

MEMORANDUM ORDER NO. 346

AMENDING THE GUIDELINES ON THE CAR DEVELOPMENT PROGRAM (CDP), THE COMMERCIAL VEHICLE DEVELOPMENT PROGRAM (CVDP), AND THE MOTORCYCLE DEVELOPMENT PROGRAM (MDP)

WHEREAS, on December 1, 1987, Memorandum Order No. 136 was issued promulgating the Guidelines on the Car Development Program (CDP);

WHEREAS, on February 9, 1988, Memorandum Order No. 157 was issued promulgating the Guidelines on the Commercial Vehicle Development Program (CVDP);

WHEREAS, on February 29, 1988, Memorandum Order No. 160 was issued promulgating the Guidelines on the Motorcycle Development Program (MDP);

WHEREAS, Section 14 of M.O. 136 (s. of 1987), Section 14 of M.O. 157 (s. of 1988), and Section 14 of M.O. 160 (s. of 1988) provide that the Board of Investments, after consultation with the industry, may recommend to the President amendments to the Guidelines on the CDP, CVDP, and MDP, taking into account the attainment of program objectives, economic conditions, and local manufacturing capabilities;

WHEREAS, there is a need to increase exports of automotive parts and components in order to develop a viable automotive parts manufacturing industry, which is the common and primordial objective of the CDP, CVDP, and the MDP;

WHEREAS, there is a need to support accelerated rural development by providing suitable means for the transport of goods, services and passengers;

WHEREAS, there is a need to encourage and assist the development of the non-formal automotive industry in areas of safety, roadworthiness, and compliance with emission standards;

NOW, THEREFORE, I, FIDEL V. RAMOS, PRESIDENT OF THE PHILIPPINES, do hereby promulgate the following amendments to the Guidelines on the Car Development Program (CDP); the Commercial Vehicle Development Program (CVDP); and the Motorcycle Development Program (MDP):

IN REPLYING, PLEASE CITE:

PFVR Memo # 1960048



1960048

Chapter I

The Car Development Program

Section 1. Objectives

- 1.1 The development of a viable automotive parts manufacturing industry shall remain as the primary objective of the Program, economies of scale of which can be achieved by increased exports.
- 1.2 The capability of the assemblers to offer more reasonably-priced passenger cars to the middle-income group shall be given more weight.

Sec. 2. Definition of Terms

The definition of SKDs and CKDs appearing in M.O. 136 (s. of 1987) are hereby modified as follows:

- 2.1.1 SKDs are semi-knocked down parts and components for assembly purposes that are imported in partially-assembled condition. SKDs include semi-assembled vehicles and cars without tires and batteries, and when authorized by the Board of Investments for importation in such a state, shall be considered as SKDs and shall be treated for tariff purposes as CKDs.
- 2.1.2 CKDs are completely knocked-down parts and components for assembly purposes that are imported in disassembled condition. The CKD pack, however, may include not only parts and components, but also sub-assemblies and assemblies, e.g., engine, transmission, axle assemblies, chassis and body assemblies.

KD parts are parts forming part of the CKD pack that may have been left out of the CKD importation. They may also be warranty parts (replacement of defective parts) or part of the CKD minus the components that are to be locally sourced.

Sec. 3. Implementing Agency

The Department of Trade and Industry (DTI), through the Board of Investments (BOI), will continue to be the agency responsible for carrying out the effective implementation of this Program. The BOI may, however, after consultation with concerned parties, form, designate, or deputize another body, committee, or company to perform some of the tasks

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involved in effectively pursuing some of the functions, or monitoring certain aspects of the Program in accordance with existing Government rules and regulations.

Sec. 4. Participants

- 4.1 Aside from applications for participation in Category III of the CDP [M.O. 68 (s. of 1992)], applications for participation in Categories I and II, which categories were previously closed, shall be accepted by BOI from Filipino-owned and foreign-owned companies organized under Philippine laws provided that the applicant will be able to obtain a technical licensing agreement with the foreign CKD supplier; that it will assemble established quality passenger cars; that it will provide adequate parts and support services; and, provided further, that the participant qualifies under the CDP rules and regulations. The BOI shall decide on the accepted applications within sixty (60) working days from date of official application thereof.

