

# More Flexible Rules of Origin for SEZ Locators under EO 148

## Features of EO 148

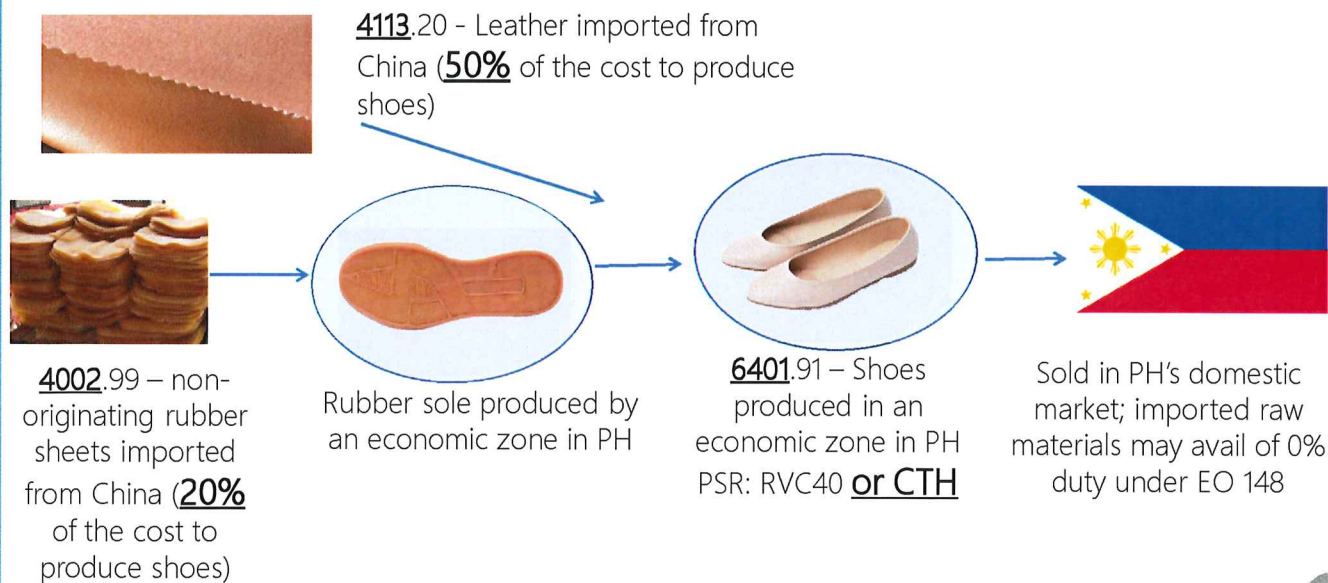
- ▶ Allows locators in Special Economic Zones or Freeport Zones to avail of the following:
  - More flexible rules provided under the ASEAN Trade in Goods Agreement (ATIGA)
  - Preferential tariff rates applied on raw materials
- ▶ Covers products of Special Economic and/or Freeport Zones locators

## Comparison of EO 214 vis-à-vis EO 148

EO 214	EO 148
Based on AFTA CEPT	Based on ATIGA
AFTA CEPT: RVC 40	ATIGA: ROO
	1. WO
	2. CTC (i.e. CC, CTH, CTSH)
	3. Process Rules
	4. Other origin-conferring rules (e.g. accumulation)

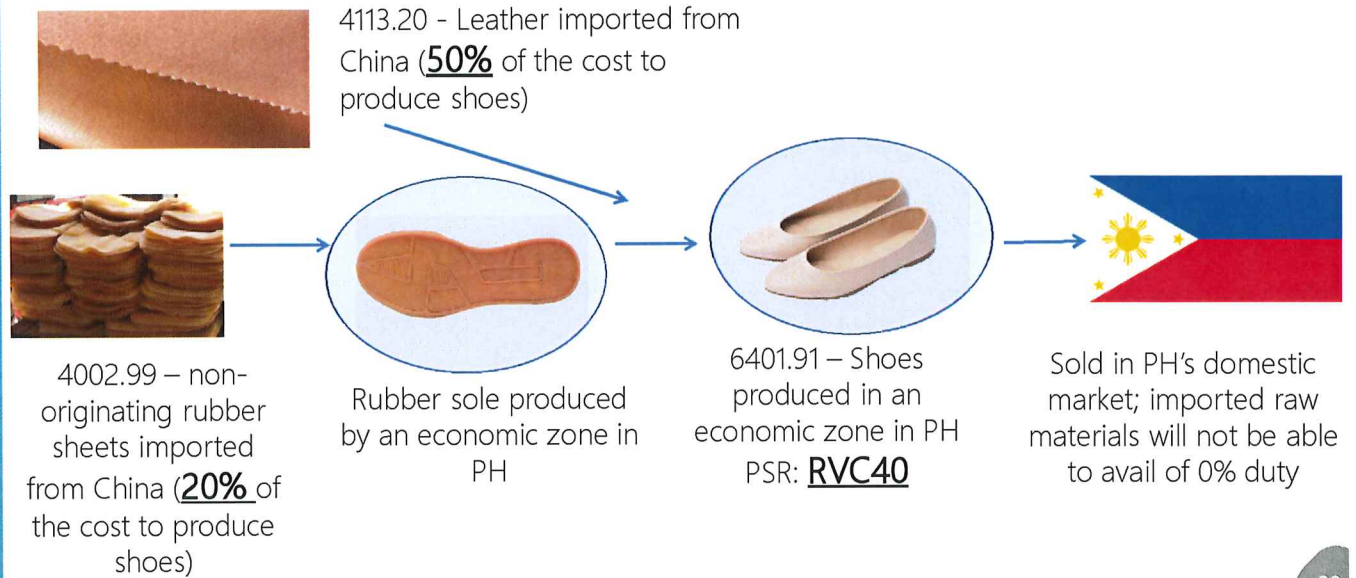
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## Example with EO 148:



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# Example without EO 148:



# Executive Order (EO) 148

## How it Works – With EO 148



4008.21 – vulcanised rubber plates from Japan imported by Company A located in PH's economic zone with MFN rate of 5%



4011.90 – tires for motor cars produced by Company A using vulcanised rubber plates imported from Japan

### Cost to Produce Tires\* (Company A located in PH's Ecozone)

Imported Raw Materials -	\$70.00
<i>(Duty for imported RM - \$ 3.50)</i>	
	<i>waived</i>
Labor Cost -	\$40.00
Overhead Cost -	\$20.00
Profit -	\$10.00
Other Cost -	\$10.00
<b>Total Cost -</b>	<b>\$150.00</b>

With EO 148, duties for raw materials are subject to the ATIGA rates (0% for ALL industrial goods lines), regardless of where it is sourced. Hence, Company A will be able to save \$3.50 for every tire sold in the domestic market.

*\*For illustration purposes only*

## How it Works – Without EO 148

### Cost to Produce Tires (Company A located in PH's Ecozone)\*

Imported Raw Materials -	\$70.00
Duty for imported RM -	\$ 3.50
Labor Cost -	\$40.00
Overhead Cost -	\$20.00
Profit -	\$10.00
Other Cost -	\$10.00

**Total Cost - \$153.50**

### Cost to Produce Tires (Company AB located in Indonesia)\*

Imported Raw Materials -	\$70.00
Labor Cost -	\$40.00
Overhead Cost -	\$20.00
Profit -	\$10.00
Other Cost -	\$10.00

**Total Cost - \$150.00**

Without EO 148, Company A located in PH's Ecozone will pay the 5% duty while Company AB from Indonesia is exempted from paying duties since the ATIGA rate is 0%. Hence, Company A is at a disadvantage vis-à-vis companies located in ASEAN.

