

No. 1637

**UNITED STATES OF AMERICA
and
PHILIPPINES**

Agreement (with attachments) relating to the repayment of funds advanced to the National Defense Forces, Republic of the Philippines, by the United States Philippines-Ryukyus Command. Signed at Washington, on 6 November 1950

Official text: English.

Registered by the United States of America on 29 February 1952.

**ÉTATS-UNIS D'AMÉRIQUE
et
PHILIPPINES**

Accord (avec pièces jointes) relatif au remboursement des fonds avancés aux forces de la défense nationale de la République des Philippines par le Commandement américain de la zone Philippines-Riou-kiou. Signé à Washington. le 6 novembre 1950

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 29 février 1952.

No. 1637. AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF THE PHILIPPINES RELATING TO THE REPAYMENT OF FUNDS ADVANCED TO THE NATIONAL DEFENSE FORCES, REPUBLIC OF THE PHILIPPINES, BY THE UNITED STATES PHILIPPINES-RYUKYUS COMMAND. SIGNED AT WASHINGTON, ON 6 NOVEMBER 1950

This Agreement, signed this date by and between the Government of the Republic of the Philippines, represented by the Honorable Carlos P. Rómulo, Secretary of Foreign Affairs, and the Government of the United States, represented by the Honorable John W. Snyder, Secretary of the Treasury, is entered into for the purpose of arranging for the return to the Government of the United States of America of the residual total of the peso funds purchased for dollars and advanced to the National Defense Forces, Republic of the Philippines, by the United States Philippines-Ryukyus Command under agreements dated June 30, 1948, and July 11, 1949, between the Commanding General of the United States Philippines-Ryukyus Command and the Chief of Staff of the National Defense Forces, Republic of the Philippines, copies of which are attached hereto and made a part hereof, for the purpose of permitting the Headquarters of the National Defense Forces on behalf of the United States Philippines-Ryukyus Command to pay certain specified claims which had on or before that date been approved by the United States Philippines-Ryukyus Command.

Article I

The Government of the Republic of the Philippines in recognition of its obligation to return to the United States the balance of the funds referred to above, now mutually agrees with the United States Government to the following method of accomplishing the return to the Government of the United States of the said balance :

1. In consideration of the agreement by the Government of the Republic of the Philippines to pay to the Government of the United States in dollars the balance of the aforesaid funds, the Government of the United States hereby releases the Government of the Republic of the Philippines from the obligation described in the aforesaid agreements of June 30, 1948, and July 11, 1949, to return immediately the total unexpended balance of the said peso funds.

¹ Came into force on 6 November 1950, as from the date of signature, in accordance with article IV.

2. The Government of the Republic of the Philippines agrees that the dollar amount payable hereunder, when it shall have been finally ascertained in accordance with Article II hereof, shall be computed at the rate of two pesos to one dollar.

3. The Government of the Republic of the Philippines further agrees to pay the dollar amount payable hereunder to the Secretary of the Treasury of the United States in ten annual installments, the first nine payments to be in the amount of \$3,500,000, and the final or residual payment to be in the amount determined by deducting the total of the previous principal payments from the total amount of dollars to be paid to the Secretary of the Treasury of the United States, the latter amount to be determined as provided in Article II hereof. It is further agreed that the first annual payment will be made on May 31, 1951.

4. The total amount of the dollar repayment herein mutually agreed to shall bear interest at the rate of two and one-half percent per annum, payable on the unpaid principal balance thereof from time to time outstanding, and may be paid either annually or semi-annually, at the option of the Government of the Republic of the Philippines, the first interest payment to be made on May 31, 1951, coincident with the first annual payment of principal. Interest shall be computed from the effective date of this agreement, and all interest shall be computed on the basis of the actual number of days, using a 365-day factor; *provided*, however, that pending final determination of the total principal amount to be paid to the Secretary of the Treasury of the United States in accordance with Article II hereof, interest shall be computed on the basis of a total amount payable of \$35,000,000, to be appropriately adjusted by mutual agreement between the parties hereto upon final determination of such amount.