A new participant in the CDP is one who is neither a participant in CDP Categories I, II or III on the date of approval of these supplemental guidelines. The new participant in the CDP shall possess the following qualifications:

- 4.2.1 Capability to invest and/or bring in investments equivalent to US\$10 million in the manufacture of motor vehicle parts and components for the exports and domestic markets.
- 4.2.2 Ability to establish a new assembly facility or utilize an existing assembly facility which is either idle or in operation.
- 4.2.3 Capability to post a performance bond or bank guaranty to ensure the fulfillment of the commitments that it shall make on the establishment of a major automotive parts manufacturing facility in accordance with its participation in the Program. Such bond or guaranty shall be proportionally reduced upon presentation of proof of investments in plant build-up, excluding land.

Sec. 5. Coverage

The CDP shall have the following categories, based on engine displacement:

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Category -With engine displacement of 1,200 cc or below and with a reasonable price ceiling as determined by the Board. A car with a larger engine displacement may be allowed, PROVIDED, that its selling price shall be in accordance with the price ceilings established for the category.

Category II - Above 1200 cc but below 2190 cc

Category III -2190 cc and above

(Note: Equivalent diesel engine displacement will be allowed.)

- 5.2 The BOI may re-classify participating models under Category I with engine displacement greater than 1200 cc to Category II of the CDP provided that a replacement model with engine displacement of 1200 cc or below is registered under Category I in its place. The latter will then be governed by the terms and conditions of the participant's original registration under Category I. Similarly, assemblers with car models with engine displacement of 2190 and above now registered under Category II may have the option to retain their registration under Category II or transfer the same to Category III of the CDP, continued participation of which will be covered by the provisions of M.O. 68 (s. of 1992).
- 5.3 New participants in Category I, II and III of the Car Development Program (CDP) intending to sell their units only to the domestic market may no longer be granted privilege to import semi-knocked down units (SKDs) while their assembly facilities are being set up. On the other hand, new participants in the Program which will export at least fifty percent (50%) of their CBU car production (70% in the case of foreign companies) may be authorized to import SKD units for the local market portion of their operations as incentive for setting up in the Philippines their CBU production platform for their car exports in the region. The BOI may initially grant the SKD privilege for a period of six (6) months and extend the same for another six (6) months after the proponent has shown proof that it is pursuing its CKD assembly operations in accordance with the project timetable.
- 5.4 Anticipating the advent of electric (battery-operated) cars, and other non-conventional-energy type of cars, the CDP shall cover the same. The BOI shall, at the appropriate time, formulate guidelines for the participation of such cars in the CDP.

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- 5.5 Importation of brand-new completely built-up (CBU) passenger cars shall now be allowed in line with Executive Order No. 264, S. 95 and Monetary Board Circular No. 92, S. 95. The Monetary Board shall issue a Memorandum to Authorize Agent Banks defining "new" and the processes involved.

Sec. 6. Models and Variants

There shall be no limitation in the number of models and variants provided that the same are registered with the BOI.

Sec. 7. Local Content

- 7.1 Participants in the Program, except those in Category III, shall no longer be required to comply with a vehicle local content higher than forty percent (40%) to qualify/remain in the CDP. However, the BOI may grant a foreign exchange award amounting to fifty percent (50%) of foreign exchange earned during the previous year, to a participant in Categories I and II who has attained a weighted local content average of at least 50% of all its participating models and variants. The BOI shall issue guidelines for the grant of the foreign exchange award to qualified participants, which shall become executory fifteen (15) days after publication.
- 7.2 In order to pursue the primary objective of the Program, which is the development of a viable local automotive parts manufacturing industry, and to assist assemblers in achieving the required local content requirement, the BOI may adopt policies that will encourage continuing purchase by automotive assemblers and the unhampered supply by the autoparts manufacturers of automotive parts and components at competitive prices and quality.
- 7.3 For purposes of determination and/or audit of the local content attainment of an assembler for any particular model/variant, the BOI may, in consultation with concerned parties, designate or deputize the Technical Review Committee to undertake the work unless circumstances warrant the formation/designation/deputization of another body, committee or company for the purpose. The BOI shall prepare the Terms of Reference for the work to be undertaken by the said body.
- 7.4 The BOI may no longer use a mandatory deletion list in pursuing the Program's objectives.

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7.5 The local content requirement under the program shall be terminated by the year 2000 based on the Agreement on Trade-Related Aspects of Investment Measures under the General Agreements on Tariff and Trade (GATT).

