

[EXECUTIVE ORDER NO. 444, September 26, 1997]

AMENDING EXECUTIVE ORDER NOS. 250, 250-A s. 1995 AND 419 s. 1997 IMPLEMENTING THE RATIONALIZATION OF DUTY FREE STORES/OUTLETS AND THEIR OPERATIONS IN THE PHILIPPINES PURSUANT TO EXECUTIVE ORDER NO. 140 s. 1993 AND FOR OTHER PURPOSES

WHEREAS, Executive Order No. 140 dated 30 November 1993 provides for the rationalization of duty free stores/outlets and their operations in the Philippines in order to enhance their conformity with generally observed practices in most countries and to avoid their possible adverse impact on local enterprises;

WHEREAS, Executive Order No. 250 dated 2 June 1995, as amended, implements such rationalization by modifying policies and improving certain operational aspects of duty free stores/outlets in the Philippines;

WHEREAS, there is a need to further modify policies and guidelines affecting the duty free stores/outlets in order to prevent abuse of duty free privilege and to protect local industries from unfair competition;

WHEREAS, the Clark Special Economic Zone will be an important site for the year-round 100th anniversary celebration of the Philippine Independence in 1998;

WHEREAS, the operation of the duty free shops/outlets in the Subic Special Economic and Free Port Zone and Clark Special Economic Zone, but under proper and strict limitations, is needed to enhance domestic tourism and help generate support for the centennial activities;

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order the following:

Section 1. Disallowing the Establishment of New Duty Free Shops, Reiterated. As mandated under Executive Order No. 419 dated 16 June 1997, the establishment of new duty free shops/outlets and the expansion of existing ones shall no longer be allowed, except as may be authorized by existing laws.

Section 2. Limiting Duty Free Shops Operations in International Ports of Entry and Fenced-in Areas of Freeport Zones. The operation of duty free shops shall be allowed only within the country's international ports of entry and the fenced-in areas of the freeport zones, except as provided in the succeeding section for a limited period as indicated.

Section 3. Special Shopping Privileges Granted During the Year-round Centennial Anniversary Celebration in 1998. Upon effectivity of this Order and

up to the Centennial Year 1998, in addition to the permanent residents, locators and employees of the fenced-in areas of the Subic Special Economic and Freeport Zone and the Clark Special Economic Zone who are allowed unlimited duty free purchases, provided these are consumed within said fenced-in areas of the Zones, the residents of the municipalities adjacent to Subic and Clark as respectively provided in R.A. 7227 (1992) and E.O. 97-A s. 1993 shall continue to be allowed One Hundred US Dollars (US\$100) monthly shopping privilege until 31 December 1998. Domestic tourists visiting Subic and Clark shall be allowed a shopping privilege of US\$25 for consumable goods which shall be consumed only in the fenced-in area during their visit therein.

Section 4. Grant of Duty Free Shopping Privileges Limited Only to Individuals Allowed by Law. Starting 1 January 1999, only the following persons shall continue to be eligible to shop in duty free shops/outlets with their corresponding purchase limits:

a. Tourists and Filipinos traveling to or returning from foreign destinations under E.O. 97-A s. 1993 – One Thousand US Dollars (US\$1,000) but not to exceed Ten Thousand US Dollars (US\$10,000) in any given year;

b. Overseas Filipino Workers (OFWs) and Balikbayans defined under R.A. 6768 dated 3 November 1989 – Two Thousand US Dollars (US\$2,000);

c. Residents, eighteen (18) years old and above, of the fenced-in areas of the freeports under R.A. 7227 (1992) and E.O. 97-A s. 1993 – Unlimited purchase as long as these are for consumption within these freeports.

The term "Residents" mentioned in item c above shall refer to individuals who, by virtue of domicile or employment, reside on permanent basis within the freeport area. The term excludes (1) non-residents who have entered into short- or long-term property lease inside the freeport, (2) outsiders engaged in doing business within the freeport, and (3) members of private clubs (e.g., yacht and golf clubs) based or located within the freeport. In this regard, duty free privileges granted to any of the above individuals (e.g., unlimited shopping privilege, tax-free importation of cars, etc.) are hereby revoked.

Section 5. Allowable Items in Duty Free Stores/Outlets. – The range of items to be sold in all duty free stores/outlets shall be limited only to consumables, light and heavy durables, and television sets of sizes not manufactured in the Philippines, subject to the following conditions:

a. Imported heavy durables shall only be sold to balikbayans, OFWs and residents of the secured and fenced-in area of freeports. In availing of this privilege, the following shall be presented as proof of entitlement:

Filipino citizen who has been continuously out of the country for at least one (1) year from date of last departure:

Philippine Passport showing date of last departure

2. Foreign passport holder (Balikbayan):

Passport and any one of the following:

- Old Philippine Passport