

Effected by Exchange of Notes
Signed at Seoul December 18, 1965
Entered into force December 18, 1965

**Exchange of Notes for Termination of Financial Agreement for Trade between the
Republic of Korea and Japan**

Japanese Proposing Note

December 18, 1965

Your Excellency,

I have the honour to refer to the recent talks between the respective representatives of the Government of Japan and the Government of the Republic of Korea concerning the Financial Agreement for Trade between Japan and the Republic of Korea signed on June 2, 1950, and the exchange of notes between the two Governments, dated April 22, 1961, and to confirm, on behalf of the Government of Japan, the following arrangements which were agreed upon during the course of the said talks:

1. The Financial Agreement for Trade between Japan and the Republic of Korea signed on June 2, 1950, shall be terminated on March 19, 1966.
2. (a) Both Governments shall not authorize any new transactions involving settlements through the Open Account between Japan and the Republic of Korea under the aforementioned Agreement (herein-after referred to as "the Open Account") on and after March 19, 1966. The Open Account, however, shall be kept open on and after March 19, 1966, for the purpose of settling outstanding balances until the said Account shall be closed in accordance with the provisions of subparagraph (f).
(b) All transactions for which settlements through the Open Account will have been authorized before March 19, 1966, may be settled through the said Account until September 15, 1966.
(c) The Government of the Republic of Korea shall, during the period between March 19, 1966, and September 15, 1966, make payments to the Government of Japan by the tenth day of each month of any amount of the balance in the Open Account as of the last day of the preceding month which exceeds the aggregate amount of the balance of the said Account as of January 31, 1961, that is, forty-five million seven hundred and twenty-nine thousand three hundred and ninety-eight United States dollars and eight cents (U. S. \$ 45,729,398.08) (less the amount of installment paid, if any, in accordance with the provisions of the Protocol referred to in item (i) of subparagraph (e)), provided that the entire excess amount shall be paid immediately to the Government of Japan whenever the excess may reach over two million United States dollars (U. S. \$ 2,000,000). These payments shall be effected in United States dollars upon presentation to the Bank of Korea of a statement of the said Account by the Bank of Japan.
(d) Both Governments shall confirm the final net balance of the Open Account immediately after September 15, 1966.

- (e) The balance in the Open Account shall be settled in the following manners.
- (i) The settlement of the amount of forty-five million seven hundred and twenty-nine thousand three hundred and ninety-eight United States dollars and eight cent (U. S.\$ 45, 729, 389.08) which was confirmed as the aggregate amount in favour of Japan as of January 31, 1961, by the exchanged notes, dated April 22, 1961, shall be effected in accordance with the provisions of the Second Protocol which constitutes an integral part of the Agreement on the Settlement of Problem Concerning Property and Claims and on the economic Cooperation between Japan and the Republic of Korea signed at Tokyo on June 22, 1965.
 - (ii) The Settlement of the balance in excess of the amount referred to in item (i) (less the amount of installment paid, if any, in accordance with the provisions of the Protocol referred to in item(ii)) shall be effected in United States dollars by November 14, 1966.
- (f) The Open Account shall be closed on the day when all settlements provided for in subparagraph (e) will have been completed.
- (g) Technical details pertaining to the settlement of the Open Account shall be established by the mutual consent of the Bank of Japan and the Bank of Korea.

3. Payments between the two countries (except settlements in accordance with the provisions of subparagraph (b) of paragraph 2) on and after March 19, 1966, (including settlements on all transactions which will have been authorized before March 19, 1966, to be settled through the Open Account and will not have been completed by September 15, 1966) shall be effected in United States dollars and/or in other convertible currencies to be agreed upon between both Governments in accordance currencies to be agreed upon between both Governments in accordance with the laws and regulations concerning foreign exchange of the respective countries.

I have further the honour to propose that the arrangements mentioned above shall enter into force on the date of Your Excellency ' s reply confirming the said arrangements on behalf of the Government of the Republic of Korea.

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

/Sign/
Etsusaburo Shiina
Miniser for Foreign Affairs
of Japan

His Excellency
Tong Won Lee
Minister of Foreign Affairs
of the Republic of Korea

Korean Note in Reply

December 18, 1965

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Your Excellency,

I have the honour to acknowledge the receipt of Your Excellency 's Note of today 's date, which reads as follows:

“ (Japanese Note) ”

I have further the honour to inform Your Excellency that the arrangements set forth in Your Excellency 's Note are acceptable to the Government of the Republic of Korea and to confirm that Your Excellency 's Note and this reply there to constitute an arrangement on this subject and Arrangement to enter into force on the date of this reply.

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

/Sign/
Tong Won Lee
Minister for Foreign Affairs
of the Republic of Korea

His Excellency
Etsusaburo Shiina
Minister of Foreign Affairs
of Japan