Sec. 8. Joint-Venture Projects

The BOI, in recognition of the technology transfer that results from joint ventures, may grant a foreign exchange concession to new joint-venture car assembly operations which shall be set up under the amended guidelines amounting to ten percent (10%) of the net foreign exchange earnings (NFEE) required during the first two (2) years of operation of such new joint-venture companies, provided that the local equity thereof shall be at least thirty percent (30%). Similarly, new or existing participants who shall promote joint ventures between their parts vendors and local autoparts manufacturers shall be granted additional foreign exchange concessions amounting to ten percent (10%) of the net foreign exchange earnings (NFEE) of the parts manufacturing joint-venture during its first two (2) years of operation, provided that the local equity thereof shall be at least thirty percent (30%).

Sec. 9. CKD and CBU Prices

The BOI shall continue to monitor the retail prices of participating models and variants. For the purpose of determining reasonable prices, the BOI may review the price composition of certain models and ask the assemblers for necessary documentation.

Sec.10. Foreign Exchange Requirements

Participants in Categories I, II and III will still be required to earn foreign exchange credits through the export of automotive products to be able to import CKDs. The net foreign exchange earnings shall be recorded in the ledger without bonus.

The foreign exchange ratio (as a percentage of CKD import value) for Category I participants will be similar to CVDP Categories I and II, i.e.:

1995	5.0%
1996	5.0%
1997	7.5%

1998	7.5%
1999	15.0%
2000	15.0%

The foreign exchange ratio (as a percentage of CKD import value) for Category II participants will be as follows:

1995	40%
1996	45%
1997	45%
1998	50%
1999	50%
2000	55%

Participants in Category III, as well as AIJV participants, will be required to earn seventy-five percent (75%) of their foreign exchange requirements for the importation of CKDs.

For purposes of determining and/or auditing the net foreign exchange of exports promoted by an assembler during any particular period and other related technical matters, the BOI may, in consultation with concerned parties, designate or deputize the Technical Review Committee to undertake the work unless circumstances warrant the formation/designation/deputization of another body, committee or company for the purpose. The BOI shall prepare the Terms of Reference for such net foreign exchange determination, review and/or verification.

In view of the foreign exchange liberalization, Sec. 9.4 of M.O. 136 (s. of 1987) is hereby deemed superseded/revoked.

The BOI shall continue to issue Certificates of Authority to Import to allow the participants to import their CKD requirements and to avail themselves of the three percent (3%) duty under E.O. 264, series of 1995.

The foreign content requirement under the program shall be terminated by the year 2000 based on the Agreement on Trade-Related Aspects of Investment Measures under the General Agreements on Tariff and Trade (GATT).

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Chapter II The Commercial Vehicle Development Program (CVDP)

Sec. 11. Objectives

Aside from the objectives indicated in M.O. 157 (s. of 1988), the CVDP shall aim to support accelerated rural development by providing suitable and affordable means for the transport of goods, services and passengers.

The CVDP shall likewise encourage and assist the development of the non-formal automotive industry in terms of safety, roadworthiness, and compliance with emission standards.

Sec. 12. Definition of Terms

Asian Utility Vehicle (AUV) - Aside from the definition appearing in Section 2 of M.O. 157 (s. of 1988), AUV body parts should now be locally pressed or a major component, such as the transmission or engine should be locally manufactured.

CKD and KD definitions are the same as the CDP definitions in Section 2 hereof.

Sec. 13. Participants

The informal sector will be integrated under the CVDP. Specific guidelines will be formulated by the BOI.

Aside from applications for participation in Categories I, III, and IV, applications for participation in Categories II (previously closed) and V (created under Sec. 14.1 hereof) shall be accepted by BOI from Filipino-owned and foreign-owned companies organized under Philippine laws provided that the applicant will be able to obtain a technical licensing agreement with the foreign CKD supplier; that it will assemble established quality vehicles; that it will provide adequate parts and support services; and provided further, that the participant qualifies under the CVDP rules and regulations. The BOI shall decide on the accepted applications within sixty (60) working days from date of official filing thereof.

