

No. 4148

PHILIPPINES
and
JAPAN

Reparations Agreement (with annex, exchange of notes and agreed minutes). Signed at Manila, on 9 May 1956

Official texts of the Agreement and annex: English and Japanese.

Official text of the notes and agreed minutes: English.

Registered by the Philippines on 7 January 1958.

PHILIPPINES
et
JAPON

Accord de réparations (avec annexe, échange de notes et procès-verbal agréé). Signé à Manille, le 9 mai 1956

Textes officiels de l'Accord et de l'annexe: anglais et japonais.

Texte officiel des notes et du procès-verbal agréé: anglais.

Enregistré par les Philippines le 7 janvier 1958.

No. 4148. REPARATIONS AGREEMENT¹ BETWEEN THE
REPUBLIC OF THE PHILIPPINES AND JAPAN. SIGNED
AT MANILA, ON 9 MAY 1956

The Republic of the Philippines and Japan,

Desiring to act in line with the provisions of the Treaty of Peace with Japan signed at the city of San Francisco on September 8, 1951,²

Have decided to conclude the present Reparations Agreement and have accordingly appointed as their Plenipotentiaries :

The Republic of the Philippines :

Felino Neri, Ambassador

José P. Laurel, Senator

Francisco A. Delgado, Senator

Lorenzo M. Tañada, Senator

Gil J. Puyat, Senator and Acting Presiding Officer, National Economic Council

Arturo M. Tolentino, Member, House of Representatives

Miguel Cuenco, Member, House of Representatives

Cornelio T. Villareal, Member, House of Representatives

Miguel Cuaderno, Governor, Central Bank of the Philippines

Caesar Z. Lanuza, Director of National Planning

Alfonso Calalang

Francisco Ortigas, Jr.

Vicente Fabella

Eduardo Quintero, Minister-Counselor

Japan :

Tatsunosuke Takasaki, Minister of State

Takizo Matsumoto, Deputy Director of Cabinet Secretariat

Mikio Mizuta, Member, House of Representatives

Aiichiro Fujiyama

Mamoru Nagano

¹ Came into force on 23 July 1956, by the exchange of the instruments of ratification at Tokyo and the deposit at Washington of the instrument of ratification by the Republic of the Philippines of the Treaty of Peace with Japan, both of which acts took place on that date, in accordance with article 13 of the Agreement.

² United Nations, *Treaty Series*, Vol. 136, p. 45 ; Vol. 163, p. 385 ; Vol. 184, p. 358 ; Vol. 199, p. 344 ; Vol. 243, p. 326, and Vol. 260, p. 450.

Who, having communicated to each other their full powers found to be in due form, have agreed upon the following Articles :

Article 1

Japan, by way of reparations, shall supply the Republic of the Philippines with the services of the Japanese people and the products of Japan in the form of capital goods, the total value of which will be so much in yen as shall be equivalent to five hundred fifty million United States dollars (\$550,000,000) at present computed at one hundred ninety-eight billion yen (¥198,000,000,000), within the period and in the manner hereinafter prescribed.

Article 2

The supply of the services and products referred to in the preceding Article shall be made on an annual average of so much in yen as shall be equivalent to twenty-five million United States dollars (\$25,000,000) at present computed at nine billion yen (¥9,000,000,000), during the ten-year period from the date of coming into force of the present Agreement ; and on an annual average of so much in yen as shall be equivalent to thirty million United States dollars (\$30,000,000) at present computed at ten billion eight hundred million yen (¥10,800,000,000), during the succeeding ten-year period. However, by agreement between the two Governments, this latter period may be reduced to a period shorter than ten years, provided the outstanding balance is settled in full within the remainder of the reduced period.

Article 3

1. The services and products to be supplied by way of reparations shall be those requested by the Government of the Republic of the Philippines and agreed upon between the two Governments. These services and products shall consist of such items as may be needed for projects to be chosen from among those enumerated in the Annex¹ to the present Agreement, provided that such items as may be requested by the Government of the Republic of the Philippines for projects other than those listed in the aforesaid Annex may, by agreement between the two Governments, be included in the services and products to be supplied by way of reparations.

2. The products to be supplied by way of reparations shall be capital goods. However, products other than capital goods may, by agreement between the two Governments, be supplied by Japan at the request of the Government of the Republic of the Philippines.

¹ See p. 38 of this volume.

Article 4

1. The two Governments shall fix through consultation an annual schedule (hereinafter referred to as the "Schedule") specifying the services and products to be supplied by Japan each year.

2. The Schedule for the first year shall be fixed within sixty days from the date of the coming into force of the present Agreement. The Schedule for each succeeding year shall, until the reparations obligation specified in Article 1 above shall have been fulfilled, be fixed prior to the beginning of that year.

Article 5

1. Japan agrees that the Mission mentioned in Article 7, paragraph 1 of the present Agreement shall have the authority to conclude, in behalf of the Government of the Republic of the Philippines, contracts directly with any Japanese national or any Japanese juridical person controlled by Japanese nationals, in order to have the services and products supplied in accordance with the Schedule for each year.

2. Every such contract (including modifications thereof) shall conform with (a) the provisions of the present Agreement, (b) the provisions of such arrangements as may be made by the two Governments for the implementation of the present Agreement and (c) the Schedule then applicable. Every proposed contract shall, before it is entered into, be verified by the Government of Japan as to the conformity of the same with the above-mentioned criteria. The Government of Japan shall receive a copy of each contract from the Mission on the day following the date such contract is entered into. In case any proposed contract cannot be entered into due to non-verification, such proposed contract shall be referred to the Joint Committee mentioned in Article 10 of the present Agreement and acted upon in accordance with the recommendation of the Joint Committee. Such recommendation shall be made within a period of thirty days following the receipt of the proposed contract by the Joint Committee. A contract which has been concluded in the manner hereinabove provided, shall hereinafter be referred to as a "Reparations Contract".

3. Every Reparations Contract shall contain a provision to the effect that disputes arising out of or in connection with such Contract shall, at the request of either party thereto, be referred for settlement to an arbitration board of commerce in accordance with such arrangement as may be made between the two Governments.

4. Notwithstanding the provisions of paragraph 1 above, the supply of services and products as reparations may be made without Reparations Contracts, but only by agreement in each case between the two Governments.

Article 6

1. In the discharge of the reparations obligation under Article 1 of the present Agreement, the Government of Japan shall, through procedures to be determined under Article 11, make payments to cover the obligations incurred by the Mission under Reparations Contracts and the expenses for the supply of services and products referred to in Article 5, paragraph 4 of the present Agreement. These payments shall be made in Japanese yen.

2. By and upon making a payment in yen under the preceding paragraph, Japan shall be deemed to have supplied the Republic of the Philippines with the services and products thus paid for and shall be released from its reparations obligation to the extent of the equivalent value in United States dollars of such yen payment in accordance with Articles 1 and 2 of the present Agreement.

Article 7

1. Japan agrees to the establishment in Japan of a Mission of the Government of the Republic of the Philippines (hereinafter referred to as "the Mission") as its sole and exclusive agent to be charged with the implementation of the present Agreement, including the conclusion and performance of Reparations Contracts.

2. Such office or offices of the Mission in Japan as are necessary for the effective performance of its functions and used exclusively for that purpose may be established at Tokyo and/or other places to be agreed upon between the two Governments.

3. The premises of the office or offices, including the archives, of the Mission in Japan shall be inviolable. The Mission shall be entitled to use cipher. The real estate which is owned by the Mission and used directly for the performance of its functions shall be exempt from the Tax on Acquisition of Real Property and the Property Tax. The income of the Mission which may be derived from the performance of its functions shall be exempt from taxation in Japan. The property imported for the official use of the Mission shall be exempt from customs duties and any other charges imposed on or in connection with importation.

