

TEMPORARILY MODIFYING THE RATES OF IMPORT DUTY ON CRUDE PETROLEUM OILS AND REFINED PETROLEUM PRODUCTS UNDER SECTION 104 OF THE TARIFF AND CUSTOMS CODE OF 1978 PRESIDENTIAL DECRE...

EXECUTIVE ORDER NO. 527, May 12, 2006

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WHEREAS, soaring fuel prices to unprecedented levels brought about by current international and geo-political tensions, and tight gasoline supplies, warrant the modification in the rates of duty on crude petroleum oils and refined petroleum products to protect consumer welfare;

WHEREAS, an automatic tariff mechanism, based on certain triggers indexed to international oil prices, would soften the impact of high and rising world prices on the economy and the consuming public, without necessarily draining government revenues;

WHEREAS, Section 6 (Tariff Treatment) of Republic Act (R.A.) 8479, otherwise known as the “Downstream Oil Industry Deregulation “Act of 1998,” provides that: “Any law to the contrary notwithstanding and starting with the effectivity of this Act, a single and uniform tariff duty shall be imposed and collected both on imported crude oil and imported refined petroleum products at the~ rate of three percent (3%): Provided, however, That the President of the Philippines may, in the exercise of his powers, reduce such tariff rate when in his judgment such reduction is warranted, pursuant to Republic Act No. 1937, as amended, otherwise known as the “Tariff and Customs Code”: Provided, further, That beginning January 1, 2004 or upon implementation of the Uniform Tariff Program under the World Trade Organization and ASEAN Free Trade Area commitments, the tariff rate shall be automatically adjusted to the Appropriate level notwithstanding the provisions under this Section.”

WHEREAS, Section 401 of the Tariff and Customs Code of 1978 (Presidential Decree No. 1464), 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;

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 Most-Favoured-Nation (MFN) rate of import duty in accordance with the schedule indicated opposite each article.

SECTION 2 . The rates of import duty on tariff headings not enumerated and those listed but represented by the symbol “x x x” shall remain in force and in effect.

SECTION 3. The MFN rates on crude and refined petroleum products shall be reduced based on certain triggers indexed to oil prices in the world market. The tariffs shall be automatically restored as international oil prices move down based on the same trigger prices. The MFN rates shall take effect upon certification by the Department of Energy (DOE) that a trigger price has been reached and notification of the same shall have been made to the Department of Finance, for which the corresponding Customs Memorandum Order shall be issued by the Bureau of Customs.

SECTION 4. Upon the effectivity of this Executive Order, all articles listed in Annex “A” which are entered and withdrawn from warehouses in the Philippines for consumption shall be levied the MFN rates of duty therein prescribed in accordance with Section 3 above.

SECTION 5. The DOE, in coordination with the Department of Finance, the Department of Trade and Industry, the National Economic and Development Authority, and the Bureau of Customs shall promulgate the guidelines to implement this Executive Order.

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

SECTION 7. This Executive Order shall be effective for a period of six (6) months subject to review.

SECTION 8. This Executive Order shall take effect immediately following its complete publication in two (2) newspapers of general circulation in the Philippines.

Done in the City of Manila, this 12th day of May in the year of our Lord, Two Thousand and Six.

(SGD.) GLORIA M. ARROYO

By the President:

(SGD.) EDUARDO R. ERMITA
Executive Secretary

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