

MALACAÑANG  
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 397

**MODIFYING THE RATES OF DUTY ON CERTAIN IMPORTED ARTICLES AS PROVIDED UNDER THE TARIFF AND CUSTOMS CODE OF 1978, AS AMENDED, IN ORDER TO IMPLEMENT THE MINIMUM 50% MARGIN OF PREFERENCE ON CERTAIN PRODUCTS INCLUDED IN THE BRAND-TO-BRAND COMPLEMENTATION SCHEME IN THE AUTOMOTIVE INDUSTRY UNDER THE BASIC AGREEMENT ON ASEAN INDUSTRIAL COMPLEMENTATION**

**WHEREAS**, the Philippines is a Contracting Party to the Basic Agreement on ASEAN Industrial Complementation (BAAIC) signed in Manila on 16 June 1981;

**WHEREAS**, the Philippines is a signatory to the Memorandum of Understanding (MOU) on the Brand-to-Brand Complementation (BBC) Scheme for the Automotive Industry under the BAAIC signed by the ASEAN Economic Ministers in Pattaya, Thailand on 18 October 1988;

**WHEREAS**, the Philippines is a participating country in the approved BBC Schemes of Honda Motor Co., Ltd. and Toyota Motor Corporation along with Indonesia, Malaysia and Thailand;

**WHEREAS**, at the ASEAN Senior Economic Officials Meeting held on 7-8 November 1995, it was agreed that under the Honda BBC Scheme, the Philippines will import from Indonesia, Malaysia and Thailand certain completely-knocked-down (CKD) component parts for the original equipment manufacture (OEM) of passenger cars of the Accord 4 Door SV8, Civic 4 Door SY6 and EK 4 Door Sedan SX8 Models, in exchange for Philippine exports of complementary component parts to the three participating countries;

**WHEREAS**, under the Toyota BBC Scheme approved on an ad referendum basis by Indonesia on 12 December 1995, by Malaysia on 28 November 1995 and by the Philippines on 12 January 1996, the Philippines will import engine assembly from Indonesia for the original equipment manufacture of TUV commercial vehicles for the transport of passengers and goods in exchange for Philippine exports of transmission components to Indonesia;

IN REPLYING, PLEASE CITE:

PFVR Letter # L107155



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**WHEREAS**, at the Meeting of the ASEAN Senior Economic Officials (SEOM) held in Jakarta, Indonesia on 3-5 June 1996, it was agreed that under the Toyota Motor Corporation BBC Scheme, the Philippines will import inlet air cleaner from Thailand for the original equipment manufacture of Corolla passenger cars in exchange for Philippine exports of transmission assembly to Thailand;

**WHEREAS**, under the MOU on the BBC Scheme in the Automotive Industry, the Philippines shall grant a minimum 50% Margin of Preference (MOP) to BBC products approved by the SEOM subject to the terms and conditions set out in Section 9(b) of said MOU;

**WHEREAS**, under Section 9(b)(i) of the said MOU, the 50% MOP for existing BBC products shall be granted within 90 days of approval of the BBC products by the SEOM, and for new BBC products, the grant shall be extended from the actual date of commercial production of the products, or upon expiry of 30 months from the date of approval of the products whichever comes earlier;

**WHEREAS**, the various component parts specified in Certificates of Eligibility (COEs) Nos. HM/2/B/96, HM/5/B/96, HM/8/B/96, HM/11/B/96, HM/17/B/96 and HM/24/B/96, re-issued on 1 September 1996 in favor of Honda Motor Co., Ltd., are existing products, i.e., already being manufactured at the time of original approval by the SEOM held on 7-8 November 1995;

**WHEREAS**, the engine assembly, specified in Certificate of Eligibility (COE) No. TMC/6/A/95 issued on 23 January 1996 in favor of Toyota Motor Corporation, is a new BBC product whose commercial production started in February 1996;

**WHEREAS**, inlet air cleaner, specified in Certificate of Eligibility (COE) No. 014-1 issued on 24 June 1996 in favor of Toyota Motor Corporation, is a new BBC product whose commercial production started in July 1996;

**WHEREAS**, under paragraph b(ii) of Section 9 of the MOU, non-participating countries shall initially waive their rights under Chapter II, Article 8, paragraph 2, of the SEAN Preferential Trading Arrangements (PTA) for the first four years from date of granting of MOP and shall thereafter enjoy the MOP granted by participating countries as soon as they extend the same MOP;

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**WHEREAS**, under paragraphs b(ii) and b(iv) of Section 9 of the MOU, the waiver period shall be extended beyond the first four years for as long as the non-participating countries do not wish to grant the MOP up to a maximum waiver period of eight years. After the maximum eight-year waiver period, any entity in any member country, whether the member country is participating in the specific BBC Scheme or not, which produces the BBC product shall enjoy the same MOP in the participating countries for the BBC product.

**NOW, THEREFORE, I, FIDEL V. RAMOS**, President of the Philippines, pursuant to the powers vested in me under Section 402 of the Tariff and Customs Code of 1978, as amended, 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 accorded a minimum 50% MOP as specified in Column 11 thereof. In effect, said articles shall be subject to the BBC Preferential Tariff in accordance with the schedule indicated opposite each article as specified in Columns 12, 13, 14, 15 and 16 of Annex "A".

**SEC. 2 .** The articles specifically listed in Annex "B" hereof, as classified under Section 104 of the Tariff and Customs Code of 1978, as amended, shall be accorded a minimum 50% MOP as specified in Column 12 thereof. In effect, said articles shall be subject to the BBC Preferential Tariff in accordance with the schedule indicated opposite each article as specified in Columns 13, 14, 15, 16, 17 and 18 of Annex "B".

**SEC. 3.** The MOP provided in Annex "A" on block assy cylinder and bumper parts for Accord 4 Door SV8 and Civic 4 Door SY6 passenger cars and on bumper parts and various component parts for EK 4 Door SX8 passenger cars, as specified in Annex "A", shall be accorded exclusively to the BBC entity in Indonesia (P.T. Honda Prospect Engine Manufacturing), Malaysia (Honda Autoparts Manufacturing (M) Sdn. Bhd.) and Thailand (Honda Cars Manufacturing Thailand Co., Ltd.) effective from January 1, 1996 up to December 31, 1999. Thereafter, the same MOP may be granted to a non-participating ASEAN country as soon as that country extends the same MOP itself. If the non-participating country does not wish to grant such MOP and maintains such position throughout the stipulated maximum waiver period of eight (8) years, the exclusive application of the MOP to Indonesia, Malaysia and Thailand shall then be extended up to December 31, 2003.

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**SEC. 4.** The MOP provided in Annex "B" on engine assembly for TUV (Models KF42, KF52, CF50) motor vehicles for the transport of passengers and goods under the Toyota Motor Corporation BBC Scheme shall be accorded exclusively to the BBC entity in Indonesia (P.T. Toyota-Astra Motor) effective from February 1, 1996 up to January 31, 2000. Thereafter, the same MOP may be granted to a non-participating ASEAN country as soon as that country extends the same MOP itself. If the non-participating country does wish to grant such MOP and maintains such position throughout the stipulated maximum waiver period of eight (8) years, the exclusive application of the MOP to Indonesia shall then be extended up to January 31, 2004.

**SEC. 5.** The MOP provided in Annex "B" on inlet air cleaner No. 1 for Corolla (Models EE 100, EE 101, AE 101) passenger cars under the Toyota Motor Corporation BBC Scheme shall be accorded exclusively to the BBC entity in Thailand (Toyota Motor Thailand Co., Ltd.) effective from July 1, 1996 up to June 30, 2000. Thereafter, the same MOP may be granted to a non-participating ASEAN country as soon as that country extends the same MOP itself. If the non-participating country does not wish to grant such MOP and maintains such position throughout the stipulated maximum waiver period of eight (8) years, the exclusive application of the MOP to Thailand shall then be extended up to June 30, 2004.

**SEC. 6.** The 50% MOP accorded under this Executive Order shall remain effective regardless of any subsequent changes in the basic Philippine rate of duty on the afore-mentioned articles.

**SEC. 7.** Upon the effectivity of this Executive Order, the articles specifically listed in the aforesaid Annexes "A" and "B" which are entered or withdrawn from warehouses in the Philippines for consumption shall pay the applicable BBC Preferential Tariff specified under Sections 1 and 2 hereof, subject to qualification under the Rules of Origin as prescribed in the Agreement on ASEAN Preferential Trading Arrangements, as amended.

**SEC. 8.** Any revision/s to the part numbers appearing in Column 4 of Annexes "A" and "B" shall be communicated immediately to the Bureau of Customs by the Department of Trade and Industry within five (5) days after receipt of the official copy of the revised part numbers from the ASEAN Secretariat.

**SEC. 9.** This Executive Order shall take effect immediately.

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**DONE** in the City of Manila, this 31<sup>st</sup> day of January in the year of Our Lord, Nineteen Hundred and Ninety-Seven.



