

Kyiv, March 30, 2015

Excellency,

I have the honour to refer to the recent discussions held between the representatives of the Government of Japan and of the Government of Ukraine concerning Japanese economic cooperation for Japanese medical equipment to be extended with a view to strengthening friendly and cooperative relations between the two countries, and to propose on behalf of the Government of Japan the following understanding to be agreed in accordance with and governed by the Agreement on Technical Cooperation and Grant Assistance between the Government of Japan and the Government of Ukraine signed at Tokyo on June 10, 2004, including provisions related to exemptions from taxes and customs duties:

1. For the purpose of contributing to promotion of the economic and social development efforts by the Government of Ukraine, the Government of Japan shall extend to the Government of Ukraine, in accordance with the relevant laws and regulations of Japan, a grant of five hundred million Japanese Yen (¥500,000,000) (hereinafter referred to as "the Grant").

2. (1) The Grant and its accrued interest shall be used by the Government of Ukraine properly and exclusively for the purchase of products and services enumerated in a list to be mutually agreed upon between the authorities concerned of the two Governments, provided that such products are produced in and such services are supplied from eligible source countries, as well as for the purchase of services incidental to the said products and services.

(2) The list mentioned in sub-paragraph (1) above will be subject to modifications which may be agreed upon between the authorities concerned of the two Governments.

(3) The scope of the eligible source countries mentioned in sub-paragraph (1) above shall be agreed upon between the authorities concerned of the two Governments.

3. (1) The Government of Ukraine shall open a yen ordinary deposit account at a bank in Japan in the name of the Government of Ukraine (hereinafter referred to as "the Account") within fourteen days after the date of entry into force of the present understanding and shall notify in writing the Government of Japan of the completion of the procedure for opening the Account within seven days after the date of the opening of the Account.

His Excellency
Alexander KVITASHVILI
Minister of Health of Ukraine

(2) The sole purpose of the Account is to receive the payment in Japanese yen by the Government of Japan referred to in paragraph 4 as well as to make payments necessary for the purchase of the products and services referred to in sub-paragraph (1) of paragraph 2, and such other payment as may be agreed upon between the authorities concerned of the two Governments.

4. The Government of Japan shall execute the Grant by making payment in Japanese yen of the amount referred to in paragraph 1 to the Account during the period between the date of receipt of the written notification referred to in sub-paragraph (1) of paragraph 3 and March 31, 2016. The period may be extended by mutual consent between the authorities concerned of the two Governments.

5. (1) The Government of Ukraine shall take necessary measures:

(a) to ensure that the Grant and its accrued interest be completely disbursed from the Account to be ready for the procurement of goods or services within a period of twelve months after the date of the execution of the Grant unless the period is extended by mutual consent between the authorities concerned of the two Governments and to refund the amount remaining in the Account after the period to the Government of Japan;

(b) to ensure that customs duties, internal taxes and other fiscal levies which may be imposed in Ukraine with respect to the purchase of the products and services referred to in sub-paragraph (1) of paragraph 2 shall not be borne by the Grant and its accrued interest;

(c) to ensure that the Grant and its accrued interest be used properly and effectively for promotion of the economic and social development efforts;

(d) to present to the Government of Japan a report prepared in a written form acceptable to the Government of Japan on the transactions on the Account together with copies of contracts, vouchers and other documents concerning the relevant transactions without delay when the Grant and its accrued interest are completely used for the purchase of the products and services referred to in sub-paragraph (1) of paragraph 2, or when the period for the use of the Grant and its accrued interest expires in accordance with the provisions of (a) above, or upon request by the Government of Japan; and

(e) to give due environmental and social consideration in the uses of the Grant and its accrued interest.

(2) Upon request, the Government of Ukraine shall provide the Government of Japan with necessary information on the Grant.

(3) The products purchased under the Grant and its accrued

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interest shall not be re-exported from Ukraine.

6. Further procedural details for the implementation of the present understanding shall be agreed upon through consultation between the authorities concerned of the two Governments.

7. The two Governments shall consult with each other in respect of any matter that may arise from or in connection with the present understanding.

I have further the honour to propose that this Note and Your Excellency's Note in reply confirming on behalf of the Government of Ukraine the foregoing understanding shall constitute an agreement between the two Governments, which shall enter into force on the date of Your Excellency's Note in reply.

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

Shigeki SUMI
Ambassador Extraordinary and
Plenipotentiary of Japan to Ukraine