A new participant in the CVDP is one who is neither a participant in CVDP Categories I, II, III or IV on the date of approval of these

supplemental guidelines. The new participant in the CVDP shall have the following qualifications:

- 13.3.1 Capability to invest and/or bring in investments equivalent to US\$8 million in the manufacture of motor vehicle parts and components for the export and domestic markets.
- 13.3.2 Ability to establish a new assembly facility or utilize an existing assembly facility which is either idle or in operation.
- 13.3.3 Capability to post a performance bond or bank guaranty to ensure the fulfillment of the commitments that it shall make on the establishment of a major automotive parts manufacturing facility in accordance with its participation in the Program. Such bond or guaranty shall be proportionally reduced upon presentation of proof of investments in plant build-up, excluding land.
- 13.3.4 Specific qualifications of the informal sector will be determined by the BOI.

Participation in the CVDP shall no longer require the concurrence of the President in view of the program liberalization.

Sec. 14. Coverage

Aside from Categories I to IV as appearing in M.O. 157 (s. of 1988), Category V shall be created and this shall cover trucks with gross vehicle weight greater than 18 tons and Special-Purpose Vehicles, such as fire trucks.

In addition to the liberalization on the importation of brand new CBU trucks and buses, brand new CBU Light Commercial Vehicles (LCVs) and Asian Utility Vehicles (AUVs) shall now be allowed to be imported in line with Executive Order No. 264, S. 95 and Monetary Board Circular No. 92, S. 95. The Monetary Board shall issue a Memorandum to Authorize Agent Banks defining "new" and the processes involved.

Sec. 15. Models and Variants

There shall no limitation in the number of models and variants provided that the same are registered with the BOI. The retail price ceilings of CVDP models shall continue to be monitored by the BOI.

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Sec. 16. Local Content

Participants in Categories I and II shall no longer be required to comply with a vehicle local content higher than forty-five percent (45%) to qualify/remain in the CVDP. However, the BOI may grant a foreign exchange award amounting to fifty percent (50%) of foreign exchange earned during the previous year, to a participant who has attained a weighted local content average of at least fifty-five (55%) of all its participating models and variants. The BOI shall issue guidelines for the grant of foreign exchange award to qualified participants, which shall become executory fifteen (15) days after publication.

In order to pursue the primary objective of the Program, which is the development of a viable local automotive parts manufacturing industry, and to assist assemblers in achieving the required local content requirement, the BOI may adopt policies that will encourage continuing purchase by automotive assemblers and the unhampered supply by the autoparts manufacturers of automotive parts and components at competitive prices and quality.

For purposes of determination and/or auditing local content attainment of an assembler for any particular model/variant, the BOI, in consultation with concerned sectors, may designate/deputize the TECHNICAL REVIEW COMMITTEE for the determination and audit of the local content attainment of participants in the CDP unless circumstances warrant the designation/deputization of another body, committee or company for the purpose. The same Terms of Reference used in the CDP audit, if applicable, may be used in the CVDP audit, and the same rules, regulations and guidelines where applicable, may likewise be used in the CVDP local content determination and audit.

- 16.4 Participants in Categories III and IV shall continue to comply with the minimum local content requirement specified for year 3 under M.O. 157 (s. of 1988). New participants in Category V shall comply with the minimum local content specified for the truck unit to be used based on its GVW. The local content of trucks greater than 18 tons GVW shall be the same as the local content of Category IV-D of the CVDP.
- 16.5 The BOI may no longer use a mandatory deletion list in pursuing the Program's objectives.
- 16.6 The local content requirement under the program shall be terminated by the year 2000 based on the Agreement on Trade-Related Aspects of

Investment Measures under the General Agreements on Tariff and Trade (GATT).

Sec. 17. Joint-Venture Projects

17.1 The BOI, in recognition of the technology transfer that results from joint ventures, may grant a foreign exchange concession to new joint-venture commercial vehicle assembly operations which shall be set up under the amended guidelines amounting to ten percent (10%) of the net foreign exchange earnings (NFEE) required during the first two (2) years of operation of such new joint-venture companies, provided that the local equity thereof shall be at least thirty percent (30%). Similarly, new or existing participants who shall promote joint ventures between their parts vendors and local autoparts manufacturers shall be granted additional foreign exchange concessions amounting to ten percent (10%) of the net foreign exchange earnings (NFEE) of the parts manufacturing joint-venture during its first two (2) years of operation, provided that the local equity thereof shall be at least (30%).

Sec. 18. CKD and CBU Prices

The BOI shall continue to monitor the retail prices of participating models and variants. For the purpose of determining reasonable prices, the BOI may review the price composition of certain models and ask the assemblers for necessary documentation.

