

## **AGREED MINUTES OF THE THIRD MEETING OF THE PHILIPPINES-MALAYSIA JOINT COMMISSION FOR BILATERAL COOPERATION**

1.The Third Meeting of the Philippines-Malaysia Joint Commission for Bilateral Cooperation was held in Manila from 29 to 31 May 1996.

2.The Philippine side was led by H.E. Domingo L. Siazon, Jr., Secretary of Foreign Affairs. The Malaysian side was led by H.E. Datuk Abdullah Ahmad Badawi, Minister of Foreign Affairs. The lists of both delegations appear as **Annexes A and B**.

3.The Leaders expressed satisfaction over the progress of Philippines-Malaysia bilateral relations during the past three years following the historic visit to Malaysia of H.E. President Fidel V. Ramos, and the return visit made by H.E. Prime Minister Dato Seri Dr. Mahathir Mohamad. The Leaders noted the considerable expansion of bilateral cooperation in the areas of trade and investments, consular matters and air services. The Leaders stressed the need to further enhance cooperation in agriculture, tourism and culture and commodities and agreed to identify new areas of cooperation. The Leaders emphasized the strategic partnership between the two countries, and underscored its critical role in promoting peace and stability in the region. The texts of their opening statements appear as **Annexes C and D**.

### **ADOPTION OF THE AGENDA**

4.The Meeting adopted the Agenda which appears as **Annex E**.

### **BUSINESS ARRANGEMENTS**

5.The Meeting was held in Plenary.

### **CONSULAR MATTERS**

6.The Philippine side welcomed the establishment of a Malaysian Consulate General in Davao City on 7 December 1995.

7.The Malaysian side expressed appreciation for the assistance provided by the Philippines in the establishment of the Consulate General in Davao City and expressed the hope that the Philippines will expedite establishing a Consulate General in East Malaysia.

8.On the issue of Filipino workers in Malaysia, the Philippine side:

(a)noted the progress in the discussions between concerned agencies on the procedures for the recruitment of workers from the Philippines for employment in Malaysia on government to government basis;

(b)expressed confidence that arrangements for domestic helpers and shop assistants could be arrived at; and

(c)emphasized the need for both sides to find acceptable solutions to outstanding issues that affect Filipino workers in Malaysia, such as the

issuance of Machine Readable Cards (MRC), the levy imposed on Filipino workers, certain benefits for the workers, and contract-substitution.

9.The Malaysian side took note of the points raised by the Philippine side and in response conveyed the following:

(a)Malaysia provides each foreign worker with an MRC for purposes of identification.

(b)Employers have been warned that it is an offence to withhold passports of foreign workers and action has been taken against employers who commit such offenses by charging them in court.

(c)Levy is payable by all foreign workers irrespective of nationality. The amount paid is used to offset income tax. However, Malaysia is prepared to look into this matter.

(d)Malaysia's Employment Act does not fully cover domestic workers. The Malaysian side will investigate the practice of some employers giving only two days off in a month to such workers. Such matters could be included in the terms and conditions of the contract of employment, an infringement of which would constitute a violation of the Employment Act.

(e)Filipino workers are currently allowed to be engaged as domestic maids and as chambermaids and bartenders in hotels or resort islands and major cities in Peninsular Malaysia. In Sabah, they are allowed to work in other sectors. No restriction is imposed on the employment of Filipinos in the professional, technical and managerial sectors.

(f) Malaysia will promptly notify cases of arrest and detention of Filipino workers to the Philippine Embassy through the Ministry of Foreign Affairs. Representatives of the Embassy would also be allowed to visit the detainees at the Immigration Depots upon request.

(g)The Malaysian Government appreciates the problems faced by f foreign workers, particularly those in the construction sector, and is looking into improving their working conditions.

(h) The presence of undocumented foreign workers in Sabah has become a security concern for Malaysia.

(i)The Malaysian Government appreciates the release of the 16 Malaysian fishermen arrested by the Philippine authorities, following due process of law.

10.The Meeting agreed on the need to hold regular informal consultations between the relevant agencies of the two sides to resolve any outstanding problem pertaining to Filipino workers and illegal immigrants.

## **TRADE AND INVESTMENTS**

11.The Meeting noted the increase in bilateral trade and investment. Both sides were confident that trade and investments could rise even further. The Meeting

looked forward to the early conclusion of the proposed Investment Guarantee Agreement between the Philippines and Malaysia. Both sides agreed that the Malaysia-Philippines Business Council, which had been launched in October 1995, in Kuala Lumpur is an effective mechanism for the expansion of bilateral economic relations.

12.The Philippine side:

(a)mentioned the need for the expansion of the list of export products through better information on the Malaysian market. To achieve this, the Philippine side encouraged the Malaysian Government to provide more information on the Malaysian market;

(b)informed the Malaysian side of the creation of a promotion unit at the national level to handle investment opportunities;

(c)informed the Malaysian side of the enactment of a law providing for the shift from the Home Consumption Value to Transaction Value as the method for customs valuation;

(d)informed the Meeting that an investment mission would soon be visiting Malaysia to clarify investment and land tenure laws; and

(e)requested the Malaysian side to consider lifting Malaysia's import licensing requirements, especially semi-finished products of iron or non-alloy steel, standard wire cables, and telephone switching apparatus.

