

(INDONESIA)

MULTILATERAL ECONOMIC COOPERATION WITH INDONESIA

Agreement, with annex, superseding the agreement of March 24, 1950. Signed at Washington February 11, 1952; entered into force February 11, 1952. And memorandum of understanding signed at Washington February 11, 1952.

TIAS 2484
Feb. 11, 1952

AGREEMENT BETWEEN THE GOVERNMENTS OF THE UNITED STATES OF AMERICA, THE REPUBLIC OF INDO- NESIA, AND THE KINGDOM OF THE NETHERLANDS

The Governments of the United States of America, the Republic of Indonesia, and the Kingdom of the Netherlands:

Considering that the Governments of the United States of America and the Kingdom of the Netherlands concluded an Economic Cooperation Agreement on the second day of July, 1948, and that the Government of the United States of America has furnished economic assistance to the Government of the Kingdom of the Netherlands under such agreement, and amendments thereto;

⁶² Stat., pt. 2, p.
2477.

Considering that a portion of the aforementioned assistance was furnished for the benefit of the area now constituting the Republic of Indonesia; that under the aforementioned Economic Cooperation Agreement, the Government of the Kingdom of the Netherlands assumed certain responsibilities and obligations with respect to such assistance, and that as to such assistance furnished on a grant basis the Government of the Kingdom of the Netherlands was given rights and powers in connection with a portion of the local currency counterpart deposited therefor pursuant to Article IV of such Agreement;

¹ UST 665; 2 UST
1310.

Considering further that with respect to a portion of the assistance furnished for the benefit of the area now constituting the Republic of Indonesia, the Government of the Kingdom of the Netherlands undertook an obligation to make repayment in the amount of \$17,200,000 to the Government of the United States of America under promissory notes executed October 28, 1948 and December 22, 1949;

Recognizing that on December 27, 1949, pursuant to the Charter of Transfer of Sovereignty as provided by the Round Table Conference Agreements, [¹] sovereignty over Indonesia was transferred to the Government of the Republic of the United States of Indonesia by the Government of the Kingdom of the Netherlands, and that the Gov-

¹ 69 United Nations Treaty Series.

ernments of the Republic of Indonesia and of the Kingdom of the Netherlands have jointly proposed to the Government of the United States of America that the Government of the Republic of Indonesia formally assume all obligations hereinafter specified with respect to the aforementioned economic assistance furnished for the benefit of the area now constituting the Republic of Indonesia, that the Kingdom of the Netherlands be relieved of all such obligations, and that the Kingdom of the Netherlands transfer all rights in connection therewith to the Government of the Republic of Indonesia;

1 UST 600.

Recognizing that, pursuant to an exchange of notes between the Government of the United States of America and the Government of the Republic of the United States of Indonesia, concluded March 24, 1950, the Government of the Republic of Indonesia has already assumed certain obligations with respect to the aforementioned economic assistance;

Recognizing further the desire of the Government of the United States of America to conform its arrangements with respect to the aforementioned economic assistance so that they may be consistent with the change in status of the area now constituting the Republic of Indonesia;

Have agreed as follows:

ARTICLE I

Relief of Netherlands obligation.

1. The Government of the Kingdom of the Netherlands is hereby relieved of all further obligation and responsibility in connection with the aforementioned economic assistance furnished to the Government of the Kingdom of the Netherlands for the benefit of the area now constituting the Republic of Indonesia, such obligation and responsibility having been incurred by the signing of the Economic Cooperation Agreement on July 2, 1948, and amendments thereto, the exchange of notes concluded April 26, 1949, as amended, [1] the conclusion of the loan agreements with the Export-Import Bank of Washington dated October 28, 1948 and December 22, 1949, and the execution and delivery of promissory notes under such loan agreements.

Indonesian responsibility.

2. The Government of the Republic of Indonesia hereby assumes with respect to such assistance all responsibilities and obligations of the Government of the Kingdom of the Netherlands incurred under the aforementioned agreements and promissory notes: Provided, that, with respect to assistance furnished on a grant basis, the obligations assumed by the Government of the Republic of Indonesia under this Article (with the exception of the obligation to allocate for the use

¹ 70 United Nations Treaty Series 123.

of the Government of the United States of America 5 percent of counterpart funds deposited, to place no restriction on the Government of the United States of America on expenditures of such funds, and to facilitate the use by the Government of the United States of America of those funds on reasonable terms no less favorable to the Government of the United States of America than those provided to nationals of other countries for the purchase, for stockpiling or other purposes, of materials originating in Indonesia which are required by the United States of America as a result of deficiencies or potential deficiencies in its resources) will be similar to the obligations of the Government of the Republic of Indonesia with respect to assistance furnished under the Economic and Technical Cooperation Agreement between the Government of the United States of America and the Government of the Republic of Indonesia signed on the sixteenth day of October 1950.

3. This Agreement supersedes the exchange of notes between the Government of the United States of America and the Government of the Republic of the United States of Indonesia dated March 24, 1950.

Supersedure.

ARTICLE II

1. The Government of the Kingdom of the Netherlands hereby transfers, and the Government of the United States of America hereby agrees to such transfer, all its rights with respect to the aforementioned economic assistance, and under the aforementioned Agreements and Promissory Notes, to the Government of the Republic of Indonesia.

Transfer of rights by Netherlands.

2. It is understood that with respect to assistance furnished for the benefit of the area now constituting the Republic of Indonesia, "guilders" within the meaning of Article IV of the Economic Cooperation Agreement between the Governments of the United States of America and of the Kingdom of the Netherlands includes Indonesian guilders or rupiahs. The Government of the Kingdom of the Netherlands hereby assigns and transfers to the Government of the Republic of Indonesia any and all interest it may have in amounts of local currency deposited, or which the Government of the Republic of Indonesia hereafter may be required to deposit, with respect to such assistance pursuant to the said Article IV, the amount of which is set forth in the Annex hereto.

Currency.

ARTICLE III

In implementation of this Agreement, on the date of its entry into force, (a) the Export-Import Bank of Washington shall surrender to the Government of the Kingdom of the Netherlands its promissory

Promissory notes.

note evidencing the obligation of the Government of the Kingdom of the Netherlands under the loan agreements specified in Article I hereof, and (b) the Government of the Republic of Indonesia shall execute and deliver to the Export-Import Bank of Washington its promissory note in the amount of \$17,200,000 which note shall include the same terms and conditions as the note surrendered to the Government of the Kingdom of the Netherlands.

ARTICLE IV

Postponement, alteration, etc., of installments.

If at any time or from time to time the Government of the United States of America and the Government of the Republic of Indonesia shall determine that it would be in their common interest 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 provisions of the aforesaid note of the Republic of Indonesia relating to payment of interest and principal, or to modify the aforesaid promissory note in any other respect, they may by mutual agreement in writing provide for any such postponement or alteration or other modification.

ARTICLE V

Entry into effect.

This Agreement will enter into effect upon notification from the Government of the Republic of Indonesia to the Governments of the United States of America and of the Kingdom of the Netherlands that all necessary legal requirements in connection with the conclusion of this Agreement by the Government of the Republic of Indonesia have been fulfilled. [1]

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

DONE at Washington in triplicate this eleventh day of February, 1952.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:
DEAN ACHESON

FOR THE GOVERNMENT OF THE REPUBLIC OF INDONESIA:
ALI SASTROAMIDJOJO

FOR THE GOVERNMENT OF THE KINGDOM OF THE NETHERLANDS:
J. H. VAN ROJEN.

¹ Feb. 11, 1952

ANNEX

The amount of assistance furnished on a grant basis through the Kingdom of the Netherlands for the benefit of the area now constituting the Republic of Indonesia is \$114,949,423.37, it being understood that such amount may be subject to adjustment by way of allowances for claims or otherwise.

The foregoing is based upon the following calculations:

Total Eca dollar disbursements (as of August 15, 1951)	\$101,425,023.37
Less conditional aid (drawing rights extended)	1,108,600.00
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	100,316,423.37
Less amount to be repaid pursuant to loan agreement	17,200,000.00
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Total Dollar assistance requiring counterpart deposit	83,116,423.37
Plus drawing rights utilized	31,833,000.00
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Total grant assistance requiring counterpart deposit	\$114,949,423.37

Amount of assistance.

MEMORANDUM OF UNDERSTANDING

Special Account.

