

**[ OP EXECUTIVE ORDER NO. 890, S. 2010, June 10, 2010 ]**

**MODIFYING THE NOMENCLATURE AND THE RATES OF IMPORT DUTY ON CRUDE OIL, PETROLEUM PRODUCTS AND ASPHALT UNDER SECTION 104 OF THE TARIFF AND CUSTOMS CODE OF 1978 (PRESIDENTIAL DECREE NO. 1464), AS AMENDED**

**WHEREAS**, Section 6 of Republic Act 8479, otherwise known as the "Downstream Oil Industry Deregulation Act of 1998," provides that "Any law to the contrary notwithstanding and starting with the effectivity of this Act, a single and uniform tariff duty shall be imposed and collected both on imported crude oil and imported refined petroleum products at the rate of three percent (3%): Provided however, that the President of the Philippines may, in the exercise of his powers, reduce such tariff rate when in his judgment such reduction is warranted, pursuant to Republic Act 1937, as amended, otherwise known as the "Tariff and Customs Code";

**WHEREAS**, Executive Order (E.O.) No. 850 which took effect on 1 January 2010 modifies the rates of duty on certain imported articles in order to implement the Philippines' commitment to eliminate the tariff rates on the remaining products in the inclusion list in 2010 under the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area (AFTA)/ASEAN Trade in Goods Agreement (ATIGA);

**WHEREAS**, under the said Agreement, crude oil and refined petroleum products imported from ASEAN Member States (AMS) are levied zero rates under the AFTA-CEPT/ATIGA;

**WHEREAS**, E.O. No. 268, dated 9 January 2004, reduced to zero the preferential tariff rate for asphalt;

**WHEREAS**, the elimination of the 3% rates of duty on said products imported from non-ASEAN will address the tariff distortion brought about by the implementation of the zero duty under E.O. 268 and E.O. 850;

**WHEREAS**, the zero duty will provide a level playing field for local refiners to compete with importers, ensuring their existence to produce environmentally-compliant refined fuels and provide security of fuel supply in the Philippines;

**WHEREAS**, the NEDA Board during its meeting on 25 May 2010 approved the elimination of tariffs on crude oil, refined petroleum products and asphalt;

**WHEREAS**, Section 401 of the Tariff and Customs Code of 1978 (Presidential Decree No. 1464), as amended, empowers the President of the Republic of the Philippines to increase, reduce, or remove existing rates of import duty, as well as to modify the form of duty and the tariff nomenclature, under Section 104 of the Code;