Article II

It is agreed by the parties hereto that the results of an audit currently being made by the United States Philippines-Ryukyus Command will be accepted by the Government of the Republic of the Philippines, for the purpose of computing the dollar amount payable hereunder, as finally determinative of the total amount of peso funds required to be returned to the Treasurer of the United States pursuant to the aforesaid agreement of June 30, 1948, as extended by the agreement of July 11, 1949. It is further understood and agreed that the total amount of such peso funds will be the sum of all items, including unexpended funds in bank accounts of the National Defense Forces, Republic of the Philippines, which are determined by the aforesaid audit to be payable to the Government of the United States under the aforesaid agreements. The initial payments of principal provided for in Article I hereof shall be applied by the Government of the United States to the liquidation of all items which

the aforesaid audit shall establish as representing collections due to the Government of the United States.

It is understood that the National Defense Forces, Republic of the Philippines, will lend full assistance to the United States Philippines-Ryukyus Command in order to effect the speedy completion of such audit.

Article III

It is understood and agreed by the parties hereto that the acceptance of this agreement by the Government of the Republic of the Philippines shall not be construed as a waiver of its rights to negotiate with the Government of the United States for the settlement of any pending claims which may be outstanding as of the effective date of this agreement. It is further understood and agreed that the obligation of the Government of the Republic of the Philippines to pay any installment in accordance with the provisions of Articles I and II hereof shall not be deferred or delayed by reason of any negotiations then pending concerning any such claims.

Article IV

This agreement shall come into effect on the date of signature.

Signed in duplicate at Washington, D. C., this sixth day of November, 1950.

For the Government of the
United States of America :
John W. SNYDER

For the Government of the
Republic of the Philippines :
Carlos P. RÓMULO

[Attachment]

HEADQUARTERS
PHILIPPINE-RYUKYUS COMMAND
OFFICE OF THE COMMANDING GENERAL

GSPS

APO 707

30 June 1948

Subject: Advance of Funds from the Appropriation of "Expenses Army of the Philippines" for Fiscal Years 1942-1946.

To: Chief of Staff
Armed Forces of the Philippines
Camp Murphy, Quezon City

1. Under the provisions of Executive Order 9011 of the President of the United States, dated January 3, 1942,¹ the Commanding General, PHILRYCOM, has from time to time authorized the advance of funds of the United States Government to the Philippine Army out of the appropriation "Expenses, Army of the Philippines", for the fiscal years 1942 to 1946 inclusive, for the express purpose of paying certain claims adjudicated and approved by the Recovered Personnel Division and the Claims Service of PHILRYCOM which have been submitted for payment to the Finance Service, Philippine Army.

2. In accordance with the written request dated 30 June 1948 of the Philippine Army², the authorized representative of the Government of the Philippines, a check is attached in the amount of ₱93,778,000.00, ₱42,000,000.00 of the attached check for ₱93,778,000.00, together with balance of sums previously advanced to the Philippine Army, is considered sufficient to pay all claims duly adjudicated and approved by the Recovered Personnel Division and the Claims Service, PHILRYCOM, and forwarded to your headquarters on or before 30 June 1948. The remainder of this check amounting to ₱51,778,000.00 is advanced for the sole purpose, except as provided in paragraph 3 of this letter, of paying additional amounts due on redeterminations approved by the Recovered Personnel Division and the Claims Service, PHILRYCOM, as a result of reconsideration of claims filed before administrative deadlines of 15 January 1948 and 29 February 1948 for claims for arrears in pay pertaining to living and deceased veterans respectively, and 31 March 1948 for all other claims.

¹ United States of America : 3 CFR, Cum. Supp., p. 1073.

² Not printed by the Department of State of the United States of America.

3. Procedures in effect prior to 30 June 1948 have allowed your headquarters to make payments for current pay, terminal date guerrilla pay, and other liberation pay without approval of this headquarters. Subsequent to 30 June 1948 it is understood that your headquarters will make no payments on these specified types of claims without specific approval in each case by the Recovered Personnel Division, PHILRYCOM. You are authorized to continue payments for claims for current pay, terminal date guerrilla pay, and other liberation pay claims now on hand provided vouchers were filed and approved by your headquarters on or before 30 June 1948.

4. It is understood and agreed that the Philippine Army will furnish to the proper authorities of the Government of the United States of America abstracts of all claims paid under this Agreement, and to make available for inspection by representatives of the Government of the United States of America all records pertaining to the settlement of all claims or obligations included herein for the period of five years following 30 June 1948.

5. It is understood and agreed that all sums which have been, or herein advanced, to the Philippine Army from the above-mentioned appropriations, in excess of the total amount of the claims approved by the Recovered Personnel Division and Claims Service and paid by the Philippine Army as outlined above, will be returned to the Treasurer of the United States upon written request of the appropriate agency of the United States Government, but in no event later than 30 June 1949.

