

ECONOMIC COOPERATION

Agreement Between the
UNITED STATES OF AMERICA
and the REPUBLIC OF KOREA

Effected by Exchange of Notes
Signed at Seoul February 8, 1961

with

Agreed Minute

and

Exchange of Notes



MAY 26 1961

REPUBLIC OF KOREA

Economic Cooperation

*Agreement effected by exchange of notes
Signed at Seoul February 8, 1961;
Entered into force February 28, 1961.
With agreed minute and exchange of notes.*

The American Ambassador to the Korean Minister of Foreign Affairs

No. 873

Seoul, February 8, 1961.

EXCELLENCY:

I have the honor to refer to recent conversations between representatives of the Government of the United States of America and the Government of the Republic of Korea regarding the understandings applicable to economic, technical and related assistance furnished by the Government of the United States to the Government of the Republic of Korea and to propose that henceforth these understandings shall be as follows:

1) The Government of the United States and the Government of the Republic of Korea jointly reaffirm that economic, technical and related assistance is an essential requirement for the achievement of the paramount objective of maintaining the defense of the Republic of Korea, consistent with the purposes and principles of the United Nations.

2) The Government of the United States will furnish such economic, technical and related assistance hereunder as may be requested by representatives of appropriate agencies of the Government of the Republic of Korea and approved by representatives of the agency designated by the Government of the United States to administer its responsibilities under this Agreement, or as may be requested and approved by other representatives designated by our two Governments. The furnishing of such assistance shall be subject to applicable United States laws and regulations. It shall be made available in accordance with arrangements agreed upon between the above-mentioned representatives.

3) The Government of the Republic of Korea reaffirms the undertakings expressed in the Mutual Defense Treaty between the United States of America and the Republic of Korea which was signed at Washington on October 1, 1953, and entered into force on November 17, 1954,^[4] the Mutual Defense Assistance Agreement signed at Seoul on January 26, 1950,^[5] and the Agreement effected by an exchange of notes signed at Pusan on January 4 and 7, 1952;^[6] will make the full contribution permitted by its manpower, resources, facilities and general economic condition in furtherance of the purposes for which such assistance is made available; will take appropriate steps to assure the effective use of such assistance; will cooperate with the Government of the United States to assure that procurement will be at reasonable prices and on reasonable terms; will, without restriction, permit continuous observation and review by United States representatives of programs and operations hereunder, and records pertaining thereto; will provide the United States with full and complete information concerning such programs and operations and other relevant information which the Government of the United States may need to determine the nature and scope of operations and to evaluate the effectiveness of the assistance furnished or contemplated; and will give to the people of the Republic of Korea full publicity concerning programs hereunder. With respect to cooperative technical assistance programs hereunder, the Government of the Republic of Korea will also bear a fair share of the costs thereof: will, to the maximum extent possible, seek full coordination and integration of technical cooperation programs being carried on in the Republic of Korea; and will cooperate with other nations participating in such programs in the mutual exchange of technical knowledge and skills.

4) In any case where commodities or services are furnished on a grant basis under arrangements which will result in the accrual of proceeds to the Government of the Republic of Korea from the import or sale of such commodities or services, the Government of the Republic of Korea, except as may otherwise be mutually agreed by the representatives referred to in paragraph 2, will establish in its own name a Special Account in the Bank of Korea, will deposit promptly in such Special Account the amount of local currency equivalent to such proceeds and, upon notification from time to time by the Government of the United States of its local currency requirements, will make available to the Government of the United States, in the manner requested by that Government, out of any balances in the Special Account, such sums as are stated in such notifications to

⁴ TIAS 3087; 5 UST, pt. 3, p. 2368.

⁵ TIAS 2019; 1 UST 137.

⁶ TIAS 2612; 3 UST, pt. 1, p. 4619.

be necessary for such requirements. The Government of the Republic of Korea may draw upon any remaining balances in the Special Account for such purposes beneficial to the Republic of Korea as may be agreed upon from time to time by the representatives referred to in paragraph 2. Any unencumbered balances of funds which remain in the Special Account upon termination of assistance hereunder to the Government of the Republic of Korea shall be disposed of for such purposes as, subject to approval by act or joint resolution of the Congress of the United States, may be agreed upon by the representatives referred to in paragraph 2.

