

tion, No. 11 with Senator Sumulong as the sponsor.

The PRESIDENT. Consideration of Proposed Senate Resolution No. 11 is now in order. The Secretary will please read the resolution.

The SECRETARY:

RESOLUTION CONCURRING IN THE RATIFICATION BY THE PRESIDENT OF THE PHILIPPINES OF THE AGREEMENT ESTABLISHING THE ASIAN DEVELOPMENT BANK.

WHEREAS, an Agreement Establishing the Asian Development Bank was opened for signature at Manila, Philippines on December 4, 1965, and signed by the authorized representatives of the Philippines and other member countries;

WHEREAS, the Asian Development Bank is designed to foster economic growth and cooperation in the region of Asia and the Far East and to contribute to the acceleration of the process of economic development of the developing member countries collectively and individually;

WHEREAS, the Philippines was unanimously chosen as the site of the principal office of the Asian Development Bank;

WHEREAS, Article 56, par. 2, of the Agreement provides that "no tax shall be levied on or in respect of salaries and emoluments paid by the Bank to Directors, alternates, officers or employees of the Bank, including experts performing missions for the Bank, except where a member deposits with its instrument of ratifications or acceptance a declaration that such member retains for itself and its political subdivisions the right to tax salaries and emoluments paid by the Bank to citizens or nationals of such member";

WHEREAS, Article 64 of the Agreement provides that it shall be ratified and that the instrument of ratification shall be deposited with the Secretary General of the United Nations; and

WHEREAS, the President of the Philippines, having seen and considered the aforementioned Agreement, has found it desirable to ratify the same and has accordingly

submitted it to the Senate of the Philippines, for its concurrence as required by the Constitution of the Philippines; Now, therefore, be it

RESOLVED, That the Senate of the Philippines concur, as it hereby concurs, in the ratification by the President of the Philippines of the aforesaid Agreement Establishing the Asian Development Bank, subject to the reservation that the Philippines declares that it "retains for itself and its political subdivisions the right to tax salaries and emoluments paid by the Bank to citizens or nationals of the Philippines" pursuant to Article 56, par. 2, of the Agreement.

The PRESIDENT. The gentleman from Rizal has the floor.

SPONSORSHIP SPEECH OF SENATOR SUMULONG

Senator SUMULONG. Mr. President, Ladies and Gentlemen of the Senate:

In behalf of the Committee on Foreign Relations, I have the honor to submit for the consideration and approval of this Body the agreement establishing the Asian Development Bank.

As all the Members of the Senate well know, sometime in December of last year there was a conference held here in Manila, a conference of the plenipotentiaries of this Asian Bank, and it was the good fortune of the Philippines that Manila was chosen as the site of this Bank.

In that same conference on December 4, 1965, 27 countries signed the agreement, 27 countries of which the Philippines is one. These 27 countries were composed of 19 non-regional members, 19 Asian countries and 8 non-regional countries. We have been informed during our committee meeting that the number of signatories have increased to 31, 19 of which are countries and 12 are non-regional countries.

The agreement was opened for signature on December 4 of last year and the deadline for the affixing of signatures was one January 31 of this year. The deadline for ratifying this agreement is up to September 30 of this year.

March 10, 1966

SENATE

823

The charter of this Asian Bank provides that the Bank shall have an authorized capital stock of \$1 billion divided into 100,000 shares with a par value of \$10,000 each. The shares are divided into two classes: paid-in shares and callable shares. Every country that becomes a member of the Bank has to subscribe for shares and her subscription shall be one-half in paid-in shares and one-half in callable shares. Take for instance the Philippines. Our subscription is to the amount of \$35 million. One-half of that which is \$17-1/2 million will be in paid-in shares and the other half will be in what is known as the callable shares. Using the Philippines again as an example, I say that her paid-in shares of \$17-1/2 million have to be paid in five installments. The first installment, which will be one-fifth of one-half, will have to be paid within three months after the agreement has come into force and effect and the four other installments will have to be payable every succeeding year following the payment of the first installment. The subscription has to be paid 50 per cent in gold or in convertible currency and the remaining 50 per cent may be paid in local currency. In other words, in the case of the Philippines, we will have to pay one-half of our subscription in gold or in convertible currency and the other half we can pay in Philippine currency.

It is provided in the calendar that at least 60 per cent of the subscription should pertain to Asian countries, to countries of the region. Actually as reported to us during our committee meeting, \$50 million, that is 35 per cent of the total subscription, has been subscribed by non-regional countries, and so \$650 million shall be subscribed by Asian countries. So far, the total subscription for the Asian countries has been short by only \$3 million, but it is expected that this shortage may be covered before the deadline for the ratification of the instrument.

The purpose of the Bank is to foster and promote the development programs of the regional member countries, particularly the underdeveloped Asian countries who are members

of the Bank. The resources that will be used by this Bank will be the paid-in capital. This Asian Bank will borrow from outside sectors, both public and private, and the borrowed funds will also be used by the Asian Bank for financing development programs of the member countries and also productive private enterprises in the territories of the member countries here in Asia.

The administration of the Bank is placed in the hands of a board of governors, a board of directors, a president and one or more vice presidents. The board of governors will be composed of one representative from each member country, and since there are 31 member countries, the board of governors will be composed of 31 members. The board of directors, however, will be composed of 10 members. There will be 10 directors, out of which seven will be Asian or regional members and three will be from the non-regional member countries. May I say that the term of the directors is two years.

The president of the Bank will be elected by the board of governors for a term of five years and he should be a national of a regional member. In other words, the president of the Bank must be Asian. He shall be the chairman of the board of directors, but he will vote only when necessary to break a tie and he shall be the legal representative of the Bank.

Let me say a few words about the voting rights of the member countries because this was the point that we threshed out rather extensively when we asked Mr. Balmaceda and his assistants to testify before us in our committee meeting.

The voting rights of member-countries are divided into two: One is known as the basic votes, and every member-country has the same number of basic votes regardless of the size of her subscription. In this particular case of the Asian Development Bank, each member-country will have 806 basic votes, so that Ja-