

No. 6488

**JAPAN
and
UNITED STATES OF AMERICA**

**Agreement (with exchange of notes) regarding the Settlement of Postwar Economic Assistance to Japan.
Signed at Tokyo, on 9 January 1962**

Official texts: English and Japanese.

Registered by Japan on 17 January 1963.

**JAPON
et
ÉTATS-UNIS D'AMÉRIQUE**

Accord (avec échange de notes) relatif au règlement de la créance des États-Unis d'Amérique au titre de l'aide économique fournie au Japon après la guerre. Signé à Tokyo, le 9 janvier 1962

Textes officiels anglais et japonais.

Enregistré par le Japon le 17 janvier 1963.

No. 6488. AGREEMENT¹ BETWEEN JAPAN AND THE UNITED STATES OF AMERICA REGARDING THE SETTLEMENT OF POSTWAR ECONOMIC ASSISTANCE TO JAPAN. SIGNED AT TOKYO, ON 9 JANUARY 1962

Whereas the Government of the United States of America (hereinafter called "the Government of the United States") furnished to the Government of Japan economic assistance during the period between September 2, 1945, and April 28, 1952;

Whereas such assistance contributed to the stabilization of the people's livelihood in Japan as well as to the Japanese economy;

Whereas the Government of Japan and the Government of the United States, desirous of setting forth in an agreement the amount and terms of payment by the Government of Japan to the Government of the United States for such economic assistance, have reached an equitable and mutually satisfactory understanding;

Therefore, the two Governments have agreed as follows :

Article I

1. The Government of Japan is hereby obligated to the Government of the United States in the amount of four hundred ninety million United States dollars (\$490,000,000) in final settlement of all pending questions arising out of, or in any way connected with, the furnishing of postwar economic assistance, as defined in Article VI of this Agreement.

2. The Government of Japan hereby promises to pay to the Government of the United States the principal sum of four hundred ninety million United States dollars (\$490,000,000) and interest at the rate of 2½ percent per annum on the unpaid principal balance thereof from time to time outstanding from the date of entry into force of this Agreement, such interest to be paid semi-annually. Beginning six months from the date of entry into force of this Agreement, and semiannually thereafter, the first twenty-four installments of \$21,959,125 and the next six installments of \$8,701,690 shall be paid, such installments to be applied first to accrued interest and the remainder to principal.

3. The principal and interest are payable at the Treasury Department, Washington, D. C., or at the Federal Reserve Bank of New York in lawful money of the United States.

¹ Came into force on 11 September 1962, the date of the exchange of written notification that each Government had complied with all legal requirements for the entry into force of the Agreement, in accordance with article VII.

4. The Government of Japan at any time may anticipate the payment of all or any part of the outstanding principal under this Agreement. Any prepayment made to the Government of the United States shall be in United States dollars. Such prepayment shall be credited first to payments of interest or principal that are past due and unpaid, if any; otherwise the prepayment shall be credited in equal proportions to all unpaid installments of principal.

5. Upon default in the prompt and full payment of any installment of principal or interest, the entire unpaid principal under this Agreement and interest thereon to the date of payment shall become due and be payable at the option of the Government of the United States. The non-exercise of such right with respect to any particular default shall not constitute a waiver of such right with respect to such default or any other default.

Article II

If at any time or from time to time the two Governments determine that it would be in their common interests because of adverse economic conditions, or for any other reason, to postpone, or provide for the postponement of, any installments of interest or principal, or to alter or provide for the alteration of any of the provisions of this Agreement relating to the payment of interest and principal, they may by mutual agreement in writing provide for any such postponement or alteration.

Article III

1. It is understood and agreed that any claims of Japan and its nationals against the United States of America and its nationals arising out of the furnishing of postwar economic assistance, as defined in Article VI of this Agreement, are waived by virtue of Article 19 (a) of the Treaty of Peace with Japan signed at the city of San Francisco on September 8, 1951.¹

2. The Government of Japan agrees that it will not present hereafter to the Government of the United States any claims with respect to the balance of the open account between the Supreme Commander for the Allied Powers and the Republic of Korea which was in effect prior to April 1, 1950, and the balance of the open account between the Supreme Commander for the Allied Powers and the Ryukyus.

Article IV

The Government of the United States hereby waives all claims of the Government of the United States against the Government of Japan and nationals of Japan arising from the furnishing of postwar economic assistance, as defined

¹ 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.

in Article VI of this Agreement, to the extent that such claims would require the Government of Japan to make payment of more than the amount specified in Article I of this Agreement or before the times specified therein.

Article V

1. In the event the Government of the United States wishes to have currency of Japan made available for the payment of any or all expenditures in Japan of the Government of the United States, the Government of the United States may request the Government of Japan to pay, up to a total amount not exceeding twenty-five million United States dollars (\$25,000,000), any installment or part thereof, or any advance payment made by the Government of Japan under Article I, paragraph 4 of this Agreement, to the Government of the United States, or to such persons or organizations as the Government of the United States may designate, in the currency of Japan. In the event payment of currency of Japan is made under the terms of this Article, the United States dollar equivalent of the amount paid shall be credited to the installment or to the advance payment for which the Government of the United States requested payment in currency of Japan.

2. The rate of exchange to be used with respect to payments under paragraph 1 of this Article shall be the par value established by the Government of Japan and agreed with the International Monetary Fund, prevailing on the day of such payment provided there are no legally established multiple rates of exchange.

Article VI

For the purpose of this Agreement the term " postwar economic assistance " shall mean economic assistance under the program authorized by the applicable provisions of the United States Appropriation Acts for Government and Relief in Occupied Areas, and all other economic assistance, including certain surplus property, furnished by the Government of the United States to the Government of Japan or the Japanese people during the period between September 2, 1945, and April 28, 1952.

Article VII

This Agreement shall enter into force on the date on which written notification that each Government has complied with all legal requirements for the entry into force of this Agreement shall have been exchanged between the two Governments.

IN WITNESS WHEREOF, the undersigned representatives, duly authorized thereto by their respective Governments, have signed this Agreement.

DONE at Tokyo, in duplicate, in the Japanese and English languages, both equally authentic, this ninth day of January, 1962.

For the Government of Japan :

Zentaro KOSAKA

For the Government of the United States of America :

Edwin O. REISCHAUER

[TRANSLATION — TRADUCTION]

Tokyo, 9 January, 1962

Excellency :

[*See note II*]

I avail etc.

Zentaro KOSAKA

His Excellency Edwin O. Reischauer
Ambassador of the United States of America to Japan

II

Tokyo, January 9, 1962

Excellency :

I have the honor to refer to Your Excellency's Note of today's date, which reads in the English translation thereof as follows :

“ I have the honour to refer to the Agreement between Japan and the United States of America Regarding the Settlement of Postwar Economic Assistance to Japan signed today,¹ and to confirm on behalf of my Government the following understandings reached between the Government of Japan and the Government of the United States of America :

“ 1. The Government of the United States intends, subject to appropriate legislation, to employ the major portion of the funds received by the Government of the United States under the Agreement to further the programs of the United States for economic assistance to less developed countries.

“ 2. The two Governments recognize that the accelerated and balanced economic development of the countries in East Asia is essential to the stability and peace of that area in which Japan and the United States have deep concern, and that, for those countries to achieve such development, there exists an urgent need for development assistance which will contribute to this end. The two Governments, therefore, will with due consideration to views expressed by the countries concerned, continue to consult closely with each other from time to time in pursuit of this objective.

“ I have further the honour to request Your Excellency to be good enough to confirm the above understandings on behalf of your Government. ”

¹ See p. 108 of this volume.

I have further the honor to confirm the understandings stated in Your Excellency's Note, on behalf of the Government of the United States of America.

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

Edwin O. REISCHAUER

His Excellency Zentaro Kosaka
Minister for Foreign Affairs of Japan

III

Tokyo, January 9, 1962

Excellency :

I have the honor to refer to the Agreement between the United States of America and Japan Regarding the Settlement of Postwar Economic Assistance to Japan signed today, and to confirm on behalf of my Government the following understanding reached between the Government of the United States of America and the Government of Japan.

The Government of the United States of America will, pursuant to the provisions of Article V, paragraph 1 of the Agreement, request the Government of Japan to make payment in the currency of Japan of the equivalent of twenty-five million United States dollars (\$25,000,000) which shall be used for the purpose of educational and cultural exchange between the United States of America and Japan, subject to the availability of appropriations to the Secretary of State of the United States of America.

I have further the honor to request Your Excellency to be good enough to confirm the above understanding on behalf of your Government.

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

Edwin O. REISCHAUER

His Excellency Zentaro Kosaka
Minister for Foreign Affairs of Japan

[TRANSLATION — TRADUCTION]

Tokyo, 9 January 1962

Your Excellency,

I have the honour to refer to your note of today's date, the Japanese translation of which reads as follows :

[*See note III*]

On behalf of the Japanese Government, I confirm the provisions contained in your note.

Accept, Sir, etc.

Zentaro KOSAKA
Minister for Foreign Affairs of Japan

His Excellency Mr. Edwin O. Reischauer
Ambassador Extraordinary and Plenipotentiary of the United States
of America to Japan