

March 11, 1996

**AGREEMENT BETWEEN THE GOVERNMENT OF THE KINGDOM OF
BELGIUM AND THE GOVERNMENT OF THE REPUBLIC OF THE
PHILIPPINES RELATING TO THE GRANTING OF FINANCIAL
ASSISTANCE BY THE GOVERNMENT OF THE KINGDOM OF
BELGIUM TO THE GOVERNMENT OF THE REPUBLIC OF THE
PHILIPPINES**

The Government of the Kingdom of Belgium, hereinafter referred to as "the Belgian Government" and the Government of the Republic of the Philippines, hereinafter referred to as the "Government of the Philippines";

Deeming it desirable to favour the friendly relations and the trade expansion between ; Belgium and the Philippines;

Have agreed as follows:

ARTICLE I

Payment

1.The Belgian Government shall grant to the Government of the Philippines a financial assistance in the form of a non-interest bearing loan amounting to 131.670.000 (one hundred and thirty one million six hundred and seventy thousand) Belgian francs.

2.This financial assistance shall be made available to the Government of the Philippines through one payment in Belgian francs into a non-interest bearing account in the name of the Government of the Republic of the Philippines, Department of Finance, opened with the National Bank of Belgium.

This payment will be affected as soon as possible after the formalities as provided for under article 7 of the present Agreement have been complied with.

ARTICLE 2

Repayment

1.The loan granted under this Agreement shall be repaid by the Government of the Philippines to the Belgian Government in nineteen installments, each amounting to 6.550.000 (six million five hundred and fifty thousand) Belgian francs, and one installment amounting to 7,220.000 (seven million two hundred and twenty thousand) Belgian francs.

2.Such repayments shall be effected in Belgian francs in Brussels to the National Bank of Belgium in its capacity as treasurer to the Belgian State; they shall be effected annually on 31stst December of each year, beginning from 31stst December 2006.

ARTICLE 3

Assignment of the loan

The financial assistance provided under this Agreement shall be used entirely by the Government of the Philippines for the purchase of Belgian capital goods or industrial equipment and services related thereto.

The technical procedures for implementing the provisions of this article shall be transported in equal proportions under bills of lading issued by, on the one hand, a member of the Union of Belgian shipowners, i.e., either an officially recognized Belgian shipowner or an officially recognized Belgian shipowner acting as a "ship operator" and doing so only under his own responsibility, and on the other hand, shipowners and "ship operators" from the Republic of the Philippines.

ARTICLE 4

The goods purchased under the terms of the present Agreement shall be transported in equal proportions under bills of lading issued by, on the one hand, a member of the Union of the Belgian Shipowners i.e. either an officially recognized Belgian shipowner or an officially recognized Belgian shipowner acting as a "ship operator" and doing so only under his own responsibility, and on the other hand, shipowners and "ship operators" from the Republic of the Philippines.

ARTICLE 5

Payments effected in accordance with this Agreement for settlement of the loan shall be free of all existing or future charges or taxes whatsoever for which such payments could be liable under any legal provisions or regulations whatsoever of the Kingdom of Belgium and the Republic of the Philippines.

ARTICLE 6

The National Bank of Belgium and the Secretary of Finance of the Philippines, acting as agents of their respective Governments, shall by joint agreement take the technical measures required for the implementation of the provisions of this Agreement.

ARTICLE 7

The provisions of this Agreement shall become effective at a date to be determined by an exchange of notes establishing that the formalities required by the national legislation of each of the Contracting Parties for the implementation of this Agreement have been complied with.

In witness whereof the undersigned, duly empowered to this end, have appended their signatures to this Agreement.

Done in Manila on 11 March 1996
in two originals in the English language.

FOR THE GOVERNMENT OF THE
REPUBLIC OF THE PHILIPPINES:

(Sgd.) ROBERTO F. DE OCAMPO
Secretary of Finance

FOR THE GOVERNMENT OF THE
KINGDOM OF BELGIUM:

(Sgd.) KAREL PINXTEN
Minister of Agriculture and Small
and Medium-sized Enterprises

Manila, 11 March 1996

Your Excellency,

With a view to implementing the provisions of Article 3 of the Agreement reached today ; between the Government of the Kingdom of Belgium and the Government of the Republic of the Philippines, I have the pleasure in suggesting that the following technical procedure be adopted:

1.The sum of one hundred and thirty one million six hundred and seventy thousand Belgian francs made available to the Philippines under Article I (hereinafter referred to as "sum in Belgian francs") shall be used entirely and exclusively for payments in favour of persons and firms whose trading activity is located in Belgium, for the purchase of Belgian capital goods or industrial equipment and services related thereto, effected in compliance with specific performance of contracts for which import licenses, where required, have been issued by the Government of the Republic of the Philippines, after the date of signature of the above-mentioned Agreement.

2.The Government of the Republic of the Philippines shall forward to the Ministry of Foreign Affairs, Foreign Trade and Development Cooperation of Belgium photocopies of the contracts against which payments are to be effected by means of the sum in Belgian francs.

These contracts shall include the following information:

a)the date of issue of the import license when such a document is required;

b)the nature of the services provided;

c)the nature of the goods delivered as well as their leading number on the Philippine customs tariff; and

d)the Belgian origin of the goods.

The above-mentioned Ministry may request the Government of the Republic of the Philippines to supply such additional information as may be necessary to ascertain whether the payments due for the performance of the relevant contracts are in conformity with the objectives of the Agreement.

2.In accordance with Article 6 of the Agreement, the technical measures required for the execution of its provisions will be taken, by joint agreement between the National Bank of Belgium and the Republic of the Philippines, Secretary of Finance or his duly authorized representative, on the initiative of the former.

As soon as these technical measures will have been taken, the Republic of the Philippines, Secretary of Finance, or his duly authorized representatives, may forward to the National Bank of Belgium irrevocable payment orders against the

sum in Belgian francs in respect of payments provided for by the above-mentioned contracts.

The execution of these payment orders shall be subordinated to the formal approval by the Belgian Ministry of Foreign Affairs, Foreign Trade and Development Cooperation.

4.If the sum in Belgian francs were to be used, in total or in part, as a down payment in ; the framework of the commercial and financial contract, it shall be secured by a bank guarantee of refunding issued on instruction of the Belgian supplier. The Government; of the Republic of the Philippines will see to it that the commercial contract stipulates that realization of the said guarantee of refunding, for whatever reason, will take the shape of a payment to the credit of the account opened in the name of the Republic of the Philippines held with the National Bank of Belgium. The bank guarantee of refunding shall explicitly mentioned this called-for procedure.

I should be grateful if you would kindly confirm that your Authorities agree to these provisions.

Please accept, Your Excellency, the assurances of my highest consideration.

FOR THE GOVERNMENT OF
THE
KINGDOM OF BELGIUM:

(Sgd.) **KAREL PINXTEN**

Minister of Agriculture and
Small and
Medium-sized Enterprises

The Honorable Roberto F. de Ocampo
Secretary of Finance

Annex B

Manila, 11 March 1996

Your Excellency,

I have the honour to acknowledge the receipt of your letter of today's date which reads as follows:

1.The sum of one hundred and thirty one million six hundred and seventy thousand Belgian francs made available to the Philippines under Article 1 (hereinafter referred to as "sum in Belgian francs") shall be used entirely and exclusively for payments in favour of persons and firms whose trading activity is located in Belgian, for the purchase of Belgian capital goods or industrial equipment and services related thereto, effected in compliance with specific performance of contracts for which import licenses, where required, have been issued by the Government of the Republic of the Philippines, after the date of signature of the above-mentioned Agreement.