*\*For illustration purposes only*

## How it Works – With EO 148



5211.31 – fabrics imported from China with MFN rate of 10%



6205.20 – Branded T-shirts produced by Company G located in PH's Ecozone

### Cost to Produce Branded T-Shirts\* (Company G located in PH's Ecozone)

Imported Raw Materials -	\$30.00
<i>(Duty for imported RM - \$ 3.00) waived</i>	
Labor Cost -	\$10.00
Overhead Cost -	\$10.00
Profit -	\$ 5.00
Other Cost -	\$ 5.00

**Total Cost - \$60.00**

With EO 148, duties for raw materials are subject to the ATIGA rates (0% for **ALL** industrial goods lines), regardless of where it is sourced. Hence, Company G will be able to save \$3.00 for every shirt sold in the domestic market.

*\*For illustration purposes only*



## How it Works – Without EO 148

### Cost to Produce Branded T-Shirts\* (Company G located in PH's Ecozone)

Imported Raw Materials -	\$30.00
Duty for imported RM -	\$ 3.00
Labor Cost -	\$10.00
Overhead Cost -	\$10.00
Profit -	\$ 5.00
Other Cost -	\$ 5.00
<b>Total Cost -</b>	<b>\$63.00</b>

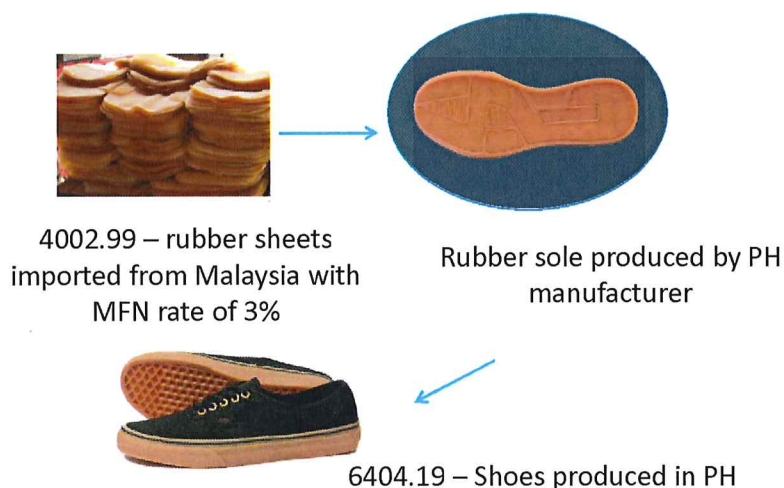
### Cost to Produce Branded T-Shirts\* (Company GH located in Viet Nam)

Imported Raw Materials -	\$30.00
Labor Cost -	\$10.00
Overhead Cost -	\$10.00
Profit -	\$ 5.00
Other Cost -	\$ 5.00
<b>Total Cost -</b>	<b>\$60.00</b>

Without EO 148, Company G located in PH's Ecozone will pay the 10% duty while Company GH from Viet Nam is exempted from paying duties since the ATIGA rate is 0%. Hence, Company G is at a disadvantage vis-à-vis companies located in ASEAN.

*\*For illustration purposes only*

## How it Works – With EO 148



### Cost to Produce Branded Shoes\* (Company X located in PH's Ecozone)

Imported Raw Materials -	\$10.00
<i>(Duty for imported RM - \$ 0.30)</i>	<i>waived</i>
Labor Cost -	\$20.00
Overhead Cost -	\$10.00
Profit -	\$10.00
Other Cost -	\$ 5.00
<b>Total Cost -</b>	<b>\$55.00</b>

With EO 148, duties for raw materials are subject to the ATIGA rates (0% for ALL industrial goods lines), regardless of where it is sourced. Hence, Company X will be able to save \$0.30 for every pair of shoes sold in the domestic market.

