

4. The Government of China agrees to expend the moneys received by it by way of loan under this agreement solely for the purpose of purchasing from exporters and paying the cost of Canadian-produced goods exported or to be exported from Canada in accordance with a programme to be agreed upon from time to time by the Canadian Minister of Trade and Commerce and the Canadian Minister of Finance, and by representatives of the Government of China designated by the Ambassador of China to Canada.

5. The Government of China agrees to pay interest at the rate of three per centum per annum on each amount paid by the Minister into the said special account from the date when it is paid into the said special account until the date of consolidation of the debt into a consolidated debt to be evidenced by bonds of the Government of China, as provided for in paragraph 6 of this agreement.

6. The Government of China agrees that the amounts paid by the Minister into the account of the Government of China for the credit of the Chinese Government, pursuant to this agreement, during the period commencing on the date of the execution of this agreement and ending on the thirty-first day of December, 1947, and interest thereon as provided in paragraph 5 of this agreement, shall be consolidated into one amount called the consolidated debt, at the end of the said period, and the Government of China shall thereupon deliver to the Minister bonds of a face value equal to such consolidated debt, which bonds shall constitute valid, binding, absolute and unconditional obligations of the Government of China; the said bonds shall bear interest at the rate of three per centum per annum, payable semi-annually on the 30th day of June and the 31st day of December, and shall mature serially in thirty equal annual amounts of principal payable on the 31st day of December, 1948, and on the 31st day of December in each year thereafter up to and including the year 1977.

7. Any portion of the Sixty Million Dollars (\$60,000,000) Canadian referred to in paragraph 2 of this agreement, which has not been requisitioned by the Government of China in accordance with the said paragraph 2 on or before the 31st day of December, 1947, shall lapse and be no longer payable by the Minister unless the parties hereto mutually agree otherwise.

8. It is mutually agreed by the parties hereto that if the Government of China fails to deliver bonds as hereinbefore provided at the end of the period referred to in paragraph 6 of this agreement, or fails to redeem any of the bonds on or before maturity, the whole amount of the loan shall thereupon become due and payable.

9. It is mutually agreed by the parties hereto that payments by the Government of China shall be in Canadian dollars or fine gold at the option of the Government of China. The value of fine gold shall be calculated on the basis of the buying price for gold of the Canadian Foreign Exchange Control Board (or successor agency) on the date of its delivery. During such period as foreign exchange regulations in Canada require that exports from Canada to China result in the sale of a specified foreign currency to an Authorized Dealer of the Canadian Foreign Exchange Control Board (or successor agency) and permit Canadian importers of goods from China to make payment therefor in such specified foreign currency, any Canadian dollars used by the Government of China to effect payments under this agreement shall be acquired by the sale to an Authorized Dealer of the Canadian Foreign Exchange Control Board (or successor agency) of such specified foreign currency at the published official buying rate, or in such other manner as may be mutually agreed upon by the Government of China and the Minister.