

Effected by Exchange of Notes
Signed at Tokyo April 19, 1966
Entered into force April 19, 1966

AGREEMENT RELATIVE TO THE DETAILED PROCEDURES
FOR IMPLEMENTING ARTICLE 7 OF THE FIRST PROTOCOL
AND THE EXCHANGE NOTES ON DETAILS
FOR IMPLEMENTATION OF THE FIRST PROTOCOL OF THE AGREEMENT
ON THE SETTLEMENT OF PROBLEM
CONCERNING PROPERTY AND CLAIMS AND
ON THE ECONOMIC COOPERATION BETWEEN THE REPUBLIC OF KOREA AND JAPAN

Dear Mr. Kim

I have the honour to refer to the Agreement on the Settlement of Problem concerning Property and claims and on the Economic Co-operation between Japan and the Republic of Korea, signed at Tokyo on June 22, 1965 (hereinafter referred to as "the Agreement"), the first Protocol, signed on the same date (hereinafter referred to as "the Protocol"), and the Exchange of notes of the same date, on details for the implementation of the Protocol (hereinafter referred to as "the Exchange of Notes"), and the Agreed Minutes on the Agreement and the related Documents, and to propose, on behalf of the Government of Japan, that the two Governments agree, in accordance with the provisions of Article 7 of the Protocol and the understanding stated in the Exchange of Notes, on further details for the implementation of the Protocol and the Exchange of Notes as follows:

1. Re Chapter 1 Schedule of the Exchange of Notes:
 - (1) Such products and services as specified in the Schedule shall be classified, for mutual convenience of the two Governments, into the following four categories;
 - (a) Category A-capital goods and services to be utilized for projects.
 - (b) Category B-products other than capital goods.
 - (c) Category C-other capital goods.
 - (d) Category D-other services.
 - (2) The Schedule shall contain the following data as far as available and practicable.
 - (a) Products.
 - (i) Description. (in details as far as possible)
 - (ii) In case of capital goods falling in Category A, name of project, for which they are intended to be used, and estimated amount for each project, together with estimated amount for each of the main items included in the project (estimated quantity of each of the main items shall be contained in Schedule).
 - (iii) In case products other than capital goods, estimated amount for each group of products, together with names of all products in any of the groups.
 - (iv) In case of capital goods falling in Category C, estimated quantity and amount for each item.
 - (b) Services.
 - (i) Description
 - (ii) Estimated amount of each item.

(iii) Name of Project.

- (3) The outline of any project is to be attached to the Schedule as reference, when the project is mentioned for the first time in the Schedule or the project is substantially modified.
- (4) In case agreement is not reached on the Schedule for the following year by the end of the current Schedule Year, the two Governments agree that the products and services, in the current schedule, the contracts for which are not yet requested for verification, constitute the temporary Schedule of the following year until such agreement is reached, and that the agreed portions in the draft Schedule constitute the provisional Schedule of the following year until such agreement is reached.

2. Re Chapter II Contracts of the Exchange of notes:

- (1) The contract shall contain the terms of payment as its integral part.
- (2) In stipulating advance payment and installment payment in the contract, due regard shall be paid to commercial customs and practices. It is confirmed that no deferred payment shall be stipulated in the contract.
- (3) In case where a bond is required, such bond shall be furnished in terms of Japanese yen and it shall specifically be stipulated in the invitation and/or contract.
- (4) Procedure for verification shall be as follows;
 - (a) The Mission shall forward to the Economic Co-operation Bureau, Ministry of Foreign Affairs of the Governments of Japan (hereinafter referred to as "the Bureau") one original and seven copies, as a rule, of each contract duly signed by the contracting parties with a request for verification by the Government of Japan. (Form of Request for Verification: Appendix C-1/KJ)
 - (b) The Bureau shall verify the contract, on behalf of the Government of Japan, by fixing the seal of verification to the original and each copy of the contract after confirming the contract being in conformity with the criteria provided for in Article 3, paragraph 2 of the protocol.
 - (c) After verification, the Bureau shall retain, as a rule, three copies of the Contract and return the original and the rest of the copies to the Mission with a notice of verification. (Form of Notice of Verification: Appendix C-2/JK)
- (5) The above procedure shall also be applied to any modifications of contract concerning the contractor, kind or quantity of commodity, method of payment, to unreasonable changes of date of shipment, and/or to any other modifications which cause an increase or decrease in total contract amount or would cause an increase in such amount under normal circumstances. Any other modifications of contract except above shall be notified to the Bureau for information.
- (6) In case a Contract is cancelled, the Mission shall notify the bureau of its cancellation without delay.
- (7) In case the contractor on the Japanese side has completely discharged his obligations under the contract without utilizing the full amount contracted for and the procedure mentioned in (5) above cannot be followed, the mission shall advise, without delay, the Bureau of the amount thus left utilized accompanied by written agreement of the contractor concerned (Form of Advice of Completion of Contract with Unutilized Balance: appendix C-3/KJ).

3. Re Chapter III Payment paragraphs 1, 2, 6 and 8 of the Exchange of notes:

- (1) The Special Account to be opened by the Mission or the agency authorized by the Government of the Republic of Korea (hereinafter referred to as "the

agency“) with the designated banks shall be divided into the following three according to the purposes of the funds to be provided by the Government of Japan;

- (a) Account No. 1 for payments under contracts to which the Mission is a party.
 - (b) Account No. 2 for payments under contracts to which a person approved by the Government of the Republic of Korea is a party.
 - (c) Account No. 3 for payments other than payments under Account No. 1 or 2.
- The funds in the accounts shall not be transferred from one to another unless otherwise agreed upon between the two Governments.
- (2) The designated banks shall submit to the Mission or the agency a monthly report on receipts and disbursements of the special Account (Form of Monthly Report on Receipts and disbursements of Special Account: Appendix F-1/JK), by the tenth day of the following month. The Mission shall forward, by the twentieth day of that month, the above report to the Bureau after certifying the correctness thereof.

4. Re Chapter III payment, paragraphs 1 and 2 of the Exchange of notes:

When the Mission or the agency authorized any of the designated banks to do the following deeds on behalf of the Government of the Republic of Korea, the Mission or the agency shall notify the Bureau of such authorization for each contract by forwarding a signed copy of the Authorization to pay (Form of authorization to pay: Appendix F-2A/KJ and F-2B/KJ);

- (a) to forward the Payment Requests to the Bureau,
- (b) to receive the payments from the government of Japan and
- (c) to make the payments to the contractors concerned.

The above procedure shall also be applied for modifications and cancellation of such Authorization to pay.

5. Re Chapter III payments, paragraphs 3 and 5 of the Exchange of Notes:

- (1) A Payment Request by the Mission/or the agency or by the designated banks of behalf of the Government of the Republic of Korea (Form of Payment Request: Appendix F-3A/KJ and F-3B/JK) shall be forwarded, together with a signed copy, to the Bureau one week before the expected date of payment by the Mission or the agency to the contractors concerned.
- (2) Withdrawal of and alteration in the Payment Request forwarded shall be notified without delay to the Bureau.
- (3) In case a Payment Request is directly other agency forwarded by the Mission/to the Bureau, or the agency the Mission/shall send a notice to that effect without delay to the designated bank concerned together with a copy of the Payment Request. The above procedure shall also be applied for the withdrawal of and the alteration in such Payment Request.
- (4) In case a Payment Request is forwarded by the designated bank to the Bureau, each Payment Request shall be accompanied by a copy of the Authorization to Pay and of the Notice of Expected Date of Payment (Form of Notice of Expected Date of Payment: Appendix F-4/JK) submitted to the designated bank by the contractors concerned. In case two or more payments are to be made under one Contract, the copy of the authorization to Pay shall only be required for the first payment of the Contract concerned, excepting when such Authorization to Pay is modified.

6. Re Chapter III Payment, paragraphs 4 and 5 of the Exchange of Notes:

receipt of each payment from the government of Japan, the designated banks shall submit to the Bureau, on behalf of the Government of the Republic of Korea, the receipt (Form of Receipt: Appendix F-5/JK) together with a signed copy.

