BILATERAL

EMBASSY OF THE REPUBLIC OF KOREA

Read online (full-text search, related cases, audio case brief): https://batas.org/library/3d74c0824ad1/

Excellency,

I have the honor to propose the following understanding recently reached between the Government of the Republic of Korea and the Government of the Republic of the Philippines (hereinafter referred to as "the Contracting Parties") concerning a Korean loan to be extended to the Government of the Republic of the Philippines with a view to supporting the economic development of the Republic of the Philippines and promoting economic cooperation between the two countries.

1. The Government of the Republic of Korea shall extend to the Government of the Republic of the Philippines (hereinafter referred to as "the Borrower") a loan in Korean won up to the amount of Twenty-One Billion One Hundred Seventy-Two Million Won (W 21,172,000,000) (hereinafter referred to as "the Loan"), approximately equivalent to Twenty-Five Million US Dollars (US$ 25,000,000) from the Economic Development Cooperation Fund (hereinafter referred to as "the EDCF") for the implementation of the Laguindingan International Airport Development Project (hereinafter referred to as "the Project").

2. (1) The Loan will be made available by a loan agreement (hereinafter referred to as "the Loan Agreement") to be concluded between the Borrower and the Export-Import Bank of Korea (hereinafter referred to as "the Bank") as the Government Agency for the EDCF.

(2) The terms and conditions of the Loan, as well as the procedures for its utilization, will be governed by the Loan Agreement which will contain, inter alia, the following principles:

(a) The interest rate will be two and a half percent (2.5%) per annum;

(b) The period of repayment will be thirty (30) years including a grace period often (10) years;

(c) The method of repayment will be semi-annual installments after the grace period;

(d) The payment of interest will be every six (6) months in arrears;

(e) The disbursement period will be forty-eight (48) months from the date of signing of the Loan Agreement or such other period as the Borrower and the Bank may agree;

(f) The service charge will be one-tenth of one percent (0.1 %) of the amount of each letter of commitment or the amount of each disbursement; and

(g) The loan denomination will be the Korean won.

3. The proceeds of the Loan will be used to cover payments to be made by the Project-executing agency of the Republic of the Philippines to suppliers, contractors and/or consultants of eligible source countries under such contracts as may be entered into between them for procurement of goods and services required for the implementation of the Project.

4. With regard to the shipping and marine insurance of goods procured under the Loan, the Government of the Republic of the Philippines shall refrain from imposing any restrictions that may hinder fair and free competition

Turn this case into an audio lecture - facts, issues, ruling and doctrine - at batas.org

between the shipping and marine insurance companies of the two countries.

5. The Government of the Republic of the Philippines shall endeavor to take necessary measures to facilitate the activities of the Korean nationals involved with the Project and assist them in obtaining such services and conveniences as may be required to carry out their mission in the Philippines.

6. The Government of the Republic of the Philippines shall exempt the Bank from any fiscal levy or tax imposed on and/or in connection with the Loan and interest accruing therefrom.

7. The Government of the Republic of the Philippines shall take necessary measures to ensure that the facilities constructed with the Loan be maintained and used for the best purposes prescribed in this Agreement.

8. The Contracting Parties shall, at the request of either party, consult each other on all matters concerning the implementation of the Loan Agreement and take necessary measures to ensure the most proper and effective utilization of the Loan in accordance with their respective laws and regulations.

9. This Agreement shall remain in force, unless otherwise agreed upon, for the period of repayment by the Borrower.

If the above provisions are acceptable to the Government of the Republic of the Philippines, 1 have further the honor to propose that the present Note and Your Excellency's Note in reply to that effect shall constitute an agreement between the two Governments on this matter, which shall enter into force on the date of Your Excellency's Note in reply.

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

(Sgd.) CHANG-CHON LEE
Ambassador Extraordinary and Plenipotentiary
of the Republic of Korea to the Philippines

His Excellency
DOMINGO L SIAZON, JR
Secretary of Foreign Affairs of
the Republic of the Philippines
RECORD OF DISCUSSION

In connection with the Exchange of Notes between the Government of the Republic of Korea and the Government of the Republic of the Philippines concerning an EDCF Loan (hereinafter referred to as "the Loan") to be extended to the Government of the Republic of the Philippines (hereinafter referred to as "the Borrower") for the implementation of the Laguindingan International Airport Development Project (hereinafter referred to as "the Project"), the representatives of the two Governments wish to record the following:

1. With regard to paragraph 3 of the Exchange of Notes concerning the eligible source country, the representative of the Government of the Republic of Korea stated that:

> (1) The eligible source countries for the procurement of goods and services required for the implementation of the Project will be the Republic of Korea and the Republic of the Philippines;
>
> (2) The suppliers of goods and/or services necessary for the implementation of the Project shall be selected through limited competitive bidding among Korean suppliers or direct contracting with a Korean supplier to be agreed upon between the Export-Import Bank of Korea and the Borrower where such limited competitive

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

bidding is inapplicable or inappropriate; and

(3) The goods which contain materials imported from countries other than the eligible source countries shall be eligible for financing under the Loan, if the imported portion is less than fifty percent (50%) of the contract price of such goods. The detailed calculation method of the ratio of such imported portion will be prescribed in the Loan Agreement.

2. The representative of the Government of the Republic of Korea also stated the following:

(1) Should the funds available from the proceeds of the Loan be insufficient for the implementation of the Project, the Borrower shall make arrangements promptly to provide such funds as shall be needed;

(2) In the event the Borrower fails to make payment of all or any portion of the principal of the Loan or any other amount when due under the Loan Agreement, the unpaid amount shall bear an overdue charge at the rate of two percent (2%) per annum above the interest rate specified in the Loan Agreement;

(3) All banking charges and/or expenses for services rendered by commercial banks in connection with disbursement of the proceeds of the Loan, repayment of principal or payment of interest payable to the Export-Import Bank of Korea under the Loan Agreement are subject to the terms of the contract to be concluded between the Borrower and the Supplier, Contractor, or Consultant; and

(4) Other terms and conditions to be specified in the Loan Agreement shall be determined through negotiations between the Export-Import Bank of Korea and the Borrower.

3. The representative of the Government of the Republic of the Philippines stated that it has no objection to the statements mentioned in paragraphs 1 and 2 above.

(Sgd.) JAI-CHUL CHOI
First Secretary
Embassy of the Republic of Korea
in the Philippines

(Sgd.) ERNESTO CASTRO
Director
Office of Asian and Pacific Affairs
Department of Foreign Affairs of
the Republic of the Philippines

Study hands-free: podcast-style lessons with read-along highlighting - batas.org

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at https://batas.org

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.