*\*For illustration purposes only*

## How it Works – Without EO 148

### **Cost to Produce Branded Shoes\* (Company X located in PH's Ecozone)**

Imported Raw Materials -	\$10.00
Duty for imported RM -	\$ 0.30
Labor Cost -	\$20.00
Overhead Cost -	\$10.00
Profit -	\$10.00
Other Cost -	\$ 5.00

**Total Cost - \$55.30**

### **Cost to Produce Branded Shoes\* (Company XY located in Thailand)**

Imported Raw Materials -	\$10.00
Labor Cost -	\$20.00
Overhead Cost -	\$10.00
Profit -	\$10.00
Other Cost -	\$ 5.00

**Total Cost - \$55.00**

Without EO 148, Company X located in PH's Ecozone will pay the 3% duty while Company XY located in Thailand is exempted from paying duties since the ATIGA rate is 0%. Hence, Company X is at a disadvantage vis-à-vis companies located in ASEAN.

*\*For illustration purposes only*

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 148

**AMENDING SECTION 1 OF EXECUTIVE ORDER NO. 214 (S. 2003) AND IMPOSING THE APPLICABLE TARIFF RATES UNDER THE ASEAN TRADE IN GOODS AGREEMENT ON QUALIFIED IMPORTS FROM SPECIAL ECONOMIC AND/OR FREEPORT ZONES**

**WHEREAS**, the Association of Southeast Asian Nations (ASEAN) signed in 1992 the Agreement on the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area (AFTA) to eliminate tariff barriers among its Member States;

**WHEREAS**, Executive Order (EO) No. 214 provides that products manufactured in ecozones, where at least 40% of their product content originates from any ASEAN Member State and is sold in the Philippine customs territory, shall be imposed the applicable CEPT rates on its qualified imported raw materials, subject to qualification under the Rules of Origin as provided for in the Agreement on the CEPT Scheme for the AFTA;

**WHEREAS**, the ASEAN Trade in Goods Agreement (ATIGA), ratified by the Philippines on 11 August 2009, consolidated all existing provisions under the CEPT Agreement and other relevant ASEAN economic agreements and instruments; and

**WHEREAS**, EO No. 850 (s. 2009), which took effect on 01 January 2010, was issued to implement the commitment to eliminate the tariff rates on the remaining products in the Inclusion List in the year 2010 under the CEPT Scheme for the AFTA/ATIGA.

**NOW, THEREFORE, I, BENIGNO S. AQUINO III**, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

**SECTION 1. Imposition of Preferential Tariff Rates.** Section 1 of Executive Order (EO) No. 214 is hereby amended to read as follows:

"Products manufactured in qualified special economic and/or freeport zones that enter the Philippine customs territory and qualify under the applicable rules of ASEAN Trade in Goods Agreement (ATIGA) Rules of Origin shall be entitled to the preferential rate of duty under ATIGA applicable to its raw materials based on the value of such raw materials, subject to applicable provisions of the laws governing such special economic and/or freeport zones."



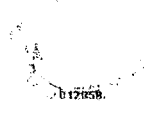
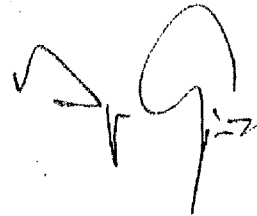
**SECTION 2. Implementation.** The Department of Trade and Industry (DTI), Department of Finance (DOF), Board of Investments (BOI), Bureau of Customs (BOC), and the Special Economic and/or Freeport Zone Authorities, in coordination with relevant agencies, shall issue such rules and regulations as may be necessary to implement the provisions of this Order within thirty (30) days following the complete publication of this Order.

**SECTION 3. Repealing Clause.** All issuances, orders, rules and regulations, or parts thereof, which are inconsistent with this Order are hereby repealed, amended or modified accordingly.

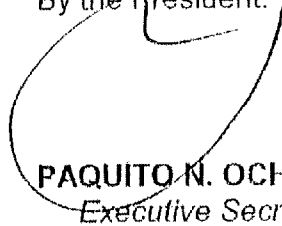
**SECTION 4. Separability Clause.** If any provision of this Order is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

**SECTION 5. Effectivity Clause.** This Order shall take effect immediately upon publication in a newspaper of general publication.

