

AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA RELATING TO THE RECRUITMENT AND EMPLOYMENT OF PHILIPPINE CITIZENS BY THE UNITED STATES MILITARY FORCES AND CONTRACTORS OF MILITARY AND CIVILIAN AGENCIES OF THE UNITED STATES GOVERNMENT IN CERTAIN AREAS OF THE PACIFIC AND SOUTHEAST ASIA. Signed at Manila on 28 December 1968.

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

Having, by an exchange of notes of May 13 and 16, 1947,¹ established procedures and conditions for the recruitment of Philippine citizens for offshore employment by the United States Military Forces, and taking cognizance of the Philippine Government note of August 30, 1965;

Desiring to establish general provisions more appropriate to present circumstances and better suited to serve the current needs and interests of the two Governments;

Noting that large numbers of Philippine citizens are recruited in the Philippines for employment in certain areas of the Pacific and Southeast Asia;

Noting that their common interests in the development and defense of the Pacific area require an assured and orderly supply of labor;

Recognizing the desire of the two Governments to promote and maintain sound and equitable recruitment and employment practices and conditions of work;

Have agreed as follows:

Article I

DEFINITIONS

For purposes of this Agreement:

1. "Employer(s)" is understood to mean the United States Military Forces.
2. "Employees" is understood to mean Philippine citizens recruited by "employers" for work in offshore areas defined herein.
3. "Offshore Employment" is understood to mean recruitment for employment by employers at localities outside the Philippines and within the area as defined below.
4. "Offshore areas" is understood to mean all of Southeast Asia and the Pacific area west of 180° longitude, other than the Philippines.
5. "Contractors" is defined in Article V of this Agreement.

¹1 PTS 419.

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Article I.

RECRUITMENT AND EMPLOYMENT STANDARDS

1. *Recruitment and Documentation.*

(a) Employers and contractors may recruit for offshore employment in conformity with Philippine laws and regulations. Employees shall be hired on terms conforming to this Agreement and applicable laws and regulations of the Philippines and the place of employment.

(b) Employees thus recruited shall secure from the Government of the Philippines such travel documents as are required by Philippine law and regulations. The cost of such documents shall be paid by the employer who shall also pay for or provide any necessary medical examinations.

2. *Transportation.*

(a) Free transportation shall be provided by employers from the place of recruitment to the place of employment and return upon termination of employment, regardless of cause.

(b) Where public mass transportation is not available, free transportation, if necessary, shall be provided by the employer from the employee's quarters to the place of work and return.

(c) Free transportation from the place of employment to the place of recruitment, or to the place of residence in the Philippines, and necessary and customary mortuary service shall be provided the remains and personal effects of deceased employees.

3. *Travel Status.* Employees in travel status shall be entitled to all pay and benefits described in this Agreement or in their employment (transportation) agreement, except in return travel after having been separated for cause or resignation.

4. *Remittances to dependents.* Wages, salaries and monetary benefits of employees in offshore employment shall be paid in U.S. dollars except for certain payments corresponding to living and quarters allowances which may be paid in the currency of the host country, if so required. Further, to the extent the individual employee so signifies voluntarily in writing to his employer, and consistent with Philippine laws and regulations and applicable laws and regulations of the host country, employers shall provide payroll deduction facilities for remittance in U.S. dollars of wages, salaries, and other monetary benefits to specified accounts in the Philippine National Bank, Manila, or any of its in-country branches and agencies, or to such other banks in the Philippines as may be designated by the Philippine Government with facilities in such areas not covered by the Philippine National Bank.

5. *Reemployment Opportunities.* In recognition of service, employees, upon termination of employment, except when such termination is for cause, shall be given consideration for re-employment.

6. *Minimum basic wage.* The currently established practice in determining minimum basic wages for employees in offshore employment by U.S. Military Forces shall be maintained for present employees and for those employed after the entry into force of this Agreement.

7. *Additional benefits.* Employees shall receive as a minimum, in addition to their basic wages, the following benefits:

(a) *Premium pay:* Overtime, holiday, night shift differential pay, vacation and sick leave, on a basis comparable to rates in effect for Philippine employees of United States Military Forces in the Philippines.

(b) *Overseas differential:* Differential of at least twenty-five percent of base pay.

(c) *Christmas bonus:* Equivalent to one-half month's pay, which shall be computed on base pay, overseas differential, and subsistence allowance.

(d) *Health insurance and medical and dental care:* Medical and emergency dental care, or health insurance equivalent to that provided to Philippine employees of United States Military Forces in the Philippines.

(e) *Severance pay:* Except when separation is for cause, severance pay benefits shall be granted to those employees whose employment is terminated involuntarily, including termination by reduction in force caused by disestablishment or deactivation of a function, activity, or command.

(f) *War Risk Allowance:* Allowance of fifteen percent of base pay for work in localities defined by the United States Military Forces as "war risk areas". This allowance shall be in addition to the "war risk" insurance required by United States Law.

