

**No. 5318**

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**JAPAN  
and  
REPUBLIC OF VIET-NAM**

**Loan Agreement (with exchange of notes). Signed at  
Saigon, on 13 May 1959**

*Official texts of the Agreement: Japanese, Viet-Nameese and French.*

*Official text of the notes: French.*

*Registered by Japan on 19 August 1960.*

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**JAPON  
et  
RÉPUBLIQUE DU VIET-NAM**

**Accord sur les prêts (avec échange de notes). Signé à Saï-  
gon, le 13 mai 1959**

*Textes officiels de l'Accord: japonais, vietnamien et français.*

*Texte officiel des notes: français.*

*Enregistré par le Japon le 19 août 1960.*

[TRANSLATION — TRADUCTION]

No. 5318. LOAN AGREEMENT<sup>1</sup> BETWEEN JAPAN AND THE  
REPUBLIC OF VIET-NAM. SIGNED AT SAIGON, ON  
13 MAY 1959

The Government of Japan and the Government of the Republic of Viet-Nam,

Desiring further to strengthen the links of economic co-operation between the two countries and accordingly to conclude an Agreement for the extension of loans by Japan in order to assist in carrying out the industrialization plan of the Republic of Viet-Nam,

Have agreed as follows :

*Article 1*

1. Japan shall grant to the Republic of Viet-Nam, in accordance with the provisions of the present Agreement, loans to such amount in yen as shall be equivalent to seven million five hundred thousand United States dollars (\$US7,500,000), at present computed at two thousand seven hundred million yen (¥2,700,000,000), within a period of three years from the date of entry into force of this Agreement.

2. The loans referred to in the preceding paragraph shall be used, in accordance with the provisions of the present Agreement, for the acquisition by the Republic of Viet-Nam of the products of Japan and services of Japanese nationals required for carrying out any project or projects decided upon by agreement between the two Governments.

*Article 2*

The two Governments shall fix each year through consultation and by agreement between them the maximum annual amounts of the loans referred to in the preceding article.

*Article 3*

1. The Government of the Republic of Viet-Nam or the bodies corporate owned or controlled by it responsible for carrying out projects decided upon in accordance with the provisions of article 1, paragraph 2, shall conclude contracts with the Export-Import Bank of Japan for the purpose of borrowing the funds necessary

<sup>1</sup> Came into force on 12 January 1960, the date of the exchange of the instruments of ratification at Tokyo, in accordance with article 6.

for the purchase of the products and services required for the said projects, within the limit of the total amount referred to in article 1, paragraph 1, and the maximum annual amounts fixed in accordance with the provisions of the preceding article.

2. The Government of Japan shall take such measures as are necessary to make available to the Export-Import Bank of Japan the funds required for making loans in accordance with the terms of the contracts concluded under the provisions of the preceding paragraph.

3. The Government of the Republic of Viet-Nam shall take such measures as are necessary for the repayment of the principal and the payment of interest, to be effected in accordance with the terms of the contracts concluded under paragraph 1 of this article, in yen in conformity with the provisions of Japanese laws and regulations. The yen shall be obtained through a transfer of United States dollars by the Government of the Republic of Viet-Nam or by bodies corporate owned or controlled by it to an approved intermediary bank in Japan.

4. The Government of the Republic of Viet-Nam shall guarantee repayment of the principal and payment of interest, to be effected by bodies corporate owned or controlled by the Government of the Republic of Viet-Nam, in accordance with the terms of the contracts concluded under paragraph 1 of this article.

#### *Article 4*

The two Governments shall each year fix through consultation and by agreement between them annual purchase schedules in accordance with which the Government of the Republic of Viet-Nam or bodies corporate owned or controlled by it shall obtain products and services for projects decided upon in accordance with the provisions of article 1, paragraph 2.

#### *Article 5*

Disputes between the two Governments concerning the interpretation and implementation of this Agreement shall be settled, in the first place, through the diplomatic channel. If the two Governments fail to settle the dispute through the diplomatic channel, the dispute shall be submitted to arbitration in accordance with an arrangement to be concluded between the two Governments.

#### *Article 6*

This Agreement shall be ratified and shall enter into force either on the date of the exchange of the instruments of ratification of the present Agreement or on

the date of the exchange of the instruments of ratification of the Reparations Agreement<sup>1</sup> between Japan and the Republic of Viet-Nam, signed at Saigon, on 13 May 1959, whichever is the later.

IN WITNESS WHEREOF the undersigned Plenipotentiaries have signed the present Agreement.

DONE at Saigon, on the thirteenth day of May 1959, in duplicate, in Japanese, Viet-Nameese and French. In the event of any difference of interpretation, the French text shall be deemed authentic.

For the Government  
of Japan :

Aiichiro FUJIYAMA  
KUBOTA  
K. UEMURA

For the Government  
of the Republic of Viet-Nam :

VU VAN MAU  
BUI VAN THINH  
PHAM DANG LAM

<sup>1</sup> See p. 101 of this volume.

## EXCHANGE OF NOTES

## I

Saigon, 13 May 1959

Excellency,

With reference to articles 1 and 2 of the Loan Agreement between Japan and the Republic of Viet-Nam signed this day,<sup>1</sup> I have the honour to confirm the understanding of the two Governments on the following :

1. With regard to article 1 of the said Agreement, the loans shall be used for financing the Danhim hydro-electric plant construction project.
2. With regard to article 2 of the said Agreement, the maximum amount of loans for the first year shall be such amount in yen as shall be equivalent to two million five hundred thousand United States dollars (\$US2,500,000), at present computed at nine hundred million yen (¥900,000,000). However, this maximum amount may be modified by agreement between the two Governments following study of the details of the project.

I should be grateful if you could confirm the above understanding on behalf of the Government of the Republic of Viet-Nam.

I have the honour to be, etc.

Aiichiro FUJIYAMA  
Plenipotentiary of Japan

His Excellency Vu Van Mau  
Plenipotentiary of the Republic of Viet-Nam

## II

Saigon, 13 May 1959

Excellency,

I have the honour to acknowledge receipt of your note of today's date in which you were good enough to inform me as follows :

[See note I]

I am pleased to confirm, on behalf of my Government, the understanding set forth in your above-mentioned note.

I have the honour to be, etc.

VU VAN MAU  
Plenipotentiary of Viet-Nam

His Excellency Aiichiro Fujiyama  
Plenipotentiary of Japan

<sup>1</sup> See p. 161 of this volume.

## III

Saigon, 13 May 1959

Excellency,

I have the honour to refer to article 3, paragraph 1, of the Loan Agreement between Japan and the Republic of Viet-Nam signed this day. The Government of Japan proposes that the two Governments agree on the following :

The two Governments shall ensure that any contracts concluded between the Export-Import Bank of Japan and the Government of the Republic of Viet-Nam or bodies corporate owned or controlled by it shall embody terms based on the provisions of the following paragraphs :

1. The interest rates shall be fixed at the normal level of interest charged by the International Bank for Reconstruction and Development.
2. The loans shall be repayed within a period of ten years. Repayment shall commence at the end of three years and shall be completed within the following seven years.
3. Repayment of the principal and payment of interest shall be made in yen in conformity with the provisions of the Japanese Exchange Control and Foreign Trade Act and the related decrees and regulations. The yen shall be obtained through a transfer of United States dollars by the Government of the Republic of Viet-Nam or by bodies corporate owned or controlled by it to an approved intermediary bank in Japan.
4. Repayment of the principal and payment of interest by bodies corporate owned or controlled by the Government of the Republic of Viet-Nam shall be guaranteed by the Government of the Republic of Viet-Nam.

I have the honour also to propose that the present note and your reply confirming your Government's acceptance of the above proposal shall be regarded as constituting an agreement between the two Governments, which shall enter into force on the date of entry into force of the Loan Agreement.

I have the honour to be, etc.

Aiichiro FUJIYAMA  
Plenipotentiary of Japan

His Excellency Vu Van Mau  
Plenipotentiary of the Republic of Viet-Nam

## IV

Saigon, 13 May 1959

Excellency,

I have the honour to acknowledge receipt of your note of today's date, reading as follows :

[See note III]

I have the honour to accept, on behalf of my Government, the proposal contained in your note and to agree that the said note and this reply shall be regarded as constituting an agreement between the two Governments which shall enter into force on the date of entry into force of the Loan Agreement.

I have the honour to be, etc.

VU VAN MAU  
Plenipotentiary of the Republic of Viet-Nam

His Excellency Aiichiro Fujiyama  
Plenipotentiary of Japan