

## UNDERSTANDING

Between the Government of the United States of America and the Government of the Republic of the Philippines Concerning a Framework of Principles and Procedures and the Establishment of a Consultative Mechanism for the Expansion of Trade and Investment Flows Between the Two Countries.

### I. Statement of Principles

The Government of the United States of America and the Government of the Republic of the Philippines:

- A. Desiring to enhance even further the close relationship existing between the two countries;
- B. Taking into account the Philippines' present status as a developing country and the rights accorded to as well as the obligations undertaken by it under the General Agreement on Tariffs and Trade (GATT), its codes, and instruments;
- C. Affirming the importance of promoting a more open, transparent, and predictable environment for international trade and investment;
- D. Recognizing also the benefits from increased international trade, the negative effect of protectionism on countries' well-being, and the increasing role of trade and investment in goods and services in our economies;
- E. Recognizing that eliminating barriers to trade in goods and services facilitates economic growth and enhances international competitiveness and affirming their commitment, in line with commitments undertaken upon the completion of the Uruguay Round, to remove such barriers so that trade flows are determined by market forces;
- F. Recognizing that increasing private investment, both domestic and foreign, is essential to economic growth and to attain national economic and development goals and objectives, and should be enhanced by policies aimed at removing market distortions to the maximum extent possible;
- G. Recognizing the importance of providing adequate protection for and effective enforcement of intellectual property rights so as to encourage technological development and investment, and affirming their commitment to provide, in the legal and regulatory framework of each country, adequate protection for all forms of intellectual property rights and their commitment to vigorous enforcement of such improved protection;



H. Recognizing the significance to our economic welfare of working toward the observance and promotion of mutually-recognized workers' rights;

I. Affirming the consistency of this Understanding with the GATT, other relevant international agreements, and the objectives of the Uruguay Round of Multilateral Trade Negotiations and taking into account commitments to be undertaken by both countries upon completion of the Uruguay Round;

J. Desiring that this Understanding reinforce and be reinforced by improvements to the international trading system through the successful completion of the Uruguay Round;

K. Reaffirming the objectives and plan of action of the Shultz-Concepcion Joint Statement issued on September 17, 1986 to expand trade and investment flows;

L. Recognizing the importance of continuing dialogue and frequent consultations on trade and investment matters in promoting constructive and mutually beneficial resolution of issues;

Intend to abide by the preceding principles of trade and investment and hereby establish the following consultative mechanism:

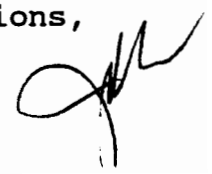
## II. Consultative Mechanism

A. Either party may request at any time consultations with the other party on any matter concerning bilateral trade and investment relations, including trade and investment opportunities and problems. Any such consultations shall be without prejudice to provisions of domestic law or of the GATT, its codes, or other instruments to which both are a party.

B. Requests for consultations shall be accompanied by a written explanation of the subject to be discussed, and consultations shall be held within 30 days of the request, unless the requesting party agrees to a later date. Consultations will take place initially in the country whose measure or practice is the subject of discussion.

C. In the event that consultations involve a dispute concerning a trade or investment measure or practice or other matters having an adverse effect on trade and investment flows, every effort will be made to resolve the dispute at the working level. Either party may request review of the issue at a higher level.

D. If resolution is not reached within 30 days following the first meeting, either party may seek other means of settlement consistent with its domestic law and international obligations,




including referral of the dispute to dispute settlement procedures of the GATT, its codes, or instruments created as a result of the Uruguay Round to which both countries are a party. If a measure is referred to the GATT, its codes, or other instruments, consultations under this Understanding shall be considered to have constituted consultations under Article XXIII:1 of the GATT or any preliminary bilateral consultations required as part of dispute settlement procedures of a code or instrument.

E. Consultations should be held annually at least at the Subcabinet level to review developments under this Understanding and adherence to the Principles enumerated above, to consider additional measures to expand trade and investment flows, and to review the status of the bilateral trade and investment relationship. The Subcabinet Special Working Group established under the September 17, 1986 Joint Statement on Trade and Investment is therefore abolished by this Understanding.

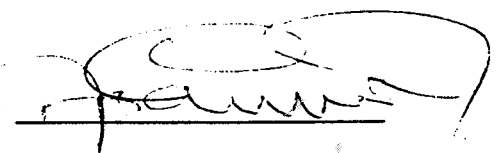
F. All consultations under this Understanding will be jointly headed by the Office of the United States Trade Representative (USTR) on the part of the United States and by the Department of Trade and Industry (DTI) on the part of the Philippines. DTI and USTR shall be assisted by officials of other governmental entities as circumstances require and may delegate their authority when appropriate.

Done in Washington, D.C., this ninth day of November, nineteen hundred eighty-nine, in two original copies in the English language.

By

  
 For the United States  
 of America

By

  
 For the Republic of  
 the Philippines