7. Re Chapter III Payment, paragraph of the Exchange of Notes:

The Mission shall forward to the Bureau a Payment Request accompanied by itemized and detailed statement.

8. Re Chapter III Payment, paragraphs 7 and 8 of the Exchange of Notes:

case agreement is reached between the two Governments on the purpose of application of unpaid and refunded fund, the bureau shall notify the designated bank concerned of such agreement.

9. Re chapter II Contracts and chapter III Payment of the Exchange of Notes:

two Governments shall confirm jointly at the beginning of each Schedule Year the limits of the respective available amounts within which the Government of Japan can disburse by the end of the Schedule Year concerns and by the end of the Japanese Fiscal Year concerned.

10. Re Chapter III Payment of the Exchange of Notes:

The representatives of the two Governments to the Joint committee shall make the confirmation by signing, at a meeting of the committee, a joint memorandum or memoranda of confirmation of payment (form of Joint Memorandum of Confirmation of Payment: Appendix F-6/JK), prepared for each month, of the total amount paid during the preceding month and the total amount paid from the outset of the first Schedule Year to the end of the preceding month by which Japan is deemed to have made the supply in accordance with Article 1, paragraph 1(a) of the Agreement.

The draft memorandum or memoranda shall be forwarded by the Bureau to the Mission in advance.

In have further the honour to propose that the present note and your reply confirming the acceptance by your Government of the above proposal shall be regarded as constituting an agreement between the two Governments on further regarded as constituting an agreement between the two governments on further details for the implementation of the protocol and the Exchange of Notes.

Sincerely yours.

Akira Nishiyama

Director,

Economic cooperation bureau,

Ministry of foreign Affairs,

Government of Japan.

Mr. Yung Joon Kim,
Assistant Minister for Planning,
Economic Planning board,
Republic of Korea.

* 부속서 생략 <조약집 제2권 및 국문조약문의 ' 별첨 ' 참조>

April 19, 1966

Dear Mr. Nishiyama

I have the honour to acknowledge the receipt of your Note, dated April 19, 1966, which reads as follows:

“..... (Japanese Note)“

I have further the honour to agree, on behalf of the Government of the Republic of Korea, to the proposal embodied in your Note and to confirm that your Note and the present reply shall be regarded as constituting an agreement between the two Governments on further details for the implementation of the Protocol and the Exchange of Notes.

Sincerely yours,
Young Joon Kim,
Assistant Minister for Planning,
Economic Planning Board,
Republic of Korea.

Akira Nishiyama
Director,
Economic Cooperation Bureau,
Ministry of Foreign Affairs,
Government of Japan.

April 19, 1966

Dear Mr. Kim

I wish to refer to the Exchange of Notes of April 19, 1966 and to confirm the following understandings reached between the representatives of the Governments.

1. The Japanese yen generated through the enforcement of the provisions of the contract concerning bond, demurrage, dispatch, liquidated damage or claim money shall be

credited to the Escrow Account in Japan in the name of the Mission or the agency authorized by the Government of the Republic of Korea. The fund of the Escrow Account may be used for payments in respects of the import from Japan to Korea and of other local expenses.

2. The term “unreasonable changes of date of shipment” mentioned in the Paragraph 2(5) of the said Notes shall be interpreted to include any change of date of shipment of the products, the export of which is quantitatively restricted under the relevant Japanese laws and regulations on foreign trade and foreign exchange.

3. Modifications of Contract concerning “method of payment” mentioned in the Paragraph 2(5) of the said Note shall be interpreted to include changes of respective amounts in the payment schedule and advances of the latest presentation date of documents required for payment.

I should be grateful if you would be good enough to confirm the foregoing understandings.

Sincerely yours,
Akira Nishiyama
Director,
Economic Cooperation Bureau,
Ministry of Foreign Affairs,
Government of Japan.

Yung Joon Kim,
Assistant Minister for Planning,
Economic Planning Board,
Republic of Korea.