4. The Mission shall be accorded such administrative assistance by the Government of Japan as other foreign missions usually enjoy and as may be required for the effective performance of its functions.

5. The Chief and two senior officials of the Mission as well as the chiefs of such offices as may be established in pursuance of paragraph 2 above, who are nationals of the Republic of the Philippines, shall be accorded diplomatic privileges and immunities generally recognized under international law and usage. If it is deemed necessary for the effective performance of the functions of the Mission, the number of such senior officials may be increased by agreement between the two Governments.

6. Other members of the staff of the Mission who are nationals of the Republic of the Philippines and who are not ordinarily resident in Japan shall be exempt from taxation in Japan upon emoluments which they may receive in the discharge of their duties, and, in accordance with Japanese laws and regulations, from customs duties and any other charges imposed on or in connection with importation of property for their personal use.

7. In the event any dispute arising out of or in connection with a Reparations Contract has not been settled by arbitration or the arbitration award rendered has not been complied with, the matter may be taken, as a last resort, to the appropriate Japanese court. In such a case and solely for the purpose of whatever judicial proceedings may be necessary, the persons holding the position of Chief of the Legal Section of the Mission may sue or be sued, and accordingly he may be served with process and other pleadings at his office in the Mission. However, he shall be exempt from the obligation to give security for the costs of legal proceedings. While the Mission enjoys inviolability and immunity as provided for in paragraphs 3 and 5 above, the final decision rendered by the appropriate judicial body in such a case will be accepted by the Mission as binding upon it.

8. In the enforcement of any final court decision, the land and buildings, as well as the movable property therein, owned by the Mission and used for the performance of its functions shall in no case be subject to execution.

Article 8

1. The services which have already been supplied or may hereafter be supplied in accordance with the exchange of notes effected at Manila on January 24, 1953, in connection with the survey of sunken vessels in Philippine territorial waters or in accordance with the Interim Agreement on Reparations Concerning Salvage of Sunken Vessels between the Republic of the Philippines and Japan signed at Manila on March 12, 1953, shall constitute part of the reparations under Article 1 of the present Agreement.

2. The supply of the above-mentioned services after the coming into force of the present Agreement shall be subject to the provisions of the Agreement.

Article 9

1. The two Governments shall take measures necessary for the smooth and effective implementation of the present Agreement.

2. Those materials, supplies and equipment which are necessary for the projects mentioned in Article 3 but are not included in the Schedule will be provided by the Government of the Republic of the Philippines. No Japanese labor will be utilized in such projects as may be undertaken in the Philippines except the services of Japanese technicians. The incidental expenses in local currency for

such Japanese technicians as well as the expenses for local labor shall be borne by the Government of the Republic of the Philippines.

3. Japanese nationals who may be needed in the Philippines in connection with the supply of services or products under the present Agreement shall, during the required period of their stay in the Philippines, be accorded such facilities as may be necessary for the performance of their work.

4. With respect to the income derived from the supply of services or products under the present Agreement, Japanese nationals and juridical persons shall be exempt from taxation in the Philippines.

5. The products of Japan supplied under the present Agreement shall not be re-exported from the territories of the Republic of the Philippines.

Article 10

There shall be established a Joint Committee to be composed of representatives of the two Governments as an organ of consultation between them, with powers to recommend on matters concerning the implementation of the present Agreement.

Article 11

Details including procedures for the implementation of the present Agreement shall be agreed upon through consultation between the two Governments.

Article 12

1. The two Governments shall endeavor, through constant consultation, to preclude the likelihood of disputes arising out of or in connection with the implementation of the present Agreement.

