

BY THE PRESIDENT OF THE PHILIPPINES

MEMORANDUM ORDER NO. 299

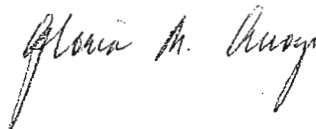
APPROVING THE 2009 INVESTMENT PRIORITIES PLAN

Pursuant to Article 29 of the Omnibus Investments Code of 1987, the attached 2009 Investment Priorities Plan (IPP) is hereby **APPROVED**. Further to the provision of said Article, upon the effectivity of the IPP, all government agencies and entities are enjoined not to adopt any policy or take any course of action contrary to or inconsistent with the IPP.

This Memorandum Order shall take effect fifteen (15) days after its publication in a national newspaper of general circulation as required under Article 31 of the Omnibus investments Code of 1987.

DONE in the City of Manila, this 30th day of March in the year of Our Lord, Two Thousand and Nine.

By the President:



EDUARDO R. ERMITA
Executive Secretary



PGMA Hologram # 48077

MESSAGE

The Philippine economy has to contend with a more challenging environment as a result of the turbulence in the global financial markets that to date continues to impact on global economies.

Despite all these, the Philippine economy has remained resilient and stable, a testament to the country's strong macroeconomic fundamentals instituted by my Administration towards the achievement of my 10-point agenda, mindful of my promise that this would be my legacy to the Filipino nation.

Notwithstanding the country's estimable economic performance and with no room for complacency, my Administration has the critical task to preserve the momentum for sustained growth and to ensure that the employment possibilities for the Filipino people are optimized by assisting our industries withstand the crisis.

Meeting these extraordinary challenges head-on, the Board of Investments, in coordination with other government agencies and the private sector, has prepared the 2009 Investment Priorities Plan (IPP) as a tool to save and create jobs and achieve decent investment performance. The 2009 IPP opens opportunities for the country to attract more quality investments into industries and services that would maintain and improve the country's competitiveness and ensure employment for the Filipino people.

With unity, cooperation and risk-sharing among all sectors, we can attain the realization of my Administration's development agenda and ensure the successful implementation of the 2009 IPP.

I am optimistic and confident that with the continued strong and committed public and private partnership, we shall be **Transcending Global Economic Challenges** towards a stronger and more resilient Philippine economy!

Mabuhay tayong lahat!


GLORIA MACAPAGAL-ARROYO

Part I
PRIORITY INVESTMENT AREAS

The coverage, description and entitlement to incentives of the following listed activities shall be defined and clarified in the General Policies and Specific Guidelines to be issued by the Board of Investments (BOI).

The grant of incentives under the 2009 IPP is subject to Article 7, paragraph 3 of EO 226, to wit:

“ART. 7 Powers and Duties of the Board. xxx

(3) Process and approve applications for registration with the Board, imposing such terms and conditions as it may deem necessary to promote the objectives of this Code, including refund of incentives when appropriate, restricting availment of certain incentives not needed by the project in the determination of the Board x x x”

I. PREFERRED ACTIVITIES

A. Contingency List

Job Saving/Creation Projects

This covers existing projects and/or activities affected by the current global economic crisis that will either:

- a. Retain investments and maintain current number of workers;
- b. Retain investments and increase current number of workers;
- c. Increase investments and maintain current number of workers; or
- d. Increase investments and increase current number of workers.

This also covers new projects of micro, small and medium enterprises as defined under R.A. 9501.

Enterprises registered under this list may be entitled to ITH.

The projects enumerated in Annex “A” are not qualified under this listing.

NOTE: The Contingency List is a **temporary** inclusion in the IPP to mitigate the effects of the global crisis and will be delisted upon an official pronouncement by the National Economic Development Authority (NEDA) that the crisis no longer exists; *Provided* however, that the Board based on certain indicators may continue to qualify under this list industries/sectors that are still affected by the crisis.

B. Regular List

1. Agriculture/Agribusiness and Fishery

This covers production and processing of agricultural and fishery products (including their by-products and wastes), biofuels, feeds and organic fertilizers.