Sec. 19. Foreign Exchange Requirement

19.1 Participants in Categories I and II will still be required to earn foreign exchange credits through the export of automotive products to be able to import CKDs. Their net foreign exchange earnings shall be recorded in the ledger without bonus and the foreign exchange ratio (as a percentage of CKD import value) shall be as follows:

1995	5.0%
1996	5.0%
1997	7.5%
1998	7.5%
1999	15.0%
2000	15.0%

Participants in Categories III, IV and V will likewise still be required to earn foreign exchange credits to be able to import CKDs and their foreign

exchange earnings shall likewise be recorded in the ledger without bonus; the required foreign exchange ratio (as a percentage of CKD import value) shall be five percent (5%).

For purposes of determining and/or auditing the net foreign exchange of exports promoted by an assembler during any particular period and other related technical matters, the BOI, in consultation with concerned sectors, may designate/deputize the Technical Review Committee for the determination and audit of the net foreign exchange attainment of the participants in the CDP unless circumstances warrant the designation/deputization of another body, committee or company for the purpose. The same Terms of Reference used in the CDP audit, if applicable, may be used in the CVDP audit, and the same rules, regulations and guidelines, where applicable, may likewise be used in the CVDP net foreign exchange determination and audit.

The BOI shall continue to issue Certificates of Authority to Import to allow the participants to import their CKD requirements and to avail themselves of the 3% duty under E.O. 264, series of 1995.

The foreign content requirement under the program shall be terminated by the year 2000 based on the Agreement on Trade-Related Aspects of Investment Measures under the General Agreements on Tariff and Trade (GATT).

Chapter III The Motorcycle Development Program

Sec. 20. Objectives

Aside from the objectives enumerated in M.O. 160 (s. of 1988), the MDP shall support accelerated rural development by providing cheaper alternative transportation units for goods, services and passengers in rural areas.

21. Participants

Aside from applications for participation in Category B, applications for participation in Category A (previously closed) shall be accepted by BOI from Filipino-owned and foreign-owned companies organized under Philippine laws provided that the applicant will be able to obtain a

MDP; those in Category B shall be required to attain local content of thirty-five percent (35%). However, the BOI may grant a foreign exchange award amounting to fifty percent (50%) of foreign exchange earned during the previous year, to a participant who has attained a weighted local content average of at least fifty-five percent (55%) of all its participating models and variants. The BOI shall issue guidelines for the grant of foreign exchange award to qualified participants, which shall become executory fifteen (15) days after publication.

In order to pursue the primary objective of the Program, which is the development of a viable local automotive parts manufacturing industry, and to assist assembler in achieving the required local content requirement, the BOI may adopt policies that will encourage continuing purchase by automotive assemblers and the unhampered supply by the autoparts manufacturers of automotive parts and components at competitive prices and quality.

For purposes of determination and/or audit of local content attainment of an assembler during any particular period, the BOI, in consultation with concerned sectors, may designate/deputize the TECHNICAL REVIEW COMMITTEE for the audit of the CDP/CVDP local content attainment unless circumstances warrant the designation/deputization of another body, committee or company for the purpose. The same Terms of Reference used in the CDP/CVDP local content determination and audit, if applicable, may be used in the MDP audit, and the same rules, regulations and guidelines where applicable, may likewise be used in the MDP local content determination and audit.

The local content requirement under the program shall be terminated by the year 2000 based on the Agreement on Trade-Related Aspects of Investment Measures under the General Agreements on Tariff and Trade (GATT).

- 24.5 The local content requirement under the program shall be terminated by the year 2000 based on the Agreement on Trade-Related Aspects of Investment Measures under the General Agreements on Tariff and Trade (GATT).

Sec. 25. Joint-Venture Projects

The BOI, in recognition of the technology transfer that results from joint ventures, may grant a foreign exchange concession to new joint-venture motorcycle assembly operations which shall be set up under the amended

guidelines amounting to ten percent (10%) of the net foreign exchange earnings (NFEE) required during the first two (2) years of operation of such new joint-venture companies, provided that the local equity thereof shall be at least thirty percent (30%). Similarly, new or existing participants who shall promote joint ventures between their parts vendors and local autoparts manufacturers shall be granted additional foreign exchange concessions amounting to ten percent (10%) of the net foreign exchange earnings (NFEE) of the parts manufacturing joint-venture during its first two (2) years of operation, provided that the local equity thereof shall be at least thirty percent (30%).