2. Any dispute between the two Governments concerning the interpretation and implementation of the present Agreement shall be settled primarily through diplomatic channels. If the two Governments fail to reach a settlement, the dispute shall be referred for decision to a tribunal of three arbitrators, one to be appointed by each Government and the third to be agreed upon by the two arbitrators so chosen, provided that such third arbitrator shall not be a national of either country. Each Government shall appoint an arbitrator within a period of thirty days from the date of receipt by either Government from the other Government of a note requesting arbitration of the dispute and the third arbitrator shall be agreed upon within a further period of thirty days. If, within the periods respectively referred to, either Government fails to appoint an arbitrator or the third arbitrator is not agreed upon, the President of the International Court of Justice may be requested by either Government to appoint such arbitrator or the third arbitrator, as the case may be. The two Governments agree to abide by any award given under this paragraph.

Article 13

The present Agreement shall be ratified. The Agreement shall enter into force either on the date of exchange of the instruments of ratification or on the date the Republic of the Philippines deposits its instrument of ratification of the Treaty of Peace with Japan signed at the city of San Francisco on September 8, 1951, in accordance with Article 24 of the said Treaty, whichever date is the later.

Article 14

The present Agreement is written in the English and Japanese languages, both being equally authentic.

IN WITNESS WHEREOF the undersigned Plenipotentiaries have signed the present Agreement and have affixed thereunto their seals.

DONE in duplicate at the city of Manila, this ninth day of May of the year one thousand nine hundred and fifty-six, Anno Domini, and of the Independence of the Republic of the Philippines, the tenth ; corresponding to the ninth day of the fifty month of the thirty-first year of Showa.

For the Republic
of the Philippines :

Felino NERI
José P. LAUREL
Francisco A. DELGADO
Gil J. PUYAT
Arturo M. TOLENTINO
Miguel CUENCO
Cornelio T. VILLAREAL
Miguel CUADERNO
Caesar Z. LANUZA
Alfonso CALALANG
Francisco ORTIGAS
Vicente FABELA
Eduardo QUINTERO

For Japan :

Tatsunosuke TAKASAKI
Takiso MATSUMOTO
Mikio MIZUTA
Aiichiro FUJIYAMA
Mamoru NAGANO

ANNEX

I. AGRICULTURAL AND FISHERY DEVELOPMENT PROJECTS

- | | |
|---|--|
| 1. Irrigation Gates and Pumping Equipment | 9. Salt Making Plants |
| 2. Agricultural Equipment and Machinery | 10. Coconut Processing Plants |
| 3. Logging Equipment | 11. Wheat Flour Mills |
| 4. Saw Mill Equipment | 12. Cassava Flour Mills |
| 5. Fishing Boats | 13. Rice Mills |
| 6. Floating Canneries | 14. Ramie and Abaca Decorticating and Degumming Plants |
| 7. Food Processing Plants | 15. Tobacco Processing Plants |
| 8. Animal Feed Plants | 16. Baking Powder Plants |
| | 17. Sugar Refineries |

II. ELECTRIC POWER DEVELOPMENT PROJECTS

- | | |
|---------------------------|--|
| 1. Hydroelectric Plants | 4. Substation Equipment |
| 2. Steam Electric Plants | 5. Transmission and Distribution Lines |
| 3. Diesel Electric Plants | |

III. MINERAL RESOURCES DEVELOPMENT PROJECTS

- | | |
|--|--|
| 1. Coal Mining Equipment | 3. Iron, Chrome and Manganese Beneficiation Plants |
| 2. Iron, Chrome and Manganese Mining Equipment | 4. Copper Mining and Beneficiation Equipment |

