

Effected by Exchange of Notes at Seoul November 13, 1976
Entered into force November 13, 1976

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

The Ambassador of Japan to the Minister of Foreign Affairs

Seoul, November 13, 1976

Excellency,

I have the honour to confirm the following understanding recently reached between the representatives of the Government of Japan and of the Government of the Republic of Korea concerning Japanese loans to be extended to the Republic of Korea with a view to promoting the welfare of the people and the economic development efforts, of the Republic of Korea.

I

1. A loan in Japanese Yen up to the amount of six billion six hundred million yen (Y6,600,000,000) will be extended to the Government of the Republic of Korea by the Overseas Economic Cooperation Fund (hereinafter referred to as "the Fund") for the implementation of the Telecommunication Facilities Expansion Project (hereinafter referred to as "the Project") in accordance with the relevant laws and regulations of Japan.
2. (1) The loan mentioned in paragraph 1 above 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 the grace period of five (5) years.
 - (b) The rate of interest will be four and a quarter (4.25) per cent per annum
 - (c) The closing date for disbursements will be September 30, 1981.(2) The loan agreement mentioned in sub-paragraph (1) above will be concluded after the Fund is satisfied of the feasibility of the Project.
- (3) The closing date for disbursements mentioned in subparagraph (1)(c) above may be extended with the consent of the authorities concerned of the two Governments.
3. The loan mentioned in paragraph 1 above will be made available to cover payments to be made by Korea executing agencies to suppliers, contractors and/or consultants of eligible source countries under such contracts as may be entered into between them for purchases of products and/or services required for the implementation of the Project, provided that such purchases are made in such eligible source countries for products

produced in and/or services supplied from those countries.

II

1. A loan in Japanese Yen up to the amount of four billion three hundred million yen (Y4,300,000,000) will be extended to the Government of the Republic of Korea by the Fund for the implementation of the Chung Bug Line Doubling Project (hereinafter referred to as "the Project") in accordance with the relevant laws and regulations of Japan.
2. (1) The loan mentioned in paragraph 1 above 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 thirteen (13) years after the grace period of seven (7) years.
 - (b) The rate of interest will be three and a half (3.5) per cent per annum.
 - (c) The closing date for disbursements will be March 31, 1982.(2) The loan agreement mentioned in sub-paragraph (1) above will be concluded after the Fund is satisfied of the feasibility of the Project.
- (3) The closing date for disbursements mentioned in sub-paragraph (1)(c) above may be extended with the consent of the authorities concerned of the two Governments.
3. (1) The loan mentioned in paragraph 1 above will be made available to cover payments to be made by Korean executing agencies to suppliers, contractors and/or consultants of eligible source countries under such contracts as may be entered into between them for purchases of products and/or services required for the implementation of the Project, provided that such purchases are made in such eligible source countries for products produced in and/or services supplied from those countries.
- (2) A part of the loan may be used to cover eligible local currency requirements for the implementation of the Project.

III

1. The Government of the Republic of Korea will ensure that products and/or services mentioned in paragraph 3 of part I and in paragraph 3(1) of part II are procured in accordance with the guidelines for procurement of the Fund which set forth, inter alia, the procedures of international tendering to be followed except where such procedures are inapplicable or inappropriate.
2. The scope of eligible source countries mentioned in paragraph 3 of part I and in paragraph 3(1) of part II above will be agreed upon between the authorities concerned of the two Governments.
3. With regard to the shipping and marine insurance of products purchased under the loans mentioned in parts I and II above (hereinafter collectively referred to as "the Loans"), the Government of the Republic of Korea will refrain from imposing any

restrictions that may hinder fair and free competition between the shipping and marine insurance companies of the two countries.

4. Japanese nationals whose services may be required in the Republic of Korea in connection with the supply of products and/or services under the Loans will 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.

5. The Government of the Republic of Korea will exempt the Fund from any fiscal levy or tax imposed in the Republic of Korea on and/or in connection with the Loans and interest accruing therefrom.

6. The two Governments will hold joint review on the progress of the implementation of the Loans from time to time and take measures, whenever necessary, to ensure smooth and effective utilization of the Loans.

7. The two Governments will consult with each other with respect to any matter that may arise from or in connection with this 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.

/Sgd./

Akira Nishiyama
Ambassador Extraordinary
and Plenipotentiary of Japan

The Minister of Foreign Affairs to the Ambassador of Japan

Seoul, November 13, 1976

Excellency,

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

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“(Japanese Note)”

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I have further the honour to confirm on behalf of the Government of the Republic of Korea the understanding set forth in Your Excellency 's Note.

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

highest consideration.

/Sgd./

Tong-Jin Park

Minister of Foreign Affairs