

[EXECUTIVE ORDER NO. 487, January 12, 2006]

**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 REDUCE TARIFF RATES ON CERTAIN
PRODUCTS INCLUDED IN THE NORMAL 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 Trade 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)(a) of the Agreement on Trade in Goods of the Framework Agreement provides that tariff lines placed in the Normal track by each Party shall have their respective applied MFN tariff rates gradually reduced and eliminated in accordance with the modalities set out in Annex 1* of the Agreement with the objective of achieving the targets prescribed in the thresholds therein;

WHEREAS, the aforesaid Annex 1 of the Agreement on Trade in Goods of the Framework Agreement provides that ASEAN 6 and China shall implement the following tariff reduction schedule for products in the Normal Track by 1 July 2005: (a) applied MFN tariff rates above 20% shall be reduced to 20%; (b) applied MFN tariff rates from 15% to 19% shall be at 15%; (c) applied MFN tariff rates from 10% to 14% shall be at 10%; (d) applied MFN tariff rates from 6% to 9% shall be reduced to 5%; and (e) applied MFN tariff rates from 0% to 5% shall be maintained;

WHEREAS, the NEDA Board approved during its meeting on 20 December 2005 the reduction in tariff rates on 1,124 tariff lines in compliance with the modalities set out in the Agreement on Trade in Goods of the Framework Agreement;

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;