IV. INDUSTRIAL DEVELOPMENT PROJECTS

- | | |
|--|---|
| 1. Alcohol Plants | 19. Cotton Textile Mills |
| 2. Briquetted Semi-coke Plants | 20. Rayon Plants |
| 3. Coke Making Plants | 21. Ramie Plants |
| 4. Charcoal Making Plants | 22. Pulp and Paper Plants |
| 5. Integrated Iron and Steel Mills | 23. Celluloid Plants |
| 6. Ferro-alloy Plants | 24. Absorbent Cotton Plants |
| 7. Sulphur Refining Plants | 25. Paper Products Plants |
| 8. Copper Smelting and Refining Plants | 26. Building Hardware Plants |
| 9. Copper Rolling and Drawing Plants | 27. Wall Board Plants |
| 10. Soda Ash-Caustic Soda Plants | 28. Plywood and Hardwood Plants |
| 11. Sheet Glass Plants | 29. Light Chemicals Plants |
| 12. Calcium Carbide Plants | 30. Pharmaceuticals Plants |
| 13. Industrial Explosives Plants | 31. Blood Plasma Plants |
| 14. Munitions Plants | 32. Insecticides Plants |
| 15. Industrial Carbon Plants | 33. Ceramics Plants |
| 16. Portland Cement Plants | 34. Paints, Pigments and Varnish Plants |
| 17. Industrial Lime Plants | 35. Resin Processing Plants |
| 18. Asphalt Plants | 36. Photo Film Plants |

- | | |
|--|---|
| 37. Synthetic Leather Plants | 44. Agricultural Machinery and Implement Plants |
| 38. Rubber Goods Plants | 45. Bicycle Plants |
| 39. Rubber Reclaiming Plants | 46. Sewing Machine Plants |
| 40. Ammonia Plants | 47. Ball and Roller Bearing Plants |
| 41. Various Chemical Fertilizer Plants | 48. Cottage Industries Equipment |
| 42. Fertilizer Mixing-granulating Plants | |
| 43. Electrical Manufacturing Plants | |

V. TRANSPORTATION AND COMMUNICATION DEVELOPMENT PROJECTS

- | | |
|-----------------------|--------------------------------|
| 1. Railroad Equipment | 3. Interisland Vessels |
| 2. Ocean-going Ships | 4. Telecommunication Equipment |

VI. PUBLIC WORKS PROJECTS

- | | |
|--|--|
| 1. Artesian Well Pipes and Equipment | 6. Airfield and Airport Equipment |
| 2. Flood Control Gates | 7. Port Equipment and Facilities |
| 3. Water Supply Filters, Pipes and Equipment | 8. Construction Equipment and Materials for Public Buildings |
| 4. Public Housing Equipment and Materials | 9. Road and Bridge Construction Equipment and Materials |
| 5. Warehousing Equipment and Materials | |

VII. OTHER PROJECTS

- | | |
|--|--|
| 1. Education, Health and Social Welfare Facilities | 6. Training of Filipino Technicians and Craftsmen in Japan |
| 2. Research Laboratory and Equipment | 7. Transportation, Insurance, Packing, Handling and Inspection of Reparations Machineries, Equipment, etc. |
| 3. Survey and Salvage of Sunken Vessels | |
| 4. Coast and Geodetic Survey Equipment | |
| 5. Reclamation of Foreshore Land and Swamps | |

EXCHANGE OF NOTES

I

Manila, May 9, 1956

Excellency :

I have the honor to refer to Article I of the Reparations Agreement between the Republic of the Philippines and Japan signed today¹ and to confirm the understanding between our two Governments that, of such amount in yen as shall be equivalent to five hundred fifty million United States dollars (\$550,000,000) at present computed at one hundred ninety-eight billion yen (¥198,000,000,000) mentioned in said Article, such amount in yen as shall be equivalent to fifty million United States dollars (\$50,000,000) at present computed at eighteen billion yen (¥18,000,000,000) shall be allocated in the following manner :

- (1) Such amount in yen as shall be equivalent to twenty million United States dollars (\$20,000,000) at present computed at seven billion two hundred million yen (¥7,200,000,000) for the services of the Japanese people in processing the products of Japan other than those supplied as such under the Reparations Agreement which may normally be shipped to the Philippines. These services shall be supplied within five years after the coming into force of the Agreement, each year to such amount in yen as shall be equivalent to four million United States dollars (\$4,000,000) at present computed at one billion four hundred forty million yen (¥1,440,000,000). The additional details of this arrangement, acceptable to the Government of the Republic of the Philippines, shall be determined by the Governments upon recommendation of the Joint Committee mentioned in Article 10 of the Agreement.
- (2) Such amount in yen as shall be equivalent to thirty million United States dollars (\$30,000,000) at present computed at ten billion eight hundred million yen (¥10,800,000,000) for services other than those mentioned in (1) above, which are supplied under Reparations Contracts. However, this amount may be increased within the total amount of reparations referred to in Article 1 of the Agreement, if such an increase is subsequently found necessary by the Government of the Republic of the Philippines for the full and effective utilization of the capital goods to be supplied as reparations.

