BILATERAL

AGREEMENT ON PROCESSING ARRANGEMENTS AND UTILIZATION OF EXCESS CAPACITY IN CERTAIN INDUSTRIES BETWEEN THE PHILIPPINES AND INDONESIA

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Note: The Agreement entered into force, May 30, 1969.

Reference: This Agreement is also published in VIII DFA TS No. 1, p. 73,

COGNIZANT of the mutual benefits arising from close cooperation in processing ventures and from the full utilization of excess capacities that now or in the future may exist in certain industries in both countries,

REFERRING to the BASIC AGREEMENT ON ECONOMIC AND TECHNICAL COOPERATION between the Government of the Republic of Indonesia and the Government of the Republic of the Philippines signed on the 30th day of May 1969, the Governments of the Republic of the Philippines and the Republic of Indonesia have agreed as follows:

ARTICLE 1

The appropriate agencies of both Governments shall, from time to time, hold consultations for the purpose of exploring and determining specific pro-jects for the processing of goods and commodities, to be selected on a case-to-case basis.

ARTICLE 2

Immediately after a specific processing project has been agreed upon, both Governments shall take concrete measures to arrange the negotiation and conclusion of a processing contract between the appropriate Philippine and Indonesian entities where one country supplies the raw materials and articles and the other undertakes the processing thereof. In accordance with die applicable laws, rules and regulations of both countries, such contract shall set forth the terms and conditions including, among others, prices and mode of payment for that particular processing arrangement.

The finished or processed products shall be re-exported from the proces-sing country to any such place as may be designated by the country from which the processed raw materials or articles are supplied. Title to the finished products shall remain with the supplier of the raw materials and such finished products shall be re-exported to such place indicated by the country holding title thereto.

ARTICLE 3

Each Government shall extend priority to the entities or nationals of the other in the matters covered by this Agreement

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ARTICLE 4

This Agreement shall come into force provisionally on the day of the signing of this Agreement. It definitely come into force after an exchange of notes to that effect between the two Governments and shall remain in force for a period of one year following the exchange of notes.

This Agreement shall be automatically extended from year to year unless either of the contracting parties gives written notice of its intention to termi-nate this agreement three months before the expiration date.

IN WITNESS WHEKEOF, 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 equally authentic, in the City of Manila on die 30th day of May 1969.

FOR THE GOVERNMENT OF THE FOR THE GOVERNMENT OF

PHILIPPINES: INDONESIA:

(Sgd.) ROMAN A. CRUZ, JR.

(Sgd.) MOHAMMAD SISMAN

Undersecretary of Finance and

Secretary General for Trade and

Chairman, Philippine Panel to the

Chairman, Indonesian Panel to the

RP-RI Joint Commission on

RI-RP Joint Commission on

Economic Matters

Economics Matters

DEPARTMENT OF FINANCE

Manila, 30 May 1969

Excellency:

I have the honor to refer to our conversations concerning the difficulties arising from the previous arrangement providing for the processing of raw cotton, supplied by Indonesia from the United States Public Law 480 Pro-gram, into yams by Philippine textile mills, and to paragraph 4 of the Djakarta Memorandum signed in Djakarta on August 27, 1966, which referred to this problem as follows:

"4. Cotton Processing.

With regard to cotton processing, the two Governments noted the difficulties arising from the previous

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arrangement and have agreed to take measures to thresh out the problems. The conclusion of future contracts for the processing of raw cotton into yarn, procured under United States Public Law 480, or from other sources, will be taken into serious consideration by both Governments."

I wish to inform Your Excellency that my Government has been assisting and urging the private parties concerned to arrive at a settlement of the matter involved and to assure that the Philippine Government will continue to press for a satisfactory resolution of the problem, making due representation with the Philippine parties concerned.

It is my understanding that the Indonesian Government will give serious consideration to the conclusion of future contracts for the processing of raw cotton procured under United States Public Law 480, or from other sources.

Your Excellency's confirmation of the foregoing will be considered as the mutual understanding of our two Governments on this matter.

Accept, Excellency, the assurances of my highest consideration.

(Sgd.) ROMAN A. CRUZ, JR.
Chairman, Philippine Panel

His Excellency

MOHAMMAD SISMAN

Chairman, Philippine Panel

INDONESIAN EMBASSY

Manila, Philippines

Manila, 30 May 1969

Excellency:

I have the honor to acknowledge receipt of Note dated May 30, 1969, concerning the difficulties arising from the previous arrangement providing for the processing of raw cotton, supplied by Indonesia from the United States Public Law 480 Program, into yarns by Philippine textile mills.

In the Note referred to, Your Excellency informed me that the Philip-pines has been assisting and urging the private parties concerned to arrive at a settlement of the matter involved and assured me that the Philippine Gov-ernment will continue to press for a satisfactory resolution of the problem, making due representation with the Philippine parries concerned.

I wish to inform Your Excellency that my Government will give serious consideration to the conclusion of future contracts for the processing of raw cotton procured under United States Public Law 480, or from other sources.

I hereby confirm the foregoing understanding which will be considered as the mutual understanding of our two Governments on this matter.

Accept, Excellency, the assurances of my highest consideration.

(Sgd.) MOHAMMAD SISMAN
Chairman, Indonesian Panel

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His Excellency

Roman A. Cruz, Jr.

Chairman, Philippine Panel

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