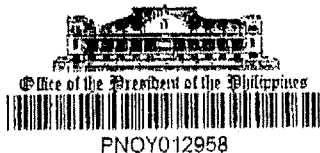
**DONE**, in the City of Manila, this 26<sup>th</sup> of November, in the year of our Lord, Two Thousand and Thirteen.



By the President:



**PAQUITO N. OCHOA, JR.**  
*Executive Secretary*



**CERTIFIED COPY**

**MARIANITO M. DIMAANDAL**  
**DIRECTOR IV**  
**MALACANANG RECORDS OFFICE**

12-2-2013



**IMPLEMENTING RULES AND REGULATIONS  
OF EXECUTIVE ORDER NO. 148 (S. 2013) ENTITLED "AMENDING  
SECTION 1 OF EXECUTIVE ORDER NO. 214 (S. 2003) AND IMPOSING  
THE APPLICABLE TARIFF RATES UNDER THE ASEAN TRADE  
IN GOODS AGREEMENT ON QUALIFIED IMPORTS  
FROM SPECIAL ECONOMIC AND/OR FREEPORT ZONES"**

Pursuant to Section 2 of Executive Order No. 148, s. 2013, the following rules and regulations are hereby promulgated and adopted:

**ARTICLE I  
DEFINITION OF TERMS**

**Section 1.** For purposes of these Rules and Regulations, the following terms shall be defined as:

- a) **Special Economic and/or Freeport Zones** shall refer to specific areas created and delineated as such and treated as separate customs territory pursuant to law, including Republic Act (RA) No. 7227 (Bases Conversion and Development Act of 1992), as amended by RA No. 9400, RA No. 7916 (Special Economic Zone Act of 1995), as amended by RA No. 8748, RA No. 7903 (Zamboanga City Special Economic Zone Act of 1995), RA No. 7922 (Cagayan Special Economic Zone Act of 1995), RA No. 9728 (Bataan Special Economic Zone Act), RA No. 9490 (An Act Establishing the Aurora Special Economic Zone in the Province of Aurora) as amended by RA No. 10083.
- b) **Philippine Customs Territory** shall refer to areas in the Philippines where customs and tariff laws may be enforced and are outside of the proclaimed boundaries of the special economic and/or freeport zones.
- c) **Special Economic and/or Freeport Zone Locators** shall refer to enterprises engaged in the manufacture, processing or assembly of goods that are operating inside the special economic and/or freeport zones treated as separate customs territory pursuant to law, and duly registered with the Philippine Economic Zone Authority, Subic Bay Metropolitan Authority, Clark Development Corporation, Zamboanga City Special Economic Zone Authority, Cagayan Economic Zone Authority, Authority of the Freeport Area of Bataan, Aurora Pacific Economic Zone Authority, or other similar entities subject to applicable provisions of the laws creating such entities.
- d) **Qualified Articles** shall mean products manufactured, produced, processed, or assembled in special economic and/or freeport zones that enter the Philippine Customs Territory and qualify under the applicable rules of the ASEAN Trade in Goods Agreement — Rules of Origin (ATIGA-ROO), subject to the applicable provisions of the laws governing such special economic and/or freeport zones).
- e) **ASEAN Member State** shall mean any of the following: Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam.
- f) **ATIGA Rates** shall mean the preferential tariffs set out in Article 19 of the ATIGA to be applied to the raw materials of qualified articles.
- g) **Certificate of Origin** shall refer to the ATIGA Form D attesting to the origin of goods for purposes of claiming preferential tariff rates under the ATIGA.
- h) **Origin Declaration** means a declaration as to the origin of the goods exported made by a certified exporter on an invoice, or any other acceptable commercial documents under ATIGA.

**ARTICLE II  
DOMESTIC SALES**

**Section 2.** The ATIGA rates shall apply to imported raw materials, regardless of origin, used in qualified articles, subject to the requirements under Section 3.

