

**MEMORANDUM ORDER NO. 73**

**PROVIDING AMENDEMENTS TO MO 51 S. 2002, "AMENDMENTS TO M.O. 346, AMENDING THE GUIDELINES ON THE CAR DEVELOPMENT PROGRAM (CDP), THE COMMERCIAL VEHICLE DEVELOPMENT PROGRAM (CVDP), AND THE MOTORCYCLE DEVELOPMENT PROGRAM (MDP)" AS AMMENDED BY MO 473**

**WHEREAS**, the Philippines, as member of the World trade Organization (WTO), has committed to eliminate all laws, provisions, rules, regulations, and guidelines that may run counter to the different Agreements under the auspices of the WTO to which the Philippines is a signatory, such as the Agreement of Trade-Related Investment Measures (TRIMS);

**WHEREAS**, the Agreement on TRIMS mandates the elimination of laws, provisions, rules, regulations, and guidelines that provide for local content (LC) and net foreign exchange earnings (NFEE) requirements as they are considered contrary to the provisions thereof;

**WHEREAS**, the Philippines was granted formal approval by the Council for Trade in Goods (CTG) for the extension of the applicability of the subject TRIMS for an additional period of 3 1/2 years from, and after, 1 January 2000, the original expiry date of the transition period for the elimination of TRIMS, subject to a required phase-out schedule;

**WHEREAS**, in order to amplify the rates prescribed in the CDP, CVDP, MDP under Section 7.1 of Chapter 1 (CDP), Section 16 and 16.4 of Chapter II (CVDP) and Section 24.1 of Chapter III (MDP), Memorandum Order No. 51-A shall supercede Memorandum Order No. 51;

**NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO**, President of the Philippines, by virtue of the powers vested in me by law, do hereby amend Memorandum Order No. 51 dated 22 January 2002 and order the following:

**SECTION 1.** Section 7.1 Chapter I (CDP), Section 16.1 & 16.4 Chapter II (CVDP) and Section 24.1 of Chapter III (MDP) are hereby amended to read:

"Participants of the CDP, CVDP and MDP shall comply with the following local content requirements."

Period	CDP		CVDP					MDP	
	I & II	I & II	III	IVA	IVB	IVC	IVD-V	Cat.A	Cat.B
Jan. 1, 2002 until June 30, 2002	35%	39.375%	19.163%	18.76%	19.46%	11.839%	12.049%	39.375%	30.625%
July 1, 2002 until Dec. 31, 2002	30%	33.750%	16.425%	16.08%	16.68%	10.148%	10.328%	33.750%	26.250%
Jan. 1, 2003 until June 30, 2003	25%	28.125%	13.688%	13.40%	13.90%	8.456%	8.606%	28.125%	21.875%
July 1, 2003	0	0	0	0	0	0	0	0	0



**SEC 2.** Section 10.2, 10.3 and 10.4 of Chapter I (CDP), Section 19.1 Chapter II (CVDP) and Section 26.1 of Chapter III (MDP) are hereby amended to read:

“Participants of the CDP, CVDP, MDP will still be required to earn foreign exchange credits through the export of automotive products to be able to import CKDs. The net foreign earnings shall be recorded in ledger without bonus and the foreign exchange ratio (as a percentage of CKD import value) shall be as follows:

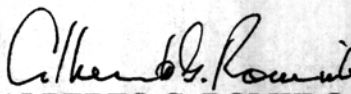
Date	CDP			CVDP		MDP Cat. A & B
	Cat. I	Cat. II	Cat. III	Cat. I & II	Cat. III, IV and V	
Jan. 1 2002 until Dec. 31, 2002	15%	55%	75%	15%	5%	15%
Jan. 1, 2003 until June 30, 2003	15%	55%	75%	15%	5%	15%
July 1, 2003	0	0	0	0	0	0

**SEC 3. Repealing Clause.** All other executive orders, administrative orders, rules and regulations, or parts thereof inconsistent with the provisions of this Memorandum Order are hereby repealed or modified accordingly.

**SEC 4. Effectivity.** This Memorandum Order shall take effect Immediately.

**DONE** in the City of Manila, this 12<sup>th</sup> of September, in the year of Our Lord, Two Thousand and Two.

By the President:

  
**ALBERTO G. ROMULO**  
 Executive Secretary





  
 PMS LIBRARY BCODE002011

  
 PGMA Outgoing # 14702