

**[ BOC MEMORANDUM ORDER NO. 4-2003, March 17, 2003 ]**

**GUIDELINES IMPLEMENTING CUSTOMS CONCERNS UNDER EXECUTIVE ORDER NO. 156**

Pursuant to Executive Order No. 156, Providing for a Comprehensive Industrial Policy and Directions for the Motor Vehicle Development Program and Its Implementing Guidelines, dated 12 December 2002, which took effect on 01 January 2003; and the letter, dated 05 February 2003, of the Department of Trade and Industry (DTI), clarifying certain issues related thereto, and circularized through Customs Memorandum Circular No. 42-2003, dated 07 February 2003; the following is hereby prescribed:

**SECTION I. CKD Importations under the Motor Vehicle Development Program of the Philippines (MVDP)**

1. Only brand-new CKD parts and components for assembly purposes and sourced from a foreign Original Equipment Manufacturer (OEM) shall be allowed for importations under the Motor Vehicle Development Program (MVDP).
2. Brand-new CKD parts and components imported by participants of the MVDP and covered by a Certificate of Authority to Import CKD at CKD tariff rates, duly issued by the Board of Investment, Department of Trade and Industry (BoI-DTI) on a per shipment basis, shall be subject to the applicable CKD duty rates specific to MVDP importations in accordance with existing rules and regulations and/or as may be determined by BOI-DTI.
3. Brand-new CKD part and components importations not covered by a Certificate of Authority to Import CKD at CKD tariff rates shall be subject to the regular rates following the "essential character" principle under the rules of classification laid down in Sec. 103 of the Tariff and Customs Code of the Philippines (TCCP).
4. To ensure the proper application of E.O. 156 and this Order, the Bureau of Customs shall closely and continually coordinate with BOI to maintain an updated list of MVDP participants and of their respective foreign OEMs.
5. For the purpose of this Section, the following terms as defined in E.O. 156 are hereby adopted:
  - a. "CKD" — refers to completely knocked down parts and components, including sub-parts/parts and sub-assemblies/assemblies of motor vehicles for assembly into a complete unit.

- b. "Sub-assemblies/assemblies/components" — refers to major parts and components such as engines, transmissions, axle assemblies, chassis, body assemblies and the like.
- c. "Sub-parts/parts" — refers to parts that are necessary for producing sub-assemblies/assemblies/components and/or other parts forming part of the CKD pack.
- d. "Original Equipment Manufacturer" — refers to a producer of CKD parts/components, sub-assemblies/assemblies or sub-parts/parts to be supplied to an MVDP participant.

**SECTION II. Motor Vehicle Parts/Components, and Motorcycles, Parts and Components**

The importation of the following motor vehicle parts/components, and motorcycles, parts and components, shall be governed by Central Bank Circular (CBC) No. 1389, as amended, and accordingly shall require prior clearance from the Board of Investments (BoI-DTI):

1. Used reciprocating piston engines of a cylinder capacity exceeding 50 cc, for tractors
2. Used reciprocating piston engines of a cylinder capacity exceeding 250 cc, for trucks and buses
3. Used diesel and semi-diesel engines for tractors
4. Chassis fitted with engines, for motor vehicle for the transport of persons other than public transport type
5. Bodies (including cabs) for motor vehicles for the transport of persons other than public transport type
6. Seats of a kind used for motor vehicles
7. Other parts and accessories of motor vehicles for the transport of persons other than public transport type, to wit:
 

dashboards	plate brackets
doors	running boards
fenders	radiator cowlings
floor boards	trunk/trunk lids
grille	visors
hood	wings
luggage	compartments mudguards
luggage racks (exterior)	floor mats (other than of textile material/rubber)
8. Used motor scooters
9. Other used motorcycles
10. Parts of sidecars of all kinds

11. Saddles of motorcycles

12. Other parts of motorcycles (excluding rubber tires, engines, electric parts, completely knocked-down parts, storage batteries, chassis and frames), to wit:

brakes of all kinds	handle bars, handle bar grips
clutches	kick starter, levers
forks and parts thereof	luggage rack
fuel tanks	mud guards
gearing, gear boxes	shock absorbers
stands	transmission and parts thereof
wheels and parts thereof	(hubs, rims, spokes, etc.)

### **SECTION III. Used Motor Vehicles**

1. Used motor vehicles are banned importations through all ports, including special economic zones and/or free ports, except the following under certain conditions herein specified:

a. Personally owned motor vehicles (MVs), imported by returning residents/immigrations for personal use under the No-Dollar Importation (NDI) Scheme, provided said vehicles are covered by an Import Authority issued by the Department of Trade and Industry-Bureau of Import Services (DTI-BIS); provided further that the vehicles do not exceed GVW of 3 tons and are not sold within three years from date of importation;

b. Motor vehicles for the use of officials of the Diplomatic Corps, authorized for importation by the Department of Foreign Affairs;

c. Trucks, but excluding pick-up trucks, with GVW of 2.5-6.0 tons, provided these are covered by an authority to import issued by DTI-BIS. Those with GVW of more than 6.0 tons do not require such authority;

d. Buses with GVW of 6-12 tons, provided they are covered with authority to import issued by DTI-BIS. Those with GVW of more than 12 tons do not require such authority; and

e. Special Purpose Vehicles, which also do not require any import authority. Specifically, these are:

- Fire trucks
- Ambulances
- Funeral hearses/coaches
- Crane lorries
- Tractor heads or truck tractors
- Boom trucks
- Tanker trucks
- Tank lorries with high pressure spray gun
- Reefers or refrigerated trucks
- Mobile drilling derricks