

## **AN ACT TO APPROVE THE AGREEMENT ENTERED INTO BETWEEN THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA, DATED SEPTEMBER ELEVEN...**

*REPUBLIC ACT NO. 33, September 27, 1946*

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Whereas, on the eleventh day of September, nineteen hundred and forty-six, the President of the Philippines representing the Government of the Republic of the Philippines, and the Central Field Commissioner for the Pacific and China, Office of the Foreign Liquidation Commission, Department of State, representing the Government of the United States of America, entered into an Agreement in words and in figures as follows:

### **AGREEMENT BETWEEN THE UNITED STATES AND THE PHILIPPINES FOR THE SALE OF CERTAIN SURPLUS WAR PROPERTY**

This Agreement between the Government of the United States of America, hereinafter called "United States," and the government of the republic of the philippines, hereinafter called "philippines,"

#### **WITNESSETH:**

Whereas, the cessation of active military operations in the war with Japan has rendered surplus to the needs of the United States quantities of its property now situated in the Philippine Islands; and

Whereas, the Congress of the United States has, by the Surplus Property Act of 1944, as amended, authorized the disposal of the surplus property of the United States; and the Central Field Commissioner for the Pacific and China of the Office of the Foreign Liquidation Commissioner has been charged with responsibility for that disposal in the Philippine Islands; and

Whereas, such surplus property available for sale to the Philippines, exclusive of property which is already under contract or firm commitment for sale or transfer, represents an estimated aggregate procurement cost of approximately six hundred thirty million dollars in movables and fifty-live million dollars in fixed installations, of which over one-half has already been declared surplus; and

Whereas, it is the policy of the United States, as declared in the Surplus Property Act, to establish and develop foreign markets and promote mutually advantageous economic relations between the United States and other countries by the orderly disposition of surplus property to other countries, and to dispose of surplus property as promptly as feasible without fostering monopoly or restraint of trade; and Whereas, the prosecution of the war with Japan caused widespread damage and loss in the Philippine Islands; and

Whereas, the Congress of the United States has, by the Philippine Rehabilitation Act of 1946, authorized the grant to the Philippines of surplus property in the Philippine Islands aggregating not more than one hundred million dollars in fair value without reimbursement to the United States; and

Whereas, a general understanding as to the property to be granted under the Philippine Rehabilitation Act of 1946 has been reached between the United States and the Philippines, and certain of such property has heretofore been

transferred to the Philippines in accordance with the terms of Contracts Nos. W-ANL(PA-I)-206, W-ANL(PA-I)-1611, and W-ANL(PA-I)-3811 on the understanding that if and when said Rehabilitation Act became law, the fair value of the property so transferred would be charged as a transfer within the contemplation of, and under, said Rehabilitation Act; and

Whereas, the United States has a financial obligation to the Philippines arising from advances and loans to the United States and the issuance of emergency currency and guerrilla currency during the war with Japan, Now, therefore, in consideration of the promises and the mutual agreements and covenants hereafter stated, it is agreed:

#### Article 1.—Property Sold and Granted

That by these presents the United States sells and grants and the Philippines buys and accepts all that property owned by the United States on the effective date hereof but surplus to its needs in the Philippine Islands, except aircraft, ships (other than as specified in Article six, paragraph a, hereof), and non-demilitarized combat material, subject however, to the limitations following:

- (1) That the property has been or will be declared surplus by the United States owning agency, pursuant to the said Surplus Property Act, and
- (2) That no property is sold hereby which is already under contract or firm commitment for sale or transfer, and
- (3) That, at the option of the United States, exercised within ninety days from the effective date hereof, property having a sales value of ten million dollars, in addition to the property designated in Article one-(2) hereof, shall be deemed to be under firm commitment to governments other than the Philippines to which the United States has extended credit for the purchase of surplus property.

#### Article 2.—Transfer of Possession

a. That the right to possession of the property sold under Article one hereof shall, after declaration to the Foreign Liquidation Commissioner for disposal as surplus, pass to the Philippines at the earliest practicable date upon either:

- (1) the surrender by the United States and the acceptance by the Philippines of physical or constructive possession, or
- (2) the passage of sixty days' time after notice to the Philippines that specified property is available for transfer whichever shall first occur. That such notice shall be deemed to have been duly given when delivered, in writing, to the Office of the Philippine Government Purchasing Commission at Manila, and shall be deemed sufficient if it either generally describes the property available or generally describes the location thereof.

b. That until right to possession passes to the Philippines pursuant to paragraph a of this Article, the United States shall continue to have custody and control of the property sold, and shall give said property the same care and protection as is accorded its own property of like character.

c. That after the right to possession with respect to specified property has passed to the Philippines pursuant to paragraph a, all responsibility, risk of loss, and liability for the care, custody, protection and maintenance of such property shall be upon the Philippines, including rents and liabilities for the storage thereof and damages and claims of any nature arising out of or incident to the ownership of such property, and the Philippines shall indemnify and hold the United States harmless from any such responsibilities, risks, liabilities, rents, damages and claims. That the Philippines shall promptly enter into such rental and leasing arrangements as may be necessary or appropriate to the possession or use of the property transferred, and shall assume all obligations under such rental and leasing arrangements to which the United States is now a party without charge to the United States other than such charges as shall have rightfully accrued prior to the effective date hereof, and the Philippines shall remove the property from land owned by the United States within six months, and from other land used or controlled by the United States within twenty-two months, after passage of right to possession hereunder.

- d. That all crating, conditioning, handling, loading and transportation of the property sold shall be arranged and paid for by the Philippines.
- e. That the owning agency of the United States shall make property available for visual inspection before the transfer of right to possession.
- f. That representatives of the Philippines engaged in guarding, storing, or removal of property located on lands owned by the United States and on other lands used or controlled by the United States shall be subject to the rules and regulations of the owning agency of the United States, as may be agreed upon by the two governments.

#### Article 3.—Distribution

That the Philippines shall utilize to the greatest extent possible established commercial distribution channels for the resale of property sold hereby and that United States distributors established in the Philippine Islands shall have an equal opportunity to bid for and to obtain such property. That the Philippines shall recognize normal distribution practices including the marketing wherever practicable of same brand products through the established agencies for such products.

#### Article 4.—Warranties

That the United States warrants title to the property transferred, and that in lieu of any other warranty or undertaking as to the kind, size, weight, quantity, quality, character, value, description, condition or fitness for use thereof, it is understood that if a material disparity is found to exist between the property transferred to the Philippines hereunder and the consideration given therefore by the Philippines hereunder, the two Governments will consult together to fix an appropriate adjustment in the price paid.

#### Article 5.—Consideration

a. That a portion of the property sold and granted hereby, together with the property heretofore sold under Contracts Nos. W-ANL(PA-I)-206, W-ANL(PA-I)-1611, and W-ANL(PA-I)-3811, having an agreed fair value of one hundred million dollars is accepted by the Philippines in full discharge of the grant authorized by Title II of the Philippine Rehabilitation Act of 1946 and any and all obligations of both parties hereto arising in any manner through or in relation to said contracts, and upon the effective date of this contract, the aforesaid three contracts are hereby terminated, and the property so accepted shall be identified by methods and procedures to be determined by the United States. That the portion so identified or the proceeds from any and all sales of any part thereof shall be used by the Philippines in accordance with the provisions of section two hundred one of said Rehabilitation Act, and there is hereby delegated to the President of the Republic of the Philippines authority to control the use and disposition of such property and the use of the proceeds of any disposition of any part thereof, provided such use and disposition must be in accordance with the provisions of section two hundred one of said Rehabilitation Act and reports of all activities related thereto will be made available to the Central Field Commissioner for the Pacific and China at request, and said President is further authorized to redelegate this authority to any officer or employee of the Republic of the Philippines.

b. That the United States shall forthwith pay to the Philippines the sum of twenty-five million dollars on account and in part payment of the financial obligations and responsibilities of the United States arising from:

- (1) The issuance in the Philippines of emergency currency, guerrilla currency, military scrip or other writing intended to circulate as money, the issuance of which was duly authorized, and
- (2) Any unpaid advances, loans, credits and overdrafts by the Philippine National Bank, the Commonwealth of the Philippines or any corporation, political subdivision or agent thereof, during the war with Japan but not after the second day of September nineteen hundred and forty-five; and that the Philippines, as partial consideration for the property transferred hereunder and not identified in Article five-a hereof as granted under the Philippine Rehabilitation Act of 1946, hereby releases and acquits the United States of the unpaid balance

of the financial obligations and responsibilities aforesaid and shall forever indemnify and hold the United States harmless from all claims and demands of every nature arising there from by any person or persons whomsoever.

c. That in further consideration for the property transferred hereunder and not identified pursuant to Article five-a hereof as granted under the Philippine Rehabilitation Act of nineteen hundred and forty-six, the Philippines shall make available to the United States the equivalent of five million dollars in manner following:

(1) The equivalent of three million dollars to be available for the purchase of designated real estate and improvements in real estate in the Philippines for the use and benefit of the United States at prices to be agreed upon by the Governments, and

(2) The equivalent of two million dollars and any un expended portion of the sum set forth in Article five-c (1) above, to be available for the implementation of agreements to be entered into between the Philippines and the United States for cultural, research, instruction and other educational activities.

#### Article 6.—Miscellaneous Provisions

a. That certain ships designated by mutual agreement and representing an aggregate fair value not in excess of six million dollars shall be included in the property transferred hereunder.

b. That in connection with the fixed installations and the weather stations and communication service equipment incident to the operations of aircraft transferred hereunder, and as an additional consideration therefore, the Philippines shall undertake by separate agreement in the usual form to operate and maintain weather and communication services in a manner, to an extent and within limits to be negotiated.

c. That the Philippines shall use its best endeavors to insure that property transferred pursuant to this Agreement shall not be imported into the United States in the same or substantially the same form, if such property was originally produced in the United States and is readily identifiable as such, unless such property is to be imported into the United States on consignment to a person or firm in the United States for the purpose of reconditioning for re-export, or by a member of the United States armed forces for his personal use.

d. That no duty, tax, excise, or other governmental exaction is included in the price, and if any such duty, tax, excise, or governmental exaction is levied or found to be payable, the Philippines shall pay such sum in addition to the purchase price of the property sold. The United States represents that no duties, taxes, excises, or other governmental exactions are due to the Government of the United States.

e. That the transfer of title to the fixed installations sold and granted hereunder is conditioned upon the approval thereof by appropriate agencies of the United States at Washington as required by the Surplus Property Act, as amended, and regulations promulgated thereunder.

f. That this Agreement is conditioned upon the ratification or approval thereof by the Congress of the Philippines but upon such ratification or approval shall be deemed to have taken effect on the second day of September, nineteen hundred and forty-six.

In witness whereof, the undersigned, duly authorized by their respective Governments, have signed the present Agreement at Manila on the eleventh day of September, nineteen hundred and forty-six.

THE GOVERNMENT OF  
THE REPUBLIC OF THE PHILIPPINES:

By

(Sgd.) Manuel A. Roxas

President of the Philippines

THE GOVERNMENT OF  
THE UNITED STATES OF AMERICA:

By

(Sgd.) William E. Vogelback

Central Field Commissioner

for the Pacific and China

Office of the Foreign Liquidation

Commissioner

Department of State

Whereas, the said Agreement is advantageous to the Philippines, as it will keep in this country properties declared surplus to the needs of the Government of the United States of America and which will be necessary for the reconstruction and rehabilitation of the Philippines or which may be sold in order to raise funds for such reconstruction and rehabilitation; and

Whereas, under said Agreement, some pending obligations of the United States of America to the Philippines and to our people are settled by immediate cash payment and payment in surplus properties, thereby avoiding the uncertainties and the delay which any other form of liquidation would entail; Now, therefore

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. The Agreement entered into between the Government of the Republic of the Philippines and the Government of the United States of America on the eleventh day of September, nineteen hundred and forty-six, hereinbefore set forth, is hereby approved.

SEC. 2. The President of the Philippines, or such agency or instrumentality as he may create or designate, is hereby authorized to accept and administer the surplus properties acquired under said Agreement, and to sell or dispose of so much of such surplus properties as may not be needed by the Government, its subdivisions and instrumentalities, including government-owned or controlled corporations, either in the Philippines or abroad, under such terms and conditions as may be deemed most advantageous, hereby appropriating from the proceeds of the sales of such properties the necessary amount or amounts for the administration and custody of such properties and for the operating expenses of the office, agency or instrumentality which will handle their sale or disposition.

SEC. 3. This Act shall take effect upon its approval.

Approved, September 27, 1946.

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