

[REPUBLIC ACT NO. 1355, June 18, 1955]

AN ACT AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO ENTER INTO A REVISED AGREEMENT WITH THE PRESIDENT OF THE UNITED STATES ON THE BASIS OF THE FINAL ACT OF NEGOTIATIONS RELATIVE TO THE REVISION OF THE 1946 TRADE AGREEMENT BETWEEN THE REPUBLIC OF THE PHILIPPINES AND THE UNITED STATES OF AMERICA, WHICH WAS SIGNED AT WASHINGTON, D. C. ON DECEMBER 15, 1954.

WHEREAS, the existing Trade Agreement between the Philippines and the United States is embodied in the enabling legislation approved respectively by the two countries, namely: Commonwealth Act No. 733 on the part of the Philippines and Public Law 371, 79th Congress, on that of the United States:

WHEREAS, pursuant to Republic Act No. 1137 of the Philippines and Public Law 474, 83rd Congress, of the United States, the free trade period provided for in Article of the Trade Agreement, which was to have terminated on July 3, 1954, was extended for eighteen months, i.e., from July 4, 1954 to December 31, 1955, which extension was agreed upon and approved in order to permit consultations between the two countries with a view to securing a mutually satisfactory modification or revision of the afore-said Agreement;

WHEREAS, as a result of mutual efforts and consultations, the Philippine Economic Mission and the United States Delegation concluded and signed on December 15, 1954 at Washington, D. C., the Final Act of Negotiations embodying their joint recommendations for the revision of the 1946 Trade Agreement between the Philippines and the United States;

WHEREAS, the full text of the Final Act, as corrected, is as follows:

FINAL ACT
OF NEGOTIATIONS RELATIVE TO
REVISION OF THE 1946 TRADE AGREEMENT BETWEEN
THE UNITED STATES OF AMERICA AND
THE REPUBLIC OF THE PHILIPPINES

The Delegations of the Governments of the United States of America and of the Republic of the Philippines have concluded negotiations in Washington this day relative to amendment of the 1946 Trade Agreement (hereinafter referred to as the Agreement) between the United States of America and the Republic of the Philippines signed at Manila, July 4th, 1946.

As a result of the discussions which have taken place, the two Delegations have agreed to recommend to their respective Governments for consideration the following proposed revisions in the Agreement:

REVISION OF PREAMBLE

As amended, the Preamble would read as follows:

"The President of the United States of America and the President of the Republic of the Philippines, mindful of the close economic ties between the people of the United States and the people of the Philippines during many years of intimate political relations, and desiring to enter into an agreement in keeping with their long friendship, which will be mutually beneficial to the two peoples and will strengthen the economy of the Philippines so as to enable that Republic to contribute more effectively to the peace and prosperity of the free world, have agreed to the following Articles:"

REVISION OF ARTICLE I

1. In Paragraph 1 change date of July 3, 1954 to read "December 31, 1955", in accordance with Public Law 474 of the 83rd Congress of the United States of America, and Philippine Republic Act No. 1137 of June 16, 1954.
2. Amend Paragraph 2 so as to provide acceleration of the application of the Philippine duties on imports from the United States and deceleration of the application of United States duties on imports from the Philippines, during the period January 1, 1956, to July 3, 1974, according to the schedule specified, with complete elimination of such preferences to be accomplished by July 4, 1974.
3. The Philippine Government, in addition to the duties provided for herein, will be authorized to impose a tax on imports to replace the exchange tax currently in effect. Such tax on imports would be temporary and on a declining basis; it would begin at a level no higher than the current exchange tax.

As amended, Article I would read as follows:

"ARTICLE I

"1. The ordinary customs duty to be collected on United States articles as defined in Subparagraph. (e) of Paragraph I of the Protocol, which during the following portions of the period from January 1, 1956, to July 3, 1974, both dates inclusive, are entered, or withdrawn from warehouse, in the Philippines for consumption, shall be determined by applying the following percentages of the Philippine duty as defined in Subparagraph (h) of Paragraph 1 of the Protocol.

"(a) During the period from January 1, 1956, to December 31, 1958, both dates inclusive, twenty-five *per centum*.

"(b) During the period from January 1, 1959, to December 31, 1961, both dates inclusive, fifty *per centum*.

"(c) During the period from January 1, 1962, to December 31, 1964, both dates inclusive, seventy-five *per centum*.

"(d) During the period from January 1, 1965, to December 31, 1973,

both dates inclusive, ninety *per centum*.

"(e) During the period from January 1, 1974 to July 3, 1974, both dates inclusive, one hundred *per centum*.

"2. The ordinary customs duty to be collected on Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol, other than those specified in the Schedule to Paragraph 2 of Article II, which during such portions of such period are entered, or withdrawn from warehouse, in the United States for consumption, shall be determined by applying the following percentages of the United States duty as defined in Subparagraph (g) of Paragraph 1 of the Protocol:

"(a) During the period from January 1, 1956, to December 31, 1958, both dates inclusive, five *per centum*.

"(b) During the period from January 1, 1959, to December 31, 1961, both dates inclusive, ten *per centum*.

"(c) During the period from January 1, 1962, to December 31, 1964, both dates inclusive, twenty *per centum*.

"(d) During the period from January 1, 1965, to December 31, 1967, both dates inclusive, forty *per centum*.

"(e) During the period from January 1, 1968, to December 31, 1970, both dates inclusive, sixty *per centum*.

"(f) During the period from January 1, 1971, to December 31, 1973, both dates inclusive, eighty *per centum*.

