NATIONAL ADMINISTRATIVE REGISTER · DECEMBER 31, 2004

REDUCING THE RATES OF IMPORT DUTY ON COMPLETELY-KNOCKED-DOWN PARTS AND COMPONENTS FOR ASSEMBLY OF LOW ENGINE DISPLACEMENT AND HYBRID VEHICLES

EXECUTIVE ORDER NO. 397, December 31, 2004

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WHEREAS, the government issued Executive Order No. 156, series of 2002, establishing a Comprehensive Industrial Policy and Directions for the Motor Vehicle Development Program to develop the Philippines as the manufacturing hub in ASEAN for certain motor vehicles, parts and components;

WHEREAS, the latest technological development in motor vehicle industry is the introduction of the so-called "hybrid" or partly-electric vehicle which are deemed more powerful and more fuel efficient;

WHEREAS, it is a declared policy of the government to promote the judicious conservation and efficient utilization of energy resources thereby adopting the most cost-effective options toward the wiser and efficient use of energy;

WHEREAS, the transport sector is one of the highest fuel-consuming sector next to the industrial manufacturing sector;

WHEREAS, Executive Order No. 472, series of 1998, institutionalized the Committee on Fuel Conservation and Efficiency in Road Transport, and targets 5% reduction in fuel consumption by road transport users;

WHEREAS, Sections 401 and 402 of the Tariff and Customs Code of 1978 (Presidential Decree No. 1464), as amended, empower the President of the Republic of the Philippines, to increase, reduce or remove existing rates of duty, as well as, to modify the tariff nomenclature.

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 (Most Favored Nation (MFN) and Association of Southeast Asian Nations (ASEAN) - Common Effective Preferential Tariff (CEPT) in accordance with the schedule indicated in Columns 4 and 5 opposite each article;

> SECTION 2. The ASEAN CEPT rates so indicated in Annex "A" shall be accorded to imports coming from ASEAN Member States applying CEPT concessions to the same product pursuant to Article 4 of the CEPT Agreement and its interpretative Notes;

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SECTION 3. The nomenclature and the rates of import duty on tariff headings not enumerated and those listed but represented by the symbol "xxx" shall remain in force and in effect;

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 herein prescribed;

SECTION 5. 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 imposed the ASEAN CEPT rates herein prescribed, subject to qualification under the Rules of Origin as provided for in the Agreement on the CEPT Scheme for the ASEAN Free Trade Area on 28 January 1992;

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

SECTION 7. This Executive Order shall be effective for a period of one (1) year subject to review;

SECTION 8. This Executive Order shall take effect thirty (30) days following the complete publication in two (2) newspapers of general circulation in the Philippines

Adopted: 31 Dec. 2004

(SGD.) GLORIA MACAPAGAL-ARROYO

By the President:

(SGD.) EDUARDO R. ERMITA
Executive Secretary

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

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