**Section 3.** For purposes of these Rules and Regulations, a qualified article shall be covered by either a Certificate of Origin (CO) Form D issued by the concerned special economic and/or freeport zone authority<sup>1</sup>, or an Origin Declaration made by a Certified Exporter authorized by the Bureau of Customs, subject to the restrictions as may be prescribed by the laws governing the special economic and/or freeport zones. Locally procured raw materials produced by established licensed manufacturers within the Philippine customs territory, in compliance with domestic regulations, shall be deemed to have fulfilled the origin requirement under the ATIGA.

**ARTICLE III  
REPEALING, EFFECTIVITY, AND SEPARABILITY CLAUSES**


**Section 4.** All other rules and regulations or parts thereof inconsistent with the foregoing Rules and Regulations are hereby repealed, amended or modified accordingly.


**Section 5.** These Rules and Regulations shall take effect fifteen (15) days upon publication in a newspaper of general circulation.


**Section 6.** If, for any reason, any section or provision of these Rules and Regulations is declared unconstitutional or invalid, such other sections or provisions not affected thereby shall remain in full force and effect.

Approved, 27 November 2019. Makati City, Philippines.

  
**RAMON M. LOPEZ**  
Secretary  
Department of Trade and Industry



  
**CARLOS G. DOMINGUEZ III**  
Secretary  
Department of Finance



<sup>1</sup> Concerned special economic and/or freeport zone authority may only issue CO upon concurrence of the Bureau of Customs.

(PDI – Nov. 30, 2019)

**NOTICE OF LOSS**

Notice is hereby given of the loss of The Loyola Memorial Park (Marikina) certificate of ownership for two burial lots located in the "Garden of Prayer", Section F, Block 512, Lots C & D under the name of **Salud M. Martinez**.

(PDI – Nov. 30, 2019)

**LEGAL NOTICE**

Notice is hereby given that the estate of the late **AMELITA G. SALVADOR** was extrajudicially settled among heirs, as per Doc. No. 240, Page No. 49, Book No. VIII, Series of 2019 before Notary Public Atty. Rodmel L. Bautista of Makati City.

(PDI – November 16, 23 & 30, 2019)

**LEGAL NOTICE**

Notice is hereby given that the estates of the late **ENCARNACION ENRIQUEZ ROXAS** and **FLORENTINO ENRIQUEZ ROXAS** were extrajudicially settled among heirs, as per Doc. No. 124, Page No. 26, Book No. VII, Series of 2019 before Notary Public Atty. Rodmel L. Bautista of Makati City.

(PDI – November 16, 23 & 30, 2019)

**LEGAL NOTICE**

Notice is hereby given that the estate of the late **SAMUEL T. MANALO SR.** died on March 14, 2008 was extrajudicially settled with self-adjudication of sole heir as per Doc. No. 161, Page 34, Book No. 308, Series of 2019 before Notary Public Atty. Jason Robert C. Josef of Marikina City.

(PDI – Nov. 16, 23 & 30, 2019)

**LEGAL NOTICE**

Notice is hereby given that the late Rozaldy Tiamzon Zaldivar left Savings Bank Accounts 007380052656 and 107380044653 at Save More Santolan Branch of Banco De Oro Bank was extrajudicially settled by his heirs as per Doc. No. 235 Page No. 48 Book Number 219, before Notary Public Atty. Arles B. Mirandilla of Pasig City.

(PDI – Nov. 16, 23 & 30, 2019)

**ADDENDUM TO THE EXTRAJUDICIAL SETTLEMENT OF ESTATE WITH PARTITION**

Notice is hereby given to the public that the Addendum of the Extrajudicial Settlement of Estate with Partition dated May 23rd, 2019 otherwise known as Doc. 6, Page No. 02; Book No. LVI; Series of 2019 under Notary Public Atty. Aireula M. Bundang-Ortiz of Olongapo City.

(PDI – Nov. 23, 30 & Dec. 7, 2019)

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