If the above is also the understanding of your Government, I have the honor to propose that the present note and Your Excellency's reply in confirmation thereof

¹ See p. 24 of this volume.

be considered as constituting an agreement between our two Governments to form an integral part of the Agreement.

Accept, Excellency, the assurances of my highest consideration.

Felino NERI
Plenipotentiary of the Republic of the Philippines

His Excellency Tatsunosuke Takasaki
Plenipotentiary of Japan

II

Manila, May 9, 1956

Excellency,

I have the honor to acknowledge receipt of Your Excellency's note of today's date which reads as follows :

[See note I]

I have the honor to confirm, on behalf of My Government, that the understanding as stated in Your Excellency's note is also the understanding of my Government. Accordingly, Your Excellency's note and the present reply shall be considered as constituting an agreement between our two Governments to form an integral part of the Agreement.

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

Tatsunosuke TAKASAKI
Plenipotentiary of Japan

His Excellency Felino Neri
Plenipotentiary of the Republic of the Philippines

III

Manila, May 9, 1956

Excellency,

I have the honor to refer to the Reparations Agreement between Japan and the Republic of the Philippines signed today. The Annex to the Agreement is composed of those projects which were studied by the Technical Conference on Reparations between the Government of Japan and the Government of the Republic of the Philippines in 1955. Accordingly, it is the understanding of my Government that the studies and findings of the aforesaid conference, including various terms and

conditions relative to the supply of items required for the execution of those projects, should be used as reference in the preparation of the annual Schedules mentioned in Article 4, paragraph 1 of the Agreement.

It is also the understanding of my Government that foreign products which are not normally being imported into Japan or which, if supplied by way of reparations, would necessitate additional and specific foreign exchange allocation of a special or exceptional character, will not as a rule be included in the annual Schedules.

I should be grateful if Your Excellency could confirm the above-mentioned understanding on behalf of your Government.

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

Tatsunosuke TAKASAKI
Plenipotentiary of Japan

His Excellency Felino Neri
Plenipotentiary of the Republic of the Philippines

IV

Manila, May 9, 1956

Excellency :

I have the honor to acknowledge the receipt of your note of today's date, which reads as follows :

[See note III]

I have the honor to confirm that the above note is a correct statement of the understanding of my Government on the matter.

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

Felino NERI
Plenipotentiary of the Republic of the Philippines

His Excellency Tatsunosuke Takasaki
Plenipotentiary of Japan

V

Manila, May 9, 1956

Excellency,

I have the honor to refer to the Reparations Agreement between Japan and the Republic of the Philippines signed today. The Government of Japan proposes that under Article 11 of the Agreement the two Governments agree as follows :

I. REPARATIONS CONTRACTS

1. Reparations Contracts mentioned in Article 5, paragraph 2 shall be concluded in terms of Japanese yen through normal commercial procedure.
2. The responsibility for the performance of Reparations Contracts shall rest solely with the Mission and the Japanese nationals or juridical persons who are parties thereto.
3. The Government of Japan may recommend to the Mission Japanese nationals and juridical persons qualified to enter into Reparations Contracts. However, the Mission is not bound to enter into Reparations Contracts only with such nationals or juridical persons so recommended.

