

[**EXECUTIVE ORDER NO. 198, January 15, 2000**]

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 PREFERENTIAL TARIFF RATES ON CERTAIN PRODUCTS UNDER THE ASEAN INDUSTRIAL COOPERATION (AICO) SCHEME

WHEREAS, the Philippines is a Contracting Party to the Basic Agreement on the AICO Scheme signed in Singapore on 27 April 1996;

WHEREAS, the AICO Scheme seeks to improve the competitive position of ASEAN companies in the global and ASEAN markets by providing the means to apply the principles of economies of scale and scope in the manufacturing process, supported by preferential import duties to enhance across ASEAN border transactions;

WHEREAS, the Philippines is a participating country in the approved AICO Schemes of Honda Cars Phils. Inc. (HCPI) and Toyota Motor Philippines, Corp. (TMPC) along with Indonesia and Malaysia;

WHEREAS, under the Honda AICO Arrangement, it was agreed that the Philippines (Honda Cars Phils., Inc.) will import various component parts from Indonesia (P.T. Honda Prospect Motor) and Malaysia (Honda Autoparts Manufacturing (M) Sdn. Bhd.) for the original equipment manufacture (OEM) of Honda models Civic, City and Accord passenger cars. In exchange, Indonesia (P.T. Honda Prospect Motor) will import certain automotive component parts from the Philippines (Honda Cars Phils., Inc.) for the OEM of Honda models Civic, City and Accord passenger cars;

WHEREAS, under the Toyota AICO Arrangement, the Philippines (Toyota Motor Philippines Corp.) will import from Malaysia (T & K Autoparts Sdn. Bhd.) for the original equipment manufacture (OEM) of Toyota Corolla passenger cars and TUV light commercial vehicles for the transport of persons and goods.

WHEREAS, AICO Certificates of Eligibility Nos. Honda/1998/3(A) and Honda/1995/5 were issued on 22 June and 1 July 1999, respectively in favor of the participating companies in the Toyota AICO Arrangement.

WHEREAS, in consonance with Articles 5 and 7 of the Basic Agreement on the AICO Scheme, participating companies in the approved Honda Arrangement shall qualify for 0 - 5% preferential tariff rate to be extended by the Philippines, Indonesia and Malaysia as participating countries, effective within 45 days from the date of issuance of the Certificate of Eligibility by the ASEAN Secretariat;

NOW, THEREFORE, I, JOSEPH EJERCITO ESTRADA, 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: