

November 20, 2018

**EXCHANGE OF LETTERS ON PROJECT OF CONTAINER
INSPECTION EQUIPMENT**

(Translation)

Manila, November 20, 2018

H.E. Rey Leonardo B. Guerrero
Commissioner of Customs
The Government of the Republic of the Philippines

Your Excellency,

On behalf of the Government of the People's Republic of China, I have the honor to confirm that our two sides have, through friendly consultations, reached the following agreement:

1. To help the Philippine Government in enhancing the capability on anti-smuggling and narcotics control, and in promoting trade facilitation, the Chinese Government agreed to provide a batch of container inspection equipment to the Philippine Government, which includes (i) four (4) sets of mobile container/vehicle inspection system and (ii) two (2) sets of CT scan inspection equipment.
2. The Chinese side shall be responsible for the production, procurement of the materials and equipment, and shipment to the port to be designated by the Philippine side, through its implementing agency; and for the dispatch of the technicians to guide and conduct training on the installation, commissioning, and maintenance of the materials and equipment. The total expenses shall be disbursed under the grant as stipulated in the Agreement on Economic and Technical Cooperation between the Governments of the People's Republic of China and the Republic of the Philippines signed on November 20 , 2018.
3. The Philippine Government, through its implementing agency, shall be responsible for the processing of customs clearances, assumption of applicable duties and taxes that may be imposed in the Philippines relative to the arrival of the materials and equipment, delivery and transportation after the arrival of the materials and equipment; the installation of all materials and equipment and assignment of technical personnel to participate in the training from the Chinese side; assist in handling the entry and exit procedures for Chinese technicians; and take necessary measures to secure the Chinese personnel in carrying out work on site. The costs in undertaking the above responsibilities shall be borne by the Philippine side, through its implementing agency.
4. Upon the arrival of the materials and equipment, both sides shall jointly check and confirm the quality, quantity, and specification of the materials and equipment, and sign the handover certificate.
5. The specific matters shall be stipulated in separate agreement to be signed by the designated implementing agencies of the Governments of China and Philippines.