II. PAYMENT

1. The Mission mentioned in Article 7 of the Agreement shall have the authority to enter into any arrangement with a Japanese foreign exchange bank of its own choice and open a Reparations Account in its own name, authorizing such bank, among others, to receive payment from the Government of Japan, and notify the Government of Japan of the contents of such arrangement. It is understood that the Reparations Account shall not bear interest. The Mission may, if it deems it necessary, designate additional foreign exchange banks for the same purpose.
2. Within a reasonable period before any payment falls due under the terms of a Reparations Contract, the Mission shall forward a Payment Request to the Government of Japan stating the amount of such payment and the date on which the Mission has to make the same to the contractor concerned.
3. Upon receipt of the Payment Request, the Government of Japan shall pay the requested amount to the bank referred to in paragraph 1 above before the said date of payment by the Mission.
4. Upon agreement between the two Governments, the Government of Japan shall also pay, in the same way as provided for in paragraph 3 above, the expenses of the Mission, the expenses for the training of Filipino technicians and craftsmen, and such other expenses as may be agreed upon between the two Governments.
5. The amounts paid under paragraphs 3 and 4 above shall be credited to the Reparations Account, and no other funds shall be credited to the Account. The Account shall be debited only for the purposes mentioned in paragraphs 2 and 4 above.

6. In case the whole or a part of the funds paid into the Reparations Account has not been drawn by the Mission because of cancellation of contracts, etc., the unpaid amount shall be applied for the purposes mentioned in paragraphs 2 and 4 above, after appropriate arrangements are made with the Government of Japan.

7. In case the whole or a part of the amounts paid out of the Reparations Account has been refunded to the Mission, the amounts so refunded shall be credited to the Reparations Account, notwithstanding the provisions of paragraph 5 above. The provisions of paragraph 6 above shall apply to these amounts.

8. For the purpose of Article 6, paragraph 2 of the Agreement, "upon making a payment" means "at the time when a payment is made by the Government of Japan to the Bank referred to in paragraph 1 above".

9. The computation of the amount to the extent of which the Government of Japan shall be released from the reparations obligation under Articles 1 and 2, shall, pursuant to Article 6, paragraph 2 of the Agreement, be made by determining the equivalent value in terms of United States dollars of the yen payment at the basic exchange rate of Japanese yen to the United States dollar, officially fixed by the Government of Japan and agreed to by the international Monetary Fund, which is prevailing on the following date :

- (a) In the case of payment for a Reparations Contract, the date of receipt by the Government of Japan of a copy of the pertinent Contract.
- (b) In other cases, the date to be agreed upon between the two Governments in each case ; however, if there is no agreement on the date, the date the Payment Request is received by the Government of Japan shall apply.

III. MISSION

1. Only those Filipino nationals who enter and reside in Japan solely for the purpose of working with the Mission shall be exempt from taxation in Japan as coming within the purview of Article 7, paragraph 6 of the Agreement.

2. The Government of the Republic of the Philippines shall advise the Government of Japan from time to time of the names of the Chief and other members of the Mission who are authorized to act on behalf of the Mission in connection with Reparations Contracts, and the Government of Japan shall have the aforesaid names published in the Official Gazette of Japan. The authority of such Chief and other members of the Mission shall be deemed to continue until such time as notice to the contrary is published in the said Gazette.

IV. SURVEY AND SALVAGE OF SUNKEN VESSELS

1. The procedure for the supply of services in the operations presently under way in accordance with the Interim Agreement on Reparations Concerning Salvage of Sunken Vessels shall be the same as heretofore, unless otherwise agreed.

2. The amount which has already been paid by the Government of Japan for making the survey of sunken vessels totals seventeen million five hundred thousand yen (¥17,500,000), and the amount which has been fixed through consultation between the two Governments to be incurred by the Government of Japan for the salvage of sunken

vessels mentioned in paragraph 1 above is two billion three hundred forty-three million nine hundred twenty-two thousand six hundred and eleven yen (¥2,343,922,611). Accordingly, by supplying the services of the survey and salvage of sunken vessels as mentioned above, Japan shall be released from its reparations obligation under Article 1 of the Agreement in the amount of six million five hundred fifty-nine thousand five hundred and seven United States dollars and twenty-five cents (\$6,599,507.25), equivalent to two thousand three hundred sixty-one million four hundred twenty-two thousand six hundred and eleven yen (¥2,361,422,611).

