

6 AGREEMENT ON THE SETTLEMENT OF PROBLEM CONCERNING
PROPERTY AND CLAIMS AND ON THE ECONOMIC CO-OPERATION
BETWEEN JAPAN AND THE REPUBLIC OF KOREA

Japan and the Republic of Korea.

Desiring to settle problem concerning property of the two countries and their nationals and problem concerning claims between the two countries and their nationals, and

Desiring to promote the economic co-operation between them,
Have agreed as follows:

ARTICLE I

1. To the Republic of Korea Japan shall:

- (a) Supply the products of Japan and the services of the Japanese people, the total value of which will be so much in yen as shall be equivalent to three hundred million United States dollars (\$300,000,000) at present computed at one hundred and eight billion yen (¥108,000,000,000), in grants within the period of ten years from the date of the entry into force of the present Agreement. The supply of such products and services in each year shall be limited to such amount in yen as shall be equivalent to thirty million United States dollars (\$30,000,000) at present computed at ten billion eight hundred million yen (¥10,800,000,000); in case the supply of any one year fall short of the said amount, the remainder shall be added to the amounts of the supplies for the next and subsequent years. However, the ceiling on the amount of the supply for any one year can be raised by agreement between the Governments of the Contracting Parties.
- (b) Extend long-term and low-interest credits up to such amount in yen as shall be equivalent to two hundred million United States dollars (\$200,000,000) at present computed at seventy-two billion yen (¥72,000,000,000), which the Government of the Republic of Korea may request and which shall be used for the procurement by the Republic of Korea of the products of Japan and the services of the Japanese people necessary in implementing the projects to be determined in accordance with arrangements to be concluded on the basis of the provisions of paragraph 3 of the present Article, within the period of ten years from the date of the entry into force of the present Agreement. Such credits shall be extended by the Overseas Economic Co-operation Fund of Japan, and the Government of Japan shall take necessary measures in order to make available to the said Fund necessary funds for giving the credits evenly each year.

The above-mentioned supply and credits shall be such that will serve the economic development of the Republic of Korea.

2. The Governments of the Contracting Parties shall establish, as an organ of consultation between the two Governments with powers to recommend on matters concerning the implementation of the provisions of the present Article, a Joint Committee

composed of representatives of the two Governments.

3. The Governments of the Contracting Parties shall conclude necessary arrangements for the implementation of the provisions of the present Article.

ARTICLE II

1. The Contracting Parties confirm that problem concerning property, rights and interests of the two Contracting Parties and their nationals (including juridical persons) and concerning claims between the Contracting Parties and their nationals, including those provided for in Article IV, paragraph (a) of the Treaty of Peace with Japan signed at the city of San Francisco on September 8, 1951, is settled completely and finally.
2. The provisions of the present Article shall not affect the following (excluding those subject to the special measures which the respective Contracting Parties have taken by the date of the signing of the present Agreement):

- (a) Property, rights and interests of those nationals of one Contracting Party who have ever resided in the other country in the period between August 15, 1947 and the date of the signing of the present Agreement;
- (b) Property, rights and interests of one Contracting Party and its nationals, which have been acquired or have come within the jurisdiction of the other Contracting Party in the course of normal contacts on or after August 15, 1945.

3. Subject to the provisions of paragraph 2 above, no contention shall be made with respect to the measures on property, rights and interests of either Contracting Party and its nationals which are within the jurisdiction of the other Contracting Party on the date of the signing of the present Agreement, or with respect to any claims of either Contracting Party and its nationals against the other Contracting Party and its nationals arising from the causes which occurred on or before the said date.

ARTICLE III

1. Any dispute between the Contracting Parties concerning the interpretation and implementation of the present Agreement shall be settled primarily through diplomatic channels.
2. Any dispute which falls to be settled by the provisions of paragraph 1 above shall be referred for decision to an arbitration board composed of three arbitrators, one to be appointed by the Government of each Contracting Party within a period of thirty days from the date of receipt by the Government of either Contracting Party from the Government of the other of a note requesting arbitration of the dispute, and the third arbitrator to be agreed upon by the two arbitrators so chosen within a further period of thirty days or the third arbitrator to be appointed by the government of a third country agreed upon within such further period by the two arbitrators, provided that such third arbitrator shall not be a national of either Contracting Party.
3. If, within the periods respectively referred to, the Government of either Contracting Party fails to appoint an arbitrator, or the third arbitrator or a third country is not agreed upon, the arbitration board shall be composed of the two arbitrators to be de-

signed by each of the governments of the two countries respectively chosen by the Governments of the Contracting Parties within a period of thirty days and the third arbitrator to be nominated by the government of a third country to be determined upon consultation between the governments so chosen.

4. The Governments of the Contracting Parties shall abide by any award made by the arbitration board under the provisions of the present Article.

ARTICLE IV

The present Agreement shall be ratified. The instruments of ratification shall be exchanged at Seoul as soon as possible. The present Agreement shall enter into force on the date of the exchange of the instruments of ratification.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto by their respective Governments, have signed the present Agreement.

DONE in duplicate at Tokyo, in the Japanese and Korean languages, both equally authentic, this twenty-second day of June, 1965.

For Japan:

(Signed) Etsusaburo Shina

(Signed) Shinichi Takasugi

For the Republic of Korea:

(Signed) Tong Won Lee

(Signed) Dong Jo Kim

FIRST PROTOCOL

At the time of the signing of the Agreement on the Settlement of Problem Concerning Property and Claims and on the Economic Co-operation between Japan and the Republic of Korea (hereinafter referred to as "the Agreement"), the undersigned, being duly authorized by their respective Governments, have agreed on the following provisions, which shall be considered integral parts of the Agreement, concerning the implementation of the provisions of Article I, paragraph 1 (a) of the Agreement.

ARTICLE I

An annual schedule specifying the products and services to be supplied by Japan (hereinafter referred to as "the Schedule") shall be prepared by the Government of the Republic of Korea, and shall be fixed through consultation between the Governments of the Contracting Parties.

ARTICLE II

1. The products to be supplied by Japan shall be capital goods and such other products to be agreed upon by the two Governments.
2. The supply of the products of Japan and the services of the Japanese people shall be carried out in such a manner as will not substantially prejudice the normal trade

between Japan and the Republic of Korea or impose additional foreign exchange burden on Japan.

ARTICLE III

1. The Mission mentioned in Article V, paragraph 1 or any person who is authorized by the Government of the Republic of Korea shall conclude contracts directly with any Japanese national or any juridical person controlled by Japanese nationals for the acquisition of products and services in accordance with the Schedule.

2. The contracts (including modifications thereof) mentioned in paragraph 1 above shall conform with: (i) the provisions of Article I, paragraph 1(a) of the Agreement and of the provisions of the present Protocol; (ii) the provisions of such arrangements as may be made by the two Governments for the implementation of the provisions of Article I, paragraph 1(a) of the Agreement and of the present Protocol; and (iii) the Schedule then applicable. These contracts shall be forwarded to the Government of Japan for verification as to the conformity of the same with the above-mentioned criteria. Such verification as a rule will be effected within fourteen days. In case such verification is not effected within the stipulated period, such contract shall be referred to the Joint Committee mentioned in Article I, paragraph 2 of the Agreement, and shall be acted upon in accordance with the recommendations of the Joint Committee. Such recommendations shall be made within a period of thirty days after the receipt of the contract by the Joint Committee. A contract verified in the manner provided in the present paragraph shall be hereinafter referred to as a "Contract".

3. Every Contract shall contain a provision to the effect that disputes arising from or in connection with such Contract shall, at the request of either party thereto, be referred for settlement to an arbitration board of commerce in accordance with such arrangement as may be made between the two Governments. The two Governments shall take necessary measures to make final and enforceable all arbitration awards duly rendered.

4. Notwithstanding the provisions of paragraph 1 above, in case the supply of the products and services is deemed impossible under Contracts, they may be supplied by agreement between the two Governments without Contracts.

ARTICLE IV

1. The Government of Japan shall, through procedures to be determined under the provisions of Article VII, make payments to cover the obligations incurred under Contracts by the Mission mentioned in Article V, paragraph 1 or by any person authorized by the Government of the Republic of Korea as well as the expenses for the supply of products and services referred to in paragraph 4 of the preceding Article. Those payments shall be made in Japanese yen.

2. By and upon making a payment on the basis of the provisions of paragraph 1 above, Japan shall be deemed to have supplied the Republic of Korea with the products and services thus paid for, in accordance with the provisions of Article I, paragraph 1(a) of the Agreement.

ARTICLE V

1. The Government of the Republic of Korea shall establish its mission (hereinafter referred to as "the Mission") in Japan.
2. The Mission shall be charged with the implementation of the provisions of Article I, paragraph 1(a) of the Agreement and of the present Protocol, and its functions shall include the following:
 - (a) Presentation to the Government of Japan of a schedule prepared by the Government of the Republic of Korea;
 - (b) Conclusion and implementation of the contracts for the Government of the Republic of Korea; and
 - (c) Forwarding to the Government of Japan to obtain its verification of the contracts mentioned in (b) above and of the contracts concluded by the persons who are authorized by the Government of the Republic of Korea.
3. Such office or offices of the Mission in Japan as are necessary for the effective performance of its functions and are used exclusively for that purpose shall be established at Tokyo and other places to be agreed upon between the two Governments.
4. The premises of the office or offices, including the archives, of the Mission shall be inviolable. The Mission may use cipher. The real estate which is owned by the Mission and used directly for the performance of its functions shall be exempt from the Tax on Acquisition of Real Property and the Fixed Assets Tax. The income of the Mission which may be derived from the performance of its functions shall be exempt from taxation in Japan. The property imported for the official use of the Mission shall be exempt from customs duties and any other charges imposed on or in connection with importation.
5. The Mission shall be accorded such administrative assistance by the Government of Japan as other foreign missions usually enjoy and as may be required for the effective performance of its functions.
6. The Chief and two senior officials of the Mission as well as the chiefs of such offices as may be established in pursuance of paragraph 3 above, who are nationals of the Republic of Korea, shall be accorded diplomatic privileges and immunities generally recognized under international law and usage. If it is deemed necessary for the effective performance of the functions of the Mission, the number of such senior officials may be increased by agreement between the two Governments.
7. Other members or the staff of the Mission who are nationals of the Republic of Korea and who are not ordinarily resident in Japan shall be exempt from taxation in Japan upon emoluments which they may receive in the performance of their official duties, and, in accordance with the laws and regulations of Japan, from customs duties and any other charges imposed on or in connection with importation of property for their personal use.
8. In the event that any dispute arising out of or in connection with a Contract has not been settled by arbitration or that the arbitration award rendered has not been complied with, the matter may be taken, as a last resort, to the appropriate court located in the area where the Contract concerned has been concluded. In such a case and solely for the purpose of whatever judicial proceedings may be necessary, the person holding the position of Chief of the Legal Section of the Mission may sue or

be sued, and accordingly he may be served with process and other pleadings at his office in the Mission. However, he shall be exempt from the obligation to deposit bonds for the costs of legal proceedings. While the Mission enjoys inviolability and immunity as provided for in paragraphs 4 and 6 above, the final decision rendered by the appropriate judicial body in such a case will be accepted by the Mission as binding upon it.

9. In the enforcement or any final court decision, the land and buildings, as well as the movable property therein, owned by the Mission and used for the performance of its functions shall in no case be subject to execution.

ARTICLE VI

1. The two Governments shall take necessary measures for the smooth and effective supply of the products and services.
2. Japanese nationals who may be needed in the Republic of Korea in connection with the supply of the products and services shall be accorded necessary facilities for their entry into, departure from, and stay in the Republic of Korea for the performance of their work.
3. Japanese nationals and juridical persons shall be exempt from taxation in the Republic of Korea upon their emoluments to be accrued from the supply of the products and services.
4. The products supplied by Japan shall not be re-exported from the territory of the Republic of Korea.
5. With respect to the transportation and insurance of the products to be supplied by Japan, the Government of either Contracting Party shall not take discriminatory measures, directly or indirectly against the nationals and juridical persons of the other Contracting Party, which may hamper fair and free competition.
6. The provisions of the present Article shall be applicable to the procurement of products and services by credits as provided for in Article I, paragraph 1 (b) of the Agreement.

ARTICLE VII

Details including procedure for the implementation of the present Protocol shall be agreed upon through consultation between the two Governments.

IN WITNESS WHEREOF the undersigned have signed the present Protocol.

DONE in duplicate at Tokyo, in the Japanese and Korean languages, both equally authentic, this twenty-second day of June, 1965.

For Japan:

(Signed) Etsusaburo Shiina

(Signed) Shinichi Takasugi

For the Republic of Korea:

(Signed) Tong Won Lee

(Signed) Dong Jo Kim

SECOND PROTOCOL

At the time of the signing of the Agreement on the Settlement of Problem Concerning Property and Claims and on the Economic Co-operation between Japan and the Republic of Korea (hereinafter referred to as "the Agreement"), the undersigned, being duly authorized by their respective Governments, have further agreed on the following provisions which shall be considered integral parts of the Agreement:

ARTICLE I

The Republic of Korea shall repay forty-five million seven hundred and twenty-nine thousand three hundred and ninety-eight dollars and eight cents in the United States dollars (\$45,729,398.08), confirmed between the two Governments as the balance, in favour of Japan, of the Open Account between Japan and the Republic of Korea in the exchange of notes dated April 22, 1961, in the following installments within the period of ten (10) years from the date of the entry into force of the Agreement. In this case, no interest shall be charged.

The amount of each of the first nine annual installments: four million five hundred and seventy-three thousand United States dollars (\$4,573,000).

The amount of the tenth annual installment: four million five hundred and seventy-two thousand three hundred and ninety-eight dollars and eight cents in United States dollars (\$4,572,398.08).

ARTICLE II

In case request is made by the Republic of Korea with respect to an annual installment referred to in the preceding Article, the supply of the products and services under the provisions of Article I, paragraph 1 (a) of the Agreement and the payments of the installments under the provisions of the preceding Article shall be deemed as having been carried out to the amount equivalent to that so requested. The amount of the supply of products and services under the provisions of Article I, paragraph 1 (a) of the Agreement and the ceiling on the amount of the supply for the year concerned shall be thereby deducted by the said amount of money, notwithstanding the provisions of paragraph 1 (a) of the said Article.

ARTICLE III

Concerning the repayment of the Balance in favour of Japan referred to in Article I, the Republic of Korea shall pay the first annual installment on the date of the entry into force of the Agreement, and the second and subsequent annual installments shall be paid on or before the same date each year as that for the first payment.

