

**MEMORANDUM OF UNDERSTANDING BETWEEN THE
GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE
GOVERNMENT OF THE ITALIAN REPUBLIC ON SMALL AND
MEDIUM SCALE ENTERPRISES COOPERATION**

The Government of the Republic of the Philippines and the Government of the Italian Republic (hereinafter referred to as the "Parties").

Considering the contents of the bilateral Memorandum of Understanding between the Republic of the Philippines and the Italian Republic on Economic Cooperation of October 17th 1987;

Acknowledging the basic importance of the small and medium sized enterprises for the respective economies and industrial systems as defined in the Agreement for the Promotion and Protection of Investments, signed on October 25th 1990 and of the Agreement for Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital, signed on June 15th 1990;

Realizing the importance of small and medium enterprises to their respective economic systems;

Desiring to boost the economic cooperation between the small and medium enterprises of the two Countries, on the principle of equality and mutual benefits,

Believing that this Memorandum will create favourable conditions for the future development of bilateral relations and economic cooperation,

Have agreed as follows:

ARTICLE 1

The Parties shall promote the economic cooperation between small and medium sized firms, enterprises and companies of the two countries within the framework of the respective laws and regulations.

ARTICLE 2

In the framework of the bilateral consultations, the Parties will examine ways and means in order to create in both Countries more appropriate legal environments for the development of small and medium sized enterprises.

ARTICLE 3

The Parties will cooperate in order to individuate and create the more appropriate infrastructural environments for the development of small and medium enterprises and for creation, in both countries, of new integrated industrial clusters.

ARTICLE 4

The Parties will promote major direct links between the respective local banking institutions and major efforts of the respective financial systems in financing trade