(g) *Workmen's Compensation:* Workmen's compensation benefits in accordance with applicable United States Bureau of Employees' Compensation rate schedule.

(h) *Board and laundry facilities allowance.*

(i) *Quarters:* Adequate bachelor living quarters without cost to the employee, or, in lieu thereof, allowances at rate sufficient to permit employee to obtain adequate bachelor quarters on the local economy, as determined by local surveys conducted by the United States Government.

(j) *Social Security:* Social Security benefits shall be provided under the laws of the Philippines to the extent that such benefits are provided to Philippine employees of the U.S. Forces in the Philippines.

Article III

UNION ORGANIZATION AND COLLECTIVE BARGAINING

1. *Labor-Management Relationships.* Both Governments recognize and reaffirm democratic and responsible trade unionism and the process of collective bargaining as desirable features in labor-management relationships. The two Governments agree that in conformance with laws and regulations prevailing in the place of employment, employees shall have the right to self-organization and to collective bargaining on the terms and conditions of employment.
2. *Applicability of Third Country and United States Laws.* In recognition of the sovereignty of third country host governments, the exercise of the right to self-organization and to collective bargaining as provided for in this Agreement shall be consistent with the laws and regulations of such governments. In territories and areas under the United States sovereignty or administration applicable U.S. laws and regulations, including the laws of Guam, and other territories and areas, shall govern as regards trade union organization representation and bargaining rights.
3. *Union Recognition and Grievance Procedure.* It is understood that employers under this Agreement may not recognize for purposes of bargaining or union representation any union not recognized under the laws of the place of employment. In any event, an employee shall have the right to present a grievance to his employer directly or through a representative under employer established grievance or established labor relations procedure.

Article IV

JOINT CONSULTATION

In case of any dispute by official agencies of either Government concerning interpretation or implementation of this Agreement, either Government may request consultation with the other and the two Governments may, if the dispute is agreed to be of sufficient concern to justify formal review, constitute a special joint committee for the purpose of seeking resolution of the dispute.

Article V

CONTRACTORS

1. *Definition.* "Contractors" means enterprises (including sub-contractors but not including companies which have vendor contracts which only provide supplies through purchase orders, or companies which only perform incidental services) under contract with the United States Military Forces or civilian agencies of the United States Government who may wish to recruit Philippine citizens in

the Philippines for employment or re-employment in the offshore areas defined herein. The term shall not apply to any work or service not performed for the United States Government.

2. *Applicability.* Employment contracts between contractors and Philippine citizens recruited shall be consistent with the standards and terms established in this Agreement. The U.S. Military Forces or U.S. Government civilian agencies, as appropriate, shall inform all contractors recruiting workers in the Philippines for employment in the offshore areas of the terms of this Agreement and shall advise them to submit standard contracts of employment or reemployment to the Government of the Philippines for its approval. The Government of the Philippines shall have the responsibility of insuring that such contracts are consistent with the provisions of this Agreement.

3. *Self-Organization and Collective Bargaining.* Consistent with the principles stated in paragraph 1 of Article III, of this Agreement, employees of contractors as defined herein are entitled to the right to self-organization and collective bargaining, subject to the applicable laws and regulations of the place of employment.

4. *Contractor Verification.* All contractors, as defined in this Article, recruiting employees in the Philippines for employment in the offshore areas shall be verified by the United States Embassy in Manila as having legitimate contract relations with the United States Government agencies and therefore may recruit Philippine citizens in the Philippines for employment offshore.

5. *Non-Retroactivity.* Contracts of employment with contractors in effect at the time of entry into force of this Agreement shall be considered valid provided that the contractor, at his discretion, in order to provide for more stable employment relations, may adjust an existing employment contract to conform to improved conditions and standards included in any employment contract based on this Agreement.

Article VI

GENERAL PROVISIONS

1. *Visits to Offshore Areas.* Both Governments shall be free to send their official representatives, at reasonable intervals of time, consistent with military security, and on acknowledgment of prior notice, to sites of offshore employment. Employers and employees shall facilitate inspection or investigation by such representatives relating to the application or implementation of this Agreement. It is understood, however, that such visits to employment sites by such representatives will, in the case of sovereign third countries, be undertaken with the approval of the governments of such countries by arrangement through the

Embassies of the Philippines or the United States, as appropriate; visits to territories or areas of the United States will be in accordance with the laws and regulations of such territories or areas.

2. *Non-Waiver of Immunities.* Nothing in this Agreement shall imply any waiver by either of the two Governments of its rights or immunities under international law.

3. *Compliance with Host Country Laws of Place of Employment.* Notwithstanding any of the provisions of this Agreement, both Governments recognize that employers, contractors, employees, and employee organizations must comply with all applicable provisions of the laws and regulations of the place of employment.

