

**AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND
THE GOVERNMENT OF HUNGARY
CONCERNING ECONOMIC, TECHNICAL AND RELATED ASSISTANCE**

The Government of the United States of America and the Government of Hungary:

Recognizing the substantial efforts and progress which Hungary has made to advance its economic and political development;

Recognizing that the Government of the United States of America has initiated a program of assistance in Hungary in support of economic and political reform involving activities in areas such as privatization, improved quality of life and support for democratic initiatives;

Recognizing the important role played by United States private organizations in implementing such assistance programs;

Desiring to consolidate and confirm certain arrangements and to establish a framework to govern and facilitate the provision of assistance which has been provided to date and which may be provided in the future by the Government of the United States of America, subject to the applicable laws and regulations of the United States of America;

Hereby agree as follows:

ARTICLE I

The diplomatic mission of the United States of America to Hungary will carry out and discharge the responsibilities of the Government of the United States of America under this agreement, and a section of that diplomatic mission has been established for this purpose. This section shall not carry out any profitmaking or businesslike economic activity.

ARTICLE II

The Government of Hungary shall:

- (a) make such contributions as may be appropriate and as agreed to by both Governments, permitted by its personnel, resources, facilities, and general economic condition in furtherance of the purposes for which assistance may be provided;
- (b) take appropriate steps to ensure the effective use of such assistance;
- (c) provide the Government of the United States of America with full and complete information concerning the implementation of assistance provided by the Government of the United States of America as well as other relevant information which representatives of the Government of the United States of America may need in order to assess the nature, scope and effectiveness of such assistance programs, projects and operations; and
- (d) upon reasonable notice, permit observation and review by representatives of the Government of the United States of America of any assistance programs, projects and operations, and records pertaining thereto.

ARTICLE III

In order to assure the maximum benefits to the people of Hungary from the United States assistance programs and except as may otherwise be agreed by the two Governments:

(a) Services, commodities, supplies, equipment, or other property utilized in connection with United States assistance programs may be imported, exported, purchased, used or donated to organizations in Hungary free from any tariffs, customs, duties, import taxes, export taxes, value-added taxes (VAT), taxes on purchase or donation of property and other taxes or similar charges.

(b) Any public or private organization that has responsibility for implementing United States assistance programs in Hungary shall be exempt from any taxes imposed by Hungary, or any subdivision thereof, with respect to income derived from the implementation of United States assistance programs. Income derived from other activities in Hungary is not exempted by this agreement from taxation under the laws of Hungary.

(c) All personnel (and their families), except nationals or permanent residents of Hungary, who are under contract with, or are employees of, any public or private organization that has responsibility for implementing United States assistance programs, and who are present in Hungary to perform work in connection with United States assistance programs, shall be exempt from:

(i) Visa fees and residence permit fees, as well as the obligation to personally apply for visas and residence permits;

(ii) any taxes levied under the laws of Hungary with respect to income derived from United States assistance programs;

(iii) any tariffs, customs duties, import taxes, vat and other similar taxes and charges upon personal or household goods imported into Hungary within a period of six months from the date of their arrival in Hungary for the personal use of such personnel and members of their families (these privileges not being greater in scope than those enjoyed by administrative and technical staff personnel accredited to diplomatic missions) and such personal or household goods may be used in and exported from Hungary free from any such taxes; and

(iv) VAT or other taxes on rent or leases for the personal residences of such personnel and their families.

(d) Employees of the Government of the United States of America (and their families), except nationals or permanent residents of Hungary, who are present in Hungary to perform work in connection with United States assistance programs shall be accorded status equivalent to that accorded to administrative and technical personnel under the Vienna Convention on Diplomatic Relations.

(e) In the event that the Government of Hungary does not have procedures to exempt payment of VAT pursuant to this Article III at the point of sale or importation, the Government of Hungary shall refund such taxes pursuant to a reasonable refund system.

(f) The section of the diplomatic mission of the United States of America which carries out and discharges the responsibilities of the Government of the United States of America under this agreement pursuant to Article I hereof, will certify that the personnel described in paragraph (c) of this Article III are associated with United States assistance programs.

(g) The Government of Hungary shall, through the Ministry of Foreign Affairs, or such other Ministry as may be appropriate, facilitate and expedite the process of obtaining visas and work permits, as may be required, for the personnel described in paragraph (c) of this Article III.

(h) For purposes of this agreement, the term "any taxes" shall include any social security payments with respect to income derived from the implementation of assistance programs.

(i) Nothing in this agreement shall be construed to derogate from the privileges and immunities to which personnel are otherwise entitled.

ARTICLE IV

Funds brought into Hungary for purposes of United States assistance programs shall be convertible into the currency of Hungary at the rate providing the largest number of units of such currency per United States dollar which, at the time the conversion is made, is not unlawful in Hungary.

ARTICLE V

The Government of the United States of America and the Government of Hungary may from time to time enter into implementing arrangements to assist in the implementation of this Agreement.

ARTICLE VI

(a) This Agreement shall enter into force upon signature. The provisions of this Agreement shall apply to organizations and individuals as of the date of their arrival in Hungary in connection with United States assistance programs, whether before or after the date this Agreement enters into force and shall apply to assistance provided before or after that date, except for those provisions concerning VAT which shall apply to assistance provided after January 1, 1995. This Agreement may be amended or revised by written consent of the Parties.

(b) This Agreement shall remain in force until thirty (30) days after the receipt by either party of written notification by the other party of its intention to terminate the Agreement. Notwithstanding any such termination, this Agreement shall be applicable to assistance furnished before the termination.

In witness whereof, the undersigned, duly authorized for this purpose, have signed this Agreement.

Done at Budapest, in duplicate, in the English and Hungarian languages, the texts being equally authentic, on this 22nd day of December, 1995.

For the Government of
the United States of America:

/S/ DONALD M. BLINKEN

Donald M. Blinken

Ambassador

United States Embassy

For the Government of Hungary:

/S/ IMRE DUNAI

Imre Dunai

Minister of Industry and Trade

[Side Letter]

Republic of Hungary
Ministry of Industry and Trade

Minister

The Honorable
Donald M. Blinken
Ambassador

Dear Mr. Ambassador:

With respect to the Agreement between the Government of the United States of America and the Government of Hungary concerning Economic, Technical and Related Assistance, dated December 22, 1995, the purpose of this letter is to confirm that, under Hungarian law, funds brought into Hungary for assistance programs are not subject to any currency controls or investment or deposit requirements, and that the Government of Hungary would exempt any such funds if any such controls or requirements are in the future put into effect in Hungary.

Please accept assurances of my highest regards.

Done at Budapest, on December 22, 1995.

Sincerely,

/s/ IMRE DUNAI
Imre Dunai