

**No. 14338**

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**FEDERAL REPUBLIC OF GERMANY  
and  
PHILIPPINES**

**Agreement concerning financial assistance (with annex).  
Signed at Manila on 26 February 1974**

*Authentic texts: German and English.*

*Registered by the Federal Republic of Germany on 7 October 1975.*

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**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE  
et  
PHILIPPINES**

**Accord d'aide financière (avec annexe). Signé à Manille le  
26 février 1974**

*Textes authentiques : allemand et anglais.*

*Enregistré par la République fédérale d'Allemagne le 7 octobre 1975.*

AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY AND THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES CONCERNING FINANCIAL ASSISTANCE

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The Government of the Federal Republic of Germany and the Government of the Republic of the Philippines

in the spirit of the friendly relations existing between the Federal Republic of Germany and the Republic of the Philippines,

desiring to strengthen and intensify those friendly relations by fruitful co-operation in the field of development assistance,

aware that the maintenance of those relations constitutes the basis of the present Agreement,

intending to promote the development of the Philippines economy,

have agreed as follows:

*Article 1.* (1) The Government of the Federal Republic of Germany shall enable the Government of the Republic of the Philippines to raise with the Kreditanstalt für Wiederaufbau (Development Loan Corporation), Frankfurt/Main, a loan up to a total of DM 10,000,000 (ten million German Marks). This loan shall be used to finance the import of goods to meet current civilian requirements pursuant to the list of commodities attached to the present Agreement, and transport services connected therewith. In utilizing this sum sympathetic consideration shall be given to the requirements of enterprises established in the Republic of the Philippines with German financial assistance, as well as the requirements of holders of German licenses, in so far as these requirements are not met within the framework of measures undertaken by the Government of the Republic of the Philippines for the liberalization of imports. Supplies to be financed from the loan must be effected after the entry into force of this Agreement.

(2) The Government of the Federal Republic of Germany starts from the assumption that any counterpart Pesos accruing from the operation of the loan will be used for projects that are significant in terms of development policy, and that in this connection consideration will be given to the provision of housing and employment in connection with the resettlement of squatters within the framework of the Manila port extension project to be implemented with German assistance.

*Article 2.* (1) The utilization of the loan as well as the terms and conditions on which it is granted shall be governed by the provisions of the agreement to be concluded between the borrower and the Kreditanstalt für Wiederaufbau which shall be subject to the legal provisions applicable in the Federal Republic of Germany.

(2) The Government of the Republic of the Philippines represented by the Central Bank of the Philippines shall guarantee to the Kreditanstalt für Wiederaufbau all payments and the resultant transfers to be made in fulfilment of the liabilities under the loan agreement to be concluded.

*Article 3.* The Government of the Republic of the Philippines shall exempt the Kreditanstalt für Wiederaufbau from all taxes and other public charges levied in the Philippines at the time of the conclusion, or during the implementation, of the loan agreement referred to in Article 2 of the present Agreement.

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<sup>1</sup> Came into force on 26 February 1974 by signature, in accordance with article 7.

*Article 4.* The Government of the Republic of the Philippines shall allow passengers and suppliers free choice of transport enterprises for such transportation by sea or air of persons and goods as results from the granting of the loan, take no measures that will exclude or impair the fair and equal participation of transport enterprises having their seat in the German area of application of this agreement, and shall grant the relevant permits as required.

*Article 5.* With regard to the supplies resulting from the granting of the loan, the Government of the Federal Republic of Germany attaches particular importance to preference being given to products of industries of *Land Berlin*.

*Article 6.* With the exception of those provisions of Article 4 which refer to air transport, this Agreement shall also apply to *Land Berlin* provided that the Government of the Federal Republic of Germany does not make a contrary declaration within three months after the entry into force of the present Agreement.

*Article 7.* The present Agreement shall enter into force on the date of signature thereof.

DONE at Manila on [26 February 1974]<sup>1</sup> in four originals, two each in the English and German languages, all four texts being equally authentic.

For the Government  
of the Federal Republic of Germany:  
[JOBST Freiherr  
VON BUDDENBROCK]

For the Government  
of the Republic of the Philippines:  
[Gen. CARLOS P. ROMULO]

#### ANNEX

PURSUANT TO ARTICLE 1, PARAGRAPH 1, OF THE AGREEMENT OF [26 FEBRUARY 1974],<sup>1</sup> BETWEEN THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY AND THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES CONCERNING FINANCIAL ASSISTANCE

I. List of commodities which may be purchased by the Republic of the Philippines as commodity aid

- Industrial raw and auxiliary materials as well as semi-manufactures
- Industrial equipment, agricultural machinery and implements
- Spare parts and accessories of all kinds
- Chemical products, especially
  - (a) fertilizers
  - (b) plant protection agents and pesticides
  - (c) medicaments
- Other industrial products which are of importance for the economic development of the Republic of the Philippines.

II. Imports not covered by this list may be financed only with the prior approval of the Government of the Federal Republic of Germany. The importation of luxury and consumer goods and of any goods that may be useful for purposes of military equipment shall be excluded from commodity aid financing.

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<sup>1</sup> Missing in the original. See German text.