

Nº O-1A/468/91

The Embassy of Japan presents its compliments to the Ministry of Foreign Affairs of the Republic of Peru and has the honour to refer to sub-paragraph (2) of paragraph 3 of the Exchange of Notes dated December 6, 1991 concerning a Japanese loan to be extended under the Financial Recycling Scheme with a view to strengthening the friendly relations and economic cooperation between the two countries.

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

- (1) All the member countries of the Organization for Economic Cooperation and Development (OECD); and
- (2) All the developing countries as defined in I. 1.(b) of the Memorandum of Understanding on Untying of Bilateral Development Loans in Favour of Procurement in Developing Countries agreed among eight members of the Development Assistance Committee on the 7th June 1974, except the Republic of Peru.

The Embassy of Japan avails itself of this opportunity to renew to the Ministry of Foreign Affairs of the Republic of Peru the assurance of its highest consideration.

Lima, December 6, 1991.



To The Honorable
Ministry of Foreign Affairs,
Lima.-

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Embajada del Japón
Lima

Lima, December 6, 1991

Nº O-1A/467/91

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 Republic of Peru concerning a Japanese loan to be extended under the Financial Recycling Scheme with a view to strengthening the friendly relations and economic cooperation between the two countries:

1. A loan in Japanese yen up to the amount of fifty-four billion six hundred and twenty million yen (¥54,620,000,000) (hereinafter referred to as "the Loan") will be extended to the Government of the Republic of Peru by the Overseas Economic Cooperation Fund (hereinafter referred to as "the Fund") in accordance with the relevant laws and regulations of Japan to support the Trade Sector Adjustment Program (hereinafter referred to as "the Program").

- 2. (1) The Loan will be made available by a loan agreement to be concluded between the Government of the Republic of Peru and the Fund. The terms and conditions of the Loan as well as the procedures for its utilization will be governed by the said loan agreement which will contain, inter alia, the following principles:
 - (a) The repayment period will be twenty (20) years after the grace period of ten (10) years.
 - (b) The rate of interest will be three (3) per cent per annum.
 - (c) The disbursement period will be two (2) years from the date of coming into force of the said loan agreement.

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To His Excellency
Dr. M. Augusto Blacker Miller,
Minister of Foreign Affairs,
Lima.-

(2) The disbursement period mentioned in sub-paragraph (1)(c) above may be extended with the consent of the authorities concerned of the two Governments.

3. (1) The Loan will be made available to cover payments already made and/or to be made to suppliers of eligible source countries by importers in the Republic of Peru under such contracts as have been or may be entered into between them for purchases of products required during the implementation of the Program and for purchases of services incidental to the purchases of those products, provided that such purchases are made in such eligible source countries for products produced in and 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.

4. (1) The Government of the Republic of Peru will take measures to have the equivalent in Peruvian currency of the amount of yen disbursements of the Loan transferred by the Banco de la Nación to the counterpart fund account opened in the name of the Government of the Republic of Peru in the Banco de la Nación. The amount of Peruvian currency thus transferred shall be used for the economic and social development projects of the Government of the Republic of Peru.

(2) The Government of the Republic of Peru will, upon request, furnish the Government of Japan with reports on the use of the counterpart fund mentioned in sub-paragraph (1) above.

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5. The Government of the Republic of Peru will ensure that products and/or services mentioned in sub-paragraph (1) of paragraph 3 are procured in accordance with the guidelines for procurement of the Fund, which set forth, inter alia, the procedures of international tendering to be followed except where such procedures are inapplicable or inappropriate.


6. With regard to the shipping and marine insurance of products purchased under the Loan, the Government of the Republic of Peru will refrain from imposing any restrictions that may hinder fair and free competition between the shipping and marine insurance companies of the two countries.

7. The Government of the Republic of Peru will exempt the Fund from all fiscal levies or taxes imposed in the Republic of Peru on and/or in connection with the Loan as well as interest accruing therefrom.

