

No. 16556

**UNITED STATES OF AMERICA
and
REPUBLIC OF KOREA**

**Letter Agreement relating to economic assistance. Signed at
Seoul on 16 October 1971**

Authentic text: English.

Registered by the United States of America on 27 April 1978.

**ÉTATS-UNIS D'AMÉRIQUE
et
RÉPUBLIQUE DE CORÉE**

**Accord par lettre relatif à l'assistance économique. Signé à
Séoul le 16 octobre 1971**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 27 avril 1978.

LETTER AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF KOREA RELATING TO ECONOMIC ASSISTANCE

American Ambassador-at-Large to the Korean Minister of Commerce and Industry

October 16, 1971

Dear Mr. Minister:

In accordance with our discussions, the following supplemental economic assistance will be extended to the Government of the Republic of Korea as follows:

Development Loans

Since 1969 the U.S. Government has reduced its development loan program in Korea. Since the Korean economy has progressed, future planning of development loan levels, at this point, would normally decrease and be only on a case by case basis without any predetermined lending level. The U.S., however, is now prepared to make available \$100 million in development loans through U.S. fiscal year 1975, in addition to commitments already made. This amount would be subject to normal Congressional appropriation process and the ability of individual loan proposals to meet development and authorization criteria. By assuring the Government of the Republic of Korea that we will make available up to \$100 million in loans in support of the third five-year plan, the Government, by knowing in advance that this amount will be available from the U.S. on concessional terms, can start early with feasibility studies and sector planning. No yearly limit or ceiling would be set, but loans would be provided within the overall five-year ceiling for viable projects as they are submitted for consideration.

P.L. 480

The United States is prepared to increase the annual level of P.L. 480 agriculture sales and reduce the required currency payments in a manner which would increase the value of P.L. 480 programs to Korea over the next 5 years by \$275 million.

We estimate that the P.L. 480 programs instead of being reduced can be increased to an increment of about \$175 million over the five-year period above and beyond what would have been the case if the average level of P.L. 480 programs of recent years were maintained.

Sincerely yours,

DAVID KENNEDY

His Excellency Lee Nak-sun
Minister of Commerce and Industry
Seoul, Korea

¹ Came into force on 16 October 1971 by informal acceptance of the terms of the letter.