Sec. 26. Foreign Exchange Requirement

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

1995	5.0%
1996	5.0%
1997	7.5%
1998	7.5%
1999	15.0%
2000	15.0%

For purposes of determining and/or auditing the net foreign exchange of exports promoted by an assembler during any particular period and other related technical matters, the BOI, in consultation with concerned sectors, may designate/deputize the Technical Review Committee for the determination and audit of the CDP/CVDP net foreign earnings unless circumstances warrant the designation/deputization of another body, committee or company for the purpose. The same Terms of Reference for the determination/audit of the CDP/CVDP net foreign exchange earnings if applicable, may be used in the MDP audit, and the same rules and regulations, where applicable, may likewise be used in the MDP net foreign exchange determination and audit.

The BOI shall continue to issue Certificates of Authority to Import to allow the participants to import their CKD requirements and to avail themselves of the three percent (3%) duty under E.O. 264, series of 1995.

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The foreign content requirement under the program shall be terminated by the year 2000 based on the Agreement on Trade-Related Aspects of Investment Measures under the General Agreements on Tariff and Trade (GATT).

Chapter IV Other Provisions

Sec. 27. Technical Review Committee

The Review Committees formed for the Car, Commercial Vehicle and Motorcycle Development Programs shall be consolidated into consultative body composed of representatives of the dominant association representing the motor vehicle assemblers and parts manufacturers and the BOI/DTI, with the Managing Head of the BOI or his representative as Chairman. The said body may be deputized by the BOI to undertake functions relative to its task of overseeing the various motor vehicle development programs. The Committee is also tasked to formulate and recommend to the BOI and to the Inter-Agency Committee on Used Trucks measures to require importers of used trucks and buses to comply with safety, roadworthiness, and emission standards. The said Committee may also recommend measures that will enhance the global competitiveness of local parts suppliers.

Sec. 28. Funds

The BOI may collect fees for the assessment/verification/accreditation of the net foreign exchange earned by the assemblers as well as the local content attained by them. The BOI may likewise grant honoraria to the members and staff of the Technical Review Committee and incur operational expenses chargeable against said funds subject to the rules and regulations of the Commission on Audit.

Sec. 29. Government/Government-Authorized Purchases of Vehicles

In view of the numerous motor vehicle models now available in the market, ranging from Peoples' cars to luxury cars, Light Commercial Vehicles and motorcycles, all government entities are enjoined to patronize and give priority to locally-assembled units in the purchases of vehicles, particularly for foreign-funded projects.

Since the local motor vehicle industry is now in a position to supply competitively-priced brand-new taxi models, the Department of Transportation and Communications should consider locally-assembled brand-new vehicles in its subsequent taxi programs.

30.30. Penalties

Aside from the penalties imposed under M.O. 136 (s. of 1987), M.O. 157 (s. of 1988) and M.O. 160 (s. of 1988), the BOI may impose fines for misrepresentation and fraud or non-compliance with terms and conditions and/or cause erring assemblers to refund foreign exchange awards found to be fraudulently earned.

Sec. 31. Incentives/Awards

In recognition of outstanding assemblers, the BOI may grant additional credits and/or give awards in equivalent net foreign exchange credits for high local value added, research and development efforts, manpower skills training and foreign investments received. It shall formulate the guidelines for the determination and use of such additional credits which shall become executory fifteen (15) days after publication.

31.2 In recognition of the efforts and prestige to be brought into the country by Filipino assemblers who will export at least fifty percent (50%) of their CBU motor vehicle production (seventy percent (70%) in the case of foreign companies), the Board may grant a special package of incentives to the said companies, such as reduced NFREE and local content requirements.

Sec. 32. Amendments

The BOI, after consultation with the industry, may recommend to the President further amendments to these Guidelines, taking into account the attainment of Program objectives, economic conditions and local manufacturing capabilities.

Sec. 33. Separability Clause

The provisions of this Memorandum Order are hereby declared to be separable and in the event one or more of such provisions are declared unconstitutional, the validity of the other provisions shall not be affected.

Sec. 34. Repealing Clause

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

Sec. 35. Effectivity

This Memorandum Order shall take effect fifteen (15) days after publication in a newspaper of general circulation.

DONE in the City of Manila, this **26** day of **FEBRUARY** in the year of Our Lord, Nineteen Hundred and Ninety-Six.



By the President:



RUBEN D. TORRES
Executive Secretary

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