

# MALACAÑANG

Manila

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 639

**MODIFYING THE RATES OF DUTY ON CERTAIN IMPORTED ARTICLES AS PROVIDED FOR UNDER THE TARIFF AND CUSTOMS CODE OF 1978, AS AMENDED, IN ORDER TO IMPLEMENT THE COMMITMENT TO REDUCE TARIFF RATES ON CERTAIN PRODUCTS INCLUDED IN THE NORMAL TRACK OF THE ASEAN- KOREA FREE TRADE AREA**

**WHEREAS**, the Framework Agreement on Comprehensive Economic Cooperation (Framework Agreement) Between the Association of South East Asian Nations (ASEAN) and the Republic of Korea (Korea) was signed by the Heads of Government of the ASEAN Member countries and Korea on 13 December 2005 in Kuala Lumpur, Malaysia;

**WHEREAS**, Articles 1.3 and 2.1 of the Framework Agreement reflect the Parties' commitment to establish the ASEAN - Korea Free Trade Area (AKFTA) covering trade in goods;

**WHEREAS**, the Agreement on Trade in Goods of the Framework Agreement was signed by the Economic Ministers of the Parties on 24 August 2006 in Kuala Lumpur, Malaysia;

**WHEREAS**, Article 3(2)(a) of the Agreement on Trade in Goods of the Framework Agreement provides that tariff lines placed in the Normal Track by each Party shall have their respective applied MFN tariff rates gradually reduced and eliminated in accordance with the modalities set out in Annex 1 of the Agreement with the objective of achieving the targets prescribed in the threshold therein;

**WHEREAS**, the aforesaid Annex 1 of the Agreement on Trade in Goods of the Framework Agreement provides that ASEAN 6 and Korea shall implement the following tariff reduction schedule for products in the Normal Track not later than 1 January 2006; (a) applied MFN tariff rates above 20% shall be reduced to 20%; (b) applied MFN tariff rates from 15% to 19% shall be at 15%; (c) applied MFN tariff rates from 10% to 14% shall be at 10%; (d) applied MFN tariff rates from 6% to 9% shall be reduced to 5%; and (e) applied MFN tariff rates from 0% to 5% shall be maintained;

**WHEREAS**, the NEDA Board approved during its meeting on 17 July 2007 the reduction in tariff rates on products included in the Normal Track in



compliance with the modalities set out in the Agreement on Trade in Goods of the Framework Agreement;

**WHEREAS**, Section 402 of the Tariff and Customs Code of 1978 (PD 1464), as amended, empowers the President of the Republic of the Philippines, upon the recommendation of the National Economic and Development Authority, to modify import duties for the promotion of foreign trade;

**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" (Articles Granted Tariff Concession Under the Normal Track of the ASEAN – Korea Free Trade Area) hereof, as classified under Section 104 of the Tariff and Customs Code of 1978, as amended, shall be subject to the AKFTA rates in accordance with the schedule indicated in Columns 4-6 of Annex "A". The AKFTA rates so indicated shall be accorded to imports coming from the parties of the Agreement on Trade in Goods of the Framework Agreement applying tariff concession to the same product pursuant to Article 3 of the Agreement on Trade in Goods of the Framework Agreement.

**SECTION 2.** For ASEAN 8 (i.e. Brunei Darussalam, Cambodia, Indonesia, Lao Peoples Democratic Republic, Malaysia, Myanmar, Singapore and Vietnam) the applicable rate shall be the AKFTA or the Common Effective Preferential Tariff (CEPT) rate whichever is lower, subject to the submission of the proper Certificate of Origin, Form AK or D. The Tariff Commission pursuant to Section 1313(a) of the Tariff and Customs Code of the Philippines, as amended, may, upon request, issue tariff classification rulings to confirm the applicable rates of duty of particular products subject to this section.

**SECTION 3.** In the event that any subsequent change is made in the basic (MFN) Philippine rate of duty on any of the article listed in Annex "A" to a rate lower than the rate prescribed in Columns 4-6 of Annex "A", such article shall automatically be accorded the corresponding reduced duty.

**SECTION 4.** From the date of effectivity of this Order, all articles listed in Annex "A" entered into or withdrawn from warehouses in the Philippines for consumption shall be imposed the rates of duty therein prescribed subject to compliance with the Rules of Origin as provided for in Article 5 of the Agreement on Trade in Goods of the Framework Agreement.

**SECTION 5.** All presidential issuances, administrative rules and regulations,



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or parts thereof, which are contrary to or inconsistent with this Executive Order are hereby revoked or modified accordingly.

**SECTION 6.** This Executive Order shall take effect immediately following its complete publication in the Official Gazette or in a newspaper of general circulation in the Philippines.

Done in the City of Manila, this 21<sup>st</sup> day of July in the year of Our Lord Two Thousand and Seven.

*Gloria M. Arroyo*



By the President:

*Eduardo R. Ermita*

**EDUARDO R. ERMITA**  
Executive Secretary

