

May 09, 1956

REPARATIONS AGREEMENT BETWEEN THE REPUBLIC OF THE PHILIPPINES AND JAPAN

Note: The Agreement was concurred in by the Senate, S.R. No. 78, July 16, 1956. The Philippine instrument of ratification was signed by the President, July 23, 1956. The Agreement entered into force, July 23, 1956 upon the exchange of ratification between the Parties. It was proclaimed by the President, Proc. No. 682, S. 1960.

Reference: This Agreement is also published in III DFA TS No. 1, p. 1 and 285 UMTS, p. 3. The Presidential proclamation of the Agreement is published in 56 O.G. p. 4301.

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,

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

The Republic of the Philippines:

FELINO NERI, Ambassador

JOSE 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, SR., Governor, Central Bank of the Philippines

CAESAR Z. LANUZA, Director of National Planning

EDUARDO QUINTERO, Minister-Counselor

ALFONSO CALALANG

FRANCISCO ORTIGAS, JR.

VICENTE FABELLA

Japan:

TATSUNOSUKE TAKASAKI, Minister of State

TAKIZO MATSUMOTO, Deputy Director of Cabinet Secretariat

MIKIO MIZUTA, Member, House of Representatives

AIICHIRO FUJIYAMA

MAMORU NAGANO

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 (Y198,000,000,000), 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 {Y9,000,000,000}, 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 (Y10,800,000,000), 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 Annex 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.

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 can not 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 person 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