

GUIDELINES IMPLEMENTING THE MODIFICATION OF IMPORT DUTY RATES ON CRUDE OIL AND REFINED PETROLEUM PRODUCTS AS PROVIDED UNDER EXECUTIVE ORDER NO. 691

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Pursuant to Section 3 of Executive Order (E.O.) No. 691 issued by the President of the Philippines on 10 January 2008, the Department of Energy (DOE), in coordination with the Department of Finance (DOF), Bureau of Customs (BOC), Department of Trade and Industry (DTI), and the National Economic and Development Authority (NEDA), hereby adopted the following guidelines to implement the reduction of tariff rates on imported crude oil and refined petroleum based on certain trigger prices indexed to international oil prices in the world market.

1. Title

These guidelines shall be known as the "Implementing Guidelines for the Modification of Import Duty Rates on Crude Oil and Refined Petroleum Products under Executive Order No. 691" and shall hereafter be referred to as the "Guidelines".

2. Scope and Coverage

These Guidelines shall apply to all articles listed in Annex A of E.O No. 691.

3. Determination of the Trigger Price

The Most Favored Nation (MFN) rates on crude and refined petroleum products shall be accordingly reduced if the following minimum price triggers, in GIF, for both Dubai crude and diesel are reached, based on the average Mean of Platts Singapore (MOPS) for the first fifteen (15) days of the month.

MFN Rate of Duty

Trigger Price - Average half month (\$/barrel)

%

Dubai crude

Diesel (0.05% S)

2

86.50

100.00

1

91.70

113.00

0

103.50

117.00

4. Trigger Period

The trigger period, where the average price of oil shall be determined for purposes of the trigger prices, shall be the first fifteen (15) days of the month.

5. Notification Process

On the first month of the effectivity of this Circular, the DOE shall issue, on the third week of the month, a Certification to the DOF if the trigger prices are reached. A copy of the Certification shall be furnished the BOC, DTI, NEDA and the of importers through their industry associations, the Philippine Institute of Petroleum (PIP) and the Independent Philippine Petroleum Companies Association (IPPCA) and posted at the DOE website.

The DOF shall then cause the issuance of the corresponding Customs Memorandum Order on the fourth week of the month.

Thereafter, the DOE shall issue a monthly Certification on which trigger price is reached, and on the corresponding tariff rate, if neither of the price triggers is reached, then the tariffs shall be restored to 3%. also upon Certification by the DOE.

6. Effectivity of the Tariff

The tariff shall be effective on the month following the issuance of the Certification by the DOE.

7. Obligation of Oil Companies and Importers

Oil companies and importers shall accordingly reflect the impact of the appropriate tariff adjustment on the prices of diesel fuel sold, including supply sales or sales to oil industry participants.

8 . Monitoring and Enforcement

The DOE shall conduct on-site inspections to monitor compliance by oil companies and importers with their obligations under the immediately preceding section.

Oil companies and importers shall likewise submit monthly reports to the DOE indicating, among others, the actual volume sold and the corresponding amount offered to the public, and such data and information that may be required by the DOE pertinent to their compliance with these Guidelines.

9. Periodic Review

The DOE, DOF, NEDA and DTI shall undertake review of the developments in international oil prices on the month following the end of every calendar quarter and implement appropriate actions. The Secretary of the DOE shall amend these Guidelines as may be necessary.

10. Penalty Provisions

Failure of oil companies and importers to fully comply with the above requirements as provided under the immediately preceding sections shall result in the imposition on them of the appropriate penalty as provided under existing laws, rules and regulations, including the Downstream Oil Industry Deregulation Act of 1998.

11. Separability Clause

If, for any reason, any section or provision of these Guidelines is declared unconstitutional or invalid, such parts not affected by such declaration shall remain valid and in full force and effect.

12. Effectivity

These Guidelines shall take effect immediately upon publication in two (2) newspapers of general circulation.

Adopted: 17 Jan. 2008

(SGD.) ANGELO T. REYES

Secretary

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