

Exchange of Notes at Seoul February 10, 1977

Entered into force February 10, 1977

**Exchange of Notes on Loan for the Project of Agriculture Development between the
Government of the Republic of Korea and the Government of Japan**

The Ambassador of Japan to the Minister of Foreign Affairs

Seoul, February 10, 1977

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 a Japanese loan 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:

1. A loan in Japanese Yen up to the amount of twelve billion six hundred million yen (¥12,600,000,000) (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") for the promotion of food and other agricultural production in accordance with the relevant laws and regulations of Japan.
2. (1) 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 ten (10) years after the grace period of five (5) years.
 - (b) The rate of interest will be five and three quarters (5.75) per cent per

annum.

- (c) The closing date for disbursements will be two (2) years from the date of the signing of the loan agreement.(2) The closing date for disbursements mentioned in sub-paragraph (1) © above may be extended with the consent of the authorities concerned of the two Governments.

3. (1) The Loan will be made available to cover payments to be made to suppliers of eligible source countries by Korean importers under such contracts as have been or may be entered into between them for purchases of such products as will be enumerated in a list to be mutually agreed upon between the authorities concerned of the two Governments and for purchases of services incidental to those purchases, provided that such purchases are made in such eligible source countries for products produced in those countries.

(2) The list mentioned in sub-paragraph (1) above will be subject to modifications which may be agreed upon between the authorities concerned of the two Governments.

(3) The scope of eligible source countries mentioned in sub-paragraph (1) above will be agreed upon between the authorities concerned of the two Governments.

4. The Government of the Republic of Korea will deposit the equivalent in Korean currency of the amount of yen disbursements of the Loan in the Government Fund Financing Special Account held by the Ministry of Finance of the Republic of Korea. The amount of Korean currency thus deposited shall be utilized by the Government of the Republic of Korea icy the implementation of irrigation Projects to be separately agreed upon between the authorities concerned of the two Governments.

5. The Government of the Repulic of Korea will ensure that products and/or services mentioned in sub-paragraph (1) of paragraph 3 are procured in accordance with the guidelines for procurement of the Fund which set forth, inter aha, the procedures of international tendering to be followed except where such procedures are inapplicable or inappropriate.

6. With regard to the shipping and marine insurance of products purchased under the Loan, 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.

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

8. 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 Loan and interest accruing therefrom.

9. 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.

Ambassador Extraordinary

and Plenipotentiary of Japan

The Minister of Foreign Affairs to the Ambassador of Japan

February 10, 1977

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 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.

Minister of Foreign Affairs