

[MEMORANDUM ORDER No. 284, May 09, 2008]

APPROVING THE 2008 INVESTMENT PRIORITIES PLAN

Pursuant to Article 29 of the Omnibus Investments Code of 1987, the attached 2008 Investment Priorities Plan (IPP) is hereby **approved**. Further to the provision of said Article, upon the effectivity of the IPP, all government agencies and entities are enjoined not to adopt any policy or take any course of action contrary to or inconsistent with the IPP.

This Memorandum Order shall take effect fifteen (15) days after its publication as required under Article 31 of the Omnibus Investments Code of 1987.

DONE in the City of Manila, this 9th of May, in the year of Our Lord, Two Thousand and Eight.

(Sgd.) GLORIA M. ARROYO

By the President:

(Sgd.) EDUARDO R. ERMITA

Executive Secretary

MESSAGE

The economic performance of the Philippines in 2007 is at its highest level in 31 years with the GDP growing at 7.3%. This is a clear testament that my Administration's economic program as laid down in my 10-point agenda and the 2004-2010 Medium Term Philippine Development Plan is now bearing fruits.

We only need to persevere more to sustain the growth momentum. I am pleased that the Investment Priorities Plan (IPP) that has contributed to the Philippines' development goals will remain and continue to be a significant tool in achieving greater heights for the country's investment performance.

The 2008 IPP seeks to attract the types of quality investments that will drive the economy to generate more gainful employment for our people, encourage technological innovations, and provide support for industries to seize the opportunities and challenges of global demands and competition.

The realization of my Administration's development agenda and the successful implementation of the 2008 IPP require unity, cooperation and risk sharing among all sectors. I reiterate that a continued strong and committed public and private partnership shall move us towards our goal to elevate the Philippines to **1st World Country Status in 20 years**.

Mabuhay tayong lahat!

(Sgd.) GLORIA M. ARROYO

Manila, MAY 09, 2008

Part I

PRIORITY INVESTMENT AREAS

The coverage, description and entitlement to incentives of the following listed activities shall be defined and clarified in the General Policies and Specific Guidelines to be issued by the Board of Investments (BOI).

The grant of incentives under the 2008 IPP is subject to Article 7, paragraph 3 of EO 226, to wit:

"ART. 7 Powers and Duties of the Board. xxx

(3) Process and approve applications for registration with the Board, imposing such terms and conditions as it may deem necessary to promote the objectives of this Code, including refund of incentives when appropriate, restricting availment of certain incentives not needed by the project in the determination of the Board x x x"

I. PREFERRED ACTIVITIES

A. Agriculture/Agribusiness and Fishery

This covers production and processing of agricultural and fishery products (including their by-products and wastes), biofuels, feeds and organic fertilizers. The processing of agricultural products by the firm must be integrated with its own production/plantation or with contract growing arrangement.

B. Infrastructure

This covers the development of physical infrastructure (roads, bridges and tollways), power generation [using renewable, and other energy sources adopting environmentally-friendly technologies except oil-fired power generating plants, Small Power Utilities Group (SPUG), and privatized plants], mass housing (socialized and low-cost), bulk water supply (limited to projects that will supply waterless barangays), mass rail transport, pipeline projects for oil and gas, and projects under the Build-Operate-Transfer (BOT) Law.

This also covers logistics (passenger and cargo ship and air transports, ports/terminals, airports, warehousing, post harvest facilities, and logistics-related IT-enabled services) in government identified logistics hubs, and IT or IT-enabled services rendered to government agencies and Local Government Units (LGUs).

C. Tourism

This covers the establishment of tourist accommodation facilities, resorts, retirement villages and medical tourism (including the production of healthcare and wellness products).

D. Research and Development

This covers commercial and in-house R & D activities, and the establishment of Centers of Excellence, innovation, and skills development training institutions.

E. Engineered Products

This covers shipbuilding, manufacture of machinery and equipment, including their parts and components, basic iron and steel products, long steel products (billets and reinforcing steel bars), and flat hot-/cold-rolled products integrated with basic iron and steel production; and the manufacture of parts and components of motor vehicles, and assembly or manufacture of motor vehicles under the Motor Vehicle Development Program provided there is investment in the production of major parts and/or components.

