

**[ EXECUTIVE ORDER NO. 397, December 31, 2004 ]**

**REDUCING THE RATES OF IMPORT DUTY ON COMPLETELY-KNOCKED-DOWN PARTS AND COMPONENTS FOR ASSEMBLY OF LOW ENGINE DISPLACEMENT AND HYBRID VEHICLES**

WHEREAS, the government issued Executive Order No. 156, series of 2002, establishing a Comprehensive Industrial Policy and Directions for the Motor Vehicle Development Program to develop the Philippines as the manufacturing hub in ASEAN for certain motor vehicles, parts and components;

WHEREAS, the latest technological development in motor vehicle industry is the introduction of the so-called "hybrid" or partly-electric vehicle which are deemed more powerful and more fuel efficient;

WHEREAS, it is a declared policy of the government to promote the judicious conservation and efficient utilization of energy resources thereby adopting the most cost-effective options toward the wiser and efficient use of energy;

WHEREAS, the transport sector is one of the highest fuel-consuming sector next to the industrial manufacturing sector;

WHEREAS, Executive Order No. 472, series of 1998, institutionalized the Committee on Fuel Conservation and Efficiency in Road Transport, and targets 5% reduction in fuel consumption by road transport users;

WHEREAS, Sections 401 and 402 of the Tariff and Customs Code of 1978 (Presidential Decree No. 1464), as amended, empower the President of the Republic of the Philippines, to increase, reduce or remove existing rates of duty, as well as, to modify the tariff nomenclature.

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 (Most Favored Nation (MFN) and Association of Southeast Asian Nations (ASEAN) - Common Effective Preferential Tariff (CEPT) in accordance with the schedule indicated in Columns 4 and 5 opposite each article;

*SECTION 2.* The ASEAN CEPT rates so indicated in Annex "A" shall be accorded to imports coming from ASEAN Member States applying CEPT