13.The Malaysian side:

(a)sought the cooperation of the Philippine Government with regard to the non-tariff barriers that hinder access for Malaysian goods;

(b)informed the Meeting that there still existed over valuation of Malaysian exports to the Philippines by the Societe Generale de Surveillance (SGS);

(c)sought cooperation in expediting the process of obtaining approvals in regard to investments in southern Philippines; and

(d)welcomed the proposed investment mission and added that it would reciprocate by sending a similar mission to the Philippines.

14.The Meeting agreed to increase exchange of investment missions between the two countries so as to further enhance trade and economic cooperation.

### **AIR SERVICES**

15.The Philippine side welcomed Malaysian Airlines' (MAS) flights to Cebu and Davao from Kota Kinabalu. The Philippine side recalled Prime Minister Mahathir's invitation for equity participation from the other BIMP-EAGA members in the newly inaugurated SAEAGA Airlines to service BIMP-EAGA. The Malaysian side proposed that the matter of equity participation in SAEAGA be discussed within BIMP-EAGA.

16.The Malaysian side requested the Philippine side to consider such possible air routes such as Manila-Langkawi. The Philippine side indicated that it would refer the

matter to the appropriate agencies and the Philippine air carriers.

17.The Philippine side inquired from the Malaysian side about the possibility of Pacific East Asia Cargo (PEAC) carrying cargo between Manila and Penang and noted Malaysia's interest in extending cargo services to Cebu.

18.The Meeting agreed to hold consultations on the possible expansion of the Confidential Memorandum of

Understanding on air services.

### **COMMODITIES**

19.The Malaysian side emphasized the need to further enhance cooperation in the areas of plantation, processing and marketing of commodities, particularly palm oil and natural rubber. Malaysian companies are keen to invest in the plantation sector in the Philippines. However, the Malaysian side pointed out the various problems faced with regard to such investment, particularly the period of land tenure. In this regard, the Malaysian side requested the Philippine side to consider the extension of the land tenure period to beyond 50 years, in view of the length of time required for the development of large plantation areas. The Philippine side agreed to look into this matter further so as to encourage joint ventures in the plantation sector.

20.The Malaysian side requested that the high import duties on palm oil and palm oil products, cocoa, and cocoa products be reduced within the context of the implementation of the CEPT scheme. The Philippine side replied that the prevailing import duty on cocoa beans is 3% while the duties on cocoa products are between 3% to 10 %. Palm oil and palm kernel oil are in the Temporary Exclusion List and will be phased into CEPT by 1999. The duties on these items will be reduced to 3%-5% by January 2003. The Malaysian side expressed the hope for the acceleration of the tariff reduction.

21.The Malaysian side noted that the Philippines is importing substantial volume of logs for its wood-based industry and proposed that companies in both countries be encouraged to establish joint ventures in timber products and furniture. In this regard, the Meeting agreed to encourage greater exchange of information and contacts between businessmen, participation in specialized exhibitions, and two way trade and investment missions in timber and furniture manufacturing and in agro processing.

22.The Malaysian side inquired about the Philippine position regarding membership in the Association of the Natural Rubber Producing Countries (ANRPC) and the International Natural Rubber Agreement (INRA). The Philippine side informed the Malaysian side that the matter has been forwarded to the Philippine Congress in view of its budgetary implications.

### **COOPERATION IN TOURISM AND CULTURE**

23.The Meeting expressed the need for more active cooperation in the promotion of tourism through specific projects and agreed to the following:

- (a)study the possibility of undertaking joint tourism promotion efforts, particularly in the context of BIMP-EAGA and in the Turtle Islands Heritage Protected Area (TIHPA);

- (b) consumer advertising campaign in major market areas;
- (c) educational trips for travel agents and operators from the primary markets as a way of updating their product knowledge on both countries;
- (d) cooperative participation in both international and regional exhibition, fairs, conferences, seminars and workshops;
- (e) joint food and cultural promotions, and
- (f) organized joint educational tours for international journalists, and film crews with the objective of creating mass publicity on the tourist attractions in both countries.

24. The Malaysian side suggested the following areas of cooperation in culture and arts:

- (a) exchange of experts in theater management, choreography and scriptwriting;
- (b) sharing of experience and knowledge among students in performing arts of both countries, and
- (c) initiation of a Malay Studies programme in the institutions of higher learning in the Philippines.

The Philippine side welcomed the above suggestions.

25. The Meeting welcomed the establishment of linkages between Philippine and Malaysian educational institutions as exemplified by the twinning programs between the Mindanao State University (MSU) and Malaysia's International Islamic University.

26. The Philippine delegation expressed appreciation for the sponsorship by Malaysia of an International

Conference on Dr. Jose Rizal held in October 1995 in Kuala Lumpur.

### **COOPERATION IN AGRICULTURE**

27. The Meeting noted the Report of the First Meeting of the Joint Committee for Cooperation in Agriculture held in Kuala Lumpur from 26 to 27 June 1995, and welcomed efforts to promote cooperation in agricultural research, agri-business, fisheries, and livestock development, by establishing Technical Working Groups on Agriculture, Livestock and Fisheries.

28. The Meeting noted that the Technical Working Groups on Agriculture, Livestock and Fisheries will be convened by July 1996, and that the Terms of Reference of the Technical Working Group on Fisheries, as proposed by Malaysia, have already been accepted by the Philippines.

### **BIMP - EAGA**

29. The Meeting exchanged views on developments in the BIMP - EAGA, including the completion of the first cycle of the Senior Officials Meetings, the progress made in the 13 working groups, and the active involvement of the private sector through the East ASEAN Business Council.