This also covers biotechnological products and services.

2. Infrastructure

This covers transport (air, water and mass rail transport), water (water supply and/or distribution), logistics, energy (power generation projects using renewable¹ and other energy sources adopting environmentally-friendly technologies, power generating plants located in missionary areas, and privatized plants), mass housing, physical infrastructure, pipeline projects for oil and gas, and projects under the Build-Operate-Transfer (BOT) Law.

3. Engineered Products

This covers shipbuilding, manufacture of machinery and equipment, including their parts and components, manufacture of other transport equipment (air, water and land) including their parts and components, and manufacture of basic iron and steel products.

4. Tourism

This covers the establishment of tourist accommodation facilities, resorts, and retirement villages, medical tourism and healthcare and wellness products and services.

5. Business Process Outsourcing (BPO)

This covers voice and non-voice IT-enabled services.

6. Creative Industries

This covers non-BPO IT-enabled services and film, TV and theater arts production.

7. Strategic Activities²

This covers activities with a minimum project investment cost of the peso equivalent of US\$300 million and complies with either of the following:

¹ Power generation projects using renewable energy shall be deleted from this list upon effectivity of the Rules and Regulations to implement R.A. 9513 or otherwise known as the Renewable Energy Act of 2008.

² Projects under these activities will be approved upon determination by the Board in consultation with the DOF, NEDA and other appropriate government agencies.

- a. Employment generation of at least 1,000; or
- b. Use of internationally accepted high level of technology.

This also covers major projects of global companies intended to be located only in one country as a regional hub where the Philippines is one of the short-listed countries for investment location.

8. Research and Development

This covers commercial and in-house R & D activities, establishment of Centers of Excellence (COE), innovation and skills development training institutions.

II. MANDATORY LIST

This covers activities that require their inclusion in the IPP as provided for under existing laws.

<u>LAW</u>	<u>ACTIVITY</u>
P.D. 705	<p>Revised Forestry Code of the Philippines³</p> <p>This covers extensive plantation of forest land of tree crops (except fruit trees) for commercial and industrial purposes.</p>
R.A. 7942	<p>Philippine Mining Act of 1995³</p> <p>This covers the exploration and development of mineral resources, mining, quarrying and processing of metallic and non-metallic minerals.</p>
R.A. 8047	<p>Printing, Publication and Content Development of Books or Textbooks</p> <p>This covers printing, re-printing, publication and content development of books or textbooks.</p>
R.A. 8479	<p>Downstream Oil Industry Deregulation Act of 1998^{3,4}</p> <p>This covers refining, storage, distribution, and marketing of petroleum products located in government identified logistics hubs.</p>
R.A. 9003	<p>Ecological Solid Waste Management Act of 2000</p> <p>This covers the establishment of waste recycling facilities.³</p>

³ In general, not entitled to Income Tax Holiday.

⁴ Entitled to Income Tax Holiday if registered under RA 8479 (Downstream Oil Industry Deregulation Act).

LAW

ACTIVITY

R.A. 9275

Philippine Clean Water Act of 2004³

This covers the establishment of industrial wastewater treatment facilities, and sewage collection integrated with treatment facilities and the adoption of water pollution control technology, cleaner production and waste minimization.

R.A. 7277

Magna Carta for Disabled Persons

This covers the manufacture of technical aids and appliances for the use and/or rehabilitation of disabled persons, and the establishment of special schools, homes, residential communities or retirement villages solely to suit the needs and requirements of persons with disability.

R.A. 9513

Renewable Energy Act of 2008

Subject to the Implementing Rules and Regulations of R.A. 9513.

III. EXPORT ACTIVITIES

This covers the following:

- A. Manufacture of Export Products
- B. Export Services
- C. Activities in Support of Exporters

IV. ARMM LIST

A. EXPORT ACTIVITIES

- 1. Export Trader and Service Exporters
- 2. Support Activities for exporters

B. AGRICULTURE, FOOD AND FORESTRY-BASED INDUSTRY

- 1. Processed Food
 - a. Production and processing of Halal meat and foods, leguminous and other vegetable – based protein (textured, pelletized or liquid), spices processing (e.g., hot pepper, black pepper, ginger, etc.)
Note: May be integrated with plantation
 - b. Vegetable oils (e.g. peanut oil, rice bran oil, sunflower and soybean oil)

³ In general, not entitled to Income Tax Holiday.