F. Strategic Activities ^[1]

This covers activities with a minimum project investment cost of the peso equivalent of US\$300 million and complies with either of the following:

- a. employment generation of at least 1,000; or
- b. use of internationally accepted high level of technology.

This also covers major projects of global companies intended to be located only in one country as a regional hub where the Philippines is one of the short-listed countries for investment location.

II. MANDATORY INCLUSIONS

Activities that require their inclusion in the IPP as provided for under existing laws.

LAW

ACTIVITY

P.D. Industrial Tree Plantation^[2] 705

This covers extensive plantation of forest land of tree crops (except fruit trees) for commercial and industrial purposes.

R.A. Exploration, Mining, Quarrying, and Processing of 7942 Minerals^[2]

This covers exploration and development of mineral resources, mining, quarrying and processing of metallic and non-metallic minerals.

R.A. Printing, Publication and Content Development of

8047 Books or Textbooks

This covers printing, re-printing, publication and content development of books or textbooks.

R.A. Refining, Storage, Marketing and Distribution of 8479 Petroleum Products^[3]

This covers refining^[4], and storage, distribution, and marketing of petroleum products located in government identified logistics hubs.

R.A. Ecological Solid Waste Management 9003

This covers the establishment of waste recycling facilities.
^[4]

R.A. Clean Water Act 9275

This covers the establishment of industrial waste water treatment facilities, and sewage collection integrated with treatment facilities^[4], and the adoption of water pollution control technology, cleaner production and waste minimization^[2].

R.A. Development and Self-Reliance of Disabled Persons 7277

This covers the manufacture of technical aids and appliances for the use and/or rehabilitation of disabled persons, and the establishment of special schools, homes, residential communities or retirement villages solely to suit the needs and requirements of persons with disability.

III. EXPORT ACTIVITIES

This covers the production/manufacture of non-traditional export products and services in support of exporters as identified under the Medium-Term Philippine Development Plan (MTPDP) 2004-2010 and/or the updated Philippine Export Development Plan (PEDP).

A. Manufacture of Export Products/Services

This covers the production/manufacture of non-traditional export products and services with export requirement of at least 50% of its output, if Filipino-owned or at least 70%, if foreign-owned.

B. Activities in Support to Exporters

This covers:

1. Sub-assembly/fabrication of parts/components of the final export product supplied to exporters located in export processing/economic zones/Freeports or to exporters operating Bonded Manufacturing Warehouse (BMW);
2. Manufacture of supplies directly/reasonably needed in the production of non-traditional export products to exporters located in export processing/economic zones/Freeports or to exporters operating BMW;
3. Services comprising a portion of the manufacturing process;
4. Product testing and inspection;
5. Repair and maintenance; and
6. Logistics services rendered to exporters [5].

Notes:

A. The following activities are not entitled to Income Tax Holiday (ITH) except as provided herein:

1. New projects involving the same activity to be undertaken by the same company or another company with the same stockholders or interlocking shareholders to the extent of 50% ownership. This shall not apply to the following:
 - a. Direct and constructive exports;
 - b. Projects undertaken by Micro, Small and Medium Enterprises (MSMEs);
 - c. Socialized and low-cost mass housing;
 - d. Tourism projects in accordance with the Tourism Master Plan;
 - e. Shipbuilding;
 - f. Shipping serving the nautical highways and missionary routes; and
 - g. Air transport serving the missionary routes.

Notwithstanding the preceding paragraph A.1, the following activities shall have diminishing rate of ITH to be determined in the Specific Guidelines:

- a. Vertical mass housing projects located in Metro Manila;
 - b. Power generation projects;
 - c. Shipping; and
 - d. Air Transport.
2. Expansion and Modernization projects except the following:
 - a. Direct and constructive exports;
 - b. MSMEs projects;
 - c. Socialized and low-cost mass housing;
 - d. Tourism projects in accordance with the Tourism Master Plan;
 - e. Printing, Publication or Content Development of Books or Textbooks;
 - f. Manufacture of long steel products (billets and reinforcing steel bars); and
 - g. Strategic activities.
3. Indirect exports of goods except constructive exports;
4. Industrial tree plantation;