

[EXECUTIVE ORDER NO. 418, April 04, 2005]

**MODIFYING THE TARIFF NOMENCLATURE AND RATES OF
IMPORT DUTY ON USED MOTOR VEHICLES UNDER SECTION 104
OF THE TARIFF AND CUSTOMS CODE OF 1978 (PRESIDENTIAL
DECREE NO.1464, AS AMENDED)**

WHEREAS, it is the policy of the State to maintain a balance between development and environmental protection, and hence, between motorization and air quality management;

WHEREAS, it is the policy of the State to protect the public against unreasonable risks to injury associated with consumer products;

WHEREAS, there is a need to mitigate the impact of used motor vehicle trading on air quality and road safety;

WHEREAS, Article II:1(b) of the 1994 General Agreement on Tariffs and Trade allows the unilateral imposition of other duties and charges on tariff items that were not previously the subject and concession;

WHEREAS, motor vehicles were not covered by Schedule LXXV - Philippine Schedule of Concessions and therefore, do not have tariff bindings;

WHEREAS, Section 401 of the Tariff and Customs Code of 1978, 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;

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. The articles specifically listed in Annex "A"* hereof, as classified under Section 104 of the Tariff and Customs Code of 1978, as amended, shall be subject to the rates of import duty indicated opposite each article, except for trucks, buses and special purpose vehicles.

SEC. 2. In addition to the regular rates of import duty, the articles specifically listed in Annex "A" hereof, as classified under Section 104 of the Tariff and Customs Code of 1978, as amended, shall be subject to additional specific duty of Php500,000.00.

SEC. 3. The amount of specific duty will be indexed by the Secretary of Finance - once every two (2) years if the change in the exchange rate of the Philippine peso against the United States (U.S.) dollar is more than ten percent (10%) from the date of the effectivity of this Order, in the case of initial adjustment and from the last revision date in the case of subsequent adjustments.