

file:12949026801078251981.html

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/bc081f45c910/>

Excellency,

I have the honour to confirm the following understanding recently reached between the representatives of the Government of Japan and of the Government of the Republic of the Philippines concerning a Japanese loan to be extended with a view to promoting the economic stabilization and development efforts of the Republic of the Philippines:

1. A loan in Japanese yen up to the amount of thirty-six billion and three hundred million yen (Y 36,300,000,000) (hereinafter referred to as "the Loan") will be extended to the Government of the Republic of the Philippines by the Overseas Economic Cooperation Fund (hereinafter referred to as "the Fund") in accordance with the relevant laws and regulations of Japan to support the Metro Manila Air Quality Improvement Sector Development Program (hereinafter referred to as "the Program").

2. (1) The Loan will be made available by a loan agreement to be concluded between the Government of the Republic of the Philippines and the Fund. The terms and conditions of the Loan as well as the procedures for its utilization will be governed by the said loan agreement which will contain, inter alia, the following principles:

(a) (i) The repayment period will be thirty (30) years after the grace period of ten (10) years;

(ii) The rate of interest will be seventy-five hundredths per cent (0.75%) per annum; and

(b) The disbursement period will be four (4) years from the date of coming into force of the said loan agreement.

(2) The disbursement period mentioned in sub-paragraph (1) (b) above may be extended with the consent of the authorities concerned of the two Governments.

3. (1) The Loan will be made available to cover payments already made and/or to be made to suppliers of eligible source countries by importers in the Republic of the Philippines under such contracts as have been or may be entered into between them for purchases of products, except such products as will be enumerated in a list to be mutually agreed upon between the authorities concerned of the two Governments, and for purchases of services incidental to the purchases of those products, provided that such purchases are made in such eligible source countries for products produced in and services supplied from those countries.

(2) The list mentioned in sub-paragraph (1) above may be modified by agreement between the authorities concerned of the two Governments.

(3) The scope of eligible source countries mentioned in sub-paragraph (1) above will be agreed upon between the authorities concerned of the two Governments.

4. (1) The Government of the Republic of the Philippines will take measures to have the equivalent in Philippine currency of the amount of yen disbursements of the Loan transferred by the Bangko Sentral ng Pilipinas (hereinafter referred to as "the Bank") to the counterpart fund account opened in the name of the Government of

the Republic of the Philippines at the Bank. The amount of Philippine currency thus transferred shall be used to cover local currency requirements of the Program, the development projects of the Government of the Republic of the Philippines already supported under Japanese loans extended by the Fund, and other development projects of the Republic of the Philippines which will be separately agreed upon between the authorities concerned of the two Governments.

(2) The Government of the Republic of the Philippines will, upon request, furnish the Fund with reports on the use of the counterpart fund mentioned in sub-paragraph (1) above.

5. The Government of the Republic of the Philippines will ensure that the products and/or services mentioned in sub-paragraph (1) of paragraph 3 are procured in accordance with the guidelines for procurement of the Fund, which set forth, inter alia, the procedures of international tendering to be followed except where such procedures are inapplicable or inappropriate.

6. The Government of the Republic of the Philippines will exempt the Fund from all fiscal levies and taxes imposed in the Republic of the Philippines on and/or in connection with the Loan as well as interest accruing therefrom.

7. With regard to the shipping and marine insurance of the products purchased under the Loan, the Government of the Republic of the Philippines will refrain from imposing any restrictions that may hinder fair and free competition among the shipping and marine insurance companies.

8. Japanese nationals whose services may be required in the Republic of the Philippines in connection with the supply of the products and/or services to be provided under the contracts referred to in sub-paragraph (1) of paragraph 3 will be accorded such facilities as may be necessary for their entry into the Republic of the Philippines and stay therein for the performance of their work.

9. The Government of the Philippines will take necessary measures to ensure that the Loan be used properly and exclusively for the purchases of products and/or services mentioned in sub-paragraph (1) or paragraph 3, and that the counterpart fund mentioned in sub-paragraph (1) of paragraph 4 be used properly and exclusively to cover the local currency requirements of the Program mentioned in sub-paragraph (1) of paragraph 4 and the development projects mentioned in sub-paragraph (1) of paragraph 4.

