

EMBASSY OF JAPAN
HA NOI

99年12月E/N

Hanoi, March 28, 2000

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 Socialist Republic of Viet Nam concerning a Japanese loan to be extended with a view to promoting the economic stabilization and development efforts of the Socialist Republic of Viet Nam :

1. A loan in Japanese yen up to the amount of fifty-nine billion nine hundred and seventy-four million yen (¥59,974,000,000) (hereinafter referred to as "the Loan") will be extended, in accordance with the relevant laws and regulations of Japan, to the Government of the Socialist Republic of Viet Nam by Japan Bank for International Cooperation (hereinafter referred to as "the Bank") to implement the projects enumerated in the List attached hereto (hereinafter referred to as "the List") according to the allocation for each project as specified in the List.

2. (1) The Loan will be made available by loan agreements to be concluded between the Government of the Socialist Republic of Viet Nam and the Bank. 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) (i) The repayment period will be twenty (20) years after the grace² period of ten (10) years ;
- (ii) The rate of interest will be one and eight-tenths per cent (1.8%) per annum;

His Excellency
Mr. Tran Xuan Gia
Minister of Planning and Investment
of the Socialist Republic of Viet Nam

(b) Notwithstanding sub-paragraph (a) above, where a part of the Loan is made available to cover payments to consultants of the projects mentioned in 3, 4 and 6 of the List, then:

- (i) the repayment period of the said part will be thirty (30) years after the grace period of ten (10) years; and
- (ii) the rate of interest of the said part will be seventy-five-hundredths per cent (0.75%) per annum; and

(c) The disbursement period will be five (5) years with regard to the projects mentioned in 1, 2 and 5 of the List, and seven (7) years with regard to the projects mentioned in 3, 4 and 6 of the List from the dates of coming into force of the relevant loan agreements.

(d) The disbursement period mentioned in sub-paragraph (1)(c) above may be extended with the consent of the authorities concerned of the two Governments.

(2) Each of the loan agreements mentioned in sub-paragraph (1) above will be concluded after the Bank is satisfied of the feasibility, including the environmental consideration, of the project to which such loan agreement relates.

3. (1) The Loan will be made available to cover payments to be made by Vietnamese 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 enumerated in the List, provided that such purchases are made in such eligible source countries for products produced in and/or services supplied from those countries.

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

(3) A part of the Loan may be used to cover eligible local currency requirements for the implementation of the projects enumerated in the List.

4 With regard to the shipping and marine insurance of the products purchased under the Loan, the Government of the Socialist Republic of Viet Nam will refrain from imposing any restrictions that may hinder fair and free competition among the shipping and marine insurance companies.

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

6. Japanese nationals whose services may be required in the Socialist Republic of Viet Nam in connection with the supply of the products and/or services mentioned in sub-paragraph (1) of paragraph 3 will be accorded such facilities as may be necessary for their entry into the Socialist Republic of Viet Nam and stay therein for the performance of their work.

7. The Government of the Socialist Republic of Viet Nam will exempt :

(a) the Bank from all fiscal levies and taxes imposed in the Socialist Republic of Viet Nam on and/or in connection with the Loan as well as interest accruing therefrom ;

(b) Japanese companies operating as suppliers, contractors and/or consultants from all fiscal levies and taxes imposed in the Socialist Republic of Viet Nam on the income accruing from the supply of products and/or services to be provided under the Loan ; and

(c) Japanese companies operating as contractors and/or consultants from all duties and related fiscal charges imposed in the Socialist Republic of Viet Nam with respect to the import and re-export of their own materials and equipment needed for the implementation of the projects enumerated in the List.

8. The Government of the Socialist Republic of Viet Nam will take necessary measures to ensure that :

(a) the Loan be used properly and exclusively for the projects enumerated in the List; and

(b) the facilities constructed under the Loan be maintained and used properly and effectively for the purposes prescribed in this understanding.

9. The Government of the Socialist Republic of Viet Nam will, upon request, furnish the Government of Japan and the Bank with information and data concerning the progress of the implementation of the projects enumerated in the List.

10. The two Governments will consult with each other in respect of any matter that 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 Socialist Republic of Viet Nam.

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



Takeshi Nakamura
Ambassador Extraordinary
and Plenipotentiary of Japan
to the Socialist Republic of Viet Nam

LIST

(Maximum Amount
in Million Yen)

1. National Highway No. 10 Improvement Project (II)	12,719
2. National Highway No. 18 Improvement Project (II)	11,586
3. Red River Bridge Construction Project (I)	10,000
4. Vietnam Television Center Project	19,548
5. Coastal Communication System Project in Southern Part of Viet Nam	1,866
6. Sai Gon East-West Highway Construction Project (I)	4,255

Total : 59,974

Record of Discussions

In connection with the Exchange of Notes dated March 28, 2000, concerning a Japanese loan to be extended with a view to promoting the economic stabilization and development efforts of the Socialist Republic of Viet Nam (hereinafter referred to as "the Exchange of Notes"), the representatives of the Japanese Delegation and of the Vietnamese Delegation wish to record the following:

1. With regard to sub-paragraph (3) of paragraph 3 of the Exchange of Notes concerning the financing of eligible local currency requirements for the implementation of the projects enumerated in the List attached to the Exchange of Notes, the representative of the Japanese Delegation stated that :

- (1) such local currency requirements as general administrative expenses, interest during construction, taxes and duties, expenses concerning office, remuneration to employees of the executing agencies and housing, not directly related to the implementation of the said projects, as well as purchase of land properties, compensation and the like, however, will not be considered as eligible under the loan mentioned in paragraph 1 of the Exchange of Notes; and
- (2) the procurement of products and/or services will be made in accordance with the procedures of competitive tendering except where such procedures are inapplicable or inappropriate.

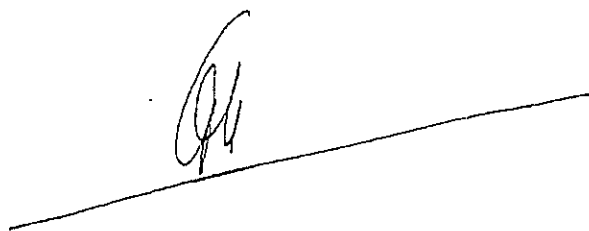
2. With regard to paragraph 8 of the Exchange of Notes, the representative of the Japanese Delegation stated that the necessary measures referred to in the said paragraph include measures preventing any offer, gift or payment, consideration or benefit which would be construed as a corrupt practice in the Socialist Republic of Viet Nam from being made as an inducement to or reward for the award of the contracts referred to in sub-paragraph (1) of paragraph 3 of the Exchange of Notes.

3. With regard to sub-paragraph (1) of paragraph 3 of the Exchange of Notes, it was the shared view of the two Delegations that the consultants of eligible source countries mean nationals of the eligible source countries or juridical persons controlled by the nationals of the mentioned countries.

4. The representative of the Vietnamese Delegation stated that his Delegation had no objection to the statements by the Japanese Delegation mentioned in 1 and 2 above.



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