.O.D.), understood to be about 200 M/T per Hatch per Weather Working Day, Sundays, Holidays excepted, unless used, and total loading rate shall be about 1,000 M/T per Weather Working Day. There will be no demurrage and despatch;
- f) Partial shipments shall be allowed;
- g) Dunnage, P.V.C. cloth, Strawmats and Wooden Ventilator etc., shall be for ship's owner or BORROWER'S Account;
- k) Tally men shall be hired by the Ship's owner or by the "BORROWER"

and shall be for their account;

i) For ship's quick despatch, overtime work and the relevant charges shall be paid by the Ship's owner or by the "BORROWER";

j) If the "BORROWER" fails to charter vessels and effect shipments within the period specified hereinabove, the "LENDER" is at liberty to deliver and stow the rice at Keelung Harbor Bureau's warehouse and shall be considered completed or fulfilled the DELIVERY as evidenced by the said warehouse's receipt or certificate. Any excess warehouse expenses and losses incurred after the shipping deadline shall be for the account of the "BORROWER" and at their risk;

k) "LENDER" shall sew all bags damaged during loading with jute twine and replace all badly damaged bags.

6. Inspection:

The rice shall be inspected prior to delivery by an internationally recognized superintendence agency appointed by the "BORROWER" and acceptable to the "LENDER", to determine whether or not they conform to the quantity, quality and packing as stipulated herein. Upon the effectiveness of this agreement, the "BORROWER" shall appoint the said inspector and notify the "LENDER" of such appointment in writing. Such appointed inspector's certificate of weight, quality and packing issued at loading port (Keelung Harbor Bureau's warehouse if required by the "LENDER" in accordance with Item 4-(j) of Article I) shall be final. Inspection fee shall be for the account of the "LENDER". The inspector shall issue complete reports on quality and quantity of the rice delivered on completion of the loading. The "LENDER" shall be furnished with ten copies of such reports.

7. Insurance:

Insurance shall be taken out by the "BORROWER" and at their expenses, and shall include theft, pilferage and nondelivery (TPND) risk and a warehouse-to-warehouse clause.

ARTICLE II

REPAYMENT BY THE REPUBLIC OF THE PHILIPPINES

The Government of the Republic of the Philippines, in consideration of the rice loan extended by the Government of the Republic of China, hereby agrees to repay this loan in accordance with the following terms and conditions:

1. Commodity:

At least the equivalent of milled Taiwan Tsai Lai Rice of the following specifications:

a) Milling degree: About 90 percent equivalent to the standard sample submitted by the Government of the Republic of the Philippines;

- b) Broken kernels: 25 percent Maximum;
- c) Moisture: 14 percent Maximum;
- d) Yellow and/or damaged kernels: 2 percent Maximum;
- e) Chalky kernels: 5 percent Maximum;
- f) Foreign matters: 0.5 percent Maximum; and
- g) Other varieties: 5 percent Maximum'.

The rice shall be in good condition, freshly milled and free from infestation at the time of shipment.

The quality of the rice to be repaid by the "BORROWER" shall be subject to final acceptance by the "LENDER".

In the event the rice offered by the "BORROWER" in repayment is of lesser or better quality than milled Taiwan Tsai Lai Rice, based on the specifications contained in this section, the "LENDER" and the "BORROWER" shall agree on the quantities, quality and grades of such rice to be used as repayment.

2. Quantity:

Fifty thousand (50,000) metric tons net of rice equivalent to milled Taiwan Tsai Lai Rice, or more or less depending on the application of the provisions of the immediately preceding paragraph.

In addition, interest in the form of milled rice shall also be repaid as specified in Item 3 herein below.

3. Terms of Repayment and Guarantee:

The total quantity comprising the shipments shall be payable, in equivalent quantity, grade and quality of rice, C.I.F. Taiwan, over a period of ten (10) years, at 7.5 percent interest or increment per annum, with a grace period of three (3) years counted from the date of last loading to complete 50,000 metric tons, in seven (7) equal annual installments, together with interest earned during the period immediately preceding the due of each installment. The first installment shall be due within the one-year period following the expiration of the three-year grace period.

For purposes of the preceding paragraph, it is understood that interest or increment during and immediately after the three-year grace period shall be repaid within one year from the close of such grace period.

It is understood that the "BORROWER" shall have the option to repay, without penalty, any and all amounts due to the "LENDER" under this agreement.