5) The Government of the Republic of Korea will receive a special mission, and its personnel, which will discharge the responsibilities of the Government of the United States hereunder. Upon appropriate notification by the Government of the United States, the Government of the Republic of Korea will consider this special mission and its personnel as part of the diplomatic mission of the United States in the Republic of Korea for the purposes of enjoying the privileges and immunities accorded to that mission and its personnel of comparable grade or rank. The Government of the Republic of Korea will give full cooperation to the special mission, and its personnel, including the furnishing of facilities necessary for the purposes of carrying out the provisions of this Agreement.

6) In order to assure the maximum benefits to the people of the Republic of Korea from the assistance to be furnished hereunder:

(a) Any supplies, materials, equipment or commodities, including motor vehicles, or any funds introduced into or acquired in the Republic of Korea by the Government of the United States, or any contractor financed by that Government, for purposes of any program or project conducted pursuant to this Agreement shall, while such supplies, materials, equipment, commodities or funds are used in connection with such a program or project, be exempt from any taxes on ownership or use of property, and any other taxes, investment or deposit requirements and currency controls in the Republic of Korea. The import, export (except that in the case of contractors financed by the Government of the United States export transactions shall be the subject of special arrangements between the representatives referred to in paragraph 2 hereof), purchase, use or disposition (other than by sale by a contractor financed by the Government of the United States) of any such supplies, materials, equipment, commodities, including motor vehicles, or funds in connection with such a program or project shall be exempt from any tariffs, customs duties, import and export taxes, taxes on purchase or disposition (other than by sale by a contractor financed by the Government of the United States) of property, and any other taxes or similar charges in the Republic of Korea.

(b) All personnel, except citizens and permanent residents of the Republic of Korea, including employees of the Government of the United States or its agencies who are present in the Republic of Korea to perform work in connection herewith shall be exempt from income and social security taxes levied under the laws of the Republic of Korea with respect to income upon which they are obligated to pay income or social security taxes to the Government of the United States, and from taxes on purchase, ownership, use or disposition of personal movable property, including motor vehicles, intended for their own use. Such personnel and members of their families shall receive the same treatment, but in no case treatment more favorable, with respect to the payment of customs and import and export duties on personal effects, equipment, supplies or commodities, including motor vehicles, imported into the Republic of Korea for their own use as is accorded by the Government of the Republic of Korea to diplomatic personnel of the American Embassy in Seoul.

(c) Funds introduced into the Republic of Korea for purposes of furnishing assistance hereunder shall be convertible into currency of the Republic of Korea at the highest rate in terms of the number of Korean hwan per United States dollar which, at the time the conversion is made, is not unlawful in the Republic of Korea.

7) All or any part of the program of assistance provided hereunder may be terminated by the Government of the United States if it determines that because of changed conditions the continuation of such assistance is unnecessary or undesirable. The termination of such assistance under this provision may include the termination of deliveries of any commodities hereunder not yet delivered.

8) The agreements applicable to economic, technical, or related assistance furnished directly by the Government of the United States to the Government of the Republic of Korea, or through the Unified Command, which are superseded in whole or part by this Agreement shall be specified in supplementary arrangements made between the representatives referred to in paragraph 2 hereof.

I have the honor to propose that, if these understandings are acceptable to the Government of the Republic of Korea, the present note and your reply note concurring therein shall constitute an Agreement between our two Governments which shall enter into force on the date of notification [1] by the Government of the Republic of Korea to the United States Embassy in Seoul of the consent thereto by the National Assembly of the Republic of Korea, and which shall remain in force until thirty days after the receipt by either Government of written notification of the intention of the other to terminate

¹ Feb. 28, 1951.

it, it being understood, however, that the provisions of this Agreement shall remain in full force and effect with respect to assistance furnished pursuant to requests made under paragraph 2 hereof.

Accept, Excellency, the renewed assurances of my highest consideration.

WALTER P. MCCONAUGHY

His Excellency

YIL HYUNG CHYUNG,
Minister of Foreign Affairs,
Seoul.

