

The Foreign Chambers of the Philippines

American Chamber of Commerce of the Phils., Inc. ♦ Australian-New Zealand Chamber of Commerce (Phils.), Inc.
Canadian Chamber of Commerce of the Phils., Inc. ♦ European Chamber of Commerce of the Phils., Inc.
Japanese Chamber of Commerce & Industry of the Phils., Inc. ♦ Korean Chamber of Commerce of the Phils., Inc.
Philippine Association of Multinational Companies Regional Headquarters, Inc.



STATEMENT OF THE JOINT FOREIGN CHAMBERS OF COMMERCE IN THE PHILIPPINES ON USED VEHICLE IMPORTATIONS

The Joint Foreign Chambers wish to state its serious concern over information it has received that the Bataan Technology Park is considering the issuance of guidelines that aims to legitimize the importation of used vehicles.



- The Philippine auto industry has one of the smallest market in the region. Industry sales have not yet recovered to the pre-Asian crisis level, unlike its other ASEAN neighbors. In fact, the Philippines has languished at 88,184 units in 2004, which is about half of the 1996 level of 162,000 units. Investments poured in over the years have put in place a production capacity of 250,000 vehicle units but capacity utilization stands only at below 25%. The rest of ASEAN auto industries have fully recovered and are growing from the 1996 level at a healthy rate of 147% for Indonesia, 139% for Malaysia and 113% for Thailand.



- The unabated importation of used vehicles that are grossly undervalued have contributed to this unfavorable business situation. On the basis of new registration data of LTO, the industry estimates that used vehicle importations in 2004 have reached approximately 116,000 units surpassing the formal industry sales of 88,184 units. Used vehicle importations expose consumers to safety, health and environmental hazards. They also deprive government of substantial tax revenues, posing a threat to employment and revenue generated by the formal sector. The continuing erosion of the formal industry market by used vehicle importations has hampered the growth of the industry, in general, and has adversely affected the viability of the operations of both the assemblers and the parts manufacturers.



- We note that government has taken action to control used vehicle importations through the issuance of EO 156; however, a series of TROs have prevented its effective implementation. It is also very encouraging to note that Executive Branch has persisted to control the situation with the recent issuances of an Executive Order No.418 that levies an additional specific duty of P500,000 on every used vehicle importation and a Customs Memorandum Order that penalizes carriers /shippers who cause the entry of right-hand drives.



- However, we express serious concern on the information we have received that the Bataan Technology Park has been issuing import authorities for used vehicles. We are also very alarmed on the information we have received that it is considering the issuance



of guidelines that aims to legitimize the importation and re-manufacture of used vehicles. If so, we strongly object to the issuance of such guidelines and wish to emphasize that:

- this runs counter to the recent pronouncements of Her Excellency the President and of the DTI Secretary prohibiting the importation of used vehicles. Her Excellency the President in her recent May 1 Labor Day speech called for the creation of a law that will strengthen the elimination of used vehicle importations.
- this is in conflict with the objectives of the Motor Vehicle Development Program (EO 156)
- this puts into question the role of the Board of Investments in defining and implementing industrial development policy for the Philippine motor vehicle industry.

It is in this regard that the Chambers request from government the reiteration of its policy to prohibit / eliminate used vehicle importations and the assurance that it will not support the issuance of any Executive Order or regulation that legitimizes the importation and re-manufacture of used vehicles.



RICK M. SANTOS

President

The American Chamber of Commerce
of the Philippines, Inc.



RICHARD BARCLAY

President

Australian-New Zealand Chamber
Commerce of the Philippines, Inc.



STEWART HALL

President

Canadian Chamber of Commerce
of the Philippines, Inc.



WILLIAM BAILEY

President

European Chamber of Commerce
of the Philippines, Inc.



RYUKICHI KAWAGUCHI

President

Japanese Chamber of Commerce
& Industry of the Philippines, Inc.



LEE GIL GU

President

Korean Chamber of Commerce
of the Philippines, Inc.



SHAMEEM QURASHI

President

Philippine Association of Multinational Companies
Regional Headquarters, Inc.

May 18, 2005