By the President:



**RUBEN D. TORRES**  
Executive Secretary

BEL/RCC/ALC/eib



ARTICLES GRANTED 50% MOP UNDER THE  
APPROVED HONDA BBC SCHEME

HS CODE.	MODEL/TYPE	PRODUCT/ PART NAME	PART NO.	SOURCE COUNTRY (BBC COMPANY)	RATE OF DUTY (%)					MARGIN OF PRE- FERENCE (%)	APPLICABLE BBC PREFERENTIAL TARIFF (%)				
					1 JANUARY						1 JANUARY				
					1996	1997	1998	1999	2000		1996	1997	1998	1999	2000
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
< 8703.90 10	Accord 4Door SV8 Passenger Car	<b>Engine Parts:</b>  Block Assy Cylinder	11000 P0A 8056	Indonesia (P.T. Honda Prospect Engine Mftg.)	3	3	3	3	3	50	1.5	1.5	1.5	1.5	1.5
		<b>Bumper Parts:</b>  Face FR Bumper Face RR Bumper	71101 SV4 8056 71501 SV4 8056	Malaysia (Honda Auto Parts Mftg., (M) Sdn. Bhd.)	3	3	3	3	3	50	1.5	1.5	1.5	1.5	1.5
x 8703.90 10	Civic 4Door SY6 Passenger Car	<b>Engine Parts:</b>  Block Assy Cylinder	11000 P2E 8056	Indonesia (P.T. Honda Prospect Engine Mftg.)	3	3	3	3	3	50	1.5	1.5	1.5	1.5	1.5
		<b>Bumper Parts:</b>  Face FR Bumper Protector R FR Bumper Protector L FR Bumper Face RR Bumper Protector R RR Bumper Protector L RR Bumper	71101 S04 8056 71102 S04 8056 71103 S04 8056 71501 S04 8056 71502 S04 8056 71503 S04 8056	Malaysia (Honda Auto Parts Mftg., (M) Sdn. Bhd.)	3	3	3	3	3	50	1.5	1.5	1.5	1.5	1.5
x 8703.90 10	EK 4door Sedan SX8 Passenger Car	<b>Bumper Parts:</b>  Face, CTR FR Bumper Face R, FR BPR Side Face L, FR BPR Side Face, CTR RR Bumper Face R, RR BPR Side Face L, RR BPR Side	71101 SX8 8056 71102 SX8 8056 71103 SX8 8056 71501 SX8 8056 71502 SX8 8056 71503 SX8 8056	Malaysia (Honda Auto Parts Mftg., (M) Sdn. Bhd.)	3	3	3	3	3	50	1.5	1.5	1.5	1.5	1.5

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					1 JANUARY						1 JANUARY				
					1996	1997	1998	1999	2000		1996	1997	1998	1999	2000
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

## Various Component Parts:

				Thailand (Honda Cars Mftg. Thailand Co., Ltd.)	3	3	3	3	3	50	1.5	1.5	1.5	1.5	1.5
		Half lower	17500 SX8 T300AA												
		Pipe Comp Fuel Filler	17660 SX8 8056												
		Chamber Exhaust	18224 SX8 8056												
		Silencer Exhaust	18308 SX8 8056												
		Light Assy R Tail	33500 SX8 8056												
		Light Assy L. Tail	33550 SX8 8056												
		(Meter) Unit Assy, Fuel	37800 SX8 8056												
		Brake Assy Rear R	43101 SX8 8056												
		Brake Assy Rear L	43102 SX8 8056												
		Caliper Assy R (15CL13VN)	45210 SX8 8056												
		Caliper Assy L. (15CL13VN)	45230 SX8 8056												
		M/C & M/P Assy	4600A SX8 8056												
		Lever Assy Hand Brake	4710A SH4 8056												
		MTG Rub Miss	50805 SX8 8056												
		Spring, Stabi FR (21 MM)	51300 SX8 8056												
		LWR Arm Comp R FR	51350 SX8 8056												
		LWR Arm Comp L FR	51360 SX8 8056												
		Damper Unit R FR	51605 SX8 8056												
		Damper Unit L. FR	51606 SX8 8056												
		Damper Unit R RR	52611 SX8 8056												
		Damper Unit L RR	52612 SX8 8056												
		Strg Column Assy	53200 SX8 8056												
		Hood Comp	60100 SX8 8056												
		Panel R, FR Fender	60211 SX8 8056												
		Panel L, FR Fender	60261 SX8 8056												
		Wheel House Comp L, FR	60710 SX8 8056												
		Frame R FR Side	60811 SX8 8056												
		Base R LWR Arm	60816 SX8 8056												
		Frame L FR Side	60911 SX8 8056												
		Base L LWR Arm	60916 SX8 8056												
		C/MBR Comp, DA/BD LWR	61550 SX8 8056												
		Panel, Roof	62111 SX8 8056												

