BILATERAL

AGREEMENT BETWEEN THE REPUBLIC OF THE PHILIPPINES AND THE REPUBLIC OF INDONESIA ON BORDER TRADE

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Note; The Agreement entered into force, July 29, 1971.

Reference: This Agreement is also published in X DFA TS No. 1, p. 65,

The Government of the Republic of the Philippines and the Government of the Republic of Indonesia,

DESIRING to promote, develop and strengthen trade relations and enhance economic development in the Border Area of the two countries in pursuance of Article II of the Basic Agreement on Economic and Technical Cooperation entered into and signed by the two countries on 30th May 1969,

AND RECOGNIZING the need to establish a procedure which would facilitate the movement of goods between the Border Area of the two countries as envisaged in the Trade Agreement concluded by the Government of the Philippines and the Government of Indonesia on 30th May 1969, and Chapter IX of the joint Directives and Guidelines on the implementation of the Immigration Agreement and Border Crossing Agreement between the Republic of Indonesia and the Republic of the Philippines signed on 14th September 1965 have agreed as follows:

ARTICLE I
1. Border Trade between the Philippines and Indonesia shall be defined efo movement of goods between the Border Area specified in Article II of this Agreement.

2. The implementing details lor this border trade shall be embodied in a Protocol which forms an integral part of this Agreement.

ARTICLE II
1. For the purposes of this Agreement, border trade is permitted to be carried on between the following areas:

a) As respects Indonesia: Tangir-Talaud Island and District of Nunukan
b) As respects the Philippines: Balut Island Group and Tawi-Tawi Island Group
c) Such other areas as may be agreed upon by the Parties hereto from time to time.

ARTICLE III
1. No person shall be permitted to engage in any border trade unless such person is a national and resident in a Border Area of either country and in possession of the following documents:

a. A valid national passport or special travel document to be agreed upon by the parties hereto, and
b. A border trade permit issued by each of the Contracting Parties.

2. Persons engaged in trade under this Agreement shall be allowed to enter, travel and stay freely within the Border Area of either country for a period not exceeding thirty (30) days subject to the laws and regulations existing in each country during the validity of this Agreement.

ARTICLE IV
The crew members of the carrier used in the border area who are not qualified holders of Border Trade Permits,

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are not allowed to bring goods or commodities of any kind, except goods for their personal use during their voyage.

ARTICLE V
The entry and exit of goods which are prohibited by the laws of the Contracting Parties shall not be allowed. For this purpose, there shall be an exchange of specified lists of prohibited importations and/or exportations for the guidance of the appropriate authorities of both countries.

ARTICLE VI
The passport, visa and immigration regulations in force in the territory of each of the Contracting Parties shall be applicable to all other cases of travel not covered by the present Agreement.

ARTICLE VII
This Agreement shall amend, modify or repeal, the pertinent provisions of the Agreement on Immigration and Border Crossing between the Republic of the Philippines and the Republic of Indonesia signed on 4th July 1956 and the Joint Directives and Guidelines on the Implementation of the Agreement on Immigration and Border Crossing signed on 14th September 1965 insofar as they refer to movement of goods for business purposes between the two countries.

ARTICLE VIII
This Agreement shall be valid for a period of one year. In case neither of the Contracting Parties shall have given written notice six months before the expiration of said period of its intention to terminate this Agreement, it will automatically be extended each time for another period of one year. The provisions set forth in this Agreement shall come into force provisionally on the day of the signing of this Agreement. They will definitely come into force after an exchange of notes to that effect between the two Governments and shall remain in force for the period of one year following the exchange of notes.

IN WITNESS WHEREOF, the undersigned representatives duly authorized by their respective Governments, have signed this Agreement.

DONE and signed in two original copies each in the English language, both texts equally authentic, in the City of Manila on the 29th day of July 1971.

FOR THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES:

FOR THE GOVERNMENT OF THE REPUBLIC OF INDONESIA:

(Sgd.) Hon. ELISEO V. VILLAMOR

(Sgd.) Mr. MOHAMMAD SISMAN

Undersecretary of Commerce and Chairman, Phil. Panel to the RP-RI Joint Commission on Economic and Technical Cooperation

Secretary General, Department of Trade and Chairman, Indonesian Panel to the RI-RP Joint Commis-sion on Economic and Technical Cooperation

(Sgd.) Hon. MODESTO FAROLAN

(Sgd.) Lt. Gen. KUSNO UTOMO

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Philippine Ambassador to Indone-sia and Co-Chairman, Philippine Panel to the RP-RI Joint Com-mission on Economic and Techni-cal Cooperation

Indonesian Ambassador to the Philippines and Co-Chairman, In-donesian Panel to the RI-RP Joint Commission on Economic and Technical Cooperation.

