

AGREEMENT FOR ECONOMIC AND TECHNICAL COOPERATION**BETWEEN****THE GOVERNMENT OF THE UNITED STATES OF AMERICA****AND****THE GOVERNMENT OF THE DEMOCRATIC REPUBLIC OF TIMOR-LESTE**

THIS AGREEMENT FOR ECONOMIC AND TECHNICAL COOPERATION ("Agreement") is between the Government of the United States of America ("Government of the United States") and the Government of the Democratic Republic of Timor-Leste ("Government of Timor-Leste") (collectively, the "Parties" or individually, a "Party").

WHEREAS, the Parties seek to cooperate and to support each other in activities which will contribute to the balanced and integrated economic, political and social development of Timor-Leste.

NOW, THEREFORE, in consideration of the rights and responsibilities set forth in this Agreement, the Parties agree as follows:

ARTICLE 1**SCOPE OF AGREEMENT**

1. This Agreement sets forth the general terms and conditions to be applied to economic, technical and related assistance projects or programs undertaken by the Parties in Timor-Leste.
2. The Parties may subsequently enter into subsidiary project or program agreements for the implementation of such assistance, the terms of which shall be agreed upon between the representatives of the appropriate ministry or ministries designated by the Government of Timor-Leste ("Competent Authority for Timor-Leste") and the representatives of the agency designated by the Government of the United States ("Competent Authority for

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the United States")(collectively "the Competent Authorities"). Such assistance shall be implemented in a manner agreed upon by the Competent Authorities. The Competent Authority for Timor-Leste, consistent with the laws of the Government of Timor-Leste, will be responsible for facilitating the issuance of visas and customs clearance for expatriate personnel, their household effects, and program or project supplies and materials necessary or appropriate for the implementation of such assistance.

ARTICLE 2

RESPONSIBILITIES OF THE GOVERNMENT OF THE UNITED STATES

The Government of the United States shall furnish, subject to applicable laws and regulations, such assistance as may be mutually agreed upon by the Competent Authorities.

ARTICLE 3

RESPONSIBILITIES OF THE GOVERNMENT OF TIMOR-LESTE

The Government of Timor-Leste shall take all necessary and appropriate steps to facilitate the proper implementation of this Agreement and subsidiary project and program assistance agreements provided hereunder, including, by way of example and not limitation:

1. Informing the Government of the United States of any laws or regulations that will affect this Agreement or any specific project or program arrangements hereunder;
2. Issuing expeditiously any import licenses required for goods, supplies, materials, equipment, or property imported in connection with this Agreement, and assist, where appropriate, in expediting their movement through port and transportation facilities and their clearance through customs; and
3. Issuing expeditiously any diplomatic, official or other types of visas required for individual employees and their families funded under any assistance being provided in connection with this Agreement.

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ARTICLE 4
THE SPECIAL MISSION

1. The Government of Timor-Leste shall receive a special mission ("Special Mission") from the Government of the United States. This Special Mission will implement and discharge the functions of the assistance activities provided for under this Agreement.
2. The Special Mission will enjoy the same privileges and immunities as are extended to the premises and property of the diplomatic mission of the United States, including for example, inviolability of premises, property, and archives and the privilege of free communication.

ARTICLE 5
IMMUNITIES

1. The Government of the United States and the Government of Timor-Leste agree that United States Government officials and employees (and their family members forming part of their household) who are present in Timor-Leste to perform work in connection with this Agreement shall enjoy the privileges and immunities equivalent to those accorded to U.S. Embassy personnel of comparable rank under the Vienna Convention on Diplomatic Relations of 1961.
2. The immunities provided under paragraph 1 are not applicable to citizens or permanent residents of Timor-Leste.
3. Without prejudice to the immunities provided under paragraph 1, it is understood that the personnel covered by that paragraph are obliged to respect the laws of Timor-Leste.

ARTICLE 6
PRIVILEGES AND EXEMPTIONS

In order to assure the maximum benefits to the people of Timor-Leste from the assistance to be furnished hereunder:

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1. Any goods, supplies, materials, equipment, property, services or funds introduced into or acquired in Timor-Leste by the Government of the United States, or by any contractor or other organization financed by the Government of the United States, for purposes of any program or project conducted as part of, or in conjunction with, the assistance provided hereunder, are exempt from any taxes on ownership or use of property and any other taxes, investment or deposit requirements, and currency controls in Timor-Leste. The import, export, purchase, use or disposition of any such goods, supplies, materials, equipment, property, services or funds in connection with such a program or project are exempt from any tariffs, customs duties, import and export taxes, taxes on purchase, rental or disposition of property, value-added taxes and other taxes or similar charges in Timor-Leste. No tax (whether in the nature of an income, profits, business, rent, value-added or other tax, duty, or fees of whatever nature, except fees for specific services rendered) shall be imposed by the Government of Timor-Leste in connection with work performed under this Agreement upon any contractor or other organization financed by the Government of the United States under the assistance furnished hereunder.