The Korean Minister of Foreign Affairs to the American Ambassador

REPUBLIC OF KOREA

MINISTRY OF FOREIGN AFFAIRS
PT-2401

FEBRUARY 8, 1961

EXCELLENCY:

I have the honor to refer to Your Excellency's note dated February 8, 1961 which reads as follows:

"I have the honor to refer to recent conversations between representatives of the Government of the United States of America and the Government of the Republic of Korea regarding the understandings applicable to economic, technical and related assistance furnished by the Government of the United States to the Government of the Republic of Korea and to propose that henceforth these understandings shall be as follows:

"1) The Government of the United States and the Government of the Republic of Korea jointly reaffirm that economic, technical and related assistance is an essential requirement for the achievement of the paramount objective of maintaining the defense of the Republic of Korea, consistent with the purposes and principles of the United Nations.

"2) The Government of the United States will furnish such economic, technical and related assistance hereunder as may be requested by representatives of appropriate agencies of the Government of the Republic of Korea and approved by representative of the agency designated by the Government of the United States to administer its responsibilities under this Agreement, or as may be requested and approved by other representatives designated by our two Governments. The furnishing of such assistance shall be subject to applicable United States laws and regulations. It shall be made available in accordance with arrangements agreed upon between the above-mentioned representatives.

3) The Government of the Republic of Korea reaffirms the undertakings expressed in the Mutual Defense Treaty between the United States of America and the Republic of Korea which was signed at Washington on October 1, 1953, and entered into force on November 17, 1954, the Mutual Defense Assistance Agreement signed at Seoul on January 26, 1950, and the Agreement effected by an exchange of notes signed at Pusan on January 4 and 7, 1952; will make the full contribution permitted by its manpower, resources, facilities and general economic condition in furtherance of the purposes for which such assistance is made available; will take appropriate steps to assure the effective use of such assistance; will cooperate with the Government of the United States to assure that procurement will be at reasonable prices and on reasonable terms; will, without restriction, permit continuous observation and review by United States representatives of programs and operations hereunder, and records pertaining thereto; will provide the United States with full and complete information concerning such programs and operations and other relevant information which the Government of the United States may need to determine the nature and scope of operations and to evaluate the effectiveness of the assistance furnished or contemplated; and will give to the people of the Republic of Korea full publicity concerning programs hereunder. With respect to cooperative technical assistance programs hereunder, the Government of the Republic of Korea will also bear a fair share of the costs thereof; will, to the maximum extent possible, seek full coordination and integration of technical cooperation programs being carried on in the Republic of Korea; and will cooperate with other nations participating in such programs in the mutual exchange of technical knowledge and skills.

4) In any case where commodities or services are furnished on a grant basis under arrangements which will result in the accrual of proceeds to the Government of the Republic of Korea from the import or sale of such commodities or services, the Government of the Republic of Korea, except as may otherwise be mutually agreed by the representatives referred to in paragraph 2, will establish in its own name a Special Account in the Bank of Korea, will deposit promptly in such Special Account the amount of local currency equivalent to such proceeds and, upon notification from time to time by the Government of the United States of its local currency requirements, will make available to the Government of the United States, in the manner requested by that Government, out of any balances in the Special Account, such sums as are stated in such notifications to be necessary for such requirements. The Government of the Republic of Korea may draw upon any remaining balances in the Special Account for such purposes beneficial to the Republic of Korea as may be agreed upon from time to time by the representatives referred to in paragraph 2. Any unencumbered balances of

funds which remain in the Special Account upon termination of assistance hereunder to the Government of the Republic of Korea shall be disposed of for such purposes as, subject to approval by act or joint resolution of the Congress of the United States, may be agreed upon by the representatives referred to in paragraph 2.

"5) The Government of the Republic of Korea will receive a special mission, and its personnel, which will discharge the responsibilities of the Government of the United States hereunder. Upon appropriate notification by the Government of the United States, the Government of the Republic of Korea will consider this special mission and its personnel as part of the diplomatic mission of the United States in the Republic of Korea for the purposes of enjoying the privileges and immunities accorded to that mission and its personnel of comparable grade or rank. The Government of the Republic of Korea will give full cooperation to the special mission, and its personnel, including the furnishing of facilities necessary for the purposes of carrying out the provisions of the Agreement.

