

**AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND  
THE REPUBLIC OF THE PHILIPPINES CONCERNING TRADE AND  
RELATED MATTERS DURING A TRANSITIONAL PERIOD  
FOLLOWING THE INSTITUTION OF PHILIPPINE INDEPENDENCE**

Note: The Agreement entered into force, January 2, 1947. It will cease to be in force, July 3, 1974 in accordance with Article X, par. 2. It was proclaimed by the President, January 1, 1947. It was amended by an agreement more commonly known as the Laurel-Langley Agreement, September 6, 1955.

Reference: This Agreement is also published in I DFA TS No. 2 p. 93 and 43 UNITS, p. 135. The presidential proclamation of the Agreement is published in 43 O.G. p. 14 (Jan. 1947).

The President of the Philippines