

Economic and Technical Cooperation Agreement between the Government of the United States of America and the Government of the Philippines

"A new era in our national life begins today. It is an era of economic development and bold determination to succeed."—President Elpidio Quirino

PREAMBLE

THE Governments of the United States of America and the Republic of the Philippines:

Recognizing the ideals held in common by the people of the United States of America and the people of the Philippines and the close ties that have existed between them;

Recognizing the intention of the Government of the Philippines to mobilize its resources to bring about the social and economic well-being of the Philippine people;

Recognizing that the preservation of individual liberty, free institutions, and independence depend largely upon the maintenance of stable international economic relationships and sound internal economic conditions;

Recognizing that only a strong, independent, and democratic Philippines can participate effectively in arrangements for self-defense to promote world peace and security in support of the purposes and principles of the Charter of the United Nations;

Considering that at the request of the President of the Philippines, the President of the United States of America appointed an Economic Survey Mission in July, 1950, to consider the economic and financial conditions of the Philippines and to make recommendations for their improvement, and that the Economic Survey Mission made a detailed survey and presented a series of recommendations to achieve the end desired;

Considering that the President of the Philippines in the agreement of November 14, 1950, with the Economic Cooperation Administrator, as the representative of the President of the United States of America, expressed his Government's determination to act boldly and promptly on a program designed to fulfill the aspirations of the Philippine people; and considering that the Government of the United States of America is prepared to furnish assistance so that the Government of the Philippines, through its own individual efforts, through concerted efforts with other countries, and with the United Nations, may accomplish that end;

Desiring to set forth the understandings which govern the furnishing of assistance by the Government of the United States of America pursuant to this agreement, the receipt of such assistance by the Government of the Philippines, and the measures which the two Governments will undertake individually and together in furtherance of the above objectives;

Have agreed as follows:

ARTICLE I

Assistance

The Government of the United States of America will, subject to the terms, conditions, and termination provisions prescribed by law and to arrangements provided for in this agreement, furnish the Government of the Philippines, or any person, agency, or organization agreed upon by the two Governments, such economic and technical assistance as may be requested by it and agreed to by the Government of the United States of America.

ARTICLE II

Undertakings

In order to further the objectives of economic and social well-being and preserve free institutions for the Philippine people and to achieve the maximum benefits through the employment of assistance received from the Government of the United States of America, the Government of the Philippines will use its best endeavors to:

1. Adopt and enforce measures necessary to ensure the efficient and practical use of all resources available to it, including among other means: (a) such measures as may be necessary to insure that the commodities or services furnished under this agreement, including commodities or services obtained from the funds deposited in the Special Account under Section 1 of the Annex to this agreement, are used only for purposes agreed upon by the two Governments; and (b) the observation and review of the use of such commodities and services through an effective follow-up system established in agreement with the Government of the United States of America, with precautions to prevent the diversion of these commodities into illegal or irregular channels of trade;
2. Initiate and further implement social, economic, and technical programs based upon the recommendations of the Economic Survey Mission and such other measures as will strengthen democratic and free institutions in the Philippines.

ARTICLE III

Consultation, Transmittal of Information, and Publicity

1. The two Governments will, upon the request of either of them, consult regarding any matter relating to the application of this agreement or to operations or arrangements carried out pursuant to this agreement.

2. The Government of the Philippines will communicate to the Government of the United States of America in a form and at intervals

to be determined by the latter after consultation with the Government of the Philippines:

(a) Detailed information concerning projects, programs, and measures proposed or adopted by the Government of the Philippines to carry out the provisions of this agreement;

(b) Full statements of operations under this agreement, including a statement of the use of funds, commodities, and services received thereunder, such statements to be made in each calendar quarter;

(c) Information regarding its economy and any other relevant information which the Government of the United States of America may need to determine the nature and scope of operations under this agreement, and to evaluate the effectiveness of such operations.

3. The two Governments recognize that it is in their mutual interest that full publicity be given to the objectives and progress of the program under this agreement and will encourage the wide dissemination of information relating to such program. The Government of the Philippines will make public in the Philippines in each calendar quarter full statements of operations hereunder including information as to the amount and use of funds, commodities, services, and technical assistance received.

ARTICLE IV

Missions

1. The Government of the Philippines agrees to receive a Special Technical and Economic Mission which will discharge the responsibilities of the Government of the United States of America in the Philippines under this agreement and the Government of the Philippines will, upon appropriate notification from the Ambassador of the United States of America to the Philippines, consider this Mission and its personnel as part of the Diplomatic Mission of the United States of America for the purpose of enjoying privileges and immunities accorded to that Mission and its personnel of comparable rank. Such Mission shall include but not be limited to experts whose services are made available to implement Article II of this agreement.

