

MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 72

MODIFYING THE RATES OF DUTY ON CERTAIN IMPORTED ARTICLES AS PROVIDED UNDER THE TARIFF AND CUSTOMS CODE OF 1978, AS AMENDED, IN ORDER TO IMPLEMENT THE MINIMUM 50% MARGIN OF PREFERENCE ON CERTAIN PRODUCTS INCLUDED IN THE BRAND-TO-BRAND COMPLEMENTATION SCHEME IN THE AUTOMOTIVE INDUSTRY UNDER THE BASIC AGREEMENT ON ASEAN INDUSTRIAL COMPLEMENTATION

WHEREAS, the Philippines is a Contracting Party to the Basic Agreement on ASEAN Industrial Complementation (BAAIC) signed in Manila on 16 June 1981;

WHEREAS, the Philippines is a signatory to the Memorandum of Understanding (MOU) on the Brand-to-Brand Complementation (BBC) Scheme for the Automotive Industry under the BAAIC signed by the ASEAN Economic Ministers in Pattaya, Thailand on 18 October 1988;

WHEREAS, the Philippines is a participating country in the approved BBC Schemes of Mitsubishi Motors Corporation along with Malaysia and Thailand;

WHEREAS, under the Mitsubishi BBC Schemes approved on an ad referendum basis by Malaysia on 22 April 1997 and Thailand on 31 December 1997 and by the Philippines on 27 December 1996, the Philippines will import from Malaysia and Thailand certain completely knocked-down (CKD) component parts for the original equipment manufacture (OEM) of KZ Model light commercial vehicles, in exchange for Philippine exports of complementary component parts to the two participating countries;



PJEE Hologram # 3407



WHEREAS, under the MOU on the BBC Scheme in the Automotive Industry, the Philippines shall grant a minimum 50% Margin of Preference (MOP) to BBC products approved by the SEOM subject to the terms and conditions set out in Section 9(b) of said MOU;

WHEREAS, under Section 9(b)(i) of the said MOU, the 50% MOP for existing BBC products shall be granted within 90 days of approval of the BBC products by the SEOM, and for new BBC products, the grant shall be extended from the actual date of commercial production of the products, or upon expiry of 30 months from the date of approval of the products whichever comes earlier;

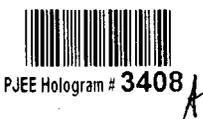
WHEREAS, the various component parts specified in Certificates of Eligibility (COEs) Nos. MMC/1/A/1998 (Rev.) and MMC/2/A/1998 (Rev.) issued on 15 June 1998 by the ASEAN Secretariat in favor of Mitsubishi Motors Corporation are existing products, i.e., already being manufactured at the time of their approval as BBC products;

WHEREAS, under paragraph b(ii) of Section 9 of the MOU, non-participating countries shall initially waive their rights under Chapter II, Article 8, paragraph 2, of the ASEAN Preferential Trading Arrangements (PTA) for the first four years from date of granting of MOP and shall thereafter enjoy the MOP granted by participating countries as soon as they extend the same MOP;

WHEREAS, under paragraphs b(ii) and b(iv) of Section 9 of the MOU, the waiver period shall be extended beyond the first four years for as long as the non-participating countries do not wish to grant the MOP up to a maximum waiver period of eight years. After the maximum eight-year waiver period, any entity in any member country, whether the member country is participating in the specific BBC Scheme or not, which produces the BBC product shall enjoy the same MOP in the participating countries for the BBC product.

NOW, THEREFORE, I, JOSEPH EJERCITO ESTRADA, President of the Philippines, pursuant to the powers vested in me under Section 402 of the Tariff and Customs Code of 1978, as amended, 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 accorded a minimum 50% MOP as specified in Column 12 thereof. In effect, said articles shall be subject to the BBC Preferential Tariff in accordance with the schedule indicated opposite each article as specified in Columns 13, 14, 15, 16, 17 and 18 of Annex "A".



SECTION 2. The MOP provided in "Annex A" on Steering (pump assy oil, gear assy power STRG and end assy tierod) for Model (KZ) Light Commercial Vehicle for the transport of goods shall be accorded exclusively to the BBC entity in Malaysia (Perusahaan Otomobil Nasional Sdn. Bhd. (PROTON) effective from May 1, 1997 up to June 30, 2001. Thereafter, the same MOP may be granted to a non-participating ASEAN country as soon as that country extends the same MOP itself until December 31, 2002. Effective January 1, 2003, the final CEPT rate shall apply.

SECTION 3. The MOP provided in Annex "A" on Engine (case oil seal, rod assy connecting, cam shaft, pump assy water, case assy oil pump, cover rocker, bolt cylinder head, bolt crank pulley and gasket rocker cover) for Model (KZ) light commercial vehicle for the transport of goods shall be accorded exclusively to the BBC entity in Thailand (MMC Sittipol Co., Ltd. (MSC) effective from January 1, 1998 up to December 31, 2002. Effective January 1, 2003, the final CEPT rate shall apply.

SECTION 4. The 50% MOP accorded under this Executive Order shall remain effective until December 31, 2002 regardless of any subsequent changes in the basic Philippine rate of duty on the afore-mentioned articles.

SECTION 5. Upon the effectivity of this Executive Order, the articles specifically listed in the aforesaid Annex "A" which are entered or withdrawn from warehouses in the Philippines for consumption shall pay the applicable BBC Preferential Tariff specified under Section 1 hereof, subject to qualification under the Rules of Origin as prescribed in the Agreement on ASEAN Preferential Trading Arrangements, as amended.

SECTION 6. Any revision/s to the part numbers appearing in Column 4 of Annex "A" shall be communicated immediately to the Bureau of Customs by the Department of Trade and Industry within five (5) days after receipt of the official copy of the revised part numbers from the ASEAN Secretariat.

SECTION 7. This Executive Order shall take effect immediately.

Done in the City of Manila this 14th day of JAN in the year of Our Lord, Nineteen Hundred and Ninety Nine.

By the President:

Ronald B. Zamora

RONALDO B. ZAMORA
Executive Secretary

[Signature]

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Date



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