HB1107

EMBASSY OF JAPAN
HANOI

Hanoi, 30th March, 2001

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 forty-six billion fifty-seven million yen (¥46,057,000,000) (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 grace 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 environmental portion of the project mentioned in 5 of the List, then the rate of interest of the said part will be one and three-tenths percent (1.3%) per annum;

(c) Notwithstanding sub-paragraphs (a) and (b) above, where a part of the Loan is made available to cover payments to the global environment portions of the projects mentioned in 2 and 5 of the List and payments to consultants of the projects mentioned in 1, 3, 4, 5 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 percent (0.75%) per annum; and

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

(e) The respective disbursement periods mentioned in sub-paragraph (1) (d) 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 scope 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 :

(1) 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 ;

(2) 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

(3) 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 :

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

(2) 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.



RYUICHIRO YAMAZAKI
Ambassador of Japan

List

	(Maximum amount in million yen)
1. Phu My-Ho Chi Minh City 500KV Transmission Line Project	13,127
2. Dai Ninh Hydropower Project (II)	10,000
3. O Mon Thermal Power Plant and Mekong Delta Transmission Network Project (I)	5,900
4. Phan Ri-Phan Thiet Irrigation Project (E/S)	437
5. Ho Chi Minh City Water Environment Improvement Project (I)	8,200
6. National Highway No. 1 Bypass Road Construction Project	8,393
Total :	46,057

Record of Discussions

In connection with the Exchange of Notes dated 30th March, 2001, 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 (hereinafter referred to as "the List"), the representative of the Japanese Delegation stated that :

(1) such requirements of local currency 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 (hereinafter referred to as "the Loan"); 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 the Loan, the representative of the Japanese Delegation stated that any financial requirements of the projects enumerated in the List exceeding the amount of the Loan under the loan agreements mentioned in sub-paragraph (1) of paragraph 2 of the Exchange of Notes, will be duly met by the Government of the Socialist Republic of Viet Nam to assure the smooth implementation of the said projects.

3. 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.

4. With regard to sub-paragraph (1) of paragraph 3 of the Exchange of Notes, it was the shared view of the two Delegations that:

(1) suppliers and contractors of eligible source countries mean nationals of the eligible source countries or juridical persons incorporated and registered in the

mentioned countries, and which have their appropriate facilities for producing or providing goods and services in those countries and actually conduct their business there; and

(2) consultants of eligible source countries mean nationals of the eligible source countries or juridical persons controlled by the nationals of the mentioned countries.

5. The representative of the Vietnamese Delegation stated that his Delegation had no objection to the statements by the Japanese Delegation mentioned in 1, 2 and 3 above.

Hanoi, 30th March, 2001

RYUICHIRO YAMAZAKI
Ambassador of Japan

TRAN XUAN GIA
Minister of Planning and Investment
of the Socialist Republic of Viet Nam

EMBASSY OF JAPAN
HANOI

No.J.D. 26/2001

The Embassy of Japan presents its compliments to the Ministry of Planning and Investment of the Socialist Republic of Viet Nam and has the honour to refer to sub-paragraph (2) of paragraph 3 of the Exchange of Notes dated 30th March, 2001, 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 Loan").

The Embassy has further the honour to propose that the scope of the eligible source countries mentioned in the said sub-paragraph will be as follows:

1. The eligible source countries are all countries and areas;

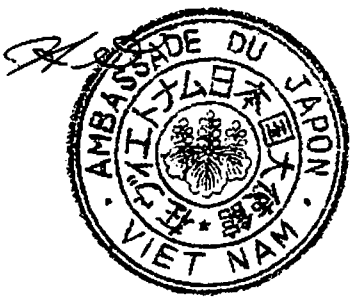
2. Notwithstanding paragraph 1 above, the eligible source countries for the global environment portions of the projects mentioned in 2 and 5 of the List attached to the Exchange of Notes (hereinafter referred to as "the List") and the eligible source countries for the consultants of the projects mentioned in 1, 3, 4, 5 and 6 of the List are Japan and the Socialist Republic of Viet Nam.

3. Notwithstanding paragraph 2 above, any contract under which products and/or services are procured from countries other than the eligible source countries for the implementation of the projects mentioned in 2 and 5 of the List will be eligible for financing under the Loan if the combined costs of such products and/or services are less than fifty per cent (50%) of the price of the said contract.

4. Notwithstanding paragraph 2 above, consulting service partly supplied by consultants of countries other than the eligible source countries will be eligible for financing under the loan if the combined man-months supplied by such consultants are less than fifty percent (50%) of the total man-months required for the said consulting service.

The Embassy has the honour to further propose that the scope of the eligible source countries for the Dai Ninh Hydropower Plant Project mentioned in sub-paragraph (1) of the Embassy's Note Verbale No. J.D.29/99, dated March 29, 1999, be changed from all countries and areas to Japan and the Socialist Republic of Viet Nam.

Hanoi, March 30th, 2001



To: Ministry of Planning and Investment
The Socialist Republic of Viet Nam

MINISTRY OF PLANNING AND INVESTMENT
OF SOCIALIST REPUBLIC OF VIETNAM

Hanoi, 30th March, 2001

Excellency,

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

"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 forty-six billion fifty-seven million yen (¥46,057,000,000) (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 grace 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. RYUICHIRO YAMAZAKI
Ambassador of Japan

(b) Notwithstanding sub-paragraph (a) above, where a part of the Loan is made available to cover payments to environmental portion of the project mentioned in 5 of the List, then the rate of interest of the said part will be one and three-tenths percent (1.3%) per annum;

(c) Notwithstanding sub-paragraphs (a) and (b) above, where a part of the Loan is made available to cover payments to the global environment portions of the projects mentioned in 2 and 5 of the List and payments to consultants of the projects mentioned in 1, 3, 4, 5 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 percent (0.75%) per annum; and

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

(e) The respective disbursement periods mentioned in sub-paragraph (1) (d) 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 scope 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 :

(1) 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 ;

(2) 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

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

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

(2) 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 have the honour to confirm on behalf of the Government of the Socialist Republic of Viet Nam the understanding set forth in Your Excellency's Note.

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

TRAN XUAN GIA
Minister of Planning and Investment
of the Socialist Republic of Viet Nam

List

	(Maximum amount in million yen)
1. Phu My-Ho Chi Minh City 500KV Transmission Line Project	13,127
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(1) such requirements of local currency 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 (hereinafter referred to as "the Loan"); 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 the Loan, the representative of the Japanese Delegation stated that any financial requirements of the projects enumerated in the List exceeding the amount of the Loan under the loan agreements mentioned in sub-paragraph (1) of paragraph 2 of the Exchange of Notes, will be duly met by the Government of the Socialist Republic of Viet Nam to assure the smooth implementation of the said projects.

3. 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.

4. With regard to sub-paragraph (1) of paragraph 3 of the Exchange of Notes, it was the shared view of the two Delegations that:

(1) suppliers and contractors of eligible source countries mean nationals of the eligible source countries or juridical persons incorporated and registered in the mentioned countries, and which have their appropriate facilities for producing or

providing goods and services in those countries and actually conduct their business there; and

(2) consultants of eligible source countries mean nationals of the eligible source countries or juridical persons controlled by the nationals of the mentioned countries.

5. The representative of the Vietnamese Delegation stated that his Delegation had no objection to the statements by the Japanese Delegation mentioned in 1, 2 and 3 above.

Hanoi, 30th March, 2001

TRAN XUAN GIA
Minister of Planning and Investment
of the Socialist Republic of Viet Nam

RYUICHIRO YAMAZAKI
Ambassador of Japan

SOCIALIST REPUBLIC OF VIETNAM
MINISTRY OF PLANNING AND INVESTMENT
No.: 1806 BKH/KTĐN

Hanoi, 30 March 2001

The Ministry of Planning and Investment of the Socialist Republic of Vietnam presents its compliments to the Embassy of Japan and has the honour to acknowledge the receipt of the latter's Note Verbale No. J.D.26/2001 dated 30 March 2001.

The Ministry has further the honour to inform the Embassy that the proposal set forth in the above-mentioned Note Verbale is acceptable to the Government of the Socialist Republic of Vietnam.

The Ministry of Planning and Investment avails itself of this opportunity to renew to the Embassy of Japan the assurances of its highest consideration.

Vo Hong Phuc
Vice Minister

To: Embassy of Japan in Vietnam

BỘ NGOẠI GIAO

Số: 30 /LPQT

SAO Y BẢN CHÍNH
(Để thực hiện)

Hà Nội, ngày 14 tháng 5 năm 2001

TL. BỘ TRƯỞNG BỘ NGOẠI GIAO
KT. Vụ trưởng Vụ Luật pháp và Điều ước quốc tế
Phó Vụ trưởng

Nguyễn Duy Chiến

Nơi nhận :

- Văn phòng Chính phủ (để báo cáo),
- Bộ Kế hoạch và Đầu tư,
- Bộ Tài chính,
- Ngân hàng Nhà nước Việt Nam,
- Đại sứ quán Việt Nam tại Nhật Bản,
- Vụ Châu Á 1,
- Vụ TH Kinh tế,
- Vụ LPQT,
- Lưu trữ.

Công hàm trao đổi giữa Chính phủ Cộng hoà xã hội chủ nghĩa Việt Nam và Chính phủ Nhật Bản về khoản vay 46,047 tỷ Yên cho 6 Dự án có hiệu lực từ ngày 30 tháng 3 năm 2001.