

[EXECUTIVE ORDER NO. 565, October 16, 1979]

CREATING THE BONDED EXPORT MARKETING BOARD

WHEREAS, the demonstrated capability of the bonded manufacturing system to provide the appropriate operating conditions for export-oriented enterprises with imported in-puts to production, justifies its extension under such modified terms of application as may be necessary, to a wider range of products with export potential

WHEREAS, it is a matter of urgent necessity to reverse the current trade deficits by further improving the performance of the external sector, through the innovative applications and adoption of all the requisite tools and instruments available for that purposes;

WHEREAS, to attain the above objective, it is imperative that all governmental undertakings directed at the installation, expansion and regulation of export productive capacity by synchronized, coordinated and integrated with parallel efforts to identify, and promote export products in which the Philippines has or can develop absolute or comparative advantage in the international market, which task is best entrusted to an inter-ministerial agency specifically created for that purposes;

WHEREAS, under Presidential Decree No. 1416, the President is given the authority to reorganize the National Government;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution and pursuant to the authority vested in me by Presidential Decree 1416, do hereby order and ordain:

Section 1. Declaration of Policy. – It is hereby declared to be the policy of Government to adopt as the operational basis for the implementation of the national export strategy a market-oriented, rather than a primarily resource-based export trade development program, the objective of which shall be to attain an optimum level of the correspondence between international market opportunities, on the one hand, and product development on the other, in order that the existing or emerging comparative advantage of the Philippine export industry, with respect to specific products, attributable to labor cost, market proximity, level of available skills, terms of market entry, and other determinants of competitive position may be fully exploited.

Section 2. Creation of the Bonded Export Marketing Board. – There is hereby created a Bonded Export Marketing Board, hereinafter referred to as the Board, which shall be under the direct supervision and control of the Office of the President and which shall assume primary responsibility for the formulation of the underlying projects and programs intended to implement the above declared policy.

Section 3. Locus of Responsibility and Authority. – The authority and responsibility

for exercising the functions and discharging the duties of the Board is hereby vested in a Governing Board to be composed of the Minister of Trade, as Chairman, and the following as members: The Minister of Industry, the Commissioner of Customs, a representative of the Central Bank of the Philippines with a rank not lower than deputy governor and the Presidential Assistant on Economic Affairs and Development.

Section 4. Powers and Functions. – In line with its primary responsibility, the Board shall exercise the following powers and functions:

- a. To study and analyze the international market for specific products in which the Philippines has or can develop absolute or relative advantage, given its labor costs, its actual or potential level of technology, production capability, power rates, market leverage for such products, and other determinants of production, pricing practices and marketing strategies;
- b. On the basis of its findings, to submit, from time to time, to the President of the Philippines for approval a list of export products in which the Philippines presently has or can develop a relative or comparative advantage in the international market and for which it has existing or potential productive capacity and competitive efficiency;
- c. To encourage the installation or expansion of productive export capacity for processing, manufacturing, or fabricating the products included in the list approved by the President of the Philippines, and to promote the same to the extent necessary to achieve optimum entry into target markets;
- d. To endorse to the Board of Investments, any project proposal for export products under a bonded manufacturing facility whenever such project qualifies for incentives under the Export Incentives act, the Investment Incentive Act and/or other applicable laws;
- e. In consultation and coordination with the Bureau of Customs, to regulate and administer all bonded manufacturing sites, established by virtue hereof, with the end in view of insuring operational efficiency, and preventing the diversion of imported components of export products to the domestic markets;
- f. To identify and designate the specific sites which export bonded manufacturing facilities shall be located and, in connection therewith, to formulate and adopt, in so far as may be practicable, a regional dispersal policy for the export industry;
- g. To recommend and endorse for assistance to the Philippine National Bank, the Development Bank of the Philippines, and other government-owned or controlled financial institutions, specific export projects and ventures found to be viable;
- h. To initiate studies on the development or maintenance of the absolute or comparative advantage of export products, included in the list approved by the President of the Philippines, in relation to wage structure, power rates, terms of trade for imported components, re-export values, shipping cost, labor productivity, levels of technology used, and other significant factors essential to the determination of marketability and competitive position;