

No. 4074

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**UNITED STATES OF AMERICA  
and  
INDONESIA**

**Economic Co-operation Agreement (with annex). Signed  
at Djakarta, on 16 October 1950**

*Official texts: English and Indonesian.*

*Registered by the United States of America on 11 November 1957.*

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

**Accord de coopération économique (avec annexe). Signé à  
Djakarta, le 16 octobre 1950**

*Textes officiels anglais et indonésien.*

*Enregistré par les États-Unis d'Amérique le 11 novembre 1957.*

No. 4074. ECONOMIC CO-OPERATION AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF INDONESIA. SIGNED AT DJAKARTA, ON 16 OCTOBER 1950

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The Government of the United States of America and the Government of the Republic of Indonesia :

Recognizing that individual liberty, free institutions, and independence depend largely upon sound economic conditions and stable international economic relationships;

Considering that the Congress of the United States of America has enacted legislation enabling the United States to furnish assistance to the Government of the Republic of Indonesia in order that the Government of the Republic of Indonesia through its own individual efforts and through concerted effort with other countries or with the United Nations may achieve such objectives;

Desiring to set forth the understandings which govern the furnishing of assistance by the Government of the United States of America, the receipt of such assistance by the Government of the Republic of Indonesia and the measures which the two governments will take individually and together in furtherance of the above objectives :

Have agreed as follows :

*Article I*

The Government of the United States of America will, subject to the terms and conditions prescribed by law and to arrangements provided for in this agreement furnish the Government of the Republic of Indonesia such economic and technical assistance as may be requested by it and agreed to by the Government of the United States of America. The Government of the Republic of Indonesia will cooperate with the Government of the United States of America to assure that procurement will be at reasonable prices and on reasonable terms. Commodities or services furnished hereunder may be distributed within the Republic of Indonesia on terms and conditions mutually agreed upon between the governments.

*Article II*

In order to assure maximum benefits to the people of the Republic of Indonesia from the assistance to be furnished hereunder by the Government of the

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<sup>1</sup> Came into force provisionally on 16 October 1950 by signature. See footnote 1 on p. 110 of this volume.

United States of America, the Government of the Republic of Indonesia will use its best endeavors :

A. To assure efficient and practical use of all resources available and to assure that the commodities and services obtained under this agreement are used for purposes consistent herewith.

B. To promote the economic development of the Republic of Indonesia on a sound basis and to achieve such objectives as may be agreed upon by the two governments.

C. To assure the stability of its currency and the validity of its rate of exchange, and generally to assure confidence in its internal financial stability.

D. To 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.

### *Article III*

The Governments will, upon request of either of them, consult regarding any matter relating to the application of this agreement or operations thereunder. The Government of the Republic of Indonesia will provide detailed information necessary to carrying out the provisions of this agreement including a quarterly statement on the use of funds, commodities, and services received hereunder, and 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 assistance furnished or contemplated.

### *Article IV*

The Government of the Republic of Indonesia agrees to receive a special technical and economic mission which will discharge the responsibilities of the Government of the United States of America under this agreement and upon appropriate notification from the Government of the United States of America will consider this special mission and its personnel as part of the diplomatic mission of the United States of America in Indonesia for the purpose of enjoying the privileges and immunities accorded to that mission and its personnel of comparable rank. The Government of the Republic of Indonesia will further give full cooperation to the special mission including the provision of

facilities necessary for observation and review of the carrying out of this agreement including the use of assistance furnished under it.

*Article V*

1. This agreement shall take effect upon notification by the Government of the Republic of Indonesia to the Government of the United States of America that all necessary legal requirements in connection with the conclusion of this agreement by the Government of the Republic of Indonesia have been fulfilled.<sup>1</sup> This agreement shall continue in force until the date agreed upon by the two governments.

2. This agreement may be amended at any time by agreement between the two governments.

3. The annex<sup>2</sup> to this agreement forms an integral part thereof.

4. This agreement shall be registered with the Secretary-General of the United Nations.

IN WITNESS WHEREOF, the undersigned, duly authorized for the purpose, have affixed their respective signatures to the agreement.

DONE at Djakarta in duplicate, in the English and Indonesian languages, both texts authentic, this sixteenth day of October, 1950.

For the Government of the Republic of Indonesia :  
Mohammad RUM

For the Government of the United States of America :  
H. Merle COCHRAN

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<sup>1</sup> The following information is given by the Department of State of the United States of America (*Treaties and Other International Acts Series 3624*, p. 4, footnote 1): "Entered into force provisionally October 16, 1950. A note from the Indonesian Foreign Office, dated Oct. 27, 1951, states that the agreement 'has been and will continue to be a binding obligation of the Republic of Indonesia, according to its terms, pending Parliamentary action'."

<sup>2</sup> See p. 112 of this volume.

## ANNEX

*Section 1*

1. The provisions of this section shall apply only with respect to assistance furnished on a grant basis.

2. Recognizing that the success of the assistance program will depend upon expenditures of local currency in addition to aid rendered by the Government of the United States of America, the Government of the Republic of Indonesia will establish a Special Account in the Bank of Java, in the name of the Government of the Republic of Indonesia (hereinafter called the Special Account) and will make deposits in local currency to this account in amounts commensurate with the indicated dollar cost to the Government of the United States of America of commodities, services, and technical information (including any costs of processing, storing, transporting, repairing or other services incident thereto) made available to the Republic of Indonesia on a grant basis under this agreement.

*a.* The Government of the United States of America shall from time to time notify the Government of the Republic of Indonesia of its dollar disbursements during periods of not more than one month covering the indicated dollar costs of any such commodities, services and technical information, and the Government of the Republic of Indonesia will thereupon deposit in the Special Account a commensurate amount of rupiahs.

*b.* The rate of exchange to be used for the purpose of computing the commensurate value shall be computed pursuant to this paragraph and shall be the rate thereby computed which was in force on the last day of the disbursement period covered by each notification. The rate of exchange shall be the par value for the rupiah agreed at such time with the International Monetary Fund, provided that this agreed par value is the single rate applicable to the purchase of dollars for imports into the Republic of Indonesia. If at such time a par value for the rupiah is agreed with the Fund, and there are one or more rates applicable to the purchase of dollars for imports into the Republic of Indonesia, or if at such time no par value is agreed with the Fund, the rate shall be the highest rate of exchange or the highest price of the dollar in terms of rupiahs, irrespective of the methods applied for computing said rate of exchange or price, which is then lawfully available in the Republic of Indonesia to any legal personality and then applicable to the imports of any commodity to the Republic of Indonesia. The Government of the Republic of Indonesia may at any time make advance deposits in the Special Account which shall be credited against subsequent notifications pursuant to this paragraph.

3. The Government of the United States of America will from time to time notify the Government of the Republic of Indonesia of its local currency requirements for administrative expenditures incident to the furnishing of assistance under this agreement and for expenditures incident to the furnishing of technical assistance, and the Government of the Republic of Indonesia 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. The Government of the Republic of Indonesia will further make such sums of rupiahs 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 Republic of Indonesia to the consignee's designated point of delivery in the Republic of Indonesia of such commodities as are referred to in Section 4 of this annex.

5. The Government of the Republic of Indonesia may draw upon any remaining balance in the Special Account for such purposes beneficial to the Republic of Indonesia and connected with the purposes of this agreement as may be agreed to from time to time by the Government of the Republic of Indonesia in consultation with the Government of the United States of America.

### *Section 2*

The Government of the Republic of Indonesia will cooperate by facilitating transfer to the United States of America on reasonable terms, no less favorable than those provided to nationals of other countries, of materials in which the United States of America is actually or potentially deficient, giving due regard to the reasonable requirements of the Republic of Indonesia for the domestic use and commercial export of such materials.

### *Section 3*

The Government of the Republic of Indonesia will permit and give full publicity to the objectives and progress of the program under this agreement and will make public each quarter full statements of operations hereunder including information as to the use of the funds, commodities, and services received.

### *Section 4*

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 the entry into, and the distribution in the Republic of Indonesia of commodities in furtherance of projects of relief, rehabilitation and reconstruction in the Republic of Indonesia, financed by such United States voluntary, non-profit agencies as may be approved by the two governments.