"(g) During the period from January 1, 1974, to July 3, 1974, both dates inclusive, one hundred *per centum*.

"3. Customs duties on United States articles, and on Philippine articles, other than ordinary customs duties, shall be determined without regard to the provisions of Paragraphs 1 and 2 of this Article, but shall be subject to the provisions of Paragraph 4 of this Article.

"4. With respect to United States articles imported into the Philippines, and with respect to Philippine articles imported into the United States, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the duty is not imposed with respect to such like articles. As used in this Paragraph, the term 'duty' includes taxes, fees, charges, or exactions, imposed on or in connection with importation, but does not include internal taxes or ordinary customs duties.

"5. With respect to products of the United States which do not come within the definition of United States articles, imported into the Philippines, no duty on or in connection with importation shall be

collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the duty is not imposed with respect to such like articles which are the product of any other foreign country. As used in this Paragraph the term 'duty' includes taxes, fees, charges, or exactions, imposed on or in connection with importation, but does not include internal taxes.

"6. With respect to products of the Philippines, which do not come within the definition of Philippine articles, imported into the United States, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country (except Cuba), or collected or paid in any amount if the duty is not imposed with respect to such like articles which are the product of any other foreign country (except Cuba). As used in this Paragraph the term 'duty' includes taxes, fees, charges, or exactions, imposed on or in connection with importation, but does not include internal taxes.

"7. Notwithstanding the provisions of Paragraph 1 of this Article, the Philippines shall impose a temporary special import tax, in lieu of the present tax on the sale of foreign exchange on any article or product imported or brought into the Philippines, irrespective of source; provided that such special levy is applied in a non-discriminatory manner pursuant to Paragraphs 4 and 5 of this Article, that the initial tax is at a rate no higher than the present rate of the foreign exchange tax, and that the tax shall be progressively reduced at a rate no less rapid than that specified in the following Schedule. If, as a result of applying this Schedule, the total revenue from Philippine customs duties and from the special import tax on goods coming from the United States is less in any calendar year than the proceeds from the exchange tax on such goods during the calendar year 1955, no reduction need be made in the special import tax for the next succeeding calendar year, and, if necessary to restore revenues collected on the importation of United States goods to the level of the exchange tax on such goods in calendar year 1955, the Philippines may increase the rate for such succeeding calendar year to any previous level provided for in this Schedule which is considered to be necessary to restore such revenues to the amount collected from the exchange tax on United States goods in calendar year 1955. Rates for the special import levy in subsequent years shall be fixed in accordance with the schedules specified in this Article, except as the Philippine Government may determine that higher rates are necessary to maintain the above-mentioned level of revenues from the importation of United States goods. In this event, such rate shall be determined by the Philippine Government, after consultation with the United States Government, at a level of the Schedule calculated to cover any anticipated deficiency arising from the operation of this provision.

"SCHEDULE FOR REDUCING SPECIAL IMPORT TAX

" (a) After December 31, 1956, ninety *per centum*.

" (b) After December 31, 1957, eighty *per centum*.

- " (c) After December 31, 1958, seventy *per centum*.
- " (d) After December 31, 1959, sixty *per centum*.
- " (e) After December 31, 1960, fifty *per centum*.
- " (f) After December 31, 1961, forty *per centum*.
- " (g) After December 31, 1962, thirty *per centum*.
- " (h) After December 31, 1963, twenty *per centum*.
- " (i) After December 31, 1964, ten *per centum*.
- " (j) On and after January 1, 1966, nil."

REVISED ARTICLE II

1. Amend Paragraph 1 so as to delete rice and remove cigars, scrap tobacco, coconut oil and buttons of pearl or shell from the application of the absolute quota provisions. Also provide that the present absolute quotas on Philippine raw and refined sugars shall be without prejudice to any increases which the United States Congress might allocate to the Philippines in the future.
2. Amend Paragraph 2 so as to provide for a diminishing duty-free quota on cigars, scrap tobacco, coconut oil and buttons of pearl or shell, such duty-free quote to be reduced at fixed percentages somewhat different from the 5 per cent annual reductions provided in the Agreement. The articles subject to the tariff quota shall no longer be subject to absolute quotas.
3. Delete Paragraphs 3 and 4 concerning the allocation by the Philippines of quotas.

As amended. Article II would read as follows:

"ARTICLE II

"1. During the period from January 1, 1956, to December 31, 1973, both dates inclusive, the total amount of the articles falling within one of the classes specified in Items A and A-I of the Schedule to this Paragraph, which are Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol, and which, in any calendar year, may be entered, or withdrawn from warehouse, in the United States for consumption, shall not exceed the amounts specified in such Schedule as to each class of articles. During the period from January 1, 1956, to December 31, 1978, both dates inclusive, the total amount of the articles falling within the class specified in Item B of the Schedule to this Paragraph which are the product of the Philippines, and which, in any calendar year, may be entered, or withdrawn from warehouse, in the . United States for consumption, shall not exceed the amount specified in such Schedule as to such class of articles. During the period from January 1, 1974, to July 3, 1974, both dates inclusive, the total amounts referred to in the preceding sentences of this Paragraph shall not exceed one-half of the amount specified in such Schedule with respect to each class of articles, respectively. The establishment herein of the limitations on the amounts of Philippine raw and refined sugar that may be entered, or withdrawn from warehouse, in the United States for consumption, shall be without prejudice to any increases which the Congress of the United States might allocate to the Philippines in the future. The following Schedule to Paragraph 1 shall constitute an integral part thereof:

"SCHEDULE OF ABSOLUTE QUOTAS