

Exchange of Notes at Seoul, January 18, 1980
Entered into force January 18, 1980

EXCHANGE OF NOTES BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF KOREA
AND THE GOVERNMENT OF JAPAN
CONCERNING THE LOANS FOR EDUCATIONAL FACILITIES EXPANSION, MEDICAL
AND HEALTH RESEARCH INSTITUTES EQUIPMENT MODERNIZATION
AND URBAN SEWERAGE TREATMENT PLANT CONSTRUCTION PROJECTS

The Ambassador of Japan to the Minister of Foreign Affairs
of the Republic of Korea

Seoul, January 18, 1980

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 nineteen billion yen (¥ 19,000,000,000) (hereinafter referred to as "the Loan") will be extended, in accordance with the relevant laws and regulations of Japan, 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 projects listed in the project List attached hereto (hereinafter referred to as "the Project List") according to the allocation for each project as specified in the Project List.

2. (1) The Loan will be made available by loan agreements 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 agreements which will contain, inter alia, the following principles :
- (a) The repayment period will be eighteen (18) years after the grace period of seven (7) years.
 - (b) The rate of interest will be four (4) per cent per annum.
 - (c) The disbursement period will be five (5) years with regard to the projects mentioned in 1 and 2 of the Project List and six (6) years with regard to the project mentioned in 3 of the project List the form the date of the signing of the relevant loan agreement.
- (2) The loan agreement mentioned in subparagraph (1) above for each of the projects listed in the Project List will be concluded after the Fund is satisfied of its feasibility.
- (3) The disbursement period 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 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 projects mentioned in paragraph 1 above, provided that such purchases are made in such eligible source countries for products produced in and or services supplied from those countries.
(2) 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 ensure that products and/or services mentioned in sub-paragraph (1) of paragraph 3 above 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.
5. 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.
6. 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 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.
7. 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.
8. The two Governments will hold joint review on the progress of the implementation of the Loan from time to time and take measures, whenever necessary, to ensure smooth and effective utilization of the Loan.
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.

Project List

(Up to million yen)

1. Educational Facilities Expansion Project 10,000
2. Medical and Health Research Institutes Equipment Modernization Project 4,000
3. Urban Sewerage Treatment Plant Construction Project 5,000

NOTE VERBALE

The Embassy of Japan presents its compliments to the Ministry of Foreign Affairs and has the honour to refer to sub-paragraph (2) of paragraph 3 of the Exchange of Notes dated January 18, 1980, concerning a Japanese loan to be extended with a view to promoting the welfare of the people and the economic development efforts of the Republic of Korea.

The Embassy has further the honour to propose that the eligible source countries mentioned in the said paragraph will be as follows :

1. With regard to products and services other than consulting services, the eligible source countries are;
 - (a) All the developing countries as defined in I 1. (b) of the Memorandum of Understanding on Untying of Bilateral Development Loans in Favour of Procurement in Developing Countries agreed among eight members of the Development Assistance Committee on June 7, 1974.
 - (b) All the member countries of the Organization for Economic Co-operation and Development (OECD).
2. With regard to consulting services, the eligible source countries are:
 - (a) All the developing countries as defined in I 1. (b) of the Memorandum of Understanding on Untying of Bilateral Development Loans in Favour of Procurement in Developing Countries agreed among eight members of the Development Assistance Committee on June 7, 1974.
 - (b) Japan.
The Embassy of Japan avails itself of this opportunity to renew to the Ministry of Foreign Affairs the assurance of its highest consideration.

Seoul, January 18, 1980

**The Minister of Foreign Affairs of The Republic of
Korea to The Ambassador of Japan**

Seoul, January 18, 1980

Excellency,

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

“ Japanese proposing 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

NOTE VERBALE

The Ministry of Foreign Affairs presents its compliments to the Embassy of Japan and has the honour to acknowledge the receipt of the Note Verbale of the latter No. E-21 dated January 18, 1980.

The Ministry has further the honour to confirm on behalf of the Government of the Republic of Korea that the Proposal set forth in the said Note Verbale is acceptable to the Government of the Republic of Korea.

The Ministry avails itself of this opportunity to renew to the Embassy of Japan the assurances of its highest consideration.

Seoul, January 18, 1980