BILATERAL

FINANCIAL AGREEMENT FOR TRADE BETWEEN THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE SUPREME COMMANDER FOR THE ALLIED POWERS ACTING IN RESPECT OF OCCUPIED JAPAN

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Note: The Agreement entered into force immediately as modus Vivendi.

Reference: This Agreement is also published in II DFA TS No. 1, p. 7.

The Government of the Republic of the Philippines (hereinafter referred to as the Philippines) constituting one of the two parties to this Agreement, and the Supreme Commander for the Allied Powers, acting in respect of Occupied Japan (hereinafter referred to as SCAP), constituting the other party, have agreed upon the following financial arrangements to govern all transactions envisaged in the Trade Agreement between them which is to be executed simultaneously herewith:

ARTICLE I

All transactions involving goods and/or services covered by the Trade Agreement shall be invoiced in dollars of the United States of America.

ARTICLE II

For the purposes expressed in this Agreement each party shall designate its principal financial agent bank and shall notify the other party in writing of such appointment. A list of other banks which each principal financial agent bank desire to designate as its sub-agents shall be submitted to the other for approval.

ARTICLE III

All transactions covered by the Trade Agreement shall be entered into the account of each party to be maintained in the books of both principal financial agent banks specified in Article II. The value of all exports from the Philippines to Occupied Japan shall be debited against the account of SCAP in the books of the principal financial agent bank of the Philippines and credited to the account of the Philippines in the books of the principal financial agent bank of SCAP. The value of all imports from Occupied Japan to the Philippines shall be debited against the account of the Philippines in the books of the principal financial agent bank of SCAP and credited to the account of SCAP in the books of the principal financial agent bank of the Philippines.

ARTICLE IV

Statements of accounts as of the last day of each month shall be exchanged between the two principal financial agent banks not later than ten (10) days after the end of every month. Notice of any discrepancy found by either bank shall be served the other within ten (10) days upon the receipt of this monthly statement.

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ARTICLE V

For the purpose of effecting any payment debits and credits shall be offset against each other in the accounts maintained by both principal financial agent banks and payment shall be made of the net balance only. Payment shall be made either in gold valued at the official rate established by the United States of America or in dollars of the United States of America in accordance with the following provisions:

(a) Any excess over and above a net balance of five million dollars ($5,000,000) shall be immediately due and payable on demand of the creditor; and

(b) Final payment of the net balance of these accounts shall be made before the last day of the second calendar month following the effective date on which this agreement is cancelled or terminated. Trade transactions which cannot be or are not completed and ready for presentation of documents as of the date of cancellation or termination of this Agreement, shall be renegotiated to ensure the liquidation thereof within the time herein provided for final settlement.

ARTICLE VI

Credits accruing to the parties from trade with countries not parties to this Agreement may, on the mutual consent or the parties and such other country or countries, be entered in the accounts maintained by these with their respective principal financial agent banks as if such other country or countries were party to this Agreement.

ARTICLE VII

This Agreement may be revised by mutual consent of the parties or cancelled upon the request of the Government of the Republic of the Philippines or the Supreme Commander for the Allied Powers, or his successor, upon sixty (60) days' notice in writing and shall terminate, unless the parties hereto stipulate in writing to the contrary, on the proclamation of a peace treaty between the Allied Powers or any of them, and Occupied Japan. Any revision, cancellation or termination of this Agreement shall be without prejudice to any right or obligation accruing or incurred hereunder prior to the effective date of such revision, cancellation or termination.

ARTICLE VIII

Representatives of the Government of the Republic of the Philippines and Representatives of the Supreme Commander for the Allied Powers or his successor, are authorized to negotiate and conclude all technical details pertaining to the implementation of this Agreement.

ARTICLE IX

This Agreement shall be effective definitely upon the exchange of formal ratification by the Government of the Republic of the Philippines and the Supreme Commander for the Allied Powers. Pending such exchange of ratification, it shall take effect upon s1gnature by the authorized representatives as a modus Vivendi between the parties.

DONE in duplicate in the City of Tokyo, Japan, this 8th day of May in the year of Our Lord, nineteen hundred and fifty, and of the Independence of the Philippines, the fourth,

For the Government of the Republic

of the Philippines:

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(Sgd.) BERNABE AFRICA

Chief, Philippine Mission in Japan

For the Supreme Commander for the Allied

Powers acting in respect of occupied Japan:

(Sgd.) H. F. MARQUAT

Major General U.S.A.

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