



Bangko Sentral ng Pilipinas

MAYNILA, PILIPINAS

BANKING SERVICES SECTOR

CIRCULAR-LETTER

TO : All Authorized Agent Banks

For the information of all authorized agent banks and their importer-clients which are CDP, CVDP, or MDP participants, attached is a copy of Memorandum Order No. 73 of the President dated September 12, 2002 entitled "PROVIDING AMENDMENTS TO MO 51 S. 2002, 'AMENDMENTS TO M.O. 346, AMENDING THE GUIDELINES ON THE CAR DEVELOPMENT PROGRAM (CDP), THE COMMERCIAL VEHICLE DEVELOPMENT PROGRAM (CVDP), AND THE MOTORCYCLE DEVELOPMENT PROGRAM (MDP)' AS AMENDED BY MO 473".

Please be guided accordingly.


ANDRES L. RUSTIA
Sector-In-Charge

September 27, 2002



MAG-IMPOK SA BANGKO

MALACAÑANG

Manila

MEMORANDUM ORDER NO. 73

PROVIDING AMENDEMENTS TO MO 51 S. 2002, "AMENDMENTS TO M.O. 346, AMENDING THE GUIDELINES ON THE CAR DEVELOPMENT PROGRAM (CDP), THE COMMERCIAL VEHICLE DEVELOPMENT PROGRAM (CVDP), AND THE MOTORCYCLE DEVELOPMENT PROGRAM (MDP)" AS AMMENDED BY MO 473

WHEREAS, the Philippines, as member of the World trade Organization (WTO), has committed to eliminate all laws, provisions, rules, regulations, and guidelines that may run counter to the different Agreements under the auspices of the WTO to which the Philippines is a signatory, such as the Agreement of Trade-Related Investment Measures (TRIMS);

WHEREAS, the Agreement on TRIMS mandates the elimination of laws, provisions, rules, regulations, and guidelines that provide for local content (LC) and net foreign exchange earnings (NFEE) requirements as they are considered contrary to the provisions thereof;

WHEREAS, the Philippines was granted formal approval by the Council for Trade in Goods (CTG) for the extension of the applicability of the subject TRIMS for an additional period of 3 1/2 years from, and after, 1 January 2000, the original expiry date of the transition period for the elimination of TRIMS, subject to a required phase-out schedule;

WHEREAS, in order to amplify the rates prescribed in the CDP, CVDP, MDP under Section 7.1 of Chapter I (CDP), Section 16 and 16.4 of Chapter II (CVDP) and Section 24.1 of Chapter III (MDP), Memorandum Order No. 51-A shall supercede Memorandum Order No. 51;

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Philippines, by virtue of the powers vested in me by law, do hereby amend Memorandum Order No. 51 dated 22 January 2002 and order the following:

SECTION 1. Section 7.1 Chapter I (CDP), Section 16.1 & 16.4 Chapter II (CVDP) and Section 24.1 of Chapter III (MDP) are hereby amended to read:

"Participants of the CDP, CVDP and MDP shall comply with the following local content requirements."

Period	CDP	CVDP						MDP	
	I & II	I & II	III	IVA	IVB	IVC	IVD-V	Cat.A	Cat.B
Jan. 1, 2002 until June 30, 2002	35%	39.375%	19.163%	18.76%	19.46%	11.839%	12.049%	39.375%	30.625%
July 1, 2002 until Dec. 31, 2002	30%	33.750%	16.425%	16.08%	16.68%	10.148%	10.328%	33.750%	26.250%
Jan. 1, 2003 until June 30, 2003	25%	28.125%	13.688%	13.40%	13.90%	8.456%	8.606%	28.125%	21.875%
July 1, 2003	0	0	0	0	0	0	0	0	0



MA Outgoing # 14701

SEC 2. Section 10.2, 10.3 and 10.4 of Chapter I (CDP), Section 19.1 Chapter II (CVDP) and Section 26.1 of Chapter III (MDP) are hereby amended to read:

"Participants of the CDP, CVDP, MDP will still be required to earn foreign exchange credits through the export of automotive products to be able to import CKDs. The net foreign earnings shall be recorded in ledger without bonus and the foreign exchange ratio (as a percentage of CKD import value) shall be as follows:

Date	CDP			CVDP		MDP Cat. A & B
	Cat. I	Cat. II	Cat. III	Cat. I & II	Cat. III, IV and V	
Jan. 1, 2002 until Dec. 31, 2002	15%	55%	75%	15%	5%	15%
Jan. 1, 2003 until June 30, 2003	15%	55%	75%	15%	5%	15%
July 1, 2003	0	0	0	0	0	0

SEC 3. Repealing Clause. All other executive orders, administrative orders, rules and regulations, or parts thereof inconsistent with the provisions of this Memorandum Order are hereby repealed or modified accordingly.

SEC 4. Effectivity. This Memorandum Order shall take effect Immediately.

DONE in the City of Manila, this 12th of September, in the year of Our Lord, Two Thousand and Two.

By the President:


ALBERTO G. ROMULO
 Executive Secretary





PGMA Outgoing # 14702

CERTIFIED COPY!

MARIANITO M. DIMAANDAL

Director III

847 9-14-02

Malacanan Palace