

July 29, 1996

**No. 96ZC036Y033**  
**AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF  
THE PHILIPPINES AND THE GOVERNMENT OF THE PEOPLE'S  
REPUBLIC OF CHINA ON THE UTILIZATION OF THE MILITARY  
ENGINEERING EQUIPMENT ASSISTANCE LOAN PROVIDED BY  
CHINA TO THE PHILIPPINES**

With a view to further developing the friendly relations between the two Governments and their Armed Forces, the Government of the Republic of Philippines, hereinafter referred to as "the Philippine Side", and the Government of the People's Republic of China, hereinafter referred to as "the Chinese Side", and wishing to establish and promote cooperation between their defence establishments and Armed Forces, have concluded the following; AGREEMENT on the utilization of the military equipment assistance loan provided by China to the Philippines:

**CLAUSE I**

From the proceeds of the long-term and interest-free military equipment assistance loan from the Chinese Side in the amount of US THREE MILLION DOLLARS (US \$3,000,000.00), the Chinese Side agrees to supply the Philippine Side with military engineering equipment and spares and tools from the People's Liberation Army (PLA) for the use of the Armed Forces of the Philippines (AFP) and to support related activities, described in Annex "A" which forms an integral part of this Agreement.

**CLAUSE II**

The Chinese Side shall be responsible for transporting the engineering equipment and spares and tools, described in Annex "A", to the Port of Manila, Philippines, within six (6) to twelve (12) months after the AFP personnel shall have chosen, documented and accepted the said items in accordance with Clause V of the AGREEMENT, with costs for said transportation and allied expenses chargeable against the loan.

Both Sides shall designate their respective representatives to sign the TRANSFER CERTIFICATE upon the arrival of the said equipment, spares and tools in the Port of Manila.

The Philippine Side will, prior to the first (1st) shipment of the said equipment, spares and tools, issue the END-USER CERTIFICATE.

**CLAUSE III**

The guarantee period for the China-supplied engineering equipment, spares and tools is one (1) year starting from the date of signing the TRANSFER CERTIFICATE of each arrival of the consignment. During the guarantee period, the Chinese Side shall be obligated to remedy all the defects of the equipment, spares and tools arising from inconformity with the specifications, to include replacement in whole or in part of the affected equipment, spare part or tool.

**CLAUSE IV**