

MALACAÑANG

Manila

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 638

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 COMMITMENT TO GRANT RECIPROCAL TARIFF RATE TREATMENT ON TARIFF LINES INCLUDED IN THE SENSITIVE TRACK OF THE ASEAN - KOREA FREE TRADE AREA

WHEREAS, the Framework Agreement on Comprehensive Economic Cooperation (Framework Agreement) between the Association of South East Asian Nations (ASEAN) and Korea was signed by the Heads of Government/State of the ASEAN Member States and Korea on 13 December 2005 in Kuala Lumpur, Malaysia;

WHEREAS, Articles 1.3 and 2.1 of the Framework Agreement reflect the Parties' commitment to establish the ASEAN – Korea Free Trade Area (AKFTA) covering trade in goods by 2010 for ASEAN 6 and Korea, and by 2016 or 2018 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 24 August 2006 in Kuala Lumpur, Malaysia;

WHEREAS, Article 3(2)(b) of the Agreement on Trade in Goods of the Framework Agreement provides that tariff lines placed in the Sensitive Track by each Party shall have their respective applied MFN tariff rates reduced or eliminated within timeframes in accordance with the modalities set out in Annex 2 of the Agreement;

WHEREAS, the aforesaid Annex 2 of the Agreement on Trade in Goods of the Framework Agreement provides that the reciprocal tariff rate treatment of tariff lines placed by an exporting Party in the Sensitive Track, excluding Group E, while the same tariff lines are placed by the importing party in the Normal Track, shall be governed by the following conditions: (a) the tariff rate for a tariff line placed by an exporting Party in the Sensitive Track, excluding Group E, must be at 10% or below and the exporting Party has given notification to that effect to the other Parties in order for that exporting Party to enjoy reciprocity; (b) the reciprocal tariff rate to be applied to a tariff line placed by an exporting Party in the Sensitive Track shall be either the tariff rate of exporting Party's tariff line, or the Normal Track tariff rate of the same tariff line of an importing Party from whom reciprocity is sought, whichever is higher; (c) notwithstanding subparagraph (b), the importing party can, on its own discretion, apply its Normal Track tariff rate even if such rate is lower than the tariff rate of the exporting party; and (d) the reciprocal tariff rate to be



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applied to a tariff line placed by an exporting Party in the Sensitive Track shall in no case exceed the applied MFN rate of the same tariff line of an importing Party from whom reciprocity is sought.

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 modify import duties for the promotion of foreign trade;

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. The products of the other Parties under their Sensitive Track in Annex "A" hereof, will be accorded reciprocal tariff treatment as governed by Paragraph 7 of Annex 2 of the Agreement on Trade in Goods after a notification has been received from the Party/Parties that the rates of duty of products in its Sensitive Track are at 10% and below. For confirmation of the products covered by this reciprocity rule, the Tariff Commission, upon request shall issue tariff classification rulings pursuant to Section 1313(a) of the Tariff and Customs Code, as amended.

SECTION 2. From the date of effectivity of this Order, all articles listed in Annex "A" entered into or withdrawn from warehouses in the Philippines for consumption shall be imposed the rates of duty therein prescribed subject to compliance with the Rules of Origin as provided for in Article 5 of the Agreement on Trade in Goods of the Framework Agreement.

SECTION 3. All presidential issuances, administrative rules and regulations, or parts thereof, which are contrary to or inconsistent with this Executive Order are hereby revoked or modified accordingly.

SECTION 4. This Executive Order shall take effect immediately following its complete publication in the Official Gazette or in a newspaper of general circulation in the Philippines.

Done in the City of Manila, this 21st day of July in the year of Our Lord, Two Thousand and Seven.

Gloria M. Arroyo


By the President:


EDUARDO R. ERMITA
Executive Secretary



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