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of the Philippines
Malacañang

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MEMORANDUM ORDER NO. 18

APPROVING THE 2001 INVESTMENT PRIORITIES PLAN

Pursuant to Article 29 of the Omnibus Investment Code of 1987, the attached 2001 investment Priorities Plan (IPP) is hereby approved.

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 7th day of June in the year of our Lord, Two Thousand and One.



By the President:

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Received

JUN 27 2001 *JE*

Date



MALACAÑANG MANILA

The Macapagal-Arroyo administration with its priorities on economic development commits to expand economic opportunities specially for the poor and the marginalized. We will work on achieving the twin goals of peace and development by elevating the lives of our countrymen.

The formulation of the 2001 IPP is guided by the priorities of my Administration, which include, among others, (1) the elimination of poverty within this decade, (2) good governance, (3) party politics rather than personal patronage politics, and (4) leadership by example. Transparency in the public enterprise will be exercised to attain the foregoing. To address the social bias in agriculture, safety nets will be provided.

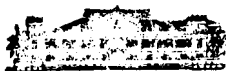
Regional development will be pursued to complement a focused approach to investment promotion. The 2001 IPP encourages industry clustering in the regions to accelerate investments in the countryside with the end view of improving the competitiveness of the identified industrial clusters.

Information and Communications Technology (ICT) will be given priority to take advantage of the present prospects in knowledge-based industries. The promotion of the ICT and tourism projects as "flagship" projects will be a thrust in my administration, as well as the promotion of other high growth industries on the basis of indicators such as exports, competitiveness, and employment generation.

We believe in a private sector-led development. We encourage the forging of cooperative alliances between the government and the private sector to jointly lead the country to economic prosperity.

Mabuhay!


President Gloria Macapagal-Arroyo



PGMA Outgoing # 03091

NATIONAL LIST

The **National List** covers activities under the IPP which are deemed national in scope, eligible to incentives prescribed under E.O. 226, and subject to General and Specific Guidelines.

A. MANDATORY INCLUSIONS

The **Mandatory Inclusion Listing** contains all areas/activities which as provided for under existing laws, specifically require their inclusion in the IPP.

<u>LAW</u>	<u>ACTIVITY</u>
P.D. 705	Industrial Tree Plantation*
R.A. 7103	Iron & Steel Projects*
R.A. 7942	Exploration, mining, quarrying, and processing of minerals*
R.A. 8047	Publication or printing of books or textbooks *
R.A. 8479	Refining, storage, marketing and distribution of petroleum products*

B. SUPPORT TO GOVERNMENT PROGRAMS

1. Agricultural/ Fishery Production and Processing *

These are limited to activities covered under RA 8435 (agricultural and fisheries modernization), RA 7900 (production/processing of high value crops) and RA 8550 (commercial fishing)

2. Common Carriers

Public utility operations: land, air, and water transport. Air and water facilities may include cargo operations.

3. Drugs and Medicine*

Manufacture of essential drugs (including herbal medicines) listed in the current Philippine National Drug Formulary (PNDF) and active substances of these drugs



PGMA Outgoing # 03092



II. REGIONAL LIST

The **Regional List** includes activities under the IPP which are regional in scope and should be implemented and located in the identified regions. The eligibility to incentives under E.O. 226 shall be determined by the location of the project and subject to General and Specific Guidelines.

A. INDUSTRY CLUSTERS

An **Industry Cluster** is a group of interlinked or related activities composed of industries, suppliers, required support services, infrastructure and institutions.

<u>Region</u>	<u>Cluster</u>
NCR	<ul style="list-style-type: none"> • Footwear
CAR	<ul style="list-style-type: none"> • Fruits & Vegetables • Indigenous Textiles
I	<ul style="list-style-type: none"> • Fruits & Vegetables • Indigenous Textiles
II	<ul style="list-style-type: none"> • Wood Products
III	<ul style="list-style-type: none"> • Petrochemicals • Food Processing
IV	<ul style="list-style-type: none"> • Chemicals • Food Processing
V	<ul style="list-style-type: none"> • Coconut • Abaca
VI	<ul style="list-style-type: none"> • Food Processing • Bamboo
VII	<ul style="list-style-type: none"> • Furniture • Light Engineering & Metalworking
VIII	<ul style="list-style-type: none"> • Coconut • Abaca
IX	<ul style="list-style-type: none"> • Rubber • Seaweed & Fish Processing
X	<ul style="list-style-type: none"> • Coconut • Food Processing
XI	<ul style="list-style-type: none"> • Fish • Coconut
XII	<ul style="list-style-type: none"> • Food Processing
CARAGA	<ul style="list-style-type: none"> • Wood Products • Essential Oils



