

**[PITC MEMORANDUM CIRCULAR NO. CT-95.4/01,
April 12, 1995]**

**AMENDING CERTAIN PROVISIONS OF MEMORANDUM CIRCULAR
NO. CT-95.1/01 ON GUIDELINES FOR EVALUATION AND
APPROVAL OF OFFSET ARRANGEMENTS UNDERTAKEN
PURSUANT TO E.O. 120 AND ITS IMPLEMENTING RULES AND
REGULATIONS**

A

Introduction

This Memorandum Circular is being issued for the purpose of amending certain provisions of Memorandum Circular No. CT-95.1/01 dated January 10, 1995 ("Circular CT-95.01/01") entitled "Guidelines for the Evaluation and Approval of Offsets Arrangements to be Undertaken Pursuant to E.O. 120 and its Implementing Rules and Regulations".

B

Amendments/Supplements

The following are the amendments to Circular CT-95.01/01:

B.1 A new provision is inserted at the beginning of Item C (ELIGIBLE OFFSETS), to read as follows:

"C. ELIGIBLE OFFSETS

All offset activities, regardless of their types/categories, which are to be undertaken pursuant to E.O. 120 and its Implementing Rules and Regulations must, first and foremost, meet the test of 'causality', as defined hereunder.

Causality - as the term is used herein, shall mean that the proposed offset activities/transactions were initiated by the foreign supplier as a result of a countertrade obligation/commitment of said foreign supplier pursuant to a particular Supply/Sales Contract with the Philippine Government.

As a general rule, any offset activity/transaction undertaken after the effectivity date of a Specific Countertrade Agreement between the foreign supplier and PITC, is presumed to have been undertaken as a result of said Specific Countertrade Agreement.

As cited in Annex "A" of the IRR to E.O. 120, offsets may be Direct or Indirect. When the offset to be undertaken is directly related to the capital equipment, machinery goods or services imported by the