ARTICLE IV

In view of the fiscal practices of Japan, the request by the Government of the Republic of Korea mentioned in Article II shall be made, with respect to the instal-

ment to be paid on the date provided for in the preceding Article, by October 1 of the year preceding the calendar year in which the Japanese fiscal year, to which such date for payment belongs, begins. Request, however, with respect to the first payment (and to the second payment in case the provisions of the foregoing sentence are not applicable) shall be made on the date of the entry into force of the Agreement.

ARTICLE V

The request by the Republic of Korea may be made with respect to the whole or part of the installment for each year referred to in Article I.

ARTICLE VI

In the event that the Republic of Korea does not make such request by the date provided for in Article IV and falls to make the payment of the whole or part of the installment by the date for payment provided for in Article III, it shall be deemed that the Republic of Korea has made the request mentioned in Article II with respect to the whole or part of the said installment.

IN WITNESS WHEREOF the undersigned have signed the present Protocol.

DONE in duplicate at Tokyo, in the Japanese and Korean languages, both equally authentic, this twenty-second day of June, 1965.

For Japan:

(Signed) Etsusaburo Shiina

(Signed) Shinichi Takasugi

For the Republic of Korea:

(Signed) Tong Won Lee

(Signed) Dong Jo Kim

(EXCHANGE OF NOTES CONCERNING THE DETAILS
FOR THE IMPLEMENTATION OF THE FIRST PROTOCOL)
(Japanese Note)

Tokyo, June 22, 1965

Excellency,

I have the honour to refer to the First Protocol (hereinafter referred to as "the Protocol") of the Agreement on the Settlement of Problem Concerning Property and Claims and on the Economic Co-operation between Japan and the Republic of Korea signed today (hereinafter referred to as "the Agreement"). The Government of Japan proposes that the Governments of the two countries agree, under the provisions of Article VII of the Protocol, as follows:

I SCHEDULE

1. The annual schedule (hereinafter referred to as the "Schedule") mentioned in

Article I of the Protocol shall be fixed for the year of which the beginning and ending dates shall be agreed upon by the two Governments.

2. The Schedule shall be fixed ordinarily as follows:
 - (a) The Schedule for each year, except for the first year, shall be fixed prior to the beginning of the year to which the Schedule is applied. For this purpose, the Schedule for the year concerned shall be presented to the Government of Japan for consultation at least sixty days prior to the beginning of the said year.
 - (b) The Schedule for the first year shall be fixed within sixty days from the date of the entry into force of the Agreement. For this purpose, the Schedule for the first year shall be presented to the Government of Japan as soon as possible.
3. The Schedule shall specify the products of Japan and the services of the Japanese people to be procured by the Republic of Korea in the year concerned.
4. The Schedule may be revised by agreement between the two Governments.

II CONTRACTS

1. The contracts mentioned in Article III, paragraph 1 of the Protocol shall be concluded in terms of Japanese yen through normal commercial procedure.
2. The responsibility for the performance of the Contracts mentioned in Article III, paragraph 2 of the Protocol (hereinafter referred to as the "Contract") shall rest solely with the Mission mentioned in Article V, paragraph 1 of the Protocol (hereinafter referred to as the "Mission"), and with the persons authorized by the Government of the Republic of Korea, or the Japanese nationals or juridical persons mentioned in Article III, paragraph 1 of the Protocol, who are parties thereto.
3. For the purposes of Article III, paragraph 3 of the Protocol, the Commercial Arbitration Commission means, in the event that either party to a Contract submits a case for arbitration, a commercial arbitration organ of the country where the other party resides.

III PAYMENT

1. The Government of the Republic of Korea shall designate a bank or banks to conduct the businesses relating to the implementation of the Protocol from among those Japanese banks which are approved as authorized foreign exchange banks under the laws of Japan and controlled by the Japanese nationals.
2. The Mission or an agency authorized by the Government of the Republic of Korea (hereinafter referred to as the "Agency") shall make arrangements with the designated bank or banks mentioned in paragraph 1 above, and open a Special Account or Accounts with such bank or banks in the name of the Government of the Republic of Korea, authorizing such bank or banks, among others, to receive payments from the Government of Japan, and shall notify the Government of Japan of the contents of such arrangements. The Special Accounts shall not bear interest.
3. The Mission or Agency shall forward to the Government of Japan a payment request, well in advance of the date on which the payment under the terms of the

Contract falls due, stating the amount of such payment, of the designated banks mentioned in paragraph 2 above the name of the bank where payment is to be made (hereinafter referred to as the "Bank"), and the date on which the Mission or Agency has to make the payment to the contracting parties concerned.

4. Upon receipt of the payment request, the Government of Japan shall pay the requested amount to the Bank prior to the date on which the Mission or Agency has to make the payment to the contracting parties concerned.
5. The Government of Japan shall also make the payment for the supply as may be agreed upon by the two Governments in accordance with the provisions of Article III, paragraph 4 of the Protocol in the same way as provided for in paragraph 4 above.
6. The amount of payment made by the Government of Japan in accordance with the provisions of paragraphs 4 and 5 above shall be credited to the Special Account, and no other funds shall be credited to the Special Account. The Special Account shall be debited only for the purposes mentioned in paragraphs 3 and 5 above.
7. In case the whole or part of the funds credited to the Special Account has not been drawn by the Mission because of cancellation of Contracts or for any other reason, the unpaid amount shall be applied for the purposes mentioned in paragraphs 3 and 5 above after consultation between the two Governments.
8. In case the whole or part of the amounts paid out of the Special Account has been refunded to the Mission or Agency, the amounts so refunded shall be credited to the Special Account, notwithstanding the provisions of paragraph 6 above. The amounts so refunded shall be applied for the purposes mentioned in paragraphs 3 and 5 above after consultation between the two Governments.
9. For the purposes of Article IV, paragraph 2 of the Protocol, "upon making a payment" means "at the time when a payment is made by the Government of Japan to the Bank."
10. In determining the amounts of the products and services by which Japan is deemed to have supplied the Republic of Korea pursuant to the provisions of Article IV, paragraph 2 of the Protocol, the equivalent amount in the United States dollar converted from the amount paid in the Japanese yen shall be the basis of calculation. The rate of exchange to be applied in the above calculation shall be at the par value of the Japanese yen to the United States dollar, officially fixed by the Government of Japan and agreed to by the International Monetary Fund, which is prevailing on the following dates:
 - (a) In the case of payment for a Contract, the date of the verification thereof by the Government of Japan.
 - (b) In other cases, the date to be agreed upon between the two Governments in each case; however, if there is no agreement on the date, the date on which the payment request is received by the Government of Japan shall be applied.

IV MISSION

The Government of the Republic of Korea shall inform the Government of Japan from time to time of the names of the Chief of the Mission and other members of the Mission authorized to act on behalf of the Mission in connection with the Contracts.

The Government of Japan shall have the aforesaid names published in the Official Gazette of Japan. The authority of the Chief and other members of the Mission shall be deemed to continue until such time as notice to the contrary is published in the said Gazette.

I have further the honour to propose that this Note and Your Excellency's reply confirming your Government's acceptance of the above proposal shall be considered as constituting an agreement between the two Governments on details for the implementation of the Protocol under Article VII thereof, with the understanding that other procedural details of the Protocol will be agreed upon between the appropriate authorities of the two Governments.

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

(Signed) Etsusaburo Shina
Minister for Foreign Affairs
of Japan

His Excellency
Tong Won Lee
Minister of Foreign Affairs
of the Republic of Korea

(Korean Note)

Tokyo, June 22, 1965

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 the honour to agree, on behalf of my Government, to the proposal embodied in the Note under acknowledgement and further to agree that the same and this reply shall be considered as constituting an agreement between the two Governments on the details for the implementation of the First Protocol of the Agreement on the Settlement of Problem Concerning Property and Claims and on the Economic Co-operation between the Republic of Korea and Japan.

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

(Signed) Tong Won Lee
Minister of Foreign Affairs

His Excellency
Etsusaburo Shina
Minister for Foreign Affairs
of Japan

(EXCHANGE OF NOTES CONCERNING THE IMPLEMENTATION OF THE PROVISIONS OF ARTICLE I, PARAGRAPH 1 (b) OF THE AGREEMENT ON THE SETTLEMENT OF PROBLEM CONCERNING PROPERTY AND CLAIMS AND ON THE ECONOMIC CO-OPERATION BETWEEN JAPAN AND THE REPUBLIC OF KOREA)

(Japanese Note)

Tokyo, June 22, 1965

Excellency,

I have the honour to propose, regarding the implementation of the provisions of Article I, paragraph 1 (b) of the Agreement on the Settlement of Problem Concerning Property and Claims and on the Economic Co-operation between Japan and the Republic of Korea (hereinafter referred to as "the Agreement") signed today, that the two Governments agree as follows:

1. Credits provided for in Article I, paragraph 1 (b) of the Agreement shall be extended under a loan agreement and project agreements separately prepared for each project which will be concluded between the Government of the Republic of Korea and the Overseas Economic Co-operation Fund.
2. The two Governments understand that the loan agreement and project agreements referred to in paragraph 1 above will contain the following conditions:
 - (a) Advancement of the credits shall be made in reasonably even distribution for each year.
 - (b) The repayment period of principal shall be twenty years, including seven year grace period which will start six months from the date of coming into effect of each project agreement, and the rate of interest shall be 3.5 percent per annum.
 - (c) The repayment of principal shall be made in fourteen consecutive equal annual instalments, and the payment of interest shall be made every six months from the date of the effectuation of the credit on the unpaid balance of principal then outstanding.
 - (d) The amount of credit shall be calculated on the basis of the equivalent amount in the United States dollar converted from the amount of the credit in the Japanese yen. The rate of exchange to be applied in the above conversion shall be at the par value of the Japanese yen to the United States dollar, officially fixed by the Government of Japan and agreed to by the International Monetary Fund, which is prevailing on the date of coming into effect of each project agreement.
 - (e) The repayment of principal and the payment of interest shall be made in convertible Japanese yen.
3. Depending on the fiscal situations of two countries and the financial conditions of the Overseas Economic Co-operation Fund, the period of repayment mentioned in paragraph 2 (b) above may be extended by mutual agreement.
4. The Overseas Economic Co-operation Fund shall be exempt from taxes and other charges of the Republic of Korea imposed on or in connection with the credits and the interests accruing therefrom.

5. The two Governments shall consult each year to fix the projects for which credits are extended and the annual implementation schedules thereof which the Government of the Republic of Korea will propose.

I have further the honour to propose that this Note and Your Excellency's reply confirming the acceptance of the above-mentioned proposal by your Government shall be considered as constituting an agreement between the Governments of Japan and the Republic of Korea on the implementation of the provisions of Article I, paragraph 1 (b) of the Agreement.

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

(Signed) Etsusaburo Shina
Minister for Foreign Affairs
of Japan

His Excellency
Tong Won Lee
Minister of Foreign Affairs of
the Republic of Korea

(Korean Note)

Tokyo, June 22, 1965

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 the honour to agree, on behalf of my Government, to the proposal embodied in Your Excellency's Note above, and further to agree that Your Excellency's Note and this reply shall be considered as constituting an agreement between the Governments of the two countries concerning the implementation of the provisions of Article I, paragraph 1 (b) of the Agreement on the Settlement of Problem Concerning Property and Claims and on the Economic Co-operation between the Republic of Korea and Japan.

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

(Signed) Tong Won Lee
Minister of Foreign Affairs

His Excellency
Etsusaburo Shina
Minister for Foreign Affairs
of Japan

(EXCHANGE OF NOTES CONCERNING THE JOINT COMMITTEE PROVIDED FOR IN ARTICLE I, PARAGRAPH 2 OF THE AGREEMENT ON THE SETTLEMENT OF PROBLEM CONCERNING PROPERTY AND CLAIMS AND ON THE ECONOMIC CO-OPERATION BETWEEN JAPAN AND THE REPUBLIC OF KOREA)
(Korean Note)

Tokyo, June 22, 1965

Excellency,

I have the honour to propose, concerning the Joint Committee provided for in Article I, paragraph 2 of the Agreement on the Settlement of Problem Concerning Property and Claims and on the Economic Co-operation between the Republic of Korea and Japan (hereinafter referred to as "the Agreement") signed today, that the two Governments agree as follows:

1. The Joint Committee shall be established in Tokyo.
2. The Joint Committee shall be composed of one representative and a certain number of deputies respectively appointed by the two Governments.
3. The Joint Committee shall meet at the request of the representative of either Government.
4. The Joint Committee shall have the function of conducting consultations for making recommendations on the following matters:
 - (a) Procedures concerning the Annual Schedule, the verification of contracts and payments under the First Protocol.
 - (b) Matters concerning the Annual Schedule referred to in (a) above.
 - (c) Matters concerning the projects and the annual implementation schedules therefor referred to in paragraph 5 of the Exchange of Notes concerning the Implementation of the Provisions of Article I, paragraph 1 (b) of the Agreement.
 - (d) The verification of contracts referred to in paragraph (a) above.
 - (e) Review of the implementation of the provisions of Article I, paragraph 1 of the Agreement (including the calculation of the total amount of the effected supply and advanced credits from time to time).
 - (f) Other matters concerning the implementation of the provisions of Article I of the Agreement, referred to the Joint Committee by agreement between the two Governments.

I have further the honour to propose that this Note and Your Excellency's reply confirming your Government's acceptance of the above-mentioned proposal shall be considered as constituting an agreement between the Governments of the Republic of Korea and Japan concerning the Joint Committee provided for in Article I, paragraph 2 of the Agreement.

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

(Signed) Tong Won Lee
Minister of Foreign Affairs

His Excellency
Etsusaburo Shiina
Minister for Foreign Affairs
of Japan

(Japanese Note)

Tokyo, June 22, 1965

Excellency,

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

"(Korean Note)"

I have the honour to agree, on behalf of my Government, to the proposal embodied in Your Excellency's Note above, and further to agree that Your Excellency's Note and this reply shall be considered as constituting an agreement between the Governments of the two countries concerning the Joint Committee provided for in Article I, paragraph 2 of the Agreement on the Settlement of Problem Concerning Property and Claims and Economic Co-operation between Japan and the Republic of Korea.

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

(Signed) Etsusaburo Shiina
Minister for Foreign Affairs
of Japan

His Excellency
Tong Won Lee
Minister of Foreign Affairs
of the Republic of Korea

AGREED MINUTES REGARDING THE AGREEMENT ON THE SETTLEMENT
OF PROBLEM CONCERNING PROPERTY AND CLAIMS AND
ON THE ECONOMIC CO-OPERATION BETWEEN JAPAN
AND THE REPUBLIC OF KOREA

The representatives of the Governments of Japan and the Republic of Korea have reached the following understandings concerning the Agreement on the Settlement of Problem of Property and Claims and on the Economic Co-operation between Japan and the Republic of Korea (hereinafter referred to as "the Agreement"), signed today, and concerning the related documents:

1. Re Article I, paragraph 1 of the Agreement:

It is agreed that the products and services supplied by Japan will not be used for

profit-making purposes in Japan.

