

Effected by Exchange of Notes
at Tokyo June 29, 1971
Entered into force June 29, 1971

Exchange of Notes between
the Government of the Republic of Korea and
the Government of Japan concerning Loan
for the Encouragement of Export Industry and Medium-Small Industry

The Director-General of the Economic Cooperation Bureau
to the Ambassador of the Republic of Korea

Tokyo, June 29, 1971

Excellency,

I have the honour to refer to paragraph 19 of the Joint Communique dated July 23, 1970 issued at the Fourth Japan-Korea Regular Ministerial Meeting and to confirm on behalf of my Government the following understanding recently reached between the representatives of the Government of Japan and the Government of the Republic of Korea concerning Japanese loans to be extended to the Republic of Korea with a view to meeting Korea 's need for promotion of export industries and development of small and medium industries.

1. Loans in Japanese Yen (hereinafter referred to as "the Loans") up to the amount of ten billion eight hundred million yen (¥10,800,000,000) will be extended to the Korea Exchange Bank and the Medium Industry Bank, respectively within the amounts specified below, by the Export-Import Bank of Japan (hereinafter referred to as "the Bank") in accordance with the relevant laws and regulations of Japan.

Korea Exchange Bankbillion four hundred million yen
(¥5,400,000,000)
Medium Industry Bankbillion four hundred million yen
(¥5,400,000,000)

2. The Loans will be made available by loan agreements to be concluded between the Korea Exchange Bank and the Medium Industry Bank respectively on the one hand, and the Bank on the other. The terms and conditions of the Loans as well as procedures for their utilization will be governed by the said agreements, which will contain, inter alia, the following principles:

- (a) The repayment period will be ten (10) years after three (3) years grace.
- (b) The rate of interest will be six and a quarter (6.25) percent per annum.
- (c) The closing date will be June 1974.

3. The Government of the Republic of Korea will take all necessary measures to secure the due performance of the repayment of principal and payment of interest of the Loans to be extended to the Korea Exchange Bank and the Medium Industry Bank.

4. The Loan will be made available to cover payments to be made to Japanese suppliers by Korean importers, under such contracts as may be entered into in Japanese yen between them for the purchase of Japan and services of Japanese nationals which may be incidental thereto, within the Utilization Programme attached hereto.

5. With regard to the shipping and marine insurance of goods purchased under the Loan, the Government of the Republic of Korea shall refrain from imposing any restrictions that may hinder a fair and free competition of the shipping and marine insurance companies of the two countries.

6. The Government of the Republic of Korea shall exempt the Bank from any Korean fiscal levy or tax on and/or in connection with the Loan and interest accruing therefrom.

7. The two Governments will consult with each other with respect to any matter which may arise from or in connection with the foregoing understanding.

I should be grateful if Your Excellency would confirm the foregoing understanding on behalf of the Government of the Republic of Korea.

I have further the honour to confirm the foregoing understanding on behalf of the Government of the Republic of Korea.

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

Masao Sawaki
Director-General of
Economic Cooperation
Bureau

His Excellency,
Mr. Ho Lee
Ambassador of the
Republic of Korea

Utilization Programme

1. Purchase of machinery and equipment for promotion of export industries Five billion four hundred million yen
(¥5,400,000,000)
(To be borrowed by the Korea Exchange Bank)

2. Purchase of machinery and equipment for development of small and medium industries Five billion four hundred million yen
(¥5,400,000,000)
(To be borrowed by the Medium Industry Bank)

The Ministr of the Embassy of the Republic of Korea
to the Director General of Economic Cooperation Bureau

June 1971

Excellency,

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

“..... Japanese Note”

I have further the honour to confirm the forgoing understanding on behalf of the Government of the Republic of Korea.

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

Yong Hai Woo
Minister
Embassy of
the Republic of Korea
His Excellency

Mr. Masao Sawaki
Director-General
Economic Cooperation Bureau
Ministry of Foreign Affairs