6. Acknowledgment of receipt of the check and concurrence in this communication is requested by indorsement hereon.

Geo. F. MOORE
Major General, U. S. Army
Commanding

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HEADQUARTERS, NATIONAL DEFENSE FORCES,
REPUBLIC OF THE PHILIPPINES,
CAMP MURPHY, QUEZON CITY

To : Commanding General, Philippines-Ryukyus Command, APO 707

1. The receipt of United States Treasury check No. 502972 for ₱93,778,000.00 is hereby acknowledged.

2. Headquarters National Defense Forces, the authorized representative of the Government of the Republic of the Philippines, in accepting this check agrees to all the provisions and conditions as set out in basic communication.

R. JALANDONI
Major General
Chief of Staff

[Attachment]

11 Jul. 1949

Subject: Funds from the Appropriation of " Expenses, Army of the Philippines ", for Fiscal Years 1942-1946.

To: Chief of Staff
Armed Forces of the Philippines
Camp Murphy, Quezon City.

1. Under the provisions of Executive Order 9011 of the President of the United States, dated January 3, 1942, the Commanding General PHILRYCOM from time to time authorized the advance of funds of the United States Government out of the appropriation " Expenses, Army of the Philippines " for the fiscal years 1942 to 1946 inclusive, for the express purpose of paying certain claims adjudicated and approved by the Recovered Personnel Division and Claims Service of PHILRYCOM which were submitted for payment to the Finance Service, Philippine Army.

2. On 30 June 1948 a check in the amount of ₱93,778,000.00 was turned over to the Philippine Army which, with the balance of sums previously advanced, was considered sufficient to pay all claims duly adjudicated and approved by the Recovered Personnel Division and the Claims Service, PHILCOM and such additional amounts due on redeterminations approved by the Recovered Personnel Division and the Claims Service, PHILRYCOM, provided such claims had been originally filed before the administrative deadlines of 15 January 1948, and 29 February 1948, for claims for arrears in pay pertaining to living and deceased veterans respectively, and 31 March 1948 for all other claims.

3. It was understood and agreed by written agreement between the Commanding General, PHILRYCOM and the Chief of Staff, AFP dated 30 June 1948, that all sums which were advanced on 30 June 1948, or previously, in excess of the total amount of the claims approved by the Recovered Personnel Division

and Claims Service would be returned to the Treasurer of the United States upon written request of the appropriate agency of the United States, but in no event later than 30 June 1949.

4. The agency now approving claims formerly approved by the Recovered Personnel Division and Claims Service is the Adjustment Division of the Adjutant General Records Depository.

5. It is considered expedient to modify the agreement entered into on 30 June 1948 by authorizing further payments from the funds previously advanced and by changing the date upon which the unexpended balance is to be returned to the Treasurer of the United States.

6. You are authorized to make payments from these funds on such arrearages in pay, and procurement and wage claims as were submitted to the Adjustment Division, Adjutant General Records Depository before 30 June 1949 and are duly adjudicated and approved by the Adjustment Division, Adjutant General Records Depository, as payable from the above funds, and sent to the Philippine Army for payment before 1 December 1949.

7. It is understood and agreed that the Philippine Army will furnish to the proper authorities of the Government of the United States of America abstracts of all claims paid under this Agreement, and to make available for inspection by representatives of the Government of the United States of America all records pertaining to the settlement of all claims or obligations included herein for the period of five years following 30 June 1949.

8. It is understood and agreed that all sums which have been advanced to the Philippine Army out of the appropriation "Expenses, Army of the Philippines" for the fiscal years 1942 to 1946 inclusive, in excess of the total amount of the claims previously approved for payment and those which may be approved for payment by the Adjustment Division, AGRD, and paid before 31 December 1949 will be returned to the Treasurer of the United States, at one time or in increments, upon written request to the appropriate agency of the United States Government, but in no event later than 31 December 1949.

George D. SHEA
Major General, USA
Commanding

1st Ind

HEADQUARTERS, NATIONAL DEFENSE FORCES, REPUBLIC OF THE PHILIPPINES,
CAMP MURPHY, QUEZON CITY

To: Commanding General, Philippines Command, APO 707

Headquarters, National Defense Forces, the authorized representative of the Government of the Republic of the Philippines, agrees to all the provisions and conditions as set out in basic communication.

M. N. CASTANEDA
Major General
Chief of Staff