3. The amount which has been paid by the Government of Japan for supplying the services mentioned above prior to the coming into force of the Agreement, together with the amount to be paid for supplying such services in the first year after the coming into force of the Agreement, shall be regarded, for the purpose of Article 2 of the Agreement, as the amount paid in the first year.

I have further the honor to propose that this note and Your Excellency's reply confirming the acceptance by Your Government of the above proposal shall be regarded as constituting an agreement between the two Governments on details for the implementation of the Reparations Agreement under Article 11, thereof.

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

Tatsunosuke TAKASAKI
Plenipotentiary of Japan

His Excellency Felino Neri
Plenipotentiary of the Republic of the Philippines

VI

Manila, May 9, 1956

Excellency :

I have the honor to acknowledge the receipt of your note of today's date concerning details for the implementation of the Reparations Agreement, which reads as follows :

[See note V]

I have the honor to agree on behalf of my Government to the proposal embodied in the note under acknowledgment and to further agree that the same, together with this note, shall be regarded as constituting an agreement between the two Governments on the details for the implementation of the Reparations Agreement.

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

Felino NERI
Plenipotentiary of the Republic of the Philippines

His Excellency Tatsunosuke Takasaki
Plenipotentiary of Japan

AGREED MINUTES TO THE REPARATIONS AGREEMENT¹ BETWEEN THE REPUBLIC OF THE PHILIPPINES AND JAPAN AND THE EXCHANGE OF NOTES² CONCERNING DETAILS FOR THE IMPLEMENTATION THEREOF

The Plenipotentiaries of the Republic of the Philippines and of Japan wish to record the following understanding which they have reached during the negotiations for the Reparations Agreement between the Republic of the Philippines and Japan signed today :¹

1. *Re Article 3 of the Agreement :*

“Agreed upon between the two Governments” or “agreement between the two Governments” as mentioned in paragraphs 1 and 2 of this Article means fixing through consultation the Schedule as provided for in Article 4, paragraph 1.

2. *Re Article 4, paragraph 2 of the Agreement :*

The two Governments will endeavor to fix the Schedule for the second year and each year thereafter at least sixty days prior to the beginning of the year concerned. For this purpose the Government of the Republic of the Philippines will forward its proposed Schedule to the Government of Japan not less than one hundred and twenty days prior to the beginning of that year.

3. *Re Article 5, paragraph 2 of the Agreement :*

a) The arrangements referred to in (b) means arrangements existing at the time a Reparations Contract is verified. An Arrangement will not apply retroactively to a Reparations Contract which has been duly verified prior to the conclusion of such arrangement.

b) At least three copies of every proposed contract will be furnished by the Mission to the Government of Japan for the purpose of verification.

c) The verification by the Government of Japan will as a rule be effected within fourteen days.

4. *Re Article 5, paragraph 3 of the Agreement :*

The two Governments will take measures necessary to make final and enforceable all arbitration awards duly rendered.

5. *Re Article 9, paragraphs 2, 3 and 4 of the Agreement :*

It is understood that Japanese nationals who may be needed in the Philippines in connection with the supply of services or products under the Agreement will be Japanese technicians or experts only.

¹ See p. 24 of this volume.

² See p. 42 of this volume.

6. *Re Article 9, paragraph 4 of the Agreement:*

The Japanese juridical persons mentioned in this paragraph are those who undertake reparations projects in the Philippines or those who provide services under Reparations Contracts.

7. *Re Chapter II, PAYMENT, paragraph 4 of the Exchange of Notes concerning Details for the Implementation of the Agreement:*

With respect to the expenses of the Mission and the expenses for the training of Filipino technicians and craftsmen, "upon the agreement between the two Governments" means "upon the completion of necessary arrangements between the two Governments concerning the specific details" of such expenses.

Manila, May 9, 1956