

**MEMORANDUM OF UNDERSTANDING BETWEEN THE EUROPEAN  
COMMUNITY AND THE DEPARTMENT OF TRADE AND INDUSTRY  
OF THE PHILIPPINES ON THE EC - PHILIPPINES ECONOMIC CO-  
OPERATION PROGRAMME ON STANDARDS, QUALITY AND  
CONFORMITY ASSESSMENT**

**MEMORANDUM OF UNDERSTANDING**

The Commission of the European Communities, hereinafter referred to as "THE COMMISSION", acting for and on behalf of the European Community, hereinafter referred to as "THE COMMUNITY"

of the one part, and

the Department of Trade and Industry represented by Secretary C. B. Bautista, acting for and on behalf of the Republic of the Philippines, and hereinafter referred to as "THE PHILIPPINES"

of the other part,

HAVE AGREED AS FOLLOWS :

The Programme referred to in Article 1 below shall be executed and financed out of the budget resources of THE COMMUNITY in accordance with the provisions set out in this Memorandum. The technical, legal, and administrative framework within which the Programme referred to in Article 1 below shall be implemented is set out in the General Conditions annexed hereto, as supplemented by the terms of the Technical and Administrative Provisions, which apply specifically to the Programme and prevail over the General Conditions in the event of conflict. Any reference in the General Conditions to the Project is meant to be to the Programme. The leading implementing organisation in the Philippines will be the Department of Trade and Industry, Bureau of Product Standards.

**ARTICLE 1  
ATURE AND SUBJECT**

As part of its 1996 economic co-operation, THE COMMUNITY shall contribute, by way of grant, towards the financing of the following Programme :

Programme Number: ALA/96/24

Title: EC - Philippines Economic Co-operation Programme on standards, quality and conformity assessment

hereinafter referred to as "THE PROGRAMME".

**ARTICLE 2  
COMMITMENT OF THE COMMUNITY**

The commitment of THE COMMUNITY is fixed at 2.665 Mecu (two million six hundred and sixty five thousand ecu), hereinafter referred to as "THE EC GRANT".

### **ARTICLE 3 ADDRESSES**

Correspondence relating to the performance of this Memorandum, stating the PROGRAMME'S number and title, shall be addressed to the following:

for THE COMMUNITY :

Commission of the European  
Communities,  
Directorate-General for  
External Relations, DG IB  
Ruedela Loi 200, B -1049  
Brussels, Belgium.

Telex: 21877 COMEU B

Facsimile: (32.2)296.72.41

for THE PHILIPPINES :

Bureau of Product Standards  
Department of Trade and  
Industry  
361 Sen. Gil Puyat Avenue  
Makati City, Philippines

Telephone n° (632) 8904965

Facsimil: (632) 8904926  
(632)8905131

### **ARTICLE 4 NUMBER OF COPIES**

This Memorandum is drawn up in the English language in three copies each being equally valid.

### **ARTICLE 5 ENTRY INTO FORCE**

This Memorandum shall enter into force on the date that it has been signed by both parties. The Annexes shall be deemed an integral part of this Memorandum.

This commitment is subject to an expiry date, after which any balance of funds remaining available under THE EC GRANT shall be automatically cancelled. THE COMMISSION may however, depending on the circumstances, agree to an appropriate extension of this expiry date.

For the present Programme, the expiry date of THE EC GRANT is hereby set at 31 December 2000 (Thirty-first December Two thousand).

Done at Brussels

Done in Makati City

this 19-01- 1998 day of

this 12th day of February 1998

(Sgd.)

(Sgd.)

THE COMMUNITY

THE PHILIPPINES

**ANNEX I  
GENERAL CONDITIONS**

**FOR THE IMPLEMENTATION OF OPERATIONS OF ECONOMIC CO-OPERATION**

**TITLE 1 FINANCING OF PROGRAMME**

**ARTICLE 1  
COMMITMENT OF THE COMMUNITY**

The commitment of the European Community (hereinafter referred to as THE COMMUNITY) shall determine the limit within which commitment and execution of payments shall be carried out, within the framework of duly approved contracts and estimates.

**ARTICLE 2  
COMMITMENT OF THE PARTNER COUNTRY**

Where programme execution depends on implementation of THE PARTNER, as laid down in Annex II, the support of the EC, in accordance with the provisions laid down in Annex II. shall be conditional upon performance of the obligations incumbent on THE PARTNER.