4. Energy Sources

Exploration/Development of renewable energy sources and establishment of mini-hydro electric power

5. Engineered Products*

Manufacture of machinery and equipment, and parts & components of motor vehicles; preparation of designs of machinery and equipment and/or their parts and components

6. Environmental Projects

Environmental protection, pollution abatement/mitigation, including establishment of environmental/ecological facilities

7. Information & Communication Technology*

Information Technology Services (IT Services, IT-enabled Services, ICT Support Activities, IT Parks)

8. Infrastructure

Establishment of physical infrastructure including those under the BOT Law (project cost in excess of Php 1.0 B will be classified as a pioneer project; otherwise, non-pioneer), and pipeline operations for transport of petroleum products, natural gas, petrochemicals, and similar products

9. Mass Housing Projects including Development and Fabrication of Housing Components****10. Research & Development Activities****11. Shipbuilding/Shiprepair/Shipbreaking*****12. Social Service***

Establishment of educational training institutions, health service facilities, social welfare institutions, and retirement villages (limited to new projects only)

13. Tourism-Related Projects as Endorsed by the Department of Tourism*

Establishment of tourist accommodation facilities, tourism estates, historico-cultural heritage projects, and tourist bus operations

C. EXPORT ACTIVITIES*

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* covers modernization activities

**coverage of modernization limited to fabrication only

B. ARMM LIST

The **ARMM List** covers priority activities which have been independently identified by the Regional Board of Investments of the ARMM in accordance with E.O. 458. The BOI-ARMM can grant registration and administer incentives to activities listed in the IPP, provided these are located in ARMM and subject to the General and Specific Guidelines.

1. Export Activities

- a. Export Trader and Service Exporters
- b. Support Activities for Exporters

2. Agriculture, Food and Forestry-Based Industries

- a. Processed Food
 - Production and processing of Halal Meat
 - Leguminous and other vegetable-based protein (textured, palletized or liquid)
 - Spices processing (e.g. hot pepper, black pepper, ginger, etc.)
Note: May be integrated with plantation
 - Vegetable oils (e.g. peanut oil, rice bran oil, sunflower and soybean oil) and production of food crops
Note: Maybe integrated with post-harvest processing and other vegetables (such as Tomatoes)
 - Integrated coconut processing and plantation
 - Seaweeds production and processing
 - Cassava processing
Note: Maybe integrated with plantation
 - Fruit processing (e.g. durian, mangosteen, jackfruit, marang, banana, mango, passion guava, calamansi, and guyabanos) and plantation
 - 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 filapia production and processing
 - Tropical fish production and processing
 - Shrimps/prawn
 - Lapu-lapu (Grouper) and other marine products
 - Corn flour mill (integrated with plantation)
 - Young corn production
Note: May include processing/canning
 - Mushrooms culture and processing
 - Sweet potato plantation and processing
 - Crocodile farming and processing
- b. Cufflower Production
- c. Pearl Culture and Processing
- d. Industrial Tree Plantation (include Mangrove, Rattan, Bamboo, etc.) and wood processing (cement wood board and fiberboard) reconstructed veneer
- e. Shipbuilding and Watercraft
- f. Abaca Production and Pulp Production
- g. Palm Oil Plantation, Processing and Refining