PROTOCOL
PURSUANT to Article I, paragraph 2 of the Agreement on Border Trade between the Government of the Republic of the Philippines and the Government of the Republic of Indonesia signed on July 29, 1971, (hereinafter referred to as "the Agreement") the undersigned plenipotentiaries have on the same date agreed on the following implementing details:

1. Registration of Traders

a. Filipino nationals residing in the border area specified under Article II of the Agreement, who wish to engage in trade under the Agreement must register with the appropriate local authorities which will issue, after proper screening, a border trade permit valid for a period of one (1) year, unless sooner revoked for cause.

b. Indonesian nationals residing in the border area specified under Article II of the Agreement who wish to engage in trade under the Agreement must register with the appropriate local authorities which will issue, after proper screening, a border trade permit valid for a period of one (1) year, unless sooner revoked for cause.

2. Ports open for Trading

a. Ports in the Philippines through which border trade can be conducted are the following:

Balut Island:

Mabila

Tawi-Tawi

Bongao

b. Ports in Indonesia through which border trade can be conducted are the following:

Sangir-Talaud:

Tahuna, Marore, Miangas

Nunukan District:

Nunukan

c. Each Contracting Party may designate from time to time other ports for the purpose of trade between the border areas of the two countries under the Agreement.

d. The foregoing ports shall serve as checking points for the purpose of the Agreement.

3. Conduct of Trade

a. Trade between the two countries in areas where no banking facilities are available shall be subject to the following conditions:
(i) The value of goods which may be carried by any person as authorized in Article III of the Agreement, shall not exceed FOUR HUNDRED (P400.00) Pesos or its equivalent in Rupiahs per single trip. In case of sea vessel, the value of goods carried by one kumpit or boat shall not exceed the total amount of FOUR THOUSAND (P4,000.00) Pesos or its equivalent in Rupiahs per single trip.

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(ii) The whole proceeds due to the registered trader shall be utilized to purchase goods domestically produced in the two countries which are not restricted or prohibited in accordance with the Agreement.

b. Trade between the two countries in areas where banking facilities are available shall be conducted in accordance with the respective regulations shall be effected in convertible currencies acceptable to both parties,

4. Carriers

Only vessels registered to operate in the border area shall be permitted as carriers under the Agreement and the crew of such vessels shall be limited to nationals of the Contracting Parties who are in possession of a Seaman's Identification Card issued by each of the Contracting Parties. 5. Goods to be Traded Goods which are the subject of this border trade shall be:

a. As respects Indonesia, agricultural and other products which are originally produced within the Indonesian border area, except mineral oil and ores.

b. As respects the Philippines, goods required for daily use or for consumption including appliances, tools and equipment needed within the Indonesian border area.

6. Loading and Unloading of Cargo

a. The Master of an authorized carrier under the Agreement shall give written notice to the customs authorities of the two countries at the port of loading of his intention to clear shipment of cargo at least twenty- four (24) hours before actual loading, and shall submit the necessary shipping documents. Failure to comply with this requirement shall be a cause for the non-clearance of such carrier or the revocation of the permits for which such carrier was utilized.

b. A trader under the Agreement must submit at the port of discharge a certificate declaring the kind, quality, quantity and value of the goods to be traded, issued by the appropriate customs authorities at the port of loading.

7. Customs Formalities

a. The boarding, supervision and security of loading and unloading of cargoes under this trade privilege will be the responsibility of the Customs authorities of the Contracting Parties which should also certify to the correctness of the value, quantity, weight and proper declaration of goods exported and imported.

b. Any excess over the allowable amounts specified in the above Section 3. Item a (i) shall be withheld and disposed of by the Customs authorities of the two countries in accordance with the laws of the Contracting Parties.

c. The release of any cargo from the Customs areas shall be made only after full payment of taxes and duties due thereon has been made.

d. No vessels owned or controlled by a citizen of the other Contracting Party of whatever tonnage, shall be allowed entry into the ports and harbors of the other unless the following documents are presented:
1. A valid certificate of registry of such vessel;

2. A valid port clearance; and

3. Such other documents as maybe required under the laws of either Contracting Party.

e. The Customs authorities of both Contracting Parties shall not permit any vessel owned or controlled by citizens of the other Contracting Party to take out from the border area of the other any goods or merchandise which are not authorized or are in excess of the quantities and/or values stated in the Customs clearance.

f. The Customs authorities of each of the two Contracting Parties will inform without delay the Customs representatives of the other party as stated in item h of this section about the arrival and departure of vessels owned or controlled by citizens of both the other party. Such information may include the name, tonnage, type and owner of vessel, inward and outward cargo loaded or unloaded, crew members, passengers and other persons disembarked or on board, and any other relevant data which may be requested by said Customs representatives.

g. There will be an exchange of information and intelligence between the Customs authorities of the two Contracting Parties including the values of merchandise, relating to illegal traffic of goods into each other's territory.

h. In order to more effectively achieve the objectives of the Agreement, both Contracting Parties may maintain a Customs complement in every designated station with representatives of other Contracting Party in each station as may be necessary.

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