



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA 1099

CUSTOMS ADMINISTRATIVE ORDER
NO. 1-2003

**Subject : BOI's INDUSTRIAL POLICY
ON MVDP IMPORTATIONS**

Pursuant to the letter, dated 14 January 2003, of the Board of Investments, Department of Trade and Industry, clarifying the tax status of CBUs assembled from imported CKDs by participants of the Motor Vehicle Development Program located inside ecozones/PEZA, it is hereby directed that:

CBUs, assembled from imported CKDs by participants of the Motor Vehicle Development Program located inside ecozones/PEZA, shall upon withdrawal for local consumption be assessed the corresponding CKD tariff rates and not the tariff rates for CBUs.

Provided that the withdrawal for local consumption shall not exceed the threshold allowed or permitted for such withdrawals pursuant to existing law, rules and regulations. Those in excess of the threshold allowed shall be assessed the corresponding tariff rates for CBUs.

This rule has been adopted to provide a level playing field for all MVDP participants. This also recognizes the intent of Executive Order No. 156, issued on 12 December 2002, to support the motor vehicle industry as a significant sector in economic development.

EO 156 envisions to transform the Philippines into an ASEAN hub for certain motor vehicles and parts and components with considerable exports to the region and elsewhere. To realize this vision, it is imperative to keep existing motor vehicle assemblers/exporters in the country and to attract new ones. Sales to domestic markets considered an important component in the choice of regional manufacturing bases by vehicle makers to achieve optimal production volumes.

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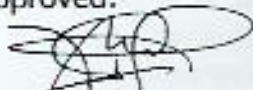
2.

All CAOs, CMOs and related issuances inconsistent with this Order are deemed amended and modified.



ANTONIO M. BERNARDO
Commissioner

Approved:



JOSE ISIDRO N. CAMACHO
Secretary of Finance
JINCE 0121-90112003

Date Approved: January 31, 2003