2. The Government of the Philippines will extend full cooperation to the Special Technical and Economic Mission. This cooperation shall include the provision of all information and facilities necessary to the free observation and review by the Special Technical and Economic Mission of measures taken to carry out this agreement and of the use of assistance furnished under it, including the use of commodities or services obtained from the funds deposited in the Special Account under Section 1 of the Annex hereto. The Special Technical and Economic Mission and its personnel may work with Philippine officials and make such general or specific recommendations in respect to measures taken or to be taken under this agreement as it deems necessary for the effective discharge of its responsibilities under this agreement. The Government of the Philippines will promote the free movement of the Special Technical and Economic Mission personnel to, in, or from the Philippines, facilitate the employment by such Mission of Philippine nationals and residents, and the expert nationals of third countries, cooperate in the acquisition of facilities and services at reasonable prices and in other ways assist the Special Technical and Economic Mission in the performance of its duties.

ARTICLE V

Entry into Force, Amendment, Duration

1. This agreement shall be subject to ratification by the Government of the Philippines. It shall become effective on the day on which notice of such ratification is given to the Government of the United States of America. It shall remain in effect until six months after either Government shall have given notice in writing to the other of intention to terminate the agreement, provided, however, that Section 2 of the Annex to this agreement shall remain in effect until two years after the date of such notice.

2. Subsidiary agreements and arrangements negotiated pursuant to this agreement may remain in force beyond the date of termination of this agreement and the period of effectiveness of such subsidiary agreements and arrangements shall be governed by their own terms. Section 1 of the Annex to this agreement shall remain in effect until all the sums in the currency of the Philippines required to be deposited in accordance with its own terms have been disposed of as provided in that Section.

3. The Annex to this agreement forms an integral part thereof. This agreement shall be registered with the Secretary-General of the United Nations.

IN WITNESS WHEREOF the respective representatives, duly authorized for the purpose, have signed the present agreement.

DONE at Manila, in duplicate, this 27th day of April, 1951.*

For the Government of the United States of America:

MYRON M. COWEN

For the Government of the Philippines:

ELPIDIO QUIRINO

*Ratified by the Senate of the Philippines, May 14

Local Currency

1. The provisions of this Section shall apply only with respect to assistance which may be furnished by the Government of the United States of America on a grant basis.

2. The Government of the Philippines will establish a special account in the Central Bank of the Philippines in the name of the Government of the Philippines (hereinafter called the Special Account) and will make deposits in pesos to this Account as follows:

(a) Amounts commensurate with the indicated dollar cost to the Government of the United States of America of economic and technical assistance (including any cost of processing, storing, transporting, repairing, or other services incident to the furnishing thereof) made available to the Philippines on a grant basis under this agreement. The Government of the United States of America shall from time to time indicate to the Government of the Philippines the dollar cost of any such assistance, and the Government of the Philippines will, upon notification, deposit in the Special Account a commensurate amount of pesos computed at the rate of exchange in force on the last day of the disbursement period covered by such notification. Such rate of exchange shall be as agreed upon at such time between the Government of the Philippines and the Government of the United States, provided that at no time shall it be lower par value (price of the dollars in terms of pesos) agreed with the International Monetary Fund.

(b) The Government of the Philippines shall deposit, upon receipt, the local currency accruing to it from the sale of commodities or services supplies under this agreement, or otherwise accruing to it as a result of the import of such commodities or service. These deposits shall be counted as either deposits against the current notifications or as advance deposit pursuant to sub-paragraph (c) below.

(c) The Government of the Philippines may at any time make advance deposits in the Special Account which shall be credited against subsequent notifications pursuant to this Section.

3. The Government of the United States of America will from time to time notify the Government of the Philippines of its requirements for administrative expenditures in pesos incident to operations under this agreement and for expenditures incident to the furnishing of technical assistance hereunder, and the Government of the Philippines will thereupon make such sums available out of any balances in the Special Account in the manner requested by the Government of the United States of America in the notification.

4. Five per cent of each deposit made pursuant to this Section shall be allocated to the use of the Government of the United States of America for its expenditures in the Philippines and sums made available pursuant to paragraph 3 of this Section for administrative expenditures shall first be charged to the amounts allocated under this paragraph.

5. The Government of the Philippines will further make such sums of pesos available out of any balances in the Special Account as may be necessary to cover costs (including port, storage, handling, and similar charges) of transportation from any point of entry in the Philippines to the consignee's designated point of delivery in the Philippines of such commodities as are referred to in Section 3 of this Annex.

6. The Government of the Philippines may draw upon any remaining balance in the Special Account for such purposes as may be agreed upon from time to time with the Government of the United States of America. In considering proposals hereunder, both Governments will give priority to the needs for local currency to carry out the measures covered by this agreement.