2. Re Article II of the Agreement:

- (a) It is understood that "property, rights and interests" means all kinds of substantial rights which are recognized under law to be of property value.
- (b) It is understood that "special measures" means for Japan all post-war disposal measures taken in Japan on or after August 15, 1945 to meet the situations that arose as a result of the termination of the state of hostilities of World War II (including the measures taken in anticipation of special arrangements under the provisions of Article IV, paragraph (a) of the Treaty of Peace with Japan signed at the city of San Francisco on September 8, 1951).
- (c) It is understood that "have resided" means having resided in that country continuously for more than a year until any time during the period stipulated in paragraph 2 (a).
- (d) It is understood that "normal contacts" do not include those contacts under the special circumstances that arose after the termination of hostilities, such as transactions by persons who are nationals of one country and who were repatriated from the other (including juridical persons who closed their branch offices) as a result of the termination of the state of hostilities of World War II, with nationals of the other until the time of repatriation.
- (e) It is agreed that measures to be taken in accordance with the provisions of paragraph 3 mean the internal measures of the respective countries which would be taken for the settlement of problem concerning property, rights and interests of the two countries and their nationals and problem concerning the claims between the two countries and their nationals, referred to in paragraph 1.
- (f) The Korean representative expressed the hope that careful consideration would be given to immovable property owned in Japan by the nationals of the Republic of Korea who returned home before August 15, 1947, after the termination of the state of hostilities of World War II, and the Japanese representative replied by saying that the matter would be carefully studied.
- (g) It is confirmed that problem concerning property, rights and interests of the two countries and their nationals and concerning the claims between the two countries and their nationals, which is settled completely and finally as mentioned in paragraph 1, includes any claim falling within the scope of the "Outline of the Claims of the Republic of Korea against Japan" (the so-called "Eight Items"), which was submitted by the Korean side at the Japan-Republic of Korea negotiations and that, therefore, no contention can be made with respect to the above mentioned Outline of the Claims of the Republic of Korea against Japan.
- (h) It is confirmed that problem concerning property, rights and interests of the two countries and their nationals and concerning the claims between the two countries and their nationals, which is settled completely and finally as mentioned in paragraph 1, includes any claim arising from the seizure by the Republic of Korea of the Japanese fishing vessels on or before the date

of the signing of the Agreement, and that, therefore, no such claim can be raised against the Government of the Republic of Korea.

3. Re Article III of the Agreement:

It is agreed that the countries to be chosen respectively by the two Governments and a third country to be determined upon consultation between the governments of the countries so chosen, which are mentioned in paragraph 3 of the said Article, will be selected from among the countries having diplomatic relations with both Japan and the Republic of Korea.

4. Re Article II, paragraph 1 of the First Protocol:

(a) The Korean representative stated that the Republic of Korea hopes that, for the purpose of securing the domestic funds of the Republic of Korea anticipated to become necessary for the execution of the projects to be carried out with the supply and credits under the provisions of Article I, paragraph 1 of the Agreement, the Government of Japan will supply products other than capital goods exceeding an amount in yen equivalent to one hundred and fifty million United States dollars. The Japanese representative replied that he is prepared to pay consideration thereto.

(b) It is agreed that the products to be supplied by Japan will not include weapons and ammunition.

5. Re Article II, paragraph 2 of the First Protocol:

It is agreed that the cases where additional foreign exchange burdens are imposed on Japan mean cases where, (i) for the supply of the products concerned, especially heavy foreign exchange burdens are required or (ii) foreign exchange burdens are required in the purchase of such imported goods or imported machine parts which can function independently as may be replaced by Japanese products of the similar quality.

6. Re Article III of the First Protocol:

(a) With regard to paragraph 1, the Korean representative stated his understandings that the conclusion of contracts will be made in Japan, that such conclusion of contracts means the signing, and that, in general, bidding, announcement and other acts prior to the signing will take place in the Republic of Korea in cases where they are carried out by the Government of the Republic of Korea (office of supply), and will take place in the Republic of Korea or in Japan in other cases, and the Japanese representative replied that he has no objection.

(b) It is understood that contracts mentioned in paragraph 2 which require the supply of such accompanying services as transportation, insurance or inspection, for which payments are to be made in accordance with the provisions of the First Protocol, should in every case include provisions to the effect that these services should be performed by the nationals or juridical persons of Japan.

7. Re Article VI, paragraph 4 of the First Protocol:

It is agreed that in case the products supplied by Japan have been exported from the territory of the Republic of Korea after having been processed (excluding the simple assembly processing or processing to a similar degree) or been given such

other treatment as has been agreed upon between the two Governments, the provisions of paragraph 4 shall not be applied.