It is understood that the Government of the Republic of Indonesia, pursuant to the Agreement between the Governments of the United States of America, the Republic of Indonesia and the Kingdom of the Netherlands concluded this day, will establish a Special Account in its name in the Bank of Java, which account will be separate from the Special Account established under the Economic and Technical Cooperation Agreement between the Governments of the United States of America and the Republic of Indonesia signed on October 16, 1950. The Government of the Kingdom of the Netherlands will promptly transfer to such newly established Special Account in the Bank of Java all amounts remaining in the Special Account in the Netherlands Bank relating to assistance furnished for the benefit of the area now constituting the Republic of Indonesia.

DONE at Washington in triplicate this eleventh day of February, 1952.

DEAN ACHESON
FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA

ALI SABTROAMIDJOJO
FOR THE GOVERNMENT OF THE REPUBLIC OF INDONESIA

J. H. VAN ROIJEN.
FOR THE GOVERNMENT OF THE KINGDOM OF THE NETHERLANDS

ECONOMIC AND TECHNICAL COOPERATION AGREEMENT
BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF THE REPUBLIC OF INDONESIA

The Government of the United States of America and the Government of the Republic of Indonesia:

Recognizing that individual liberty, free institutions, and independence depend largely upon sound economic conditions and stable international economic relationships;

Considering that the Congress of the United States of America has enacted legislation enabling the United States to furnish assistance to the Government of the Republic of Indonesia in order that the Government of the Republic of Indonesia through its own individual efforts and through concerted effort with other countries or with the United Nations may achieve such objectives;

Desiring to set forth the understandings which govern the furnishing of assistance by the Government of the United States of America, the receipt of such assistance by the Government of the Republic of Indonesia and the measures which the two governments will take individually and together in furtherance of the above objectives:

Have agreed as follows:

Article I

The Government of the United States of America will, subject to the terms and conditions prescribed by law and to arrangements provided for in this agreement furnish the Government of the Republic of Indonesia such economic and technical assistance as may be requested by it and agreed to by the Government of the United States of America. The Government of the Republic of Indonesia will cooperate with the Government of the United States of America to assure that procurement will be at reasonable prices and on reasonable terms. Commodities or services furnished hereunder may be distributed within the Republic of Indonesia on terms and conditions mutually agreed upon between the governments.

Article II

In order to assure maximum benefits to the people of the Republic of Indonesia from the assistance to be furnished hereunder by the Government of the United States of America, the Government of the Republic of Indonesia will use its best endeavors:

- A. To assure efficient and practical use of all resources available and to assure that the commodities and services obtained under this agreement are used for purposes consistent herewith.
- B. To promote the economic development of the Republic of Indonesia on a sound basis and to achieve such objectives as may be agreed upon by the two governments.
- C. To assure the stability of its currency and the validity of its rate of exchange, and generally to assure confidence in its internal financial stability.

D. To cooperate with other countries to reduce barriers to international trade, and to take appropriate measures singly and in cooperation with other countries to eliminate public or private restrictive practices hindering domestic or international trade.

Article III

The Government will, upon request of either of them, consult regarding any matter relating to the application of this agreement or operations thereunder. The Government of the Republic of Indonesia will provide detailed information necessary to carrying out the provisions of this agreement including a quarterly statement on the use of funds, commodities, and services received hereunder, and other relevant information which the Government of the United States of America may need to determine the nature and scope of operations under this agreement and to evaluate the effectiveness of assistance furnished or contemplated.

Article IV

The Government of the Republic of Indonesia agrees to receive a special technical and economic mission which will discharge the responsibilities of the Government of the United States of America under this agreement and upon appropriate notification from the Government of the United States of America will consider this special mission and its personnel as part of the diplomatic mission of the United States of America in Indonesia for the purpose of enjoying the privileges and immunities accorded to that mission and its personnel of comparable rank. The Government of the Republic of Indonesia will further give full cooperation to the special mission including the provision of facilities necessary for observation and review of the carrying out of this agreement including the use of assistance furnished under it.

Article V

1. This agreement shall take effect upon notification by the Government of the Republic of Indonesia to the Government of the United States of America that all necessary legal requirements in connection with the conclusion of this agreement by the Government of the Republic of Indonesia have been fulfilled. This agreement shall continue in force until the date agreed upon by the two Governments.
2. This agreement may be amended at any time by agreement between the two Governments.
3. The annex to this agreement forms an integral part thereof.
4. This agreement shall be registered with the Secretary-General of the United Nations,

In witness whereof, the undersigned, duly authorized for the purpose, he have affixed their respective signatures to the agreement.

