

No. 2330

**UNITED STATES OF AMERICA
and
PHILIPPINES**

**Exchange of notes constituting an agreement relating to
guaranties under section 111 (b) (3) of the Economic
Cooperation Act of 1948, as amended. Washington,
18 and 19 February 1952**

Official text: English.

Registered by the United States of America on 22 October 1953.

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

**Échange de notes constituant un accord relatif aux garanties
prévues par l'article 111, b, 3, de la loi de coopération
économique de 1948, sous sa forme modifiée. Wash-
ington, 18 et 19 février 1952**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 22 octobre 1953.

No. 2330. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF THE PHILIPPINES RELATING TO GUARANTIES UNDER SECTION 111(b)(3) OF THE ECONOMIC COOPERATION ACT OF 1948, AS AMENDED. WASHINGTON, 18 AND 19 FEBRUARY 1952

I

The Acting Secretary of State to the Philippine Ambassador

DEPARTMENT OF STATE
WASHINGTON

February 18 1952

Excellency :

I have the honor to refer to conversations which have recently taken place between representatives of our two Governments, relating to guaranties authorized by Section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended.² I also have the honor to confirm the understandings reached as a result of these conversations as follows :

The Governments of the Philippines and of the United States of America will, upon the request of either of them, consult respecting projects in the Philippines proposed by nationals of the United States of America with regard to which guaranties under Section 111 (b) (3) of the Economic Cooperation Act of 1948, as heretofore amended, have been made or are under consideration. With respect to such guaranties extending to projects which are approved by the Government of the Philippines in accordance with the provisions of the aforesaid Section, the Government of the Philippines agrees :

- a. That if the Government of the United States of America makes payment in United States dollars to any person under any such guaranty, the Government of the Philippines will recognize the transfer to the United States of America of any right, title or interest of such person in assets, currency, credits, or other property on account of which such payment

¹ Came into force on 19 February 1952 by the exchange of the said notes.

² United States of America : 62 Stat. 144; 22 U.S.C. § 1509 (b) (3).

- was made and the subrogation of the United States of America to any claim or cause of action of such person arising in connection therewith. The Government of the Philippines shall also recognize any transfer to the Government of the United States of America pursuant to such guaranty of any compensation for loss covered by such guaranties received from any source other than the Government of the United States of America;
- b. That peso amounts acquired by the Government of the United States of America pursuant to such guaranties shall be accorded treatment not less favorable than that accorded, at the time of such acquisition, to private funds arising from transactions of United States nationals which are comparable to the transactions covered by such guaranties, and that such peso amounts will be freely available to the Government of the United States of America for administrative expenditures;
- c. That any claim against the Government of the Philippines to which the Government of the United States of America may be subrogated as the result of any payment under such a guaranty, shall be the subject of direct negotiations between the two Governments. If, within a reasonable period, they are unable to settle the claim by agreement, it shall be referred for final and binding determination to a sole arbitrator selected by mutual agreement. If the Governments are unable, within a period of three months, to agree upon such selection, the arbitrator shall be one who may be designated by the President of the International Court of Justice at the request of either Government.

Upon receipt of a note from your Excellency indicating that the foregoing provisions are acceptable to the Government of the Philippines, the Government of the United States of America will consider that this note and your reply thereto constitute an agreement between the two Governments on this subject, the agreement to enter into force on the date of your note in reply.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Acting Secretary of State :
J. M. ALLISON

His Excellency Carlos P. Rómulo
Ambassador of the Philippines

II

*The Philippine Ambassador to the Acting Secretary of State*EMBASSY OF THE PHILIPPINES
WASHINGTON

February 19, 1952

Excellency :

I have the honor to refer to your note of February 18, 1952, which is as follows :

[See note I]

and to state, in behalf of the Government of the Philippines, that the understandings between your Government and mine as stated in your above-quoted note are correct and are hereby confirmed.

Accept, Excellency, the renewed assurances of my distinguished consideration.

Carlos P. RÓMULO

His Excellency The Acting Secretary of State
Washington, D. C.