

MALACAÑANG
Manila

BY THE PRESIDENT OF THE PHILIPPINES

MEMORANDUM ORDER No. 284

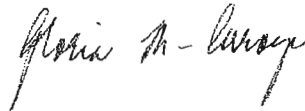
APPROVING THE 2008 INVESTMENT PRIORITIES PLAN

Pursuant to Article 29 of the Omnibus Investments Code of 1987, the attached 2008 Investment Priorities Plan (IPP) is hereby **approved**. Further to the provision of said Article, upon the effectivity of the IPP, all government agencies and entities are enjoined not to adopt any policy or take any course of action contrary to or inconsistent with the IPP.

This Memorandum Order shall take effect fifteen (15) days after its publication as required under Article 31 of the Omnibus Investments Code of 1987.

DONE in the City of Manila, this 9th of May, in the year of Our Lord, Two Thousand and Eight.

By the President:



EDUARDO R. ERMITA
Executive Secretary



MESSAGE

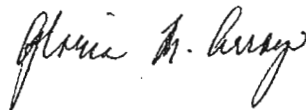
The economic performance of the Philippines in 2007 is at its highest level in 31 years with the GDP growing at 7.3%. This is a clear testament that my Administration's economic program as laid down in my 10-point agenda and the 2004-2010 Medium Term Philippine Development Plan is now bearing fruits.

We only need to persevere more to sustain the growth momentum. I am pleased that the Investment Priorities Plan (IPP) that has contributed to the Philippines' development goals will remain and continue to be a significant tool in achieving greater heights for the country's investment performance.

The 2008 IPP seeks to attract the types of quality investments that will drive the economy to generate more gainful employment for our people, encourage technological innovations, and provide support for industries to seize the opportunities and challenges of global demands and competition.

The realization of my Administration's development agenda and the successful implementation of the 2008 IPP require unity, cooperation and risk sharing among all sectors. I reiterate that a continued strong and committed public and private partnership shall move us towards our goal to elevate the Philippines to **1st World Country Status in 20 years.**

Mabuhay tayong lahat!



Manila, MAY 09 2008

Part I PRIORITY INVESTMENT AREAS

The coverage, description and entitlement to incentives of the following listed activities shall be defined and clarified in the General Policies and Specific Guidelines to be issued by the Board of Investments (BOI).

The grant of incentives under the 2008 IPP is subject to Article 7, paragraph 3 of EO 226, to wit:

"ART. 7 Powers and Duties of the Board. xxx

(3) Process and approve applications for registration with the Board, imposing such terms and conditions as it may deem necessary to promote the objectives of this Code, including refund of incentives when appropriate, restricting availment of certain incentives not needed by the project in the determination of the Board x x x"

I. PREFERRED ACTIVITIES

A. Agriculture/Agribusiness and Fishery

This covers production and processing of agricultural and fishery products (including their by-products and wastes), biofuels, feeds and organic fertilizers. The processing of agricultural products by the firm must be integrated with its own production/plantation or with contract growing arrangement.

B. Infrastructure

This covers the development of physical infrastructure (roads, bridges and tollways), power generation [using renewable, and other energy sources adopting environmentally-friendly technologies except oil-fired power generating plants, Small Power Utilities Group (SPUG), and privatized plants], mass housing (socialized and low-cost), bulk water supply (limited to projects that will supply waterless barangays), mass rail transport, pipeline projects for oil and gas, and projects under the Build-Operate-Transfer (BOT) Law.

This also covers logistics (passenger and cargo ship and air transports, ports/terminals, airports, warehousing, post harvest facilities, and logistics-related IT-enabled services) in government identified logistics hubs, and IT or IT-enabled services rendered to government agencies and Local Government Units (LGUs).

C. Tourism

This covers the establishment of tourist accommodation facilities, resorts, retirement villages and medical tourism (including the production of healthcare and wellness products).

D. Research and Development

This covers commercial and in-house R & D activities, and the establishment of Centers of Excellence, innovation, and skills development training institutions.

E. Engineered Products

This covers shipbuilding, manufacture of machinery and equipment, including their parts and components, basic iron and steel products, long steel products (billets and reinforcing steel bars), and flat hot-/cold-rolled products integrated with basic iron and steel production; and the manufacture of parts and components of motor vehicles, and assembly or manufacture of motor vehicles under the Motor Vehicle Development Program provided there is investment in the production of major parts and/or components.

F. Strategic Activities¹

This covers activities with a minimum project investment cost of the peso equivalent of US\$300 million and complies with either of the following:

- a. employment generation of at least 1,000; or
- b. use of internationally accepted high level of technology.

This also covers major projects of global companies intended to be located only in one country as a regional hub where the Philippines is one of the short-listed countries for investment location.

II. MANDATORY INCLUSIONS

Activities that require their inclusion in the IPP as provided for under existing laws.

| LAW | ACTIVITY |
|-----------|--|
| P.D. 705 | Industrial Tree Plantation² This covers extensive plantation of forest land of tree crops (except fruit trees) for commercial and industrial purposes. |
| R.A. 7942 | Exploration, Mining, Quarrying, and Processing of Minerals² This covers exploration and development of mineral resources, mining, quarrying and processing of metallic and non-metallic minerals. |

¹ Projects under these activities will be approved upon determination by the Board in consultation with the DOF, NEDA and other appropriate government agencies.

² In general, not entitled to Income Tax Holiday (See Notes).

R.A. 8047 Printing, Publication and Content Development of Books or Textbooks

This covers printing, re-printing, publication and content development of books or textbooks.

R.A. 8479 Refining, Storage, Marketing and Distribution of Petroleum Products³

This covers refining⁴, and storage, distribution, and marketing of petroleum products located in government identified logistics hubs.

R.A. 9003 Ecological Solid Waste Management

This covers the establishment of waste recycling facilities.⁴

R.A. 9275 Clean Water Act

This covers the establishment of industrial waste water treatment facilities, and sewage collection integrated with treatment facilities⁴, and the adoption of water pollution control technology, cleaner production and waste minimization².

R.A. 7277 Development and Self-Reliance of Disabled Persons

This covers the manufacture of technical aids and appliances for the use and/or rehabilitation of disabled persons, and the establishment of special schools, homes, residential communities or retirement villages solely to suit the needs and requirements of persons with disability.

III. EXPORT ACTIVITIES

This covers the production/manufacture of non-traditional export products and services in support of exporters as identified under the Medium-Term Philippine Development Plan (MTPDP) 2004-2010 and/or the updated Philippine Export Development Plan (PEDP).

A. Manufacture of Export Products/Services

This covers the production/manufacture of non-traditional export products and services with export requirement of at least 50% of its output, if Filipino-owned or at least 70%, if foreign-owned.

² In general, not entitled to Income Tax Holiday (See Notes).

³ Entitled to Income Tax Holiday if registered under RA 8479 (Downstream Oil Industry Deregulation Act).

⁴ May be entitled to Income Tax Holiday.

B. Activities in Support to Exporters

This covers:

1. Sub-assembly/fabrication of parts/components of the final export product supplied to exporters located in export processing/economic zones/Freeports or to exporters operating Bonded Manufacturing Warehouse (BMW);
2. Manufacture of supplies directly/reasonably needed in the production of non-traditional export products to exporters located in export processing/economic zones/Freeports or to exporters operating BMW;
3. Services comprising a portion of the manufacturing process;
4. Product testing and inspection;
5. Repair and maintenance; and
6. Logistics services rendered to exporters⁵.

Notes:

A. The following activities are not entitled to Income Tax Holiday (ITH) except as provided herein:

1. New projects involving the same activity to be undertaken by the same company or another company with the same stockholders or interlocking shareholders to the extent of 50% ownership. This shall not apply to the following:
 - a. Direct and constructive exports;
 - b. Projects undertaken by Micro, Small and Medium Enterprises (MSMEs);
 - c. Socialized and low-cost mass housing;
 - d. Tourism projects in accordance with the Tourism Master Plan;
 - e. Shipbuilding;
 - f. Shipping serving the nautical highways and missionary routes; and
 - g. Air transport serving the missionary routes.

Notwithstanding the preceding paragraph A.1, the following activities shall have diminishing rate of ITH to be determined in the Specific Guidelines:

- a. Vertical mass housing projects located in Metro Manila;
 - b. Power generation projects;
 - c. Shipping; and
 - d. Air Transport.
2. Expansion and Modernization projects except the following:
 - a. Direct and constructive exports;

⁵ Entitled to capital equipment incentive only.

- b. MSMEs projects;
 - c. Socialized and low-cost mass housing;
 - d. Tourism projects in accordance with the Tourism Master Plan;
 - e. Printing, Publication or Content Development of Books or Textbooks;
 - f. Manufacture of long steel products (billets and reinforcing steel bars); and
 - g. Strategic activities.
3. Indirect exports of goods except constructive exports;
 4. Industrial tree plantation;
 5. Exploration, mining, quarrying, and processing of minerals except those projects that comply with the minimum investment requirement or degree of value adding as provided in the Specific Guidelines;
 6. Storage, marketing and distribution of petroleum products³ except when located in government identified logistics hubs;
 7. Logistics services rendered to exporters;
 8. Adoption of water pollution control technology, cleaner production and waste minimization;
 9. Activities listed in the IPP but intended for the firm's own use;
 10. Projects with sovereign guarantee or guaranteed rate of return; and
 11. Privatized projects paying income taxes prior to or at the time of privatization except those pre-qualified before the effectivity of the 2008 IPP with ITH factored-in in the bids.

Projects covered under paragraphs A.1 to A.6 may be entitled to ITH if located in Less Developed Areas (LDAs) or in the thirty (30) poorest provinces.

B. In general, the following activities are not qualified for re-registration:

1. Registered projects that stopped operations and were subsequently cancelled.
2. Registered projects that were not implemented and were subsequently cancelled.

C. Pioneer status shall not be automatically granted on the basis of new product or new technology.

³ Entitled to Income Tax Holiday if registered under RA 8479 (Downstream Oil Industry Deregulation Act)



IV. ARMM LIST

The ARMM List covers priority activities that have been independently identified by the Regional Board of Investments of the ARMM (RBOI-ARMM) in accordance with E.O. 458. The RBOI-ARMM can also grant registration and administer incentives to activities in the IPP.

A. EXPORT ACTIVITIES

1. Export Trader and Service Exporters
2. Support Activities for exporters

B. AGRICULTURE, FOOD AND FORESTRY-BASED INDUSTRY

1. Processed Food

- a. Production and processing of Halal Meat and Halal foods, leguminous and other vegetable – based protein (textured, palletized or liquid), and spices processing (e.g., hot pepper, black pepper, ginger, etc.)

Note: May be integrated with plantation

- b. Vegetable oils (e.g. peanut oil, rice bran oil, sunflower and soybean oil)

- c. Production of food crops

Note: Maybe integrated with post-harvest processing and other vegetables (such as tomatoes)

- d. Integrated coconut processing and plantation

- e. Seaweeds production and processing

- f. Cassava processing and other root crops

Note: Maybe integrated with plantation

- g. Fruit processing (e.g. durian, mangosteen, jack fruit, marang, banana, mango, passion fruit, guava, calamansi, and guyabanos) and plantation

- h. Aquaculture (fish production and processing) such as, but not limited to:

- Frozen fish
- Chilled fish
- Canned fish
- Abalone
- Crab fattening
- Eel production
- Squid processing
- Carp and tilapia production and processing

- Tropical fish production and processing
 - Shrimps/prawn
 - Lapu-Lapu (grouper) and other marine products
- i. Corn flour mill (integrated with plantation)
 - j. Young corn production
Note: May include processing/canning
 - k. Mushrooms culture and processing
 - l. Sweet potato plantation and processing
 - m. Crocodile farming and processing
2. Cutflower Production
 3. Pearl Culture and Processing
 4. Industrial Tree Plantation (include rubber, rattan, bamboo, etc.), Wood Processing (cement wood board and fiberboard), and Reconstructed Veneer
 5. Shipbuilding / Ship Breaking / Ship Repair and Watercraft
 6. Abaca Pulp Plantation and Processing
 7. Palm Oil Plantation / Processing/ Refining and Germinated Oil Palm Seeds
 8. Coffee Processing (maybe integrated with plantation)
 9. Particle Board (use of agri-based waste material such as rice straw, wood waste, etc.)
 10. Activated Carbon Manufacturing (use of coconut shell, wood based, etc.)
 11. Feeds Production (animal feeds and feeds for aquaculture)
 12. Tobacco Plantation and Processing
 13. Production of Beverage Crops (but not limited to)
 - a. Cacao Beans
 - b. Coffee Beans (Arabica variety)
 14. Production of Plantation Crops and other Medical Herbs/Essential oil plants (including flower extracts)
 15. Jatropha Plantation and Processing

16. Production of Livestock and Poultry (including dairy products)
 - a. Beef (including cow-calf and feedlot operations)
 - b. Carabao (water buffalo) production
 - c. Goats and sheep
 - d. Frözen semen and embryos
Note: Includes natural method and artificial insemination and embryo transfer technology.
17. Bricks and Roofing Tiles production
18. Quality Seed and Seedlings of Fruit Trees and Other Planting Materials Propagated Asexually or by Tissue Culture
19. Sugarcane Plantation, Processing and Refineries
20. Sericulture
21. Mosquito Coil Processing

C. BASIC INDUSTRIES

1. Pharmaceuticals
 - a. Antibiotics
 - Penicillin
 - Streptomycin
 - Tetracycline
 - Soft gelatin capsules
 - b. Medical Devices
 - Prosthetics
 - Diagnostics
 - c. Other pharmaceuticals, herbal medicines
2. Textile and Textile Products
 - a. Yarns and fabrics
 - b. Hand-woven textiles
 - c. Specialty fabrics
 - d. Tire cord fabrics
Note: Must be integrated with weaving and dipping units.
 - e. Ramie (degummed, staple fiber, combed tops, noel slivers)

- f. Fish nets
- g. Fabrics made of indigenous raw materials
- h. Silk reeling
- 3. Fertilizers (organic and inorganic)
 - a. Solid waste materials
- 4. Mining (exploration and development of mineral resources)
 - a. Mining and quarrying of metallic and non-metallic minerals (including small scale as defined under P.D. 1899, but to exclude river beds in operations)
 - b. Processing of minerals (such as beneficiation and other metallurgical methods)
- 5. Cement – at least 1.0 million MTPY capacity (clinker based)

D. CONSUMER MANUFACTURES

- 1. Rubber Products such as:
 - a. High pressure and hydraulic rubber hoses
 - b. Rubber bolts
 - c. Industrial rubber rollers
 - d. Rubber tires
- 2. Leather Products

E. INFRASTRUCTURE AND SERVICES

- 1. Public Utilities (with developmental route of the five provinces and one city of the ARMM and other adjacent cities and provinces)
 - a. Common carriers (land, air and water transport facilities)
 - b. Electric transmission/distribution
 - c. Water supply facilities/waterways and sewerage systems
 - d. Buses /cargo trucks
 - e. Other specialized mass transport systems
 - f. Power generation like hydro power, geothermal and natural gas

2. Telecommunication with International Gateways

3. Tourism

a. Tourism estate

Subject to guidelines developed jointly by the RBOI – ARMM and Department of Tourism (DOT).

b. Tourist accommodation facilities

- Hotels
- Resorts
- Other tourist accommodation facilities such as apartel, pension houses, tourist inns, and others

c. Tourist transport facilities

- Air
- Water
- Tourist buses and taxi/van

Note: Endorsed by the DOT.

New and expansion projects may be registered.

4. Industrial Service Facilities

This covers the following activities:

a. Common centers:

- Testing and quality control laboratories
- Training and demonstration centers
- Tool shops and similar facilities
- Metal casting
 - Foundry
 - Die casting
 - Powder
 - Metallurgy
- Metal working
 - Die and mold
 - Electroplating
 - Forging
 - Machining
 - Heat treatment
 - Brass making
- Furniture
 - Kiln drying
 - Treatment and processing facilities

- Ceramics
 - Kiln
 - Glazing
- Food processing
 - Bottling and canning of distilled water
 - Industrial salt
 - Vapor heat treatment
 - Slaughter house/abattoir
- Automotive battery plate manufacturing

Note: The following criteria must be met:

- * The project will serve the common needs of the industry in the locality and;
- * The project will improve the relative status & comparative advantages of the industry

b. Development of retirement villages

- Shall include health and medical facilities including amenities required by the Philippine Retirement Authority (PRA).
- Subject to the guidelines to be approved by RBOI-ARMM in consultation with the PRA, the Department of Health (DOH), the Regional Planning and Development Office and other concerned agencies.

5. Petrochemical Complex

6. Industrial Gases (such as oxygen and nitrogen)

7. Miscellaneous Chemical Products

- a. Biotechnological/biosynthetic chemicals
- b. Essential oils
- c. Fine chemicals

F. ENGINEERING INDUSTRIES

1. Engineering Products

- a. Motor vehicle parts and components
- b. Automobile parts and assembly
- c. Modern offset printing

2. Electronics and Telecommunication Products

3. Fabrication of Construction Materials
4. Hydro Power Plant

G. ARMM PRIORITY AND TOURISM AREAS

Note: Listed below are potential tourist destinations that need further exploration and evaluation for intensified promotion, development and marketing.

| NUCLEUS | GATEWAY | SATELLITE DESTINATION |
|----------------------------|-------------------|------------------------------|
| AREA I - SULU | JOLO | SULU PROVINCE |
| AREA II - TAWI-TAWI | BONGAO | TAWI-TAWI PROVINCE |
| AREA III - LANAo del SUR | MARAWI CITY | LANAO DEL SUR PROV. |
| AREA IV - MAGUINDANAO | SHARIFF AGUAK | MAGUINDANAO PROV. |
| AREA V - SHARIFF KABUNSUAN | DATU ODIN SINSUAT | SHARIFF KABUNSUAN PROV. |
| AREA VI - BASILAN | ISABELA | BASILAN PROVINCE |