MEMORANDUM OF AGREEMENT
ON
EXPORTATION/IMPORTATION OF FRUITS

KNOW BY ALL MEN BY THESE PRESENTS:

This Agreement entered into by and between the SERVICIO AGRICOLA Y GANADERO (SAG), Chile, herein represented by Ambassador SERGIO SILVA with principal address at Embassy of Chile, Makati, Metro Manila hereinafter referred to as the EXPORTER;

- and -

The DEPARTMENT OF AGRICULTURE (DA), Republic of the Philippines herein represented by Secretary ROBERTO S. SEBASTIAN, with principal address at Elliptical Road, Diliman, Quezon City, Manila, Philippines hereinafter referred to as the IMPORTER;

W I T N E S S E T H

WHEREAS, the EXPORTER desires to sell by way of exports to the IMPORTER certain kinds of fruits specially grown in Chile;

WHEREAS, the IMPORTER is willing to buy by way of import specific kinds of fresh fruits from the EXPORTER.

NOW, THEREFORE, in consideration of the above premises and the mutual covenants hereinafter setforth, the IMPORTER would import from the exporter special kinds of fruits from Chile subject to the following terms and conditions:

1. That all fresh fruits covered by this Agreement including those that would supply the foreign embassies in the Philippines, duty free shops, operators and other entities shall be covered with Import Permit secured from the Plant Quarantine Service of the Bureau of Plant Industry (BPI), prior to importations;

2. That the fruit species considered in the Agreement shall include:

a. Table grapes - grapes

b. Pomaceous fruits - apples and pears

c. Stone fruits - peaches, nectarines, prunes, apricots and cherries

d. Citrus fruits - lemons, oranges, grapefruits and other varieties

e. Kiwi fruits - Kiwi

f. Cherimoya (*Annona cherimola*)

3. That all fresh fruits covered by this Agreement shall be cold treated prior to shipments or in transit, cold treatment shall be any of the following schedules depending on the kinds of fruits to be treated.

10 days at 0°C (32°F) or below

11 days at 0.55°C (33°F) or below

12 days at 1.11°C (34°F) or below

14 days at 1.66°C (35°F) or below

16 days at 2.22°C (36°F) or below

NOTE: Treatment following the above schedule should be done continuously.

<u>In-Country Treatment</u>: The treatment conducted prior to shipment shall be supervised by SAG Inspector in any of the previously approved cold treatment facilities at designated place/s in the Chilean territory.

<u>In-Transit Treatment</u>: Treatment conducted in transit in the chamber of ships previously calibrated and approved by SAG inspectors.

4. That inspection (random sample of at least 5%) conducted by SAG Inspector shall determine either the presence and/or absence of any specimen in any stages of

development of Medfly, Mexican fruitfly, Queensland fruitfly and other species of dangerous fruitflies which are not known to be present in the Philippines;

5. That all fruit shipments covered by this Agreement shall be covered by Phytosanitary Certificate issued by SAG upon completion of item Nos. 3 and 4 of this Agreement. The Phytosanitary Certificate shall also contain the additional declaration that fresh fruits are free from San Jose scale, *Quadraspidiotus perniciosus*; Oriental moth, *Cydia molesta* and Cuddling Moth, *Cydia pomonella* L. The reverse side shall have the endorsing remarks of the SAG Inspector.

6. That only direct commercial shipment of fresh fruits in container van or shipholds covered by this Agreement shall be allowed entry in the Philippines. Fresh fruit importations hand carried by passengers, crew members and other travelers which are not covered by this Agreement shall not be allowed entry in the Philippines until such time that both countries have devised a tamper proof mechanism of trading and still maintains the phytosanitary condition of the fruits (export), and agreed on some specific arrangements;

7. That procautionary measures shall be followed in order to maintain the phytosanitary condition of the treated fruits:

   a. That all facsimile copy of documents Permit to import and Phytosanitary Certificate shall be sent in advance directly to SAG by BPI PQS and vice versa so that both agencies can compare with the copies presented by the direct private importer/exporter

for authenticity/validity. All expenses for sending documents shall be borne by the importers and exporters.

