

December 28, 1968

**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**

**UNITED STATES OF AMERICA**

**RECRUITMENT AND EMPLOYMENT OF PHILIPPINE CITIZENS BY U.S.  
MILITARY FORCES AND CONTRACTORS**

Agreement signed at Manila 28 December 1968;

Entered into force 23 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,<sup>[1]</sup> 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.

## **ARTICLE II**

### **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. On recognition of service, employees upon termination of employment, except when the termination is for cause, shall be given reconsideration for reemployment.

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.

(d) Health Insurance and medical and dental care: Medical and emergency dental care, or health insurance equivalent to that provided to Philippine employees on 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 deestablishment 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 facility 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 recognized 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 have the right to self-organization and to collective bargaining on the terms and conditions of employment.

2. Applicability of third country and the 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 and implementation of this Agreement, either government may request consultation with the other and two governments may, if the dispute is agreed to be of sufficient concern to justify formal review, institute 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 only 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 'n 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