

December 20, 1972

**EXCHANGE OF NOTES BETWEEN THE REPUBLIC OF THE
PHILIPPINES AND JAPAN CONCERNING THE ESTABLISHMENT OF
THE FLOOD FORECASTING AND WARNING SYSTEM IN THE
PAMPANGA RIVER BASIN**

Note: The Agreement entered into force, December 20, 1972.

Reference: This Agreement is also published in XI DFA TS No. 1, p. 202

Manila, 20 December 1972

No. 30989

Excellency,

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

"I have the honour to refer to the recent negotiations held between the Government of Japan and the Government of the Republic of the Philippines concerning the establishment of the flood forecasting and warning system in the Pampanga river basin (hereafter referred to as 'the System') and to propose the following arrangements:

1. With a view to cooperating with the Government of the Republic of the Philippines in establishing the System, the Government of Japan will extend to the Government of the Republic of the Philippines, in accordance with the relevant laws and regulations of Japan, a grant up to the amount of eighty million yen (Y80,000,000), which will be made available during the period between the date of coming into force of the present arrangements and December 31, 1973, unless the period is extended by mutual agreement between the two Governments.

2. The grant will be used by the Government of the Republic of the Philippines for the purchase of products of Japan necessary for the establishment of the System and services of Japanese people necessary for the transportation to the port of the Republic of the Philippines and installation of the above products under such contracts as may be entered into in Japanese yen between Japanese nationals or juridical persons controlled by Japanese nationals and the Government of the Republic of the Philippines.

3. The contracts referred to in paragraph 2 will be verified by Government of Japan to be eligible for the grant.

4. The grant will be executed by the Government of Japan payments in Japanese yen to cover the obligations incurred under the verified contracts by the Government of the Republic of the Philippines to an account to be opened in an authorized foreign exchange bank of Japan (hereinafter referred to as "the Bank") in the name of the Government of the Republic of the Philippines.

5. The payments referred to in paragraph 4 will be made when payment requests are presented by the Bank under an authorization to pay issued by the Government of the Republic of the Philippines.

6. The purpose of the account referred to in paragraph 4 is only to receive the payments in Japanese yen by the Government of Japan and to pay to Japanese nationals or juridical persons controlled by Japanese nationals.

7. The Government of the Republic of the Philippines will carry out the establishment of the System as soon as practicable and take, inter alia, all the necessary measures:

(a) to secure a necessary space for the coordinating center of the System in Quezon City;

(b) to bear all the expenses, other than those to be borne by the grant, necessary for the purchase of products and services required for the establishment of the System;

(c) to exempt Japanese nationals or juridical persons controlled by Japanese nationals from the payment of customs duties, internal taxes and charges of any kind to be imposed in the Republic of the Philippines with respect to the supply of products and services under the grant;

(d) to ensure prompt unloading at the port of disembarkation in the Republic of the Philippines and transportation to the work site of the products provided by the grant; and

(e) to bear banking charges or fees in connection with the extension of the grant.

8. The procedural details concerning the credit to and the debit from the account referred to in paragraph 4 will be agreed upon through consultation between the Bank and the Government of the Republic of the Philippines.

9. The products to be provided by the grant, will be agreed upon through consultation between the appropriate authorities of the two Governments.

10. The two Governments will consult with each other in respect of any matter that may arise in connection with the present arrangements.

I have further the honour to propose that the present Note and Your Excellency's Note in reply confirming on behalf of the Government of the Republic of the Philippines the above arrangements shall be regarded constituting an agreement between the two Governments, which will enter into force on the date of Your Excellency's reply,

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