

INCENTIVIZED QUOTA RULE ENHANCEMENTS

GTEB MEMORANDUM CIRCULAR NO. 10-03, June 06, 2003

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In line with the objectives of the Industry Transformation Plan, and to ensure that our policies continue to be in sync with the evolving business realities, the Board on 14 February and 15 April 2003 approved and confirmed the following Quota Rule Enhancements.

1. Increase in the Ratio of Incentives basket vis-a-vis the CAP & RANK, from 30:70 to 50:50 of the free quota for 2003.

(Board Res. No. 008, s.'03)

Effective the 1st regular allocation of 2003, the 50:50 Ratio has been implemented.

(Amendment to Article II GTEB Cir. 009-02, dated February 26, 2002).

2. Incentives Basket:

2.1 Productivity Enhancement Program (PEP):

(Board Res. No. 010, S'03)

(Amendment to IV-7 of the Implementing Guidelines of 2002 Incentives Basket dated 12 April 2002).

Restoration of CEA Incentives awards under the Capitalized Investment Program which have been subjected to inspection shall be restored in accordance with the rules without re-inspection.

However, the whole Capitalized Investment Program shall be subject to:

- a. random, spot-check inspection of the capitalized investment;
- b. automatic cancellation of the award if upon spot-check inspection, the capitalized investment is no longer installed/operational;

2.2 Growth Enhancement Program (GEP):

(Amendment to Implementing Guidelines of the 2002 Incentives Basket dated 12 April 2002):

(Resolution No. 011, s. 03)

2.2.1 Distribution of Allocable balance

Big Buyer

- 40% (from 50%)

TPA (Trade Promotion Activity) - 50% (from 40%)

Brand Name - 10% (no change)

2.2.2 To qualify under the Big Buyer Program buyers must be among the top 30 importers from the Philippines or top 30 buyers on a per category basis.

2.2.3 To consider orders not only booked during the Trade Promotion Activity (TPA), but orders generated from the promotional activity in the allocation of quotas under the TPA of the Growth Enhancement Program. Firms may avail of the TPA program within 2 months after the end of the TPA.

2.2.4 New set of applications to be filed in the event that the quota requested was not satisfied during previous application under Big Buyer, TPA and Brand Name.

3. Permanent lifting of the requirement to comply with the Industry Average (FOB/LVA; However, LVA Requirement shall remain at 34% of Actual FOB for all Quotas.

(Board Res. No. 004, s.'03)

4. Permanent Lifting of the 20% penalty on all Temporary Transfer of Quota

(Board Res. No. 005, s. '03)

However, transfers made between June to December will disqualify transferor from bidding in the category where the transfer is made within 60 days from date of transfer except when the total transfer is 1,000 and below.

(Amendment to GTEB Memo Circular No. 009, s. 2001 dated July 18, 2001)

5. Policy on Quota Transfers Among Sisters Companies:

Quota Transfers, whether Permanent or Temporary, among/between sister companies (at least 51% common share holdings on both companies) are subject to the following:

1. Assessment fee of PhP0.05/SME on critical and non-critical categories; and

2. Entitlement of transferor to Growth Factor on the category where the transfer is made provided there is no transfer made to non-sister company.

(Board Res. No. 006, s.'03)

For information of all concerned.

Adopted: 06 June 2003

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