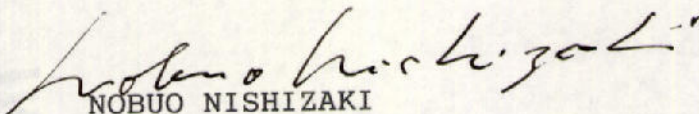
8. The Government of the Republic of Peru will take necessary measures to ensure that the Loan be used properly and exclusively for purchases of products and/or services mentioned in sub-paragraph (1) of paragraph 3.

9. The Government of the Republic of Peru will, upon request, furnish the Government of Japan and the Fund with information and data concerning the progress of the implementation of the Program.

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 Republic of Peru.

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


NOBUO NISHIZAKI
Ambassador of Japan

Record of Discussions

In connection with the Exchange of Notes dated December 6, 1991 (hereinafter referred to as "the Exchange of Notes") concerning a Japanese loan to be extended under the Financial Recycling Scheme with a view to strengthening the friendly relations and economic cooperation between the two countries (hereinafter referred to as "the Loan"), the representatives of the Japanese Delegation and of the Peruvian Delegation wish to record the following:

1. With reference to sub-paragraph (1) of paragraph 3 of the Exchange of Notes, the representative of the Japanese Delegation stated that "suppliers of eligible source countries" mean nationals of eligible source countries or judicial persons incorporated and registered in the said countries, having their appropriate facilities for producing or providing the products and/or services in those countries, and actually conducting their business there.

2. As for products which contain components originating from countries other than the eligible source countries, the representative of the Japanese Delegation stated that they will be eligible for the financing under the Loan, if they meet the following:

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- (1) The total cost of components imported into the country of production from countries other than the eligible source countries will be less than fifty (50) percent of the price per unit of such products.
 - (2) For the purpose of (1) above:
 - (a) "The total cost of components" means the price C.I.F. of the imported components plus import duties levied thereon in the country of production.
 - (b) "The price per unit of such products" means the price F.O.B. of such products.
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3. With reference to sub-paragraph (1) of paragraph 3 of the Exchange of Notes, the representative of the Japanese Delegation stated that the Loan may be made available to cover payments already made or to be made between September 18, 1990 and the previous day of coming into force of the loan agreement mentioned in sub-paragraph (1) of paragraph 2 of the Exchange of Notes, both dates inclusive, as well as payments to be made on and after the day of coming into force of the said loan agreement, for purchases of the products and/or services referred to in the said sub-paragraph, except the products the purchase of which is prohibited under the said loan agreement.

4. With regard to the Loan, the representative of the Japanese Delegation stated that the Loan would be extended, taking into account the current economic difficulties faced by the Government of the Republic of Peru, with a view to encouraging the Government of the Republic of Peru to continue the implementation of the current economic policies of the Government of the Republic of Peru under the Trade Sector Adjustment Program which have been endorsed by the Inter-American Development Bank (IDB).

The representative of the Japanese Delegation further stated that the Loan could be characterized also as the parallel co-financing with the Trade Sector Loan extended by the IDB (TSL).

5. With reference to sub-paragraph (1) of paragraph 3 of the Exchange of Notes, the representative of the Japanese Delegation stated that the disbursement will be made subject to confirmation that the Government of the Republic of Peru continues to observe the conditions agreed with the IDB under the TSL. Thus the disbursement of the Loan will be executed in three tranches (the amount of each disbursement for the first, the second and the third tranche is forty billion nine hundred and sixty-five million yen. (¥40,965,000,000), six billion eight hundred and twenty-seven million five hundred thousand yen (¥6,827,500,000) and six billion eight hundred and twenty-seven million five hundred thousand yen (¥6,827,500,000), respectively), upon the condition of each disbursement of the first, the second and the third tranche of the TSL by the IDB.

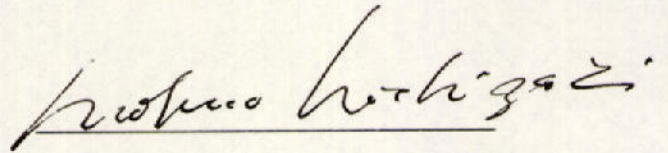
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6. The representative of the Peruvian Delegation stated that his Delegation had no objections to the statements mentioned in 1,2,3,4 and 5 above.

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M. Augusto Blacker Miller
Minister of Foreign Affairs

A handwritten signature in blue ink, written in a cursive style, positioned above a solid horizontal line.

Nobuo Nishizaki
Ambassador of Japan

Note (SSAE-NEM) Nr. 6-18/378

Lima, December 6th, 1991

The Ministry of Foreign Affairs of the Republic of Peru presents its compliments to the Embassy of Japan and has the honour to acknowledge the receipt of the latter's Note Verbale Nro. 0-1A/468/91 dated 6th december, 1991.

The Ministry has further the honour to inform the Embassy that the proposal set forth in the said Note Verbale is acceptable to the Government of the Republic of Peru.

The Ministry of Foreign Affairs of the Republic of Peru avails itself of this opportunity to renew to the Embassy of Japan the assurance of its highest consideration.



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Note (SSAE-NEM) Nr. 6-18/377

Lima, December 6th, 1991

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 Republic of Peru concerning a Japanese loan to be extended under the Financial Recycling Scheme with a view to strengthening the friendly relations and economic cooperation between the two countries:

1. A loan in Japanese yen up to the amount of fifty-four billion six hundred and twenty million yen (Y54,620,000,000) (hereinafter referred to as "the Loan") will be extended to the Government of the Republic of Peru by the Overseas Economic Cooperation Fund (hereinafter referred to as "the Fund") in accordance with the relevant laws and regulations of Japan to support the Trade Sector Adjustment Program (hereinafter referred to as "the Program").

To His Excellency
Nobuo Nishizaki
Ambassador of Japan

2. (1) The Loan will be made available by a loan agreement to be concluded between the Government of the Republic of Peru and the Fund. The terms and conditions of the Loan as well as the procedures for its utilization will be governed by the said loan agreement which will contain, inter alia, the following principles:

(a) The repayment period will be twenty (20) years after the grace period of ten (10) years.

(b) The rate of interest will be three (3) per cent per annum.

(c) The disbursement period will be two (2) years from the date of coming into force of the said loan agreement.

(2) The disbursement period mentioned in sub-paragraph (1)(c) above may be extended with the consent of the authorities concerned of the two Governments.

3. (1) The Loan will be made available to cover payments already made and/or to be made to suppliers of eligible source countries by importers in the Republic of Peru under such contracts as have been or may be entered into between them for purchases of products required during the implementation of the Program and for purchases of services incidental to the purchases of those products, provided that such purchases are made in such eligible source countries for products produced in and 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.

4. (1) The Government of the Republic of Peru will take measures to have the equivalent in Peruvian currency of the amount of yen disbursements of the Loan transferred by the Banco de la Nación to the counterpart fund account opened in the name of the Government of the Republic of Peru in the Banco de la Nación. The amount of Peruvian currency thus transferred shall be used for the economic and social development projects of the Government of the Republic of Peru.

(2) The Government of the Republic of Peru will, upon request, furnish the Government of Japan with reports on the use of the counterpart fund mentioned in sub-paragraph (1) above.

5. The Government of the Republic of Peru will ensure that products and/or services mentioned in sub-paragraph (1) of paragraph 3 are procured in accordance with the guidelines for procurement of the Fund, which set forth, inter alia, the procedures of international tendering to be followed except where such procedures are inapplicable or inappropriate.

6. With regard to the shipping and marine insurance of products purchased under the Loan, the Government of the Republic of Peru will refrain from imposing any restrictions that may hinder fair and free competition between the shipping and marine insurance companies of the two countries.



7. The Government of the Republic of Peru will exempt the Fund from all fiscal levies or taxes imposed in the Republic of Peru on and/or in connection with the Loan as well as interest accruing therefrom.

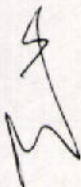
8. The Government of the Republic of Peru will take necessary measures to ensure that the Loan be used properly and exclusively for purchases of products and/or services mentioned in sub-paragraph (1) of paragraph 3.

9. The Government of the Republic of Peru will, upon request, furnish the Government of Japan and the Fund with information and data concerning the progress of the implementation of the Program.

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 Republic of Peru...".

I have further the honour to confirm on behalf of the Government of the Republic of Peru the understanding set forth in Your Excellency's Note.



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

A handwritten signature in black ink, consisting of a large, stylized initial 'A' followed by a series of loops and a long horizontal stroke extending to the right.

Augusto Blacker Miller

MINISTER OF FOREIGN

RELATIONS

Record of Discussions

In connection with the Exchange of Notes dated December 6, 1991 (hereinafter referred to as "the Exchange of Notes") concerning a Japanese loan to be extended under the Financial Recycling Scheme with a view to strengthening the friendly relations and economic cooperation between the two countries (hereinafter referred to as "the Loan"), the representatives of the Japanese Delegation and of the Peruvian Delegation wish to record the following:

1. With reference to sub-paragraph (1) of paragraph 3 of the Exchange of Notes, the representative of the Japanese Delegation stated that "suppliers of eligible source countries" mean nationals of eligible source countries or judicial persons incorporated and registered in the said countries, having their appropriate facilities for producing or providing the products and/or services in those countries, and actually conducting their business there.

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2. As for products which contain components originating from countries other than the eligible source countries, the representative of the Japanese Delegation stated that they will be eligible for the financing under the Loan, if they meet the following:

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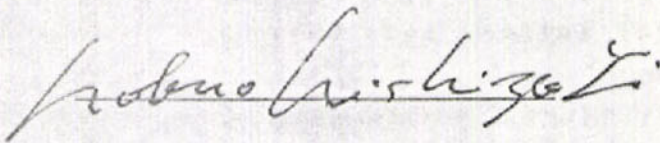
3. With reference to sub-paragraph (1) of paragraph 3 of the Exchange of Notes, the representative of the Japanese Delegation stated that the Loan may be made available to cover payments already made or to be made between September 18, 1990 and the previous day of coming into force of the loan agreement mentioned in sub-paragraph (1) of paragraph 2 of the Exchange of Notes, both dates inclusive, as well as payments to be made on and after the day of coming into force of the said loan agreement, for purchases of the products and/or services referred to in the said sub-paragraph, except the products the purchase of which is prohibited under the said loan agreement.

4. With regard to the Loan, the representative of the Japanese Delegation stated that the Loan would be extended, taking into account the current economic difficulties faced by the Government of the Republic of Peru, with a view to encouraging the Government of the Republic of Peru to continue the implementation of the current economic policies of the Government of the Republic of Peru under the Trade Sector Adjustment Program which have been endorsed by the Inter-American Development Bank (IDB).

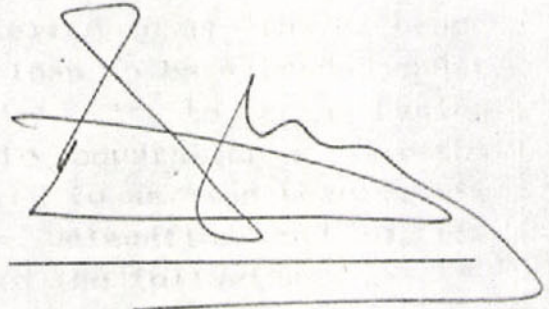
The representative of the Japanese Delegation further stated that the Loan could be characterized also as the parallel co-financing with the Trade Sector Loan extended by the IDB (TSL).

5. With reference to sub-paragraph (1) of paragraph 3 of the Exchange of Notes, the representative of the Japanese Delegation stated that the disbursement will be made subject to confirmation that the Government of the Republic of Peru continues to observe the conditions agreed with the IDB under the TSL. Thus the disbursement of the Loan will be executed in three tranches (the amount of each disbursement for the first, the second and the third tranche is forty billion nine hundred and sixty-five million yen. (¥40,965,000,000), six billion eight hundred and twenty-seven million five hundred thousand yen (¥ 6,827,500,000) and six billion eight hundred and twenty-seven million five hundred thousand yen (¥6,827,500,000), respectively), upon the condition of each disbursement of the first, the second and the third tranche of the TSL by the IDB.

6. The representative of the Peruvian Delegation stated that his Delegation had no objections to the statements mentioned in 1,2,3,4 and 5 above.



Nobuo Nishizaki
Ambassador of Japan



M. Augusto Blacker Miller
Minister of Foreign Affairs