Done in Djakarta in duplicate, in the English and Indonesian languages, both texts authentic, this sixteenth day of October, 1950.

For the Government of the Republic of Indonesia,

MOHAMED RUM.

For the Government of the United States of America,

MERLE COCHRAN.

ANNEX
Section 1.

1. The provisions of this section shall apply only with respect to assistance furnished on a grant basis.

2. Recognizing that the success of the assistance program will depend upon expenditures of local currency in addition to aid rendered by the Government of the United States of America, the Government of the Republic of Indonesia will establish a Special Account in the Bank of Java, in the name of the Government of the Republic of Indonesia (hereinafter called the Special Account) and will make deposits in local currency to this account in amounts commensurate with the indicated dollar cost to the Government of the United States of America of commodities, services, and technical information (including any costs of processing, storing, transporting, repairing or other services incident thereto) made available to the Republic of Indonesia on a grant basis under this agreement.

a. The Government of the United States of America shall from time to time notify the Government of the Republic of Indonesia of its dollar disbursements during periods of not more than one month covering the indicated dollar costs of any such commodities, services and technical information, and the Government of the Republic of Indonesia will thereupon deposit in the Special Account a commensurate amount of rupiahs.

b. The rate of exchange to be used for the purpose of computing the commensurate value shall be computed pursuant to this paragraph and shall be the rate thereby computed which was in force on the last day of the disbursement period covered by each notification. The rate of exchange shall be the par value for the rupiah agreed at such time with the International Monetary Fund, provided that this agreed par value is the single rate applicable to the purchase of dollars for imports into the Republic of Indonesia. If at such time a par value for the rupiah is agreed with the Fund, and there are one or more rates applicable to the purchase of dollars for imports into the Republic of Indonesia, or if at such time no par value is agreed with the Fund, the rate shall be the highest rate of exchange or the highest price of the dollar in terms of rupiahs, irrespective of the methods applied for computing said rate of exchange or price, which is then lawfully available in the Republic of Indonesia to any legal personality and then applicable to the imports of any commodity to the Republic of Indonesia. The Government of the Republic of Indonesia may at any time make advance deposits in the Special Account which shall be credited against subsequent notifications pursuant to this paragraph.

3. The Government of the United States of America will from time to time notify the government of the Republic of Indonesia of its local currency requirements for administrative expenditures incident to the furnishing of assistance under this agreement and for expenditures incident to the furnishing of technical assistance, and the Government of the Republic of Indonesia will thereupon make such sums available out of

any balances in the Special Account in the manner requested by the Government of the United States of America in the notification.

4. The Government of the Republic of Indonesia will further make such sums of rupiahs available out of any balances in the Special Account as may be necessary to cover costs (including port, storage, handling and similar charges) of transportation from any point of entry in the Republic of Indonesia to the consignee's designated point of delivery in the Republic of Indonesia of such commodities as are referred to in Section 4 of this annex.

5. The Government of the Republic of Indonesia may draw upon any remaining balance in the Special Account for such purposes beneficial to the Republic of Indonesia and connected with the purposes of this agreement as may be agreed to from time to time by the Government of the Republic of Indonesia in consultation with the Government of the United States of America.

Section 2

The Government of the Republic of Indonesia will cooperate by facilitating transfer to the United States of America on reasonable terms, no less favorable than those provided to nationals of other countries, of materials in which the United States of America is actually or potentially deficient, giving due regard to the reasonable requirements of the Republic of Indonesia for the domestic use and commercial export of such materials.

Section 3

The Government of the Republic of Indonesia will permit and give full publicity to the objectives and progress of the program under this agreement and will make public each quarter full statements of operations hereunder including information as to the use of the funds, commodities, and services received.

Section 4

The Government will, upon request of either of them, enter into negotiations for agreements (including the provision of duty-free treatment under appropriate safeguards) to facilitate the entry into, and the distribution in the Republic of Indonesia of commodities in furtherance of projects of relief, rehabilitation and reconstruction in the Republic of Indonesia, financed by such United States voluntary, nonprofit agencies as may be approved by the two Governments.