

MALACAÑANG  
Manila

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Amor

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 618

**MODIFYING THE RATES OF DUTY ON CERTAIN IMPORTED ARTICLES AS PROVIDED FOR UNDER THE TARIFF AND CUSTOMS CODE OF 1978, AS AMENDED, IN ORDER TO IMPLEMENT THE COMMITMENT TO GRANT RECIPROCAL TARIFF RATE TREATMENT ON TARIFF LINES INCLUDED IN THE SENSITIVE TRACK OF THE ASEAN-CHINA FREE TRADE AREA**

**WHEREAS**, the Framework Agreement on Comprehensive Economic Cooperation (Framework Agreement) between the Association of South East Asian Nations (ASEAN) and the People's Republic of China (China) was signed by the Heads of Government/State of the ASEAN Member States and China on 4 November 2002 in Cambodia;

**WHEREAS**, Articles 2(a), 3(1), and 8(1) of the Framework Agreement reflect the Parties' commitment to establish the ASEAN-China Free Area (ACFTA) covering trade in goods by 2010 for ASEAN 6 and China, and by 2015 for the newer ASEAN Member States;

**WHEREAS**, the Agreement on Trade in Goods of the Framework Agreement was signed by the Economic Ministers of the Parties on 29 November 2004 in Laos;

**WHEREAS**, Article 3(2)(b) of the Agreement on Trade in Goods of the Framework Agreement provides that tariff lines placed in the Sensitive Track by each Party shall have their respective applied MFN tariff rates reduced or eliminated within timeframes in accordance with the modalities set out in Annex 2 of the Agreement.

**WHEREAS**, the aforesaid Annex 2 of the Agreement on Trade in Goods of the Framework Agreement provides that the reciprocal tariff rate treatment of tariff lines placed by a Party in the Sensitive Track shall be governed by the following conditions: (a) the tariff rate for a tariff line placed by a Party in the Sensitive Track must be at 10% or below for the Party to enjoy reciprocity; (b) the reciprocal tariff rate to be applied to a tariff line placed by a Party in the Sensitive Track shall either be the tariff rate of that Party's tariff line, or the



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Normal track tariff rate of the same tariff line of the other Party or Parties from whom reciprocity is sought, whichever is higher; and (c) the reciprocal tariff rate to be applied to a tariff line placed by a Party in the Sensitive Track shall in no case exceed the applied MFN rate of the same tariff line of the Party or Parties from whom reciprocity is sought.

**WHEREAS**, Section 402 of the Tariff and Customs Code of 1978 (PD 1464), as amended, empowers the President of the Republic of the Philippines, upon the recommendation of the National Economic and Development Authority, to increase, reduce or remove existing protective rates of import duty, as well as to modify the form of duty;

**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 products of the other Parties under their Sensitive Track in Annex "A" hereof, will be accorded reciprocal tariff treatment as governed by Paragraphs 5 and 6 of Annex 2 of the Agreement on Trade in Goods after a notification has been received from the Party/Parties that the rates of duty of products in its Sensitive Track are at 10% and below. For confirmation of the products covered by this reciprocity rule, the Tariff Commission (TC), upon request shall request shall issue tariff classification rulings pursuant to Section 1313 (a) of the Tariff and Customs Code, as amended.

**SEC. 2.** From the date of effectivity of this Order, all articles listed in Annex "A" entered into or withdrawn from warehouses in the Philippines for consumption shall be imposed the rates of duty therein prescribed subject to compliance with the Rules of Origin as provided for in Article 5 of the Agreement on Trade in Goods of the Framework Agreement.

**SEC. 3.** All presidential issuances, administrative rules and regulations, or parts thereof, which are contrary to or inconsistent with this Executive Order are hereby revoked or modified accordingly.

**SEC. 4.** This Executive Order shall take effect immediately following its complete publication in the Official Gazette or in a national newspaper of general circulation in the Philippines.

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Done in the City of Manila this 23<sup>rd</sup> day of April , in the year of Our Lord, Two Thousand and Seven.

By the President:

*Gloria M. Arroyo*

*Ermita*

**EDUARDO R. ERMITA**  
Executive Secretary



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