2. All personnel (and their families), except citizens and permanent residents of Timor-Leste, who the Government of the United States, or any agency thereof, employs (whether by direct hire, contract or other arrangement) or finances (whether by contract, grant or otherwise with any public or private organization) and who are present in Timor-Leste to perform work in connection with this Agreement:
 - (a) are exempt from income and social security taxes levied under the laws of Timor-Leste with respect to income derived from assistance programs;

 - (b) are exempt from taxes on residential leases and on the purchase, ownership, use, or disposition of personal movable property (including automobiles) intended for their own use; provided, however, that this exemption shall only apply to sales of personal movable property to persons with duty free privileges; and

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(c) are exempt within a period of six months following initial installation in Timor-Leste and within a period of three months following reinstallation after home leave, from the date of their arrival in Timor-Leste, from customs, import and export duties, and value-added taxes on all personal effects, equipment, and supplies imported into Timor-Leste for their own use, and from all other taxes, duties, and fees of whatever nature, except fees for specific services rendered; provided, however, that the limitations set forth in this subsection shall not apply to persons described in this Article who are diplomatic agents under the Vienna Convention on Diplomatic Relations of 1961, who shall be exempt from all taxes, duties, and fees, except those set forth in subsections (a) through (f) of Article 34 of such Convention.

3. Locally established independent contractors (including landlords and service providers) and citizens and permanent residents of Timor-Leste (including household servants) shall not be entitled to any of the privileges and immunities (including tax exemptions) described in this Article 6 or otherwise in this Agreement.

ARTICLE 7
INFORMATION AND PUBLICITY

1. The Government of Timor-Leste will communicate to the Government of the United States in a form and at intervals to be mutually agreed upon, including communicating about:

(a) projects, programs, and operations carried on under this Agreement (including a statement of the use of funds, materials, equipment and services provided there under); and

(b) technical assistance which has been or is being requested of other countries or international organizations.

2. The Parties will, in mutual consultation, make public in their respective countries periodic reports of the programs carried on pursuant to this Agreement. Such

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reports shall include information as to the use of funds, materials, equipment and services.

ARTICLE 8
FUNDS

1. Funds introduced into Timor-Leste for purposes of furnishing assistance hereunder shall be convertible into the currency of Timor-Leste at the legal rate of exchange most favorable to the Government of the United States at the time of conversion.
2. Both Parties will establish a procedure whereby funds allocated to or derived from any program or project assistance hereunder shall not be subject to any form of legal process, including but not limited to, attachment or seizure by any person or juridical entity, when the Government of Timor-Leste is advised by the Government of the United States that such legal process would interfere with the attainment of the objectives of program or project assistance hereunder.

ARTICLE 9
REVIEW, SUSPENSION AND TERMINATION

1. The Parties agree to consult promptly at the prior written request of either Party to discuss any matter concerning the interpretation or implementation of this Agreement, review any necessary or appropriate revisions to this Agreement, and consider other relevant aspects of the relations between the Parties.
2. All or any part of any assistance program or project provided hereunder may be terminated or suspended by either of the Competent Authorities, upon written notice to the other Competent Authority. Termination of such assistance under this paragraph may include the termination of deliveries of any commodities hereunder not yet delivered; provided, however, that termination or suspension of such assistance hereunder shall not affect irrevocable commitments to third parties.
3. This Agreement may be terminated 120 days after the receipt by either Party of a written termination notice from the other Party. Notwithstanding such termination,

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the provisions hereof shall remain in full force and effect with respect to assistance provided before the termination.

**ARTICLE 10
SETTLEMENT OF DISPUTES**

The two Parties shall strive to resolve amicably, under mutually agreed upon procedures, any differences relating to or arising out of the interpretation and execution of this Agreement or any specific program or project arrangement hereunder.

**ARTICLE 11
ENTRY INTO FORCE**

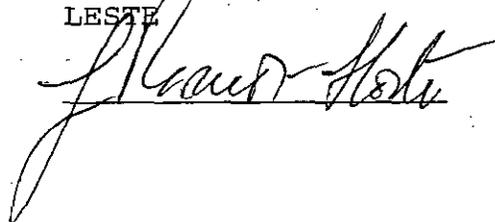
This Agreement shall enter into force, following signature, on the date of receipt of the latest diplomatic note confirming approval in accordance with internal laws and regulations of both Parties. Upon entry into force, the Agreement shall be effective from January 1, 2003, and shall remain in force until terminated by either Party in accordance with Article 9, paragraph 3.

IN WITNESS WHEREOF, the duly authorized representatives have signed this Agreement in Dili, Timor-Leste in duplicate, on this sixth day of June, 2003 in English and Portuguese and each text shall be regarded as equally authentic.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA


James Joseph Rees

FOR THE GOVERNMENT OF THE
DEMOCRATIC REPUBLIC OF TIMOR-
LESTE


J. Ramos Horta