4. *Non-Reduction of Benefits.* The coming into force of this Agreement shall not limit, reduce, or otherwise prejudice the benefits specified in this Agreement to the extent they are already being enjoyed by those presently employed offshore by employers or contractors as defined herein.

5. *Retroactivity.* Nothing in this Agreement shall be construed as having retroactive effect.

Article VII

ENTRY INTO FORCE

1. This Agreement shall enter into force upon signature by the two Governments, except that any provision which requires further administrative action for its execution shall become operative as soon as the requisite administrative action has been taken but in no case later than six months from the date of signature by the two Governments.

2. Either Government may at any time request revision of any provision of this Agreement, in which case the two Governments shall enter into negotiations through diplomatic channels.

3. This Agreement, and agreed revisions thereof, shall remain in force unless terminated at the request of either Government. In the case of termination, advance notice of at least 90 days will be provided.

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

DONE at Manila, in duplicate, this 28th day of December, 1968.

For the Government
of the Republic of the Philippines:

BLAS F. OPLE
Secretary of Labor

For the Government
of the United States of America:

G. MENNEN WILLIAMS
Ambassador Extraordinary
and Plenipotentiary

Members of the Philippine Panel:

RAOUL M. INOCENTES
Chairman

S. TOMAS DE LA CRUZ
Vice Chairman

RUBEN F. SANTOS
Member

AMADO G. INCIONG
Member

JOSE DE VENECIA
Member

JOSE IRA PLANA
Member

CRISTETA A. FERIA
Member

PACIANO C. VILLAVIEJA
Member

FRANCISCO A. FUENTES
Member

APOLONIO V. CASTILLO
Member

Members of the United States Panel:

ROBERT L. KINNEY
Chairman

ALAN W. FORD
Member

AGREED MINUTES TO AGREEMENT BETWEEN THE GOVERNMENT OF
THE REPUBLIC OF THE PHILIPPINES AND THE GOVERNMENT
OF THE UNITED STATES OF AMERICA RELATING TO THE RE-
CRUITMENT AND EMPLOYMENT OF PHILIPPINE CITIZENS BY

THE UNITED STATES MILITARY FORCES AND CONTRACTORS OF
MILITARY AND CIVILIAN AGENCIES OF THE UNITED STATES
GOVERNMENT IN CERTAIN AREAS OF THE PACIFIC AND SOUTH-
EAST ASIA.

1. Article II, Paragraph 7 (a).

1. It is agreed that the holidays to be observed will be Philippine Independence Day (June 12) and the following national holidays of the United States:

New Year's Day
President's Day
Memorial Day
Independence Day
Labor Day
Veterans Day
Thanksgiving Day
Christmas Day

2. Overtime rates shall be paid for work in excess of 8 hours per day or 40 hours per week.

2. Article II, Paragraph 7 (d). Medical care shall be understood to include hospitalization, where necessary and appropriate.

3. Article II, Paragraph 7 (e). For purposes of computing severance pay employees paid from appropriated funds will receive credit for all prior continuous service with employers in offshore positions paid from appropriated funds unless severance pay has been paid for such previous service. An employee paid from non-appropriated funds will not receive credit for prior service in positions paid from other non-appropriated funds by employers in the host or home country.

4. Article II, Paragraph 7(g). In implementing this provision, it was acknowledged that the pertinent United States Workmen's Compensation law and regulations specify the application for off-shore employees of the Bureau of Employees' Compensation rate schedule for the Philippines or the rate schedule for the host country where employed, whichever is more favorable to the employee subject to adjustment of rates as authorized under said law.

5. Article II, Paragraph 7(i). Bachelor quarters will be considered adequate if the employee is advised at the time of recruitment of the exact nature of the available quarters to which he will be assigned and he accepts the position with that knowledge.

6. Article III, Paragraph 3. Direct hire employees of the U.S. Military Forces shall enjoy the right to collective bargaining, subject to the laws and established policies of the United States on the right to strike. The setting of wages and related benefits for such direct hire employees shall not be subject to collective bargaining, in accordance with the applicable United States laws and regulations, but such wages and benefits shall not in any event be less than the minimums established in this Agreement. It was noted by both Panels that Philippine laws and regulations impose similar limitations on government employees.

7. Article V, Paragraph 2.

1. The Representatives of the Government of the Philippines stated that Philippine law does not impose fees upon contractors, as defined in this Agreement, as a condition for approval of standard contracts for offshore employment.

2. The Government of the Philippines agrees to facilitate the approval or disapproval of such standard contracts of employment or reemployment within a reasonable period of time after they are submitted to the designated agency of the Government of the Philippines.

For the Government
of the Republic of the Philippines:

BLAS F. OPLE
Secretary of Labor

RAOUL M. INOCENTES
Chairman
Philippine Panel

S. TOMAS DE LA CRUZ
Vice Chairman
Philippine Panel

For the Government
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