

**ECONOMIC CO-OPERATION AGREEMENT BETWEEN THE  
GOVERNMENT OF THE UNITED STATES OF AMERICA AND  
THE ROYAL GOVERNMENT OF LAOS**

**Signed at Vientiane, on 9 September 1951**

The Government of the United States of America and the Royal Government of Laos:

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 Royal Government of Laos in order that the Royal Government of Laos, through its own individual efforts and through concerted effort with the other Associated States and other parts of the French Union, 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 Royal Government of Laos and the measures which the two Governments will take individually and together in furtherance of the above objectives: with due regard to accords and agreements previously entered into by the High Contracting Parties;

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 Royal Government of Laos such economic and technical assistance as may be requested by it and agreed to by the Government of the United States of America. The Royal Government of Laos 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 under the present Agreement may be distributed within Laos on terms and conditions agreed upon between the two Governments.

**Article II**

In order to assure maximum benefits to the people of Laos from the assistance to be furnished under the present Agreement by the Government of the United States of America, the Royal Government of Laos 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 therewith and with the general objectives indicated in the aid program presented by the Royal Government of Laos and agreed to by the Government of the United States of America.

- B. To promote the economic development of Laos on a sound basis and to achieve such economic objectives as may be agreed upon.
- C. To assure the stability of its currency and the validity of its rate of exchange, and generally to assure confidence in its 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 Governments will, upon the request of either of them, consult regarding any matter relating to the application of this Agreement or operations thereunder. The Royal Government of Laos 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 under the present Agreement, and other relevant information which the Government of the United States of America may need to determine the nature and scope of operations under the present Agreement and to evaluate the effectiveness of assistance furnished or contemplated.

### **Article IV**

The Royal Government of Laos agrees to receive a Special Technical and Economic Mission which will discharge the responsibilities of the Government of the United States of America under the present 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 Laos for the purpose of enjoying the privileges and immunities accorded to that Diplomatic Mission and its personnel of comparable rank. The Royal Government of Laos 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 Royal Government of Laos to the Government of the United States of America that all necessary legal requirements in connection with the conclusion of this Agreement by the Royal Government of Laos have been fulfilled. This Agreement shall continue in force until the date agreed upon by the two Governments or may be terminated three months after a written notification has been given by either of the two Governments.
2. The Annex to this Agreement forms an integral part thereof.
3. This Agreement shall be registered with the Secretary-General of the United Nations.

IN WITNESS WHEREOF, the undersigned, duly authorized for the purpose, have signed the present Agreement.

DONE at Vientiane this Ninth day of September, 1951 in duplicate, in each of the English, French, and Laotian languages, all text authentic except that in the case of divergencies, the English and French texts shall govern.

For the Government of the United States of America

/s/ Paul L. Guest

For the Royal Government

PHAGNA XIENG MAO

### *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 Royal Government of Laos will establish a Special Account in the Institute of Emission (hereinafter called Special Account) and will make deposits in piasters to this account as follows:*
  - A. *The piasters accruing to the Royal Government of Laos from the sale of commodities or services supplied under this Agreement, or otherwise accruing to the Royal Government of Laos as a result of the import of such commodities or services, shall be deposited upon receipt of such piasters.*
  - B. *If the amount of piasters deposited:*
    1. *is not commensurate with the value in dollars, given in the periodic notification made by the Government of the United States of America of the commodities and services furnished according to the provisions of this Agreement; and*
    2. *in the opinion of the Government of the United States of America, appears insufficient in comparison with the amount of expenditures in piasters which the execution of the aid program will entail, the Royal Government of Laos at the request of the Government of the United States of America, will deposit supplementary amounts of piasters, on condition however that total deposits of piasters do not exceed such commensurate value.*

*The rate of exchange of the piaster to be applied in computing commensurate value shall be that which shall have been agreed to at such time with the International Monetary Fund, on condition that this rate is the single rate applicable to the purchase of dollars for imports into Laos.*

*If no such rate of exchange has been agreed, the rate adopted shall be the highest rate of exchange of the dollar in terms of piasters lawfully quoted for imports into Laos to which any legal personality shall be entitled at the time of each request for deposit made in accordance with the terms of this Agreement.*

*The Royal Government of Laos may at any time make advance deposits in the Special Account which shall be applied against subsequent requests for deposits pursuant to this paragraph.*

- A. *In making requests for counterpart deposits under Annex, Section 1, Paragraph 2, B, the Government of the United States of America will have due regard to the ability of the Royal Government of Laos to make such deposits.*
  1. *The Government of the United States of America will from time to time notify the Royal Government of Laos of its local currency requirements for administrative expenditures incident to the furnishing of assistance under this Agreement, and the Royal Government of Laos will thereupon make such required sums in local currency 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.*
  2. *The Royal Government of Laos will further make such sums of local currency 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 Laos to the consignee's designated point of delivery in Laos of such commodities as are referred to in Section 4 of this Annex.*
  3. *The Royal Government of Laos may draw upon any remaining balance in the Special Account for such purposes beneficial to Laos and connected with the purposes of this Agreement as may be agreed to from time to time by the High Contracting Parties.*

## **Section 2**

*The Royal Government of Laos agrees to facilitate the production, transport, within its means, and the transfer to the Government of the United States of America for such period of time in such quantities and upon such terms and conditions of purchase as may be agreed upon, of raw and semi-processed materials required by the United States of America as a result of actual or potential deficiencies in its own resources, and which may be available in Laos.*

*The conditions governing such transfers will be the object of particular agreements and will take into account the needs of Laos and the normal requirements of the French Union with respect to internal consumption and commercial export of such materials. The Government of the United States of America taking into account the needs expressed above, will have due regard for the need to maintain reasonable domestic stocks at Laos and of the French Union of the materials concerned.*

### **Section 3**

*The Royal Government of Laos 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 under the present Agreement including information as to the use of funds, commodities, and services received.*

### **Section 4**

*The two Governments, upon request of either of them, will enter into negotiations for agreements compatible with the obligations of Laos within the framework of the customs union among Laos, Cambodia and Vietnam to facilitate the entry into Laos (including the provision of duty free treatment under appropriate safeguards) and the distribution in Laos of commodities sent in furtherance of projects of relief, rehabilitation and reconstruction in Laos and financed by such United States voluntary non-profit agencies as may be approved by the two Governments.*

*Paul C. GUEST*

*PHAGNA XIENG MAO*

### **EXCHANGE OF NOTES**

*The American Chargé d'Affaires ad interim to the Laotian Acting President of  
the Council of Ministers*

*THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA*

*AMERICAN LEGATION*

*Vientiane, September 9, 1951*

*Excellency*

*I have the honor to refer to the Economic Cooperation Agreement signed this day by the Government of the United States of America and the Royal Government of Laos. My Government has authorized me to give assurance that in connection with the provisions of the Annex, Section 1, Paragraph 3, relative to the deposit of local currency by the Royal Government of Laos for the use of the Government of the United States of America for administrative expenditures incident to the furnishing of assistance under this Agreement, the Government of the United States of America does not intend in the period ending June 30, 1952, to request an amount of local currency for administrative expenses in excess of five percent of the total value of the dollar economic and technical aid furnished. This assurance is given subject to the terms of legislation to be enacted by the Government of the United States of America to authorize furnishing of economic aid to Laos during the latter portion of the aforementioned period.*

*It is also understood that the Government of the United States of America, in making the notifications referred to in Article IV, will take into account the necessity to limit as far*

*as practicable the number of officials for whom diplomatic privileges would be requested. It is also understood that the detailed application of Article IV would, when necessary be the subject of discussions between the two Governments.*

*Accept, Excellency, the renewed assurances of my highest consideration.*

*Paul L. GUEST*

*His Excellency Phagna Khammao, Acting President of the Council of Ministers,  
Kingdom of Laos*

*KINGDOM OF LAOS , MINISTRY OF FOREIGN AFFAIRS*

*Vientiane, September 9, 1951*

*His Excellency the Ministry of Foreign Affairs, of the Royal Government of Laos*

*to the Chargé de 'Affaires of the United States of America*

*at Vientiane, Mr. Chargé d 'Affaires*

*Referring to the Economic Cooperation Agreement between the Government of the United States of America and the Royal Government of Laos, signed today, I have the honor to inform you that my Government, in connection with the provisions contained in the first paragraph of Article V of the Agreement concerning the annulment of this Agreement before a date agreed upon by the Government of the United States of America and the Royal Government of Laos, confirms that, if either of the parties annuls the said Agreement by giving the other three months' written notice as provided in the annulment clause contained in Article V, paragraph I, the Royal Government of Laos will discharge its outstanding obligations relating to the deposit and utilization of the counterpart funds as specified in Section I of the Annex to the aforementioned Agreement.*

*Accept, Mr. Chargé d 'Affaires, the assurances of my high consideration.*

*For the Minister of Foreign Affairs on a mission*

*Leuam INSISIENMAY, Minister in Charge of Current Affairs*