

**No. 48289**

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**Japan  
and  
Korean Peninsula Energy Development Organization**

**Agreement between the Government of Japan and the Korean Peninsula Energy Development Organization on the provision of financing for the implementation of the light-water reactor project. New York, 3 May 1999**

**Entry into force:** *15 July 1999 by notification, in accordance with article VIII*

**Authentic texts:** *English and Japanese*

**Registration with the Secretariat of the United Nations:** *Japan, 2 February 2011*

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**Japon  
et  
Organisation pour l'exploitation de l'énergie  
dans la péninsule coréenne**

**Accord entre le Gouvernement du Japon et l'Organisation pour le développement énergétique coréenne de la péninsule coréenne relatif à l'octroi de financement pour la mise en œuvre du projet de réacteur à eau légère. New York, 3 mai 1999**

**Entrée en vigueur :** *15 juillet 1999 par notification, conformément à l'article VIII*

**Textes authentiques :** *anglais et japonais*

**Enregistrement auprès du Secrétariat des Nations Unies :** *Japon, 2 février 2011*

[ ENGLISH TEXT – TEXTE ANGLAIS ]

**AGREEMENT BETWEEN  
THE GOVERNMENT OF JAPAN AND  
THE KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATION  
ON THE PROVISION OF FINANCING FOR THE IMPLEMENTATION OF  
THE LIGHT-WATER REACTOR PROJECT**

The Government of Japan and the Korean Peninsula Energy Development Organization (hereinafter referred to as "the Organization");

Reaffirming the objective of an overall resolution of the North Korean nuclear issue, as referred to in the Agreed Framework Between the United States of America and the Democratic People's Republic of Korea, signed in Geneva on October 21, 1994;

Recalling that the purposes of the Organization include providing for the financing and supply of a light-water reactor (hereinafter referred to as "LWR") project in North Korea (hereinafter referred to as "the DPRK"), and that the Organization may receive funds from members of the Organization or other states or entities for financing projects designed to further the purposes of the Organization, as provided for in Articles II and III of the Agreement on the Establishment of the Korean Peninsula Energy Development Organization, done at New York on March 9, 1995;

Recalling also the agreement between the Organization and the DPRK that the Organization shall provide the LWR project, consisting of two pressurized LWR units (hereinafter referred to as "the LWR project"), to the DPRK and that the DPRK shall repay the Organization for the LWR plants;

Confirming that the Government of Japan intends to play a significant financial role in the LWR project under an overall project scheme to ensure the success of the LWR project which directly relates to the security and stability of the North-east Asia region; and

Desiring to establish a framework for the provision of financing for the implementation of the LWR project;

Have agreed as follows:

## ARTICLE I

A loan in Japanese yen up to the amount of one hundred sixteen billion and five hundred million yen (¥116,500,000,000) (hereinafter referred to as "the Loan") will be extended to the Organization by the Export-Import Bank of Japan or the Japan Bank for International Cooperation that succeeds the Export-Import Bank of Japan (hereinafter referred to as "the Bank") for the implementation of the LWR project, in accordance with the relevant laws and regulations of Japan.

## ARTICLE II

The Loan will be extended by a loan agreement to be concluded between the Bank and the Organization (hereinafter referred to as "the Loan Agreement"). The terms and conditions of the Loan to be set out in the Loan Agreement will include, inter alia, the following principles:

- (a) The Bank will determine the amount of disbursement and remit such amount on a semi-annual basis, on January 16 and July 16 each year, taking into account the request for disbursement indicating the amount of disbursement needed for the next semi-annual period, submitted by the Organization to the Bank and notified by the Organization to the Government of Japan. Notwithstanding the above, the Bank may, within the calendar year 1999, determine the amount of disbursement and remit such amount on the dates other than the dates specified in this sub-paragraph.

The final disbursement date will be the date of completion of the second LWR plant or the date one hundred and thirteen (113) months after entry into force of the Turn-key Contract (hereinafter referred to as "the TKC") to be concluded between the Organization and the prime contractor of the LWR project, whichever is the earlier. If the second LWR plant is not completed on or before the final disbursement date defined above, the Organization and the Bank will hold a consultation with a view to reviewing the need for further disbursements and will decide on appropriate actions to be taken;

- (b) The rate of interest for each disbursement will be the Japanese-yen long-term prime rate per annum of the date of the disbursement minus zero and two-tenths per cent (0.2%), or the rate for the Fiscal Investment and Loan Program of Japan per annum of that date, whichever is the higher. The rate of interest for each disbursement will be adjusted on the date every ten (10) years after the date of disbursement to the aforementioned rate of interest of that date, and such adjustment will be made every ten (10) years thereafter;
- (c) Upon completion of the first LWR plant, the Organization will, with the consent of the Bank, determine the amount of the part of the Loan used for the completion of the first LWR plant. The remaining part of the Loan will be the part of the Loan used or to be used for the completion of second LWR plant. The repayment of the principal of each part of the Loan will be made in thirty-four (34) equal, semiannual installments.

The first repayment date of the principal of the part of the Loan used for the completion of the first LWR plant will be the date forty-two (42) months after the date of completion of the first LWR plant or the date one hundred and thirty-seven (137) months after entry into force of the TKC, whichever is the earlier. The first repayment date of the principal of the part of the Loan used for the completion of the second LWR plant will be the date forty-two (42) months after the date of completion of the second LWR plant or the date one hundred and forty-nine (149) months after entry into force of the TKC, whichever is the earlier. If the Organization cannot commence the payment of the Loan on the first repayment date defined above, the Organization and the Bank will hold a consultation with a view to reviewing the above-mentioned repayment schedule and will decide on appropriate actions to be taken;

- (d) The interest accruing from the Loan will be paid by the Organization semiannually;
- (e) The Organization will, upon request, furnish the Bank with information and data concerning the execution, delivery and implementation of the Loan Agreement;

- (f) In the event that the LWR project is suspended or terminated, the Organization and the Bank will hold a consultation with a view to finding an appropriate action to be taken, including suspension, cancellation, and/or acceleration of the Loan; and
- (g) The Loan Agreement will be governed by the laws and regulations of Japan.

### ARTICLE III

1. The Government of Japan shall extend a grant (hereinafter referred to as "the Grant") to the Organization, in multiple disbursements, the total amount of which is equivalent to the total interest to be paid by the Organization to the Bank pursuant to the Loan Agreement. The Grant shall be extended to the Organization in a manner that ensures that the Organization pay the interest in accordance with the Loan Agreement.
2. The Organization shall use the Grant exclusively for the interest payment to the Bank.
3. The Government of Japan may, with the consent of the Organization, remit the Grant directly to the Bank.
4. The special fund of nineteen million United States dollars (\$19,000,000) established by the Government of Japan in March 1996 to be used as collateral in obtaining financing in case of a liquidity shortfall of the Organization shall be considered to form a part of the Grant.

Notwithstanding the provisions of paragraph 2 of this Article, the Organization may continue to use the fund as collateral, provided that such use of the fund does not impede the payment of interest accruing from the Loan by the Organization.

5. For the purpose of the calculation of the amount of the Grant to the Organization under paragraph 1 of this Article, the Organization shall notify the Government of Japan of the estimated amount of disbursement needed for each Japanese fiscal year by July 1 of the preceding year.
6. Other terms and conditions for extending the Grant shall be determined through consultations between the Government of Japan and the Organization.

### ARTICLE IV

The Organization shall ensure that the Loan be used properly and exclusively for the LWR project.