

MEMORANDUM ORDER NO. 24

GRANTING THE SOUTHERN PHILIPPINES DEVELOPMENT AUTHORITY  
(SPDA) REGULATORY POWERS OVER BARTER TRADING.

Barter trading on which a segment of the population of Southern Philippines has traditionally depended, has been regulated by the government under various Presidential issuances. However, the regulatory system established pursuant to said issuances failed to achieve desired objectives. There is, therefore, a need for more effective regulation on the matter for enforcement by an appropriate office.

The desirability of phasing out barter trade should be considered in connection with the government's duty to protect the interests of those dependent on it and who would be dislocated by a sudden phaseout thereof. For this purpose, a program to ensure a gradual and systematic shift from barter trading to conventional trading must be instituted and implemented, with due regard to the time required for preparation and adjustment.

The Southern Philippines Development Authority has, the existing organizational structure and ability to effectively supervise, control, regulate and monitor all barter trading activities.

IN VIEW THEREOF, the following guidelines are hereby issued:

(1) The following are hereby declared Barter Trade areas: (a) Sulu Archipelago; (b) Zamboanga Area; (c) Cotabato City; and (d) Basilan.

All duly accredited bona fide Filipino resident traders in the Barter Trade Areas may sell, barter or trade any merchandise, goods or articles with such trading houses in neighboring islands as shall be duly approved and certified by the Southern Philippines Development Authority (SPDA) subject to the following conditions:

(a) The merchandise, goods or articles are not contraband or prohibited by the Tariff and Customs Code, as amended;

(b) The merchandise, goods or articles are not banned by special laws and regulations;

(c) The value of the merchandise, goods or articles does not exceed ₱5,000.00 per trip for every trader; and

(d) Monthly trips per trader do not exceed two.

2. Merchandise, goods or articles imported pursuant to this Order shall be free of import duties or taxes when sold and consumed/used within the Barter Trade Areas to be determined under the implementing regulations. When they are removed or taken out therefrom, the corresponding import duties or taxes thereon shall be paid. Any individual in possession of untaxed merchandise, goods or articles outside of the Barter Trade Areas shall be held liable under existing applicable laws.

3. Qualified traders who desire to engage in barter trade pursuant hereto shall register with the Southern Philippines Development Authority (SPDA).

4. The SPDA shall control, supervise and regulate all barter trading activities in the Barter Trade Areas. In this connection, it shall have the power:

(a) To promulgate the necessary rules, regulations and guidelines governing barter trade, after consultation with the Bureau of Customs and the New Armed Forces of the Philippines;

(b) To register and accredit qualified traders to engage in barter trading within the Barter Trade Areas;

(c) To accredit vessels for the transport of merchandise, goods or articles; and

(d) To coordinate all activities relative to barter trade and to undertake all necessary measures for the implementation of this Order.

5. Only vessels duly registered with the Philippine Coast Guard and accredited by the Southern Philippine Development Authority shall be allowed to carry, convey or transport merchandise, goods or articles for purposes of bater trade.

6. The Monetary Board shall extend such assistance as may be necessary towards the promotion of barter trade in the areas concerned.

7. The SPDA within six (6) months from the effectivity hereof, shall submit to the President for her consideration and approval a program for the gradual and systematic phase-out of barter trading activities in the areas concerned and the shift to conventional trading within a period of five (5) years from the effectivity hereof, including export development.

8. The New Armed Forces of the Philippines (NAFP) shall ensure that barter trading activities are conducted under conditions of peace and security. In this connection, the SPDA may request that members of the NAFP be assigned to provide security to the trading posts and vessels.

9. The Philippine National Bank (PNB) shall adopt measures necessary to promote greater participation of the banking system in the barter trade areas, including the designation of correspondent banks, in preparation for the gradual shift from barter trade to conventional trading.

10. Presidential Decree No. 93 and Letters of Instruction Nos. 1409 and 1476 are hereby repealed.

11. All laws, orders, issuances and rules and regulations inconsistent herewith are hereby repealed or modified accordingly.

This Memorandum Order shall take effect immediately.

*Ferdinand B. Aquino*  
President of the Philippines

Manila, July 24, 1986