8. Re Exchange of Notes on the Implementation of the Provisions of Article I, paragraph 1 (b) of the Agreement:

- (a) It is understood that the date of coming into effect of the project agreements mentioned in 2 (b) of the Note means the date of the signing of each project agreement unless otherwise specified in such project agreement.
- (b) It is confirmed that the date of effectuation of the credit mentioned in paragraph 2 (c) of the Note means the day when the Overseas Economic Co-operation Fund will make payments to Japanese exporters on behalf of the Government of the Republic of Korea, in accordance with the terms of contracts to be concluded between Japanese exporters and the importers of the Republic of Korea, and debit the sum in the account of the Government of the Republic of Korea which will be opened in the Fund.

Tokyo, June 22, 1966

(Initialed) E. S.

(Initialed) T. W. L.

AGREED MINUTES REGARDING THE AGREEMENT ON THE SETTLEMENT
OF PROBLEM CONCERNING PROPERTY AND CLAIMS AND ON THE
ECONOMIC CO-OPERATION BETWEEN JAPAN AND THE
REPUBLIC OF KOREA

The representatives of the Governments of Japan and the Republic of Korea have reached the following understandings concerning the Agreement on the Settlement of Problem Concerning Property and Claims and on the Economic Co-operation between Japan and the Republic of Korea (hereinafter referred to as "the Agreement"), signed today, and concerning the related documents.

1. Re Article I of the Agreement:

It is understood that in case the ceiling on the amount of the supply for any one year is increased in accordance with the proviso of paragraph 1 (a), such increase will be made through advancement from the ceiling on the amount of the supply, in retrogressive order from the last year, within the limit that such ceiling shall not fall below the amount of payment for that year provided for in Article I of the Second Protocol.

2. Re Article VI of the First Protocol:

It is understood that, with respect to the application of paragraph 5, the two Governments will consult at the Joint Committee, taking into consideration the actual situation of transportation and insurance in the two countries.

3. Re Exchange of Notes Concerning the Details for the Implementation of the Provisions of the First Protocol:

It is understood that disputes arising from or in connection with the Contracts will be referred, in case there has not been established a commercial arbitration organ in

the country in which one party to the Contract concerned resides, to a commercial arbitration organ in the country in which the other resides, notwithstanding the provisions of paragraph II 3 of the Notes.

Tokyo, June 22, 1965.

(Initialed) E. S.

(Initialed) T. W. L.

(EXCHANGE OF NOTES CONCERNING THE EXTENSION OF
PRIVATE COMMERCIAL CREDITS)

(Japanese Note)

Tokyo, June 22, 1965

Excellency:

I have the honour to confirm the following understandings reached between the representatives of the two Governments concerning private commercial credits which will be extended by the nationals of Japan to the Government or nationals of the Republic of Korea:

1. It is hoped that ordinary private credits on a commercial basis exceeding three hundred (300) million United States dollars (\$300,000,000) would be extended by the nationals of Japan to the Government or nationals of the Republic of Korea through appropriate contracts that may be entered into. The extension of such credits will be facilitated and expedited within the scope of relevant laws and regulations.

2. The extension of private credits mentioned in 1 above will include the extension of private credits for fisheries co-operation, which is hoped to reach ninety million United States dollars (\$90,000,000), and the extension of private credits for the exports of vessels, which is hoped to reach thirty million United States dollars (\$30,000,000). In approving the extension of such credits, the Government of Japan will give favourable consideration as much as possible.

I have further the honour to propose that the present Note and Your Excellency's reply confirming the above-mentioned understandings be considered as constituting an agreement between the two Governments.

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

(Signed) Etsusaburo Shina
Minister for Foreign Affairs
of Japan

His Excellency
Tong Won Lee

Minister of Foreign Affairs
of the Republic of Korea

(Korean Note)

Tokyo, June 22, 1965

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 above-mentioned understandings and to agree that Your Excellency's Note and this reply be considered as constituting an agreement between the two Governments.

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

(Signed) Tong Won Lee
Minister of Foreign Affairs

His Excellency

Etsusaburo Shina

Minister for Foreign Affairs
of Japan

7 AGREEMENT ON THE LEGAL STATUS AND THE TREATMENT OF THE
NATIONALS OF THE REPUBLIC OF KOREA RESIDING IN JAPAN
BETWEEN JAPAN AND THE REPUBLIC OF KOREA

Japan and the Republic of Korea,

Considering that nationals of the Republic of Korea residing in Japan for many years have come to have special relations with Japanese society, and

Recognizing that enabling these nationals of the Republic of Korea to lead a stabilized life under the social order of Japan will contribute to the promotion of friendly relations between the two countries and their peoples,

Have agreed as follows:

ARTICLE I

1. The Government of Japan shall grant permission for permanent residence in Japan to a national of the Republic of Korea falling under either of the following categories, if he applies for such permission before the period of five years from the date of the entry into force of the present Agreement expires in accordance with the procedure to be established by the Government of Japan for the implementation of the present Agreement:

(a) A person residing in Japan since August 15, 1945, or a date prior thereto, continuously up to the time of his application; or