

Exchange of Notes at Beijing December 13, 1994
Entered into force December 13, 1994

**Exchange of Notes between the Government of the Republic of Korea and the
Government of the People's Republic of China concerning Loans from the Economic
Development Cooperation Fund**

**EMBASSY OF THE REPUBLIC OF KOREA
BEIJING, CHINA**

Beijing, Dec. 13, 1994

Excellency,

I have the honour to confirm the following understanding recently reached between the Government of the People's Republic of China and the Government of the Republic of Korea concerning Korean loans to be extended to the Government of the People's Republic of China with a view to supporting its economic development efforts and promoting economic cooperation between the two countries.

1. The Government of the Republic of Korea shall enable the Government of the People's Republic of China to obtain four loans in Korean Won up to the total amount of THIRTY FOUR BILLION FIVE HUNDRED AND EIGHT MILLION KOREAN WON (₩34,508,000,000) (hereinafter referred to as the "Loans") from the Economic Development Cooperation Fund (hereinafter referred to as "the EDCF") for the implementation of the following projects (hereinafter referred to as the "Projects"):
2. (1) The Government of the People's Republic of China will entrust the Bank of China to act as the Borrower of the Loans on its behalf (hereinafter referred to as the "Borrower"), and shall guarantee the due and punctual payment of the principal of the Loans and accrued interest thereon as well as all other amounts due and payable by the Borrower under the Loans.
(2) The Loans will be made available by four loan agreements (hereinafter referred to as the "Loan Agreements") to be concluded between the Borrower and the Export-Import Bank of Korea (hereinafter referred to as the "Bank"), as the Government Agency for the EDCF.
(3) The terms and conditions of the Loans as well as the procedures for its utilization will be governed by the Loan Agreements which will contain, inter alia, the following principles:
 - (a) The repayment period will be twenty(20) years including the grace period of five(5) years;
 - (b) The rate of interest will be three point two five(3.25) percent per annum; and
 - (c) The disbursement period will be thirty six(36) months for the Tianjin Project, twenty four(24) months for the Longkou Project, twenty four(24) months for the Dongning Project, and eighteen(18) months for the Yanji Project from the date of the signing of the Loan Agreements or other such period as agreed upon by the Borrower and the Bank.

3. (1) The proceeds of the Loans will be used to cover payments to be made by the project executing agencies of the People ' s Republic of China to the suppliers and/or contractors of the eligible source countries under such contracts as may be entered between them for the procurement of goods (including installation services) required for the implementation of the Projects.

(2) The scope of the eligible source countries mentioned in sub-paragraph (1) above will be agreed upon between the authorities concerned of the two Governments.

4. The Government of the People ' s Republic of China shall endeavour to take the necessary measure to facilitate the activities of the Korean nationals related to the Projects and assist them in obtaining such conveniences as may be required to carry out their mission in the People ' s Republic of China.

5. The Government of the People ' s Republic of China shall exempt the Bank from any fiscal levies or taxes imposed in the People ' s Republic of China on and/or in connection with the Loans and interest accruing therefrom.

6. The Government of the People ' s Republic of China shall take the necessary measures to ensure that the facilities constructed with the Loans be maintained and used for the best of the purpose prescribed in this agreement.

7. The two Governments shall consult each other at the request of either of them on all matters concerning the implementation of the Loan Agreements and take the necessary measures to ensure the most proper and effective utilization of the Loans.

8. This agreement shall remain in force, except otherwise agreed upon, for the period of repayment by the Borrower.

If the above provisions are acceptable to the Government of the People ' s Republic of China, this Note and Your Excellency ' s Note in reply to that effect shall be regarded as constituting an agreement between the two Governments on this matter, which enters into force on the date of Your Excellency ' s Note in Reply.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

Hwang, Byung-Tai
Ambassador Extraordinary and
Plenipotentiary of the Republic of Korea

China Reply Note

Beijing, Dec. 13, 1994

Excellency,

I have the honour to acknowledge the receipt of Your Excellency ' s Note of today,

which reads as follows:

“..... Korean Proposing Note“

I have further the honour to inform Your Excellency that the foregoing proposal is acceptable to the Government of the People ' s Republic of China and to agree that Your Excellency ' s Note and this Note in reply shall constitute an agreement between the two Governments, which will enter into force on the date of this Note in reply.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

Minister of Foreign Trade and
Economic Cooperation
The People ' s Republic of China
His Excellency
Ambassador Extraordinary
and Plenipotentiary of
the Republic of Korea