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					1 JANUARY						1 JANUARY				
					1996	1997	1998	1999	2000		1996	1997	1998	1999	2000
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
		Panel R, Outside	63101 SX8 8056												
		Stiff Comp R, FR PLR	63120 SX8 8056												
		Stiff Comp R, CTR PLR	63210 SX8 8056												
		Panel L, Outside	63501 SX8 8056												
		Stiff Comp L, FR PLR	63520 SX8 8056												
		Stiff Comp L, CTR PLR	63610 SX8 8056												
		Panel R, RR Inside	64311 SX8 8056												
		PNL L, RR Inside	64711 SX8 8056												
		Floor, Front	65111 SX8 8056												
		Sill, Comp R, FR Inside	65140 SX8 8056												
		Sill Comp L, FR Inside	65190 SX8 8056												
		W/H Comp R RR	64330 SX8 8056												
		W/H Comp L RR	64730 SX8 8056												
		Floor Rear	65511 SX8 8056												
		Frame Comp R, Rear	65610 SX8 8056												
		Frame Comp L, Rear	65660 SX8 8056												
		C/MBR Comp, RR FLR	65750 SX8 8056												
		Panel Rear	66111 SX8 8056												
		Parcel Shelf Comp Rear	66500 SX8 8056												
		Panel Comp R, FR Door	67010 SX8 8056												
		Panel Comp L, FR Door	67050 SX8 8056												
		Panel Comp R, RR Door	67510 SX8 8056												
		Panel Comp L, RR Door	67550 SX8 8056												
		Lid Comp Trunk	68500 SX8 8056												
		MLDG Assy R, FR DR	72410 SH4 8056												
		MLDG Assy, L, FR DR	72450 SH4 8056												
		Lock Assy R RR Door	72610 SX8 8056												
		Lock Assy L RR Door	72650 SX8 8056												
		MLDG Assy R, RR DR	72910 SH4 8056												
		MLDG Assy L, RR DR	72950 SH4 8056												
		Seal R, RR DR QTR	73441 SX8 8056												
		Seal L, RR DR QTR	73491 SX8 8056												
		MLDG Assy R, Roof	74306 SX8 8056												
		MLDG Assy L, Roof	74316 SX8 8056												
		Garn Lic Light	74821 SX8 8056												
		Grille FR	75101 SX8 8056												
		MLDG FR Grille	75120 SX8 8056												



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					1 JANUARY						1 JANUARY				
					1996	1997	1998	1999	2000		1996	1997	1998	1999	2000
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

Wheel Comp Strg	78500 SX8 8056
Belt Assy R FR Seat3P-ELR	81400 SX8 8056
Belt Assy L FR Seat3P-ELR	81800 SX8 8056

**ARTICLES GRANTED 50% MOP UNDER THE  
APPROVED TOYOTA BBC SCHEME**

HS CODE.	MODEL/TYPE	PRODUCT/ PART NAME	PART NO.	SOURCE COUNTRY (BBC COMPANY)	RATE OF DUTY (%)						MARGIN OF PRE- FERENCE (%)	APPLICABLE BBC PREFERENTIAL TARIFF (%)					
					1	1	1 JANUARY					1	1	1 JANUARY			
					FEB. 1996	JULY 1996	1997	1998	1999	2000		FEB. 1996	JULY 1996	1997	1998	1999	2000
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
ex 8702.90 10	TUV (Models KF42, KF52, CF50) Public Transport- Type Passenger Motor Vehicles	Engine assembly	16000	Indonesia (P.T. Toyota- Astra Motor)	3	3	3	3	3	3	50	1.5	1.5	1.5	1.5	1.5	1.5
ex 8703.90 10	Corolla (Models EE 100, EE 101, AE 101) Passenger Cars	Inlet air cleaner No. 1	17751 -15050	Thailand (Toyota Motor Thailand Co., Ltd.)	3	3	3	3	3	3	50	-	1.5	1.5	1.5	1.5	1.5
ex 8704.90 10	TUV (Models KF42, KF52, CF50) Motor Vehicles for the Transport of Goods	Engine assembly	16000	Indonesia (P.T. Toyota- Astra Motor)	3	3	3	3	3	3	50	1.5	1.5	1.5	1.5	1.5	1.5