- h. Coffee Processing (maybe integrated with plantation)
- i. Particle Board (use of agri-based waste material such as rice straw, wood waste, etc.)
- j. Activated Carbon Manufacturing (use of coconut shell, wood based, etc.)
- k. Feeds Production (animal feeds and feeds for aquaculture)
- l. Tobacco Plantation and Processing
- m. Production of Beverage Crops, but not limited to:
 - Cacao beans
 - Coffee beans (Arabica variety)
- n. Production of Plantation Crops and other Medical Herbs/Essential Oil Plants (including flower extracts)
- o. Production of Livestock and Poultry (including Dairy products)
 - Beef (including cow-calf and feedlot operations)
 - Carabao (water buffalo) production
 - Goats and sheep
 - Frozen semen and embryos

Note: includes natural method and artificial insemination and embryo transfer technology
- p. Bricks and Roofing Tiles Production
- q. Quality Seeds and Seedlings of Fruit Trees and Other Planting Materials Propagated Asexually or by Tissue Culture
- r. Sugarcane Plantation and Refineries
- s. Sericulture

3. Basic Industries

- a. Pharmaceuticals
 - Antibiotics
 - Penicilin
 - Streptomycin
 - Tetracycline's
 - Soft gelatin capsules
- b. Medical Devices
 - Prosthetics
 - Diagnosis
- c. Other pharmaceuticals
- d. Textile and Textile Products
 - Yarns and fabrics
 - Hand-woven textiles
 - Specialty fabrics
 - Tire cord fabrics

Note: Must be integrated with weaving and dipping units

 - Ramie (degummed, staple fiber, combed tops, noels and slivers)
 - Fish nets
 - Fabrics made of indigenous raw materials
 - Silk reeling
- e. Fertilizers (organic and inorganic)
 - Solid waste materials
- f. Mining (Exploration and development of Mineral Resources)
 - 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)
 - Processing of minerals (such as beneficiation and other metallurgical methods)
- g. Cement – at least 1.0 MTPY Capacity (clinker based)



4. Consumer Manufactures

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

5. Infrastructure And Services

- a. Public Utilities (with developmental route of the four provinces of the ARMM and other adjacent Cities and Provinces)
 - Common carriers (land, air and water transport facilities)
 - Electric transmission/distribution
 - Water supply facilities/waterways and sewerage systems
 - Buses/cargo trucks
 - Other specialized mass transport systems
 - Power generation like Hydro Power, and Geothermal
- b. Telecommunications with International Gateways
- c. Tourism
 - Tourism estates
Subject to guidelines developed jointly by the Board of Investments – ARMM and Department of Tourism (DOT)
 - Tourist accommodation facilities
 - Hotels
 - Resorts
 - Other tourist accommodation facilities such as apparels, pension houses, tourist inns, and others
 - Tourist transport facilities
 - Air
 - Water
 - Tourist buses and taxi/van

*Note: *Endorsed by the DOT*
***New and expansion projects may be registered*
- d. Industrial Service Facilities
This will cover the following activities:
 - i. Common centers:
 - Testing and quality control laboratories
 - Training and demonstration centers
 - Tool shops and similar facilities
 - Metal working
 - Electroplating
 - Foundry
 - Forging
 - Machining
 - Heat treatment
 - Brass making
 - Furniture
 - Kiln drying
 - Treatment and processing facilities
 - Ceramics
 - Kiln
 - Glazing
 - Food Processing
 - Bottling and canning of distilled water/mineral water
 - Industrial salt



- Vapor heat treatment
- Slaughterhouse/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 and comparative advantages of the industry.
- ii. 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 BOI-ARMM in consultation with the PRA, the Department of Health (DOH), the Regional Planning and Development Office (RPDO) and other concerned agencies.
- e. Petrochemical Complex
Industrial Gases (such as oxygen and nitrogen)
- g. Miscellaneous Chemical Products
 - Biotechnological/biosynthetic chemicals
 - Essential oils
 - Fine chemicals

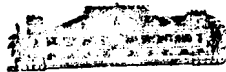
6. Engineering Industries

- Engineering Products
- Motor vehicle parts and components
 - Automobile parts and assembly
 - Modern offset printing

7. ARMM Priority and Tourism Areas

NOTE: Listed below are potential tourist destinations which need further exploration and evaluation for intensified promotions, 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 Province
Area IV-Maguindanao	Cotabato City	Maguindanao Province




 PGMA Outgoing # 03098