

[EXECUTIVE ORDER NO. 120, August 19, 1993]

DIRECTING THE NATIONAL GOVERNMENT, ITS DEPARTMENTS, BUREAUS, AGENCIES AND OFFICES, INCLUDING GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS, TO ADOPT COUNTER-TRADE AS A SUPPLEMENTAL TRADE TOOL WITH RESPECT TO THE IMPORTATION OR PROCUREMENT OF FOREIGN CAPITAL EQUIPMENT, MACHINERY, PRODUCTS, GOODS AND SERVICES

WHEREAS, under Section 13, Article XII of the 1987 Constitution, the State is mandated to pursue a trade policy that serves the general welfare and utilizes all forms and arrangements of exchange on the basis of equality and reciprocity;

WHEREAS, the adoption of a policy on countertrade is aimed at compensating the foreign exchange expended for the importation or procurement of foreign capital equipment, machinery, products, goods and services by the national government, its agencies or offices including government-owned or controlled corporations, as well as to reciprocate for such importation or procurement through arranged counter exports of Philippines traditional or non-traditional products to the country of the supplier or any third country, or through product buy back, offsets or investments.

WHEREAS, countertrade arrangements are expected to result in the opening of new markets for Philippine products and services, overcome quota and trade restrictions of other countries, and provide for technology transfer and industrial growth, particularly in strategic industries, such as energy, transport, infrastructure, telecommunications, and defense, as well as those listed under the Investments Priorities Plan and the Industrialization Modernization Program; and

WHEREAS, the adoption of a policy on countertrade by the public sector will spur economic development and help the country achieve "newly-industrialized country" status by the year 2000.

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:

Section 1. *Coverage.* All departments, bureaus, agencies, offices and instrumentalities, including government-owned or controlled corporations, are hereby directed to adopt countertrade as a supplemental trade tool in connection with transactions involving the importation or procurement of foreign capital equipment, machinery, products, goods, and services entailing the payment of at least United States Dollars: One Million (US\$1,000,000.00) or its equivalent in other foreign currency, and to negotiate and conclude, on a best-efforts basis, agreements or arrangements on countertrade with respect to such importation.

Section 2. *Definition of Terms.* For purposes of this Executive Order, "Countertrade" shall refer to any of the following arrangements: