

[EXECUTIVE ORDER NO. 527, May 12, 2006]

TEMPORARILY MODIFYING THE RATES OF IMPORT DUTY ON CRUDE PETROLEUM OILS AND REFINED PETROLEUM PRODUCTS UNDER SECTION 104 OF THE TARIFF AND CUSTOMS CODE OF 1978 (PRESIDENTIAL DECREE NO. 1464), AS AMENDED

WHEREAS, soaring fuel prices to unprecedented levels brought about by current international and geo-political tensions, and tight gasoline supplies, warrant the modification in the rates of duty on crude petroleum oils and refined petroleum products to protect consumer welfare;

WHEREAS, an automatic tariff mechanism, based on certain triggers indexed to international oil prices, would soften the impact of high and rising world prices on the economy and the consuming public, without necessarily draining government revenues;

WHEREAS, Section 6 (Tariff Treatment) of Republic Act (R.A.) 8479, otherwise known as the "Downstream Oil Industry Deregulation Act of 1998," provides that: "Any law to the contrary notwithstanding and starting with the effectivity of this Act, a single and uniform tariff duty shall be imposed and collected both on imported crude oil and imported refined petroleum products at the rate of three percent (3%): *Provided, however,* That the President of the Philippines may, in the exercise of his powers, reduce such tariff rate when in his judgment such reduction is warranted, pursuant to Republic Act No. 1937, as amended, otherwise known as the "Tariff and Customs Code": *Provided, further,* That beginning January 1, 2004 or upon implementation of the Uniform Tariff Program under the World Trade Organization and ASEAN Free Trade Area commitments, the tariff rate shall be automatically adjusted to the Appropriate level notwithstanding the provisions under this Section."

WHEREAS, Section 401 of the Tariff and Customs Code of 1978 (Presidential Decree No. 1464), as amended, empowers the President of the Republic of the Philippines to increase, reduce, or remove existing rates of import duty, as well as to modify the form of duty and the tariff nomenclature, under Section 104 of the Code;

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 Most-Favoured-Nation (MFN) rate of import duty in accordance with the schedule indicated opposite each article.

SECTION 2 . The rates of import duty on tariff headings not enumerated and those listed but represented by the symbol "x x x" shall remain in force and in effect.

SECTION 3. The MFN rates on crude and refined petroleum products shall be reduced based on certain triggers indexed to oil prices in the world market. The tariffs shall be automatically restored as international oil prices move down based on the same trigger prices. The MFN rates shall take effect upon certification by the