7. Any unencumbered balance other than unexpended amounts allocated under paragraph 4 of this Section, remaining in the Special Account upon the termination of this agreement, shall be disposed of within the Philippines for such purposes as may hereafter be agreed between the governments.

SECTION 2

Access to Materials

1. The Government of the Philippines will facilitate the transfer to the United States of America, on such reasonable terms and in such quantities and for such a period of time as may be agreed to between the two Governments, of materials in which the United States is actually or potentially deficient, giving due regard to the research requirements of the Philippines for scientific and commercial export of such materials. The Government of the Philippines will take appropriate measures to carry out the provisions of this paragraph including the promotion of increased production of such materials and the removal of hindrances to the transfer thereof. The Government of the Philippines, upon request by the Government of the United States of America, will enter into arrangements necessary to carry out the provisions of this paragraph.

SECTION 3

Relief Supplies

1. The Governments will, upon request of either of them, enter into negotiations for agreements (including the provision of duty-free treatment under appropriate safeguards) to facilitate entry into, and the distribution in the Philippines of goods in furtherance of projects of relief, rehabilitation, and reconstruction in the Philippines, financed by such United States voluntary, non-profit agencies as may be approved by the two Governments.

SECTION 4

Procurement and Distribution

1. The Government of the Philippines will cooperate with the Government of the United States of America to assure that procurement of commodities and services made available hereunder will be at reasonable prices and on reasonable terms. Commodities and services made available hereunder may be distributed within the Philippines on terms and conditions mutually agreed upon between the two Governments.

SECTION 5

Trade Arrangements

The Government of the Philippines will cooperate with other countries to reduce barriers to international trade and to take appropriate measures singly and in cooperation with other countries to eliminate public or private restrictive practices hindering domestic or international trade. It is understood that such restrictive practices referred to above mean those which:

(a) Fix prices, terms, or conditions to be observed in dealing with others in the purchase, sale, or lease of any product;

(b) Exclude enterprises from, or allocate or divide, any territorial market or field or business activity, or allocate customers, or fix sales quotas, or purchase quotas;

(c) Discriminate against particular enterprises;

(d) Limit production or fix production quotas;

(e) Prevent by agreement the development or application of technology or invention whether patented or unpatented;

(f) Extend the use of rights under patents, trade-marks, or copyrights granted by either country to matters which, according to its laws and regulations, are not within the scope of such grants, or to products or conditions of production, use or sale which are likewise not the subjects of such grants; and such other arrangements as the two Governments may agree to include.

Statement by United States Ambassador Myron Cowen

The signing of this formal agreement, whereby the Government of the United States and the Government of the Republic of the Philippines, two sovereign and independent nations, are joining in a venture to improve the lot of the ordinary person in the Philippines, is indeed a happy and significant occasion.

We arrive together at another milestone in the road to peace, honor and prosperity, which our two nations have travelled together during the last half century, proving to the entire world, and most particularly to those who would impose dictatorship and oppression upon the ordinary people of the world, that our two nations, by the example of the principles of democracy, but implement these principles in a very practical manner.

Most enlightened people in the world have learned that no single country, no geographical group can be sufficient to itself. Regardless of physical size, geographical location, race, language, or religion, the well-being of the people of the world in these modern times it cannot live in isolation and for itself alone.

It is only when peoples of the world can trust each other, respect the dignity and integrity of each other, that men can live in peace and happiness.

It is my most sincere hope that the practical aspects of democracy can be served by this agreement. I am sure that through the economic and technical aids envisaged in this agreement, the people of the Philippines will develop their own resources for the benefit of their own people, and prove to the world that democracy is a practical and vital force, and the best possible system under which free and self-respecting men can live together in peace and harmony.

Statement by Vincent Checchi, acting chief, Special Economic and Economic Mission to the Philippines

The signing of the bilateral agreement today between the Philippines and the United States, which initiates formally the E.C.A. program in the Philippines, marks, in my opinion, a day that will be looked upon as having great significance in Philippine history.

I am very proud of the small role that I have played in bringing about this agreement, which is a further demonstration of the solidarity and community of interests of the Philippine and American peoples.

The coming months will see the arrival of E.C.A. goods and technical assistance. Because of the demands of the Korean and the United States defense mobilization program, these goods may in some cases be delayed or reduced in amount from what the people of the United States would have liked to have sent. They will represent, nevertheless, the heartfelt contribution of one freedom-loving people to the determined efforts of another people who love freedom, made in the common cause of increasing social justice, economic opportunity, and freedom among all men.

Speaking for the E.C.A. staff, I can say that we are here to help to the limit of our abilities in this effort and that we are very proud to be given the opportunity of doing so.