"6) In order to assure the maximum benefits to the people of the Republic of Korea from the assistance to be furnished hereunder:

(a) Any supplies, materials, equipment or commodities, including motor vehicles, or any funds introduced into or acquired in the Republic of Korea by the Government of the United States, or any contractor financed by that Government, for purposes of any program or project conducted pursuant to this Agreement shall, while such supplies, materials, equipment, commodities or funds are used in connection with such a program or project, be exempt from any taxes on ownership or use of property, and any other taxes, investment or deposit requirements and currency controls in the Republic of Korea. The import, export, (except that in the case of contractors financed by the Government of the United States export transactions shall be the subject of special arrangements between the representatives referred to in paragraph 2 hereof) purchase, use or disposition (other than by sale by a contractor financed by the Government of the United States) of any such supplies, materials, equipment, commodities, including motor vehicles, or funds in connection with such a program or project shall be exempt from any tariffs, customs duties, import and export taxes, taxes on purchase or disposition (other than by sale by a contractor financed by the Government of the United States) of property, and any other taxes or similar charges in the Republic of Korea.

(b) All personnel, except citizens and permanent residents of the Republic of Korea, including employees of the Government of the United States or its agencies who are present in the Republic of Korea to perform work in connection herewith shall be exempt from income and social security taxes levied under the laws of the

Republic of Korea with respect to income upon which they are obligated to pay income or social security taxes to the Government of the United States, and from taxes on purchase, ownership, use or disposition of personal movable property, including motor vehicles, intended for their own use. Such personnel and members of their families shall receive the same treatment, but in no case treatment more favorable, with respect to the payment of customs and import and export duties on personal effects, equipment, supplies or commodities, including motor vehicles, imported into Korea for their own use as is accorded by the Government of the Republic of Korea to diplomatic personnel of the American Embassy in Seoul.

(c) Funds introduced into the Republic of Korea for purposes of furnishing assistance hereunder shall be convertible into currency of the Republic of Korea at the highest rate in terms of the number of Korean hwan per United States dollar which, at the time the conversion is made, is not unlawful in the Republic of Korea.

"7) All or any part of the program of assistance provided hereunder may be terminated by the Government of the United States if it determines that because of changed conditions the continuation of such assistance is unnecessary or undesirable. The termination of such assistance under this provision may include the termination of deliveries of any commodities hereunder not yet delivered.

"8) The agreements applicable to economic, technical, or related assistance furnished directly by the Government of the United States to the Government of the Republic of Korea, or through the Unified Command, which are superseded in whole or part by this agreement shall be specified in supplementary arrangements made between the representatives referred to in paragraph 2 hereof.

I have the honor to propose that, if these understandings are acceptable to the Government of the Republic of Korea, the present note and your reply note concurring therein shall constitute an Agreement between our two Governments, which shall enter into force on the date of notification by the Government of the Republic of Korea to the United States Embassy in Seoul of the consent thereto by the National Assembly of the Republic of Korea, and which shall remain in force until thirty days after the receipt by either Government of written notification of the intention of the other to terminate it, it being understood, however, that the provisions of this Agreement shall remain in full force and effect with respect to assistance furnished pursuant to requests made under paragraph 2 hereof.

"Accept, Excellency, the renewed assurances of my highest consideration."

I have the honor to inform Your Excellency that the understandings set forth in your note are acceptable to the Government of the Republic of Korea and that your note and the present reply will constitute an agreement between the two Governments.

Please accept, Excellency, the renewed assurances of my highest consideration.

Y. H. CHUNG

His Excellency

WALTER P. McCONAUGHY

*Ambassador of the United States of
America, Seoul.*

AGREED MINUTE

Pursuant to paragraph 8 of the Agreement effected by the exchange of notes, dated February 8, 1961, the Governments of the United States of America and the Republic of Korea agree that the Agreement on Aid between the United States of America and the Republic of Korea signed at Seoul on December 10, 1948,^[1] as amended; the Agreement on Economic Coordination between the Republic of Korea and the United States acting as the Unified Command, and the accompanying exchange of notes and minutes, signed at Pusan on May 24, 1952,^[2] as amended; and the Agreement between the United Nations Command Economic Coordinator and the Prime Minister of the Republic of Korea entitled "Combined Economic Board Agreement for a Program of Economic Reconstruction and Financial Stabilization," with Annexes, signed at Seoul on December 14, 1953, are superseded by the Agreement effected by the exchange of notes, dated February 8, 1961.

¹ TIAS 1908; 62 Stat., pt. 3, p. 3750.

² TIAS 2593; 3 DST, pt. 3, p. 4420.

I have the honor to inform Your Excellency that the understandings set forth in your note are acceptable to the Government of the Republic of Korea and that your note and this present reply will constitute an agreement between the two Governments.

Please accept, Excellency, the renewed assurances of my highest consideration.

Y. H. CHUNG

His Excellency
WALTER P. McCONAUGHEY
*Ambassador of the United States of
America, Seoul.*

AGREED MINUTE

Pursuant to paragraph 8 of the Agreement effected by the exchange of notes, dated February 8, 1961, the Governments of the United States of America and the Republic of Korea agree that the Agreement on Aid between the United States of America and the Republic of Korea signed at Seoul on December 10, 1948,^[1] as amended; the Agreement on Economic Coordination between the Republic of Korea and the United States acting as the Unified Command, and the accompanying exchange of notes and minutes, signed at Pusan on May 24, 1952,^[2] as amended; and the Agreement between the United Nations Command Economic Coordinator and the Prime Minister of the Republic of Korea entitled "Combined Economic Board Agreement for a Program of Economic Reconstruction and Financial Stabilization," with Annexes, signed at Seoul on December 14, 1953, are superseded by the Agreement effected by the exchange of notes, dated February 8, 1961.

¹ TIAS 1908; 62 Stat., pt. 3, p. 3780.

² TIAS 2593; 3 UST, pt. 3, p. 4420.

It is agreed, however, that paragraph 13 of Article III of the above-mentioned Agreement on Economic Coordination shall be the subject of separate arrangements.

For the Government of the
United States of America

WALTER P. McCONAUGHTY

Walter P. McConaughy
*Ambassador of the United States of
America to the Republic of Korea.*

For the Government of the
Republic of Korea

Y. H. CHYUNG

Yil Hyung Chyung
*Minister of Foreign Affairs
of the Republic of Korea.*

The American Ambassador to the Korean Minister of Foreign Affairs

No. 550

SEOUL, February 8, 1961.

EXCELLENCY:

I have the honor to refer to the Agreed Minute to the Agreement effected by the exchange of notes, dated February 8, 1961, between the Governments of the United States of America and the Republic of Korea and to propose that until amended by mutual agreement between the United States of America and the Republic of Korea, the privileges, immunities and facilities envisaged by paragraph 13, Article III, of the Agreement on Economic Coordination between the Republic of Korea and the United States acting as the Unified Command, of May 24, 1952, as amended, shall continue to be accorded individuals and agencies of the United Nations Command.

I have the honor to propose that, if these undertakings are acceptable to the Government of the Republic of Korea, the present note and your reply note concurring therein shall constitute an agreement between our two Governments.

Accept, Excellency, the renewed assurances of my highest consideration.

WALTER P. McCONAUGHTY

His Excellency

YIL HYUNG CHYUNG,
*Minister of Foreign Affairs,
Seoul.*

The Korean Minister of Foreign Affairs to the American Ambassador

REPUBLIC OF KOREA

MINISTRY OF FOREIGN AFFAIRS

PT-9102

FEBRUARY 8, 1961

EXCELLENCY:

I have the honor to refer to Your Excellency's note dated February 8, 1961 which reads as follows:

"I have the honor to refer to the agreed minute to the agreement affected by the exchange of notes, dated February 8, 1961 between the Governments of the United States of America and the Republic of Korea and to propose that until amended by mutual agreement between the United States of America and the Republic of Korea, the privileges, immunities and facilities envisaged by paragraph 13, Article III, of the Agreement on Economic Coordination between the Republic of Korea and the United States acting as the Unified Command, of May 24, 1952, as amended, shall continue to be accorded individuals and agencies of the United Nations Command.

I have the honor to propose that, if these undertakings are acceptable to the Government of the Republic of Korea, the present note and your reply note concurring therein shall constitute an agreement between our two Governments.

"Accept, Excellency, the renewed assurances of my highest consideration."

I have the honor to inform Your Excellency that the undertakings set forth in your note are acceptable to the Government of the Republic of Korea and to confirm that your note and the present reply will constitute an agreement between our two Governments.

Please accept, Excellency, the renewed assurances of my highest consideration.

Y. H. CHYUNG

His Excellency

WALTER P. McCONAUGHEY

*Ambassador of the United States of
America, Seoul.*