10. (1) The Government of the Republic of the Philippines will, upon request, furnish the Government of Japan and the Fund with reports on the progress of the implementation of the Program.

(2) The two Governments will jointly review from time to time, on the basis of the reports mentioned in sub-paragraph (1) above, the progress of the implementation of the Loan and take, if necessary, appropriate measures to secure its smooth and effective utilization. The Fund will be invited to participate in such review.

11. The two Governments will consult with each other with respect to any matter that may arise from or in connection with this understanding.

I should be grateful if Your Excellency would confirm the foregoing understanding on behalf of the Government of Republic of the Philippines.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration

(Sgd.) HIROYUKI YUSHITA

Ambassador Extraordinary and Plenipotentiary
of Japan to the Republic of the Philippines

His Excellency Domingo L. Siazon, Jr.

Secretary of Foreign Affairs
Department of Foreign Affairs
Republic of the Philippines

Record of Discussions

In connection with the Exchange of Notes dated March 10, 1999, concerning a Japanese loan to be extended with a view to promoting the economic stabilization and development efforts of the Republic of the Philippines (hereinafter referred to as "the Exchange of Notes"), the representatives of the Japanese Delegation and of the Philippine Delegation wish to record the following:

1. With reference to sub-paragraph (1) of paragraph 3 of the Exchange of Notes, the representative of the Japanese Delegation stated that the suppliers of eligible source countries mean nationals of the eligible source countries or juridical persons incorporated and registered in the mentioned countries, and which have their appropriate facilities for producing or providing the goods and services in those countries and actually conduct their business there.

2. With reference to sub-paragraph (1) of paragraph 3 of the Exchange of Notes, it was the shared view of the two Delegations that the loan mentioned in paragraph 1 of the Exchange of Notes (hereinafter referred to as "The Loan") will be used, in accordance with the loan agreement mentioned in sub-paragraph (1) of paragraph 2 of the Exchange of Notes, to cover payments already made since July 2, 1998, to be made for purchases of products and/or services mentioned in sub-paragraph (1) of paragraph 3 of the Exchange of Notes.

3. (1) The representative of the Japanese Delegation stated that the Loan could be characterized as the parallel co-financing with the loan for the implementation of the Metro Manila Air Quality improvement Sector Development Program extended by the Asian Development Bank.

(2) The Japanese Delegation further stated that the Loan will be extended in consideration of the current economic difficulties faced by the Government of the Republic of the Philippines with a view to not only contributing to the improvement of its balance of payments but also encouraging the Government of the Republic of the Philippines to continue the implementation of the current environmental policies of the Republic of the Philippines under the Metro Manila Air Quality improvement Sector Development Program which have been endorsed by the Asian Development Bank.

4. With reference to sub-paragraph (1) of paragraph 3 of the Exchange of Notes, the representative of the Japanese Delegation stated that the Government of Japan will make the disbursement to be made confirming that the Government of the Republic of the Philippines continues to observe the conditions imposed by the Asian Development Bank under its loan for the implementation of the Metro Manila Air Quality Improvement Sector Development Program.

5. With regard to paragraph 9 of the Exchange of Notes, the representative of the Japanese Delegation stated that the necessary measures referred to in the said paragraph include measures preventing any offer, gift or payment, consideration or benefit which would be construed as a corrupt practice in the Republic of the Philippines from being made as an inducement to or reward for the award of the contracts referred to in paragraph 3 of the Exchange of Notes.

6. The representative of the Philippine Delegation stated that the Philippine side had no objection to the statements by the representative of the Japanese Delegation mentioned 1, 3, 4 and 5 above.

(Sgd.) HIROYUKI YUSHITA

(Sgd.) DOMINGO L. SIAZON, JR.

Ambassador Extraordinary and
Plenipotentiary of Japan to the
Republic of the Philippines

Secretary of foreign Affairs
Department of Foreign Affairs
Republic of the Philippines

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.