

Effected by Exchange of Notes
at Seoul January 24, 1973
Entered into force January 29, 1973

**Exchange of Notes concerning Loan between the Government of the Republic of
Korea and the Government of Japan for the Telecommunication Facilities
Expansion Project**

The Ambassador of Japan to the Minister of Foreign Affairs

Seoul, January 24, 1973

Excellency,

I have the honour to refer to paragraph 19 of the Joint Communique dated September 6, 1972 issued on the occasion of the Sixth Japan-Korea Regular Ministerial Conference and to confirm the following understanding recently reached between the representatives of the Government of Japan and the Government of the Republic of Korea concerning Japanese assistance to be extended to the Republic of Korea for the Telecommunication Facilities Expansion Project (hereinafter referred to as "the project"):

1. A loan in Japanese Yen up to the amount of six billion two hundred million yen (¥6,200,000,000) (hereinafter referred to as "the Loan") will be extended to the Government of the Republic of Korea by the Overseas Economic Cooperation Fund (hereinafter referred to as "the fund") in accordance with the relevant laws and regulations of Japan in order to meet the foreign currency requirements for the implementation of the Project, provided that the two Governments and the Fund are satisfied of the feasibility of the project.

2. The Loan will be made available by a loan agreement to be concluded between the Government of the Republic of Korea and the Fund. The terms and conditions of the Loan as well as the procedures for its utilization will be governed by the said loan agreement which will contain, inter alia, the following principles:

- (a) The repayment period will be fifteen (15) years after five (5) year 's grace.
- (b) The rate of interest will be four and a quarter (4.25) per cent per annum.
- (c) The closing date for disbursements of the Loan will be December 31, 1977.

3. The Loan will be made available to cover payments to be made to Japanese suppliers, contractors or consultants by Korean importers under such contracts as may be entered into between them in Japanese yen for the purchase of products of Japan and services of Japanese nationals required for the implementation of the Project.

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

5. Japanese nationals whose services may be required in the Republic of Korea in connection with the supply of Japanese products and services to be provided under the contracts referred to in paragraph 3 above shall be accorded such facilities as may be necessary for their entry into the Republic of Korea and stay therein for the performance of their work.

6. The Government of the Republic of Korea shall exempt:

- (a) The Fund from any fiscal levy or tax imposed in the Republic of Korea on and/or in connection with the Loan and interest accruing therefrom;
- (b) Japanese companies from any fiscal levy or tax imposed in the Republic of Korea on and/or in connection with revenue and/or income that may accrue from the supply of Japanese products and services to be provided under the Loan;

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

His Excellency Torao Ushiroku
Yong Shik Kim Ambassador of Japan
Minister of Foreign Affairs

The Minister of Foreign Affairs to the Ambassador of Japan

Seoul, January 24, 1973

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 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.

His Excellency Yong Shik Kim
Torao Ushiroku Minister of Foreign Affairs
Ambassador of Japan