**TITLE II CONTRACTS**

**ARTICLE 3  
CONTRACTS UNDER EC FINANCING SHALL BE DRAWN UP, NEGOTIATED  
AND CONCLUDED BY THE COMMISSION.**

**TITLE III EXECUTION OF CONTRACTS**

**ARTICLE 4  
ESTABLISHMENT AND RIGHT OF INSTALLATION**

Natural and legal persons taking part in contracts shall benefit, under all equal conditions, from a provisional right of residence and installation if the nature of the contract so justifies.

Natural and legal persons who have established themselves for the purpose of executing the services shall enjoy the absolute freedom, if they so desire, to re-export materials imported by them into the state of THE PARTNER for the purpose of execution.

The privileges, immunities and facilities of EC experts assigned to THE PROGRAMME will be similar to those that are normally granted to World Bank technical assistance personnel.

**ARTICLE 5  
TAX REGULATIONS**

Taxes, customs and import duties shall be excluded from the financing of THE COMMUNITY.

**TITLE IV COLLABORATION BETWEEN THE COMMISSION AND THE PARTNER**

## **ARTICLE 6**

### **FOLLOW UP OF EXECUTION**

THE COMMUNITY shall have the right to send its own agents or duly authorised representatives to carry out any technical or financial mission or audit that it considered necessary to follow the execution of THE PROGRAMME financed with the EC contribution. The modality of implementation and reporting throughout the period of the programme execution and after completion thereof will follow the provisions laid down in Annex II.

## **TITLE V GENERAL AND FINAL PROVISIONS**

### **ARTICLE 7**

#### **RENUNCIATION BY THE PARTNER**

THE PARTNER may, with the agreement of THE COMMISSION, renounce in whole or in part the execution of THE PROGRAMME. An exchange of letters shall set out the details of the said renunciation.

### **ARTICLE 8**

#### **AMENDMENT**

Any amendment to the programme must be agreed between the parties hereto and shall only be adopted after the exchange of letters between the parties.

### **ANNEX II**

#### **TECHNICAL AND ADMINISTRATIVE PROVISIONS**

Partners	::	Programme's participants in the Republic of the Philippines and the European Community
Programme Title	:	EC - Philippines Economic Co-operation Programme on standards, quality and conformity assessment
Programme Number	:	ALA/96/24

#### **TECHNICAL AND ADMINISTRATIVE PROVISIONS**

Title:	EC/Philippines economic co-operation programme on standards, quality and conformity assessment.
Country:	Philippines
Reference:	ALA/96/24
Total Cost:	3.27 MECU
EC Contribution:	2.665 MECU
Type of financing:	Joint co-financing
Budget Line	B7-301

## **I. SUMMARY**

The programme is designed to enhance commercial exchanges between the EU and the Philippines, and to facilitate further economic co-operation, by the adoption of compatible structures, standards and conformity assessment procedures. The

proposed programme aims at the strengthening of the quality infrastructure and at encouraging the exchange of good quality practices between economic sectors of the EU and Philippines, contributing to the development of long term relations,

A separate regional programme labelled "EC/ASEAN regional economic co-operation programme on standards, quality and conformity" complements the present one between the EC and the Philippines. The aim of the EC/ASEAN programme is to assist in the development of an ASEAN internal market with free movement of goods and open to international trade.

## II. BACKGROUND

The EC started implementation of its first co-operation with ASEAN countries in the field of standards and conformity assessment in 1989, with ISQAP, the Industrial Standards and Quality Assurance Programme,

At the end of the programme, June 1994, an independent evaluation took place. It stressed the importance of a continued co-operation with ASEAN in this field and the utility of underlining the economic interest of such a cooperation in the future. The evaluation recommended to target more balanced relations which take into account the ASEAN as well as the EU interests and to build stable relations between the public and private sectors of both regions.

The design and content of this EC/Filipino programme takes into account these, considerations as well as the needs expressed by the interested parties (public and private sectors) of the Philippines and of the European Union, which have been consulted for its preparation.

## III. OBJECTIVES

The general objective of the economic co-operation programme is to enhance commercial exchanges between the EU and the Philippines, through standardisation, conformity assessment procedures and quality structures and practices.

The programme will contribute to the achievement of economic goals of mutual interest. It will be aimed at:

- strengthening of National quality organisations and practices, compatible with the EU ones and with the ASEAN regional approach, paving the way towards Memoranda of Understanding between EU and Filipino organisations;

- promoting an extended dialogue between interested economic sectors of the EU and the Philippines on quality best practices;

- creating stable and long term relations between institutions and private sector organisations of the EU and the Philippines.

## IV PROGRAMME DESCRIPTION

### IV.1 LOCATION, BENEFICIARY AND SCHEDULE

The programme will operate in the Philippines and in the European Union. The beneficiaries are the programme's participants and partners in these two regions. The programme is planned to be implemented over a period of three years.