

**[GTEB MEMORANDUM CIRCULAR NO. 007-04,
February 12, 2004]**

REVISIONS ON THE GTEB RULES ON QUOTA ALLOCATION

This year 2004 being the last year of the quota and considering the lower levels of available free quotas for critical categories, the following revisions on the rules of quota allocation were approved by the Board effective immediately:

I. Allocation of 2004 quotas of critical categories shall be done in accordance with the following order of priorities and guidelines:

1. EQ restoration
2. Restoration of quota incentives granted in prior years under the Productivity Enhancement Program.

a. Restoration in 2004 of Quota Incentives granted or restored to firms in 2003 under the Productivity Enhancement Program (PEP) shall be equivalent to the quota incentive award less 150% of the unperformed quantity of such incentive (performance based on AWBs/BLs) subject to the following conditions:

- i. Firm is compliant with the Re-accreditation Program.
- ii. The investment for which the quota incentives were granted still exists. This will be ascertained thru random inspection conducted by GTEB.

If the investment no longer exists, the equivalent quota incentive previously granted shall not be restored, or if already restored, the same shall be forfeited. If the quota to be forfeited has been used, the equivalent quantity shall be deducted from any future allocation of the firm in the same category.

3. Quota incentives under the Productivity Enhancement Program that remain unsatisfied as of January 16, 2004.

a. Firms with unsatisfied entitlements under the Productivity Enhancement Program and/or under the guarantee allocation may be