- c. Production of food crops
Note: May be integrated with post-harvest processing and other vegetables (such as tomatoes)
 - d. Integrated coconut processing and may be integrated with plantation
 - e. Seaweeds production and processing
 - f. Cassava processing and other root crops (like potato, etc.)
Note: May be integrated with plantation
 - g. Fruit plantation and processing (e.g. durian, mangosteen, jack fruit, marang, banana, mango, passion fruit, guava, calamansi, and guyabanos)
 - h. 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 tilapia production and processing
 - Tropical fish production and processing
 - Shrimps/prawn
 - Lapu-lapu (grouper) and other marine products
 - i. Corn flour mill (integrated with plantation)
 - j. Young corn production
Note: May include processing/canning
 - k. Mushrooms culture and processing
 - l. Sweet potato plantation and processing
 - m. Crocodile farming and processing
2. Cutflower production
 3. Pearl culture and processing
 4. Industrial tree plantation (e.g., rubber, rattan, bamboo, etc.) and wood processing (cement wood board and fiberboard), reconstructed veneer
 5. Shipbuilding / ship breaking / ship repair and watercraft
 6. Abaca pulp plantation and processing
 7. Palm oil plantation / processing/ refining and germinated oil palm seeds
 8. Coffee processing (may be integrated with plantation)
 9. Particle board (use of agri-based waste material such as rice straw, wood waste, etc.)
 10. Activated carbon manufacturing (use of coconut shell, wood based, etc.)

11. Feeds production (animal feeds and feeds for aquaculture)
12. Tobacco plantation and processing
13. Production of beverage crops (but not limited to)
 - a. Cacao beans
 - b. Coffee beans (Arabica variety)
14. Production of plantation crops and other medical herbs/essential oil plants (including flower extracts)
15. Jatropha plantation and processing
16. Production of livestock and poultry (including dairy products)
 - a. Beef (including cow-calf and feedlot operations)
 - b. Carabao (water buffalo) production
 - c. Goats and sheep
 - d. Frozen semen and embryos
Note: includes natural method and artificial insemination and embryo transfer technology
17. Bricks and roofing tiles production
18. Quality seed and seedlings of fruit trees and other planting materials propagated asexually or by tissue culture
19. Sugarcane plantation, processing and refineries (to include muscovado production)
20. Sericulture
21. Mosquito coil processing

C. BASIC INDUSTRIES

1. Pharmaceuticals
 - a. Antibiotics
 - Penicillin
 - Streptomycin
 - Tetracycline
 - Soft gelatin capsules
 - b. Medical Devices
 - Prosthetics
 - Diagnostics
 - c. Other pharmaceuticals, herbal medicines

2. Textile and Textile Products

- a. Yarns and fabrics
- b. Hand-woven textiles
- c. Specialty fabrics
- d. Tire cord fabrics
Note: Must be integrated with weaving and dipping units.
- e. Ramie (degummed, staple fiber, combed tops, noel slivers)
- f. Fish nets
- g. Fabrics made of indigenous raw materials
- h. Silk reeling

3. Fertilizers (organic and inorganic) Solid waste materials

4. Mining (exploration and development of mineral resources)

- a. Mining and quarrying of metallic and non-metallic minerals (including small scale as defined under P.D. 1899, but to exclude river bed operations)
- b. Processing of minerals (such as beneficiation and other metallurgical methods)

5. Cement – at least 1.0 million MTPY capacity (clinker based)

D. CONSUMER MANUFACTURES

1. Rubber products such as:

- a. High pressure and hydraulic rubber hoses
- b. Rubber bolts
- c. Industrial rubber rollers
- d. Rubber tires

2. Leather products

E. INFRASTRUCTURE AND SERVICES

1. Public utilities (with developmental route of the five provinces and one city of the ARMM and other adjacent cities and provinces)

- a. Common carriers (land, air and water transport facilities)
- b. Electric transmission/distribution
- c. Water supply facilities/waterways and sewerage systems
- d. Buses /cargo trucks
- e. Other specialized mass transport systems
- f. Power generation like hydro power, geothermal and natural gas

2. Telecommunication with international gateways

3. Tourism

- a. Tourism estate - subject to guidelines developed jointly by the Board of Investments – ARMM and Department of Tourism (DOT)
- b. Tourist accommodation facilities
 - Hotels
 - Resorts
 - Other tourist accommodation facilities such as apartel, pension houses, tourist inns, and others
- c. Tourist transport facilities
 - Air
 - Water
 - Tourist Buses and taxi/van

Notes:

 - i. Endorsed by the DOT
 - ii. New and expansion projects may be registered
- d. Common centers
- e. 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 and other concerned agencies.

4. Industrial service facilities

This will cover the following activities:

- a. Testing and quality control laboratories
- b. Training and demonstration centers
- c. Tool shops and similar facilities
- d. Metal casting
 - Foundry
 - Die casting
 - Powder
 - Metallurgy
- e. Metal working
 - Die and mold
 - Electroplating
 - Forging
 - Machining
 - Heat treatment
 - Brass making
- f. Furniture
 - Kiln drying
 - Treatment and processing facilities
- g. Ceramics
 - Kiln
 - Glazing

- h. Food Processing
 - Bottling and canning of distilled water
 - Industrial salt
 - Vapor heat treatment
 - Slaughter house/abattoir
 - i. Automotive battery plate manufacturing
 - Notes: The following criteria must be met
 - i. The project will serve the common needs of the industry in the locality and
 - ii. The project will improve the relative status & comparative advantages of the industry
5. Petrochemical complex
 6. Industrial gases (such as oxygen and nitrogen)
 7. Miscellaneous chemical products
 - a. Biotechnological/biosynthetic chemicals
 - b. Essential oils
 - c. Fine chemicals

F. ENGINEERING INDUSTRIES

1. Engineering products
 - a. Motor vehicle parts and components
 - b. Automobile parts and assembly
 - c. Modern offset printing
2. Electronics and telecommunication products
3. Fabrication of construction materials
4. Hydro power plant

G. ARMM PRIORITY AND TOURISM AREAS

Note: Listed below are potential tourist destinations that need further exploration and evaluation for intensified promotions, development and marketing.

NUCLEUS

AREA I – SULU
 AREA II – TAWI-TAWI
 AREA III – LANAo del SUR
 AREA IV – MAGUINDANAO
 AREA V – SHARIFF
 KABUNSUAN
 AREA VI – BASILAN

GATEWAY

JOLO
 BONGAO
 MARAWI CITY
 SHARIFF AGUAK
 DATU ODIN
 SINSUAT
 ISABELA

SATELLITE DESTINATION

SULU PROVINCE
 TAWI-TAWI PROVINCE
 LANAo DEL SUR PROV.
 MAGUINDANAO PROV.
 SHARIFF KABUNSUAN
 PROV.
 BASILAN PROVINCE

ANNEX A

Projects Not Qualified Under the Contingency List

- Banks and financial institutions (as provided under Article 11 of E.O. 226)
- Retailing business as defined under R.A. 8762
- All services except those qualified under the Regular List
- Small-scale mining as defined under P.D. 1899 and R.A. 7076
- Activities that are restricted/regulated by law or ordinances for reasons of security, defense and risk to health and morals (e.g., beerhouse; "health clubs"; manufacture/distribution of dangerous drugs; race track operations and forms of gambling, among others)
- Activities of non-Philippine nationals engaged in small and medium-sized domestic market enterprises that are not qualified under the Foreign Investment Act (R.A. 7042) as amended by R.A. 8170
- Non-agricultural basic consumer goods
- Personal care products
- All existing power and infrastructure projects with sovereign guarantee or granted ITH
- Other activities as may be determined by the Board