

MODIFYING THE TARIFF NOMENCLATURE AND RATES OF IMPORT DUTY ON USED MOTOR VEHICLES UNDER SECTION 104 OF THE TARIFF AND CUSTOMS CODE OF 1978 (PRESIDENTIAL DECREE NO.1464, AS AMENDED)

EXECUTIVE ORDER NO. 418, April 04, 2005

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WHEREAS, it is the policy of the State to maintain a balance between development and environmental protection, and hence, between motorization and air quality management;

WHEREAS, it is the policy of the State to protect the public against unreasonable risks to injury associated with consumer products;

WHEREAS, there is a need to mitigate the impact of used motor vehicle trading on air quality and road safety;

WHEREAS, Article II:1(b) of the 1994 General Agreement on Tariffs and Trade allows the unilateral imposition of other duties and charges on tariff items that were not previously the subject and concession;

WHEREAS, motor vehicles were not covered by Schedule LXXV - Philippine Schedule of Concessions and therefore, do not have tariff bindings;

WHEREAS, Section 401 of the Tariff and Customs Code of 1978, as amended, empowers the President of the Republic of the Philippines to increase, reduce, or remove existing rates of import duty, as well as to modify the form of duty and the tariff nomenclature under Section 104 of the Code;

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. The articles specifically listed in Annex "A"[*] hereof, as classified under Section 104 of the Tariff and Customs Code of 1978, as amended, shall be subject to the rates of import duty indicated opposite each article, except for trucks, buses and special purpose vehicles.

SEC. 2. In addition to the regular rates of import duty, the articles specifically listed in Annex "A" hereof, as classified under Section 104 of the Tariff and Customs Code of 1978, as amended, shall be subject to additional specific duty of PhP500,000.00.

SEC. 3. The amount of specific duty will be indexed by the Secretary of Finance - once every two (2) years if the change in the exchange rate of the Philippine peso against the United States (U.S.) dollar is more than ten percent (10%) from the date of the effectivity of this Order, in the case of initial adjustment and from the last revision date in the case of subsequent adjustments.

In case the change in the exchange rate of the Philippine peso against the US dollar is more than twenty percent (20%) at any time within the two-year period referred to above, the Secretary of Finance shall index the amount by the full rate of depreciation or appreciation, as the case may be.

SEC. 4. The following motor vehicles shall be considered "used" and shall be subject to the duties herein prescribed: (a) all motor vehicles that have been sold, registered and operated in the roads/highways of any foreign state or country; or (b) all imported motor vehicles that has a mileage of more than 200 kilometers regardless of year model.

SEC. 5. Upon the effectivity of this Executive Order, the articles specifically listed in the aforesaid Annex, which are entered and withdrawn from warehouses in the Philippines, shall be levied the rates of import and specific duties herein prescribed.

SEC. 6. All Presidential issuances, administrative rules and regulations, or parts thereof, which are inconsistent with this Executive Order are hereby revoked or modified accordingly.

SEC. 7. This Executive Order shall take effect thirty (30) days following its complete publication in two (2) newspapers of general circulation in the Philippines.

Adopted: 04 April 2005

(SGD.) GLORIA MACAPAGAL-ARROYO

By the President:

(SGD.) EDUARDO R. ERMITA

Executive Secretary

[*] Text Available at Office of the National Administrative Register, U.P. Law Complex, Diliman, Quezon City.

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