b. That all cartons, boxes, lugs, etc. containing the fresh fruits to be cold treated and exported to the Philippines shall be individually sealed with SAG Plant Quarantine Seal within the packing line at the country of origin. They shall also bear control number and outside markings "PRODUCT OF CHILE" and "FOR PHILIPPINES". The Phytosanitary Certificate shall be issued by SAG Inspector after the required cold treatment and inspection has been done and satisfactorily accomplished.

c. That sealing of cargo container vans containing the treated fruits or fruits in shipholds for treatment while in transit shall be done by SAG at the port of origin. Container van and seal numbers must be indicated in the accompanying Phytosanitary Certificate. Seals are to be broken only by the BPI PQS Officer at the port of entry as stipulated in the Import Permit issued.

d. That the treated fruits contained in vans or shipholds with broken seal and/or the van and seal numbers not indicated in the accompanying Phytosanitary Certificate shall be rejected, or refused entry in the Philippines; or shall be destroyed or returned to the country of origin at the expense of the exporter.

B. Cold Treatment Facilities Requirements

1) <u>In-Country Treatment</u>

a. Only treatment facilities tested and approved by

SAG/BPI PQS shall be used for treatment. It must be provided with multisensor (5-10 sensor per chamber), depending on the capacity or volume to check inside temperature, and a monitoring device with tamper-proof automatic recording systems installed outside the Chamber. Any additional or new facilities outside of previous ones should be approved by BPI PQS.

b. The chamber shall be tested by SAG at the start of the season, and whenever necessary. Test to be conducted:

b.1 Sensor sensitivity test

b.2 Sensor calibration test with the use of standard laboratory thermometer.

c. Sealing of adjustment or servicing knob of the automatic temperature recording system after its final tests and adjustments, shall be done by SAG Inspectors. Certificate of testing shall be signed by SAG Inspectors.

2) <u>In-Transit Treatment</u>

a. Only cold treatment facilities approved as no. 8-1 a, b and c will be used in transit treatment provided that the ship Captain or the Chief Engineer will certify to the treatment conducted on board and agree with the terms and conditions stated in 8.2 c of this Agreement. And provided further that the ship Captain or Chief Engineer submit to the BPI, PQS the original copy of the data print of the corresponding cold chamber for evaluation and/or verification upon arrival in the Philippines. Removal of the print out shall

be done in the presence of the BPI PQS Officer at the port of entry.

b. That the ship's cold chamber used for this purpose shall be sealed by SAG Inspector in Chile and to be opened only in the Philippines upon evaluation and verification of the treatment data by BPI PQS Inspector.

In case the ship or vessel have to load in other ports in Chile, sealing of the chamber shall be done at the last port of loading. In both cases, the SAG Inspector should sign the start of the data print;

c. In transit treatment protocol may be accepted or rejected by the BPI Inspector in the port of entry depending upon the result of data print evaluation and/or verification. If the data print conformed with the treatment protocol as stated in no. 3 of this Agreement, the treatment is acceptable and allowed discharge of the fresh fruits.

In case the required temperature is not maintained during the required number of days as stated, the treatment may be extended in the shiphold until such time that the treatment conforms with the protocol, inspite of the extended cold treatment exposure, the shipment in question will not be allowed discharge, will be rejected and returned to the country of origin or shipped to other countries that will accept it. In any case, all expenses incurred thereat will be borne by the exporter.

9. Suspension of the Shipment/s of Fresh Fruits maybe done under the following conditions:

9.1 Detection of live fruitfly infestation in the producing area (any stages of its development) during the post-treatment inspection of fresh fruits intended for shipment to the Philippines under this Agreement.

10. Both countries reserve the right to repeal any portion(s) of this Agreement by way of amendment based on technical, operational or any valid reasons agreeable to both countries.

11. Suspension of this Agreement

Deliberate or intentional violation of any of the terms and conditions of this Agreement by SAG shall constitute valid reasons to suspend this Agreement.

IN WITNESS WHEREOF, the parties hereto have affixed their signatures on this 15th day of November, 1994 at Manila, Philippines.

REPUBLIC OF CHILE
SERVICIO AGRICOLA Y GANADERO

SERGIO SILVA
Ambassador

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF AGRICULTURE

ROBERTO S. SEBASTIAN
Secretary

SIGNED IN THE PRESENCE OF: