
MALACAÑANG

Manila

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER No. 443

July 5, 2005

EXEMPTING DONATED USED MOTOR VEHICLES TO LOCAL GOVERNMENT UNITS FROM THE PROHIBITION ON IMPORTATION OF USED MOTOR VEHICLES UNDER ARTICLE 2, SECTION 3 OF EXECUTIVE ORDER NO. 156 (S. 2002) ENTITLED "PROVIDING FOR A COMPREHENSIVE INDUSTRIAL POLICY AND DIRECTIONS FOR THE MOTOR VEHICLE DEVELOPMENT PROGRAM AND ITS IMPLEMENTING GUIDELINES" AND FROM THE IMPOSITION OF SPECIFIC ADDITIONAL DUTY UNDER EXECUTIVE ORDER NO. 418 (S. 2005) ENTITLED "MODIFYING THE TARIFF NOMENCLATURE AND RATES OF IMPORT DUTY ON USED MOTOR VEHICLES UNDER SECTION 104 OF THE TARIFF AND CUSTOMS CODE OF 1978 (PRESIDENTIAL DECREE NO. 1464, AS AMENDED)"

WHEREAS, on 12 December 2002, the President issued Executive Order No. 156 in order to provide for a comprehensive industrial policy and directions for the motor vehicle development program of the government;

WHEREAS, Executive Order No. 156 (s.2002) bans the importation of all types of used motor vehicles and parts and components, subject to certain exceptions provided for therein;

WHEREAS, Executive Order No. 156 (s.2002) recognizes the need to rationalize the importation of used motor vehicles taking into consideration the needs of local government units, small and medium enterprises and the public transport sector;

WHEREAS, on 4 April 2005, the President issued Executive Order No. 418 (s. 2005) which, among others, imposes an additional specific duty of P500,000.00 on importations of used motor vehicles listed therein;

WHEREAS, budgetary constraints of local government units prevent them from purchasing sufficient number of motor vehicles that are essential to the delivery of basic services to their respective areas;

WHEREAS, local government units should be encouraged to look for alternative ways of procuring motor vehicles that are essential for the delivery of basic services to their constituents, including procurement of donations thereof from well-meaning and generous donors from other countries;

WHEREAS, donations of used motor vehicles to local government units will be rendered nugatory if these local government units will be required to pay additional specific duty of P500,000.00 as provided under E.O. No. 418 (s. 2005);

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. *Additional Exemption to the Ban on Importation of Used Motor Vehicles under Executive Order No. 156 (s. 2002)* - To address the need for fast and efficient delivery of

services and taking into consideration their general budgetary constraints, local government units are hereby allowed to import used motor vehicles thru donation subject to the following conditions:

- a. The used motor vehicles shall be certified as roadworthy and emission compliant by the country of origin. The Certificate of Roadworthiness and Emission Compliance shall be in English or shall be accompanied by an English translation, if originally issued in a language other than English, and shall be duly authenticated by the Philippine Embassy or Commercial Attache in the country of origin.
- b. The used motor vehicles must be left-hand drive.
- c. The vehicle classification shall not include luxury vehicles. For purposes of this Executive Order, a luxury vehicle is defined as (a) any passenger motor vehicle priced in the local market at P1,300,000.00 or more at the time of acquisition; or (b) any passenger motor vehicle with the following engine displacement specifications: (i) Car (sedan or hatchback) with an engine displacement exceeding 2200 cc. if gasoline-fed or 3000 cc. if diesel-fed; (ii) Passenger van or pick-up with an engine displacement exceeding 2200 cc. if gasoline-fed or 3000 cc. if diesel-fed; (iii) Passenger wagon with an engine displacement exceeding 1800 cc. if gasoline-fed or 2500 cc. if diesel-fed; and (iv) Sport utility vehicle (SUV) with an engine displacement exceeding 2700 cc. if gasoline-fed or 3000 cc. if diesel-fed.
- d. The donated used motor vehicles must be in reasonable quantity taking into consideration the population, area and the needs of the local government unit concerned.
- e. The ownership and registration of the donated used motor vehicles shall not be disposed of, either by public auction or negotiated sale, within five (5) years from the importation thereof. In case the motor vehicle is sold within the five (5) year period, the purchaser or recipient shall be considered the importer thereof, and shall be liable for duties and taxes due thereon.
- f. The donation shall be accompanied by a Deed of Donation naming the specific local government unit as donee.
- g. The Sangguniang Panlalawigan, Sangguniang Panglungsod or Sangguniang Bayan concerned shall pass a resolution accepting the donation.

Section 2. *Additional Exemption from the Imposition of Additional Specific Duty under Section 1 of Executive Order No. 418 (s. 2005)* - In addition to used motor vehicles specifically listed under Article 2, Section 3.1 of Executive Order No. 156 (s. 2002) as exempt from the general import prohibition, qualified importations by local government units under this executive order shall not be covered by the imposition of additional specific duty under Section 1 of Executive Order No. 418 (s. 2005).

Section 3. *Penalty* - Used motor vehicles imported in violation of the provisions of this executive order shall be subject to the penalties provided for in Section 5 of Executive Order No. 156 (s.2002).

Section 4. *Implementing Guidelines* - The Inter-Agency Committee on Used Trucks and Engines created under Executive Order No. 782 (s.1982), as amended, is hereby directed to formulate and issue the necessary amended guidelines to give effect to this executive order. The

Inter-Agency Committee on Used Trucks and Engines may enlist the assistance of other government agencies and/or private institutions in the effective implementation of this executive order.

Section 5. *Repealing Clause* - All executive issuances, orders, rules and regulations or parts thereof inconsistent with the provisions of this Executive Order are hereby repealed or modified accordingly.

Section 6. *Effectivity* - This Executive Order shall take effect fifteen (15) days after publication in at least two (2) newspapers of general circulation in the Philippines.

DONE in the City of Manila, this 5th day of July in the Year of Our Lord, Two Thousand and Five.

(Sgd.) **GLORIA MACAPAGAL-ARROYO**

By the President:

(Sgd.) **EDUARDO R. ERMITA**
Executive Secretary