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International Art: Indemnification (1975): Report 02

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 17, 1975

POSITION ON U.S. INDEMNITIES FOR INTERNATIONAL ART EXCHANGES

The questions and objections of the Office of Management and Budget on Part B, Title II of H.R. 7216 (entitled the "Arts and Artifacts Indemnity Act"), as introduced on May 21, 1975, have been presented previously in testimony and reports by several Executive Branch agencies. In general, we continue to hold these same views with regard to the bill.

If Congress determines Federal indemnification of art exchanges should be provided, the Office of Management and Budget strongly believes that the following principles should be adhered to:

- Indemnification authority should be clearly restricted to international exchanges which are carried out pursuant to an international (i.e. inter-governmental) agreement or to other international exchanges receiving Federal support.
- Since a number of Federal agencies may now and in the future require the ability to offer indemnities, authority to enter into indemnification agreements should be vested in the President who may then delegate his authority to the appropriate agencies by Executive Order.
- To the extent possible, indemnification agreements should be reciprocal; i.e., the U.S. should indemnify exhibits from other countries while on temporary display in the U.S., and other countries should indemnify exhibits from the U.S. when on temporary display abroad -- under no circumstances should the Federal Government provide indemnification for both sides of an exchange.
- There should be a statutory provision that the total amount of indemnification agreements outstanding at any one time should not exceed \$100 million or such lesser amounts as may be specified in annual appropriations acts.

- For any one exhibit, a Federal indemnity should cover, at a minimum, only losses or damages in excess of \$25,000.
- Any indemnification agreement should provide explicit assurances of adequate security and protection against damages.
- Eligible participants should not include any person, institution or association which is organized for profit-making purposes. Similarly, indemnities should not be provided for international exhibits displayed for profit.