

Indonesia¹

LEND-LEASE SETTLEMENT

Agreement signed at Washington May 28, 1947

Entered into force May 28, 1947

Period for purchase of surplus property extended by arrangements of December 26, 1947, and January 6, 1948,² and August 16 and October 1, 1948²

Netherlands released from its obligations as guarantor by agreement of September 17 and October 15, 1952, and April 8, 1953³

Payments rescheduled by agreements of December 30, 1967,⁴ December 20, 1968,⁵ February 6, 1970,⁶ and March 16, 1971⁷

61 Stat. 3947; Treaties and Other
International Acts Series 1750

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE NETHERLANDS INDIES REGARDING A LINE OF CREDIT FOR THE PURCHASE OF UNITED STATES SURPLUS PROPERTY

1. *General Terms*

A. The United States Government and the Netherlands Indies Government agree that their rights and obligations in connection with the line of credit for the purchase of surplus property heretofore granted by the United States Government to the Netherlands Indies Government in the amount of \$100,000,000 shall be as stated in this Agreement. The agreement of July 11, 1946 between the two Governments, establishing such line of credit, is superseded by this Agreement.

¹ Certain agreements between the United States and the Netherlands were, or are, applicable to Indonesia. See *post*, vol. 10, p. 6, NETHERLANDS.

² Not printed.

³ 4 UST 1557; TIAS 2820.

⁴ 18 UST 3261; TIAS 6419.

⁵ 19 UST 7838; TIAS 6618.

⁶ 21 UST 447; TIAS 6832.

⁷ 22 UST; TIAS 7092.

B. The amount of the line of credit is \$100,000,000.

C. The terms of payment of the amount due under the line of credit shall be as stated in paragraph 2 of this Agreement. This change from the original terms of payment has been consented to by the United States Government as part of the general settlement of lend-lease and other war accounts signed concurrently herewith by the United States Government and the Government of the Kingdom of the Netherlands.

D. The line of credit is for use in purchasing prior to January 1, 1948⁸ United States surplus property, wherever situated, made available by the Office of the Foreign Liquidation Commissioner.

E. Charges heretofore made against the line of credit shall continue to be charges against it as from the respective dates of the charges, but no interest will be payable for the period before July 1, 1946 and interest will accrue thereafter as provided in sub-paragraph 2B of this Agreement.

F. Procedural arrangements heretofore made in connection with the line of credit shall continue in force until changed.

2. *Terms of Payment*

A. The amount due under the line of credit will be paid by the Netherlands Indies Government to the United States Government in dollars in thirty annual instalments, which shall become payable on July 1 of each year beginning July 1, 1951. The first instalment shall be equal to one-thirtieth of the amount due as of July 1, 1951. Each subsequent instalment shall be equal to so much of the amount due (as of the date of the instalment) as has not previously become payable, divided by the number of instalments that have not previously become payable.

B. Interest on the amount due will be paid to the United States Government by the Netherlands Indies Government in dollars at the fixed rate of two percent per annum on July 1 of each year beginning July 1, 1947, accruing from the previous July 1 on the amount due on such previous July 1. With respect to the amount of any reduction in the amount due under the authority of sub-paragraph 2C and paragraph 3 of this Agreement interest for the period from the preceding July 1 shall be charged only to the date of such reduction.

C. The Netherlands Indies Government may at any time or times make payments to the United States Government under this Agreement of amounts not then payable or larger than are then payable. Any such payment will be credited first to past due interest, if any, and then to past due instalments, if any, and then to the amount due at the time of such payment.

D. If by agreement of both Governments it is determined that because of extraordinary and adverse economic conditions arising during the course of payment, any of the periodic payments of interest, of principal, of interest

⁸ Period for purchase extended to Dec. 31, 1948, by arrangements of Dec. 26, 1947, and Jan. 6, 1948, and Aug. 16 and Oct. 1, 1948 (not printed).

and principal, or of any part thereof would not be to the common advantage of both Governments, payment may be postponed on such terms and conditions as may be agreed.

3. *Provision of Netherlands Indies Currency and of Property*

A. The Netherlands Indies Government, when requested by the United States Government, will make available at any time or times, by payment to the United States Government or to such persons or organizations as the United States Government may designate, Netherlands Indies currency in any amount (computed as provided in sub-paragraph 3E of this Agreement) not in excess of the amount due as of such time plus past due interest, for:

(1) The payment of any or all of the ordinary governmental expenditures in the Netherlands Indies of the United States Government or any department or agency thereof;

(2) The acquisition of real property, improvements thereon or furnishings therefor, agreed upon by the two Governments; and

(3) The payment of the cost of educational programs agreed upon by the two Governments.

B. In case the United States Government wishes to acquire any property located in the Netherlands Indies, real or personal, tangible or intangible (other than for export except by mutual agreement), or to improve or furnish any property so located in which it has an interest, the Netherlands Indies Government will at any time or times, as requested by the United States Government, enter into negotiations, and use its best efforts consistent with its public policy, to reach an agreement with the United States Government whereby there will be delivered to the United States Government the properties, improvements or furnishings which the United States Government desires or which the representatives of the United States Government have selected. Representatives of the United States Government may at their discretion conduct discussions directly with owners of property or with contractors for improvements or furnishings as to fair terms and prices prior to the delivery of such property, improvements or furnishings to the United States Government.

C. The United States Government declares that it is now its intention to request that Netherlands Indies currency be made available for agreed educational programs under sub-paragraph 3A of this Agreement to the value of \$7,000,000 and that it is now its intention to request that Netherlands Indies currency be made available for, or that there be delivered, real property, improvements and furnishings, or both, under sub-paragraphs 3A and 3B of this Agreement to the value of \$1,300,000. This statement of intention does not prevent the United States Government from later proposing different amounts from these in these connections. The foregoing amounts are

inclusive of amounts heretofore requested under corresponding arrangements hitherto existing under the line of credit.

D. The dollar equivalent (computed in accordance with sub-paragraph 3E of this Agreement) of any Netherlands Indies currency made available and of the Netherlands Indies currency value of any properties, improvements and furnishings delivered under this paragraph 3 or under corresponding arrangements hitherto existing under the line of credit shall be credited first to interest, if any, and then to instalments, if any, past due under this Agreement and then to the amount then due under this Agreement.

E. Any Netherlands Indies currency made available and the Netherlands Indies currency value of any properties, improvements and furnishings delivered under this paragraph 3 or under corresponding arrangements hitherto existing under the line of credit will be valued at the par value between such currency and dollars established in conformity with procedures of the International Monetary Fund, or, if no such par value exists, at the rate most favorable to the United States Government used by the Netherlands Indies Government in any official transaction at the time of the request by the United States Government that such currency be made available or that such properties, improvements or furnishings be delivered.

DONE at Washington, in triplicate, this twenty-eighth day of May, 1947.

For the Government of the United States of America:

G. C. MARSHALL
*Secretary of State of the
United States of America*

For the Government of the Netherlands Indies:

A. LOUDON
*Ambassador Extraordinary and Plenipotentiary
of the Kingdom of the Netherlands at Washington*

The Government of the Kingdom of the Netherlands hereby guarantees to the United States Government the performance by the Government of the Netherlands Indies of all the obligations of the Government of the Netherlands Indies under the foregoing Agreement.⁹

DONE at Washington, in triplicate, this twenty-eighth day of May, 1947.

For the Government of the Kingdom of the Netherlands:

A. LOUDON
*Ambassador Extraordinary and Plenipotentiary
of the Kingdom of the Netherlands at Washington*

⁹ For an exchange of notes dated Sept. 17 and Oct. 15, 1952, and Apr. 8, 1953, releasing the Netherlands from its obligations as guarantor, see 4 UST 1557; TIAS 2820.