

May 30, 1969

**EXCHANGE OF NOTES BETWEEN THE REPUBLIC OF THE
PHILIPPINES AND THE REPUBLIC OF INDONESIA CONCERNING
BORDER TRADE RELATIONS**

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

Reference: This Agreement is also published in VIII DFA TS No. I, p. 83.

INDONESIAN EMBASSY

Manila, Philippines

Manila, 30 May 1969

Excellency:

I have the honor to refer to the discussions on the arrangements for trade between the border areas of the Government of the Republic of Indonesia and the Government of the Republic of the Philippines. Both Governments have reiterated their mutual desire to encourage the traditional trade and traffic of goods and commodities in the border areas between the two countries. Such desire is motivated by the concern of both Governments to provide livelihoods for residents and traders of these border areas as well as to discourage any illicit trade in the border areas.

Towards these objectives, both Governments have mutually agreed to the principles indicated herein, except where otherwise specified.

First, that the movement of goods between the border areas is classified as sea border trade, wherein such trade is carried on by sea vessels of limited capacity and registered with the local authorities concerned.

Second, that the goods which are the subject of this border trade shall be indicated in a master list to be mutually drawn up by both Governments. The principle of essentiality shall determine the goods which will appear in the list.

Third, that measures shall be implemented in order to restrict such trade to bonofide residents and traders of a border area of either country. The crews of vessels in this trade shall not be entitled to participate in this border trade.

Fourth, that the Indonesian and Philippine Governments shall take up with their respective authorities the means of relaxing the monetary and customs regulations governing trade in the border areas. In this connection, the

Indonesian Government could favorably consider that the goods traded in the border areas be allowed to be traded free from customs duties and taxes and exempted from import and export regulations of the Central Bank of Indonesia provided that such goods would not exceed a specified maximum value per single trip. The Philippine Government, on the other hand, could favorably consider the relaxation of Central Bank rules and regulations governing the conduct of such border trade and would limit the value of such trade on a monthly quota per trader basis.

Fifth, that the validity of the border trade arrangement shall be for a period of one year but termination may be effected upon prior written notice of three to six months. In this regard, both Governments consider it desirable to minimize the required advance notice in order to grant flexibility to the implementation of this border trade.

Last, that both Governments shall be guided by the foregoing principles in the formulation of a border trading arrangement which shall function within the purview of the overall provisions under the Joint Directives and Guidelines on the Implementation of the Immigration Agreement on Border Crossing Arrangement between the Republic of Indonesia and the Republic of the Philippines signed on September 14, 1965.

I have the honor to extend to Your Excellency the renewed assurances of my highest consideration.

(Sgd.) **MOHAMMAD SISMAN**

Chairman, Indonesian Panel

His Excellency

ROMAN A. CRUZ, JR.

Chairman, Philippine Panel

DEPARTMENT OF FINANCE

Manila, 30 May 1969

Excellency:

I have the honor to acknowledge receipt of Your Excellency's Note dated 30 May 1969 which reads as follows:

"I have the honor to refer to the discussions on the arrangements for trade between the border areas of the Government of the Republic of Indonesia and the Government of Republic of the Philippines. Both Governments have reiterated their mutual desire to encourage the traditional trade and traffic of goods and commodities in the border areas between the two countries. Such desire is motivated by the concern of both Governments to provide livelihoods for residents and traders of their border areas as well as to discourage any illicit trade in the border areas.

"Towards these objectives, both Governments have mutually agreed to the principles indicated herein, except where otherwise specified.

"First, that the movement of goods between the border areas is classified as sea border trade, wherein such trade is carried on by sea vessels of limited capacity and registered with the local authorities concerned.

"Second, that the goods which are the subject of this border trade shall be indicated in a master list to be mutually drawn up by both Governments. The principle of essentiality shall determine the goods which will appear in the list.