

## ARTICLE II

1. In support of the objectives of this Agreement, the Government of Canada and the Government of the Republic of the Philippines may conclude subsidiary arrangements in respect of specific projects involving one or several components of the programme described in Article I.

2. Unless stated otherwise, subsidiary arrangements concerning contributions of the Government of Canada shall be considered as administrative arrangements.

3. Subsidiary arrangements shall make specific reference to this Agreement and the terms of this Agreement shall, unless otherwise stated, apply to such subsidiary arrangements.

## ARTICLE III

The Government of Canada shall assume the responsibilities described in Annex "A" and the Government of the Republic of the Philippines shall assume the responsibilities described in Annex "B" in respect of any specific project established under a subsidiary arrangement unless otherwise indicated in such subsidiary arrangement. Annexes "A" and "B" shall be integral parts of this Agreement.

## ARTICLE IV

The Government of the Republic of the Philippines shall ensure that development aid funds provided under any subsidiary arrangement are not used to pay any taxes, fees, customs duties or any other levies and charges imposed directly or indirectly by the Government of the Republic of the Philippines, on any goods, materials, equipment, vehicles and services purchased or acquired for the execution of any project being carried out in the Philippines pursuant to a subsidiary arrangement.

## ARTICLE V

The Government of the Republic of the Philippines shall exempt Canadian firms and Canadian personnel from or bear the costs of customs and excise duties, sales taxes, fees (except those associated with private motor vehicles), and other charges imposed by the Government of the Republic of the Philippines of similar nature, on all goods, materials, equipment, vehicles and services and on any other goods or services acquired in or imported into the Philippines for or related to the execution of projects established under any subsidiary arrangement. Resale of goods, materials, equipment or vehicles acquired under this section to a firm or person other than a Canadian firm or Canadian personnel or other exempt buyer will be subject to normal taxes and duties as provided for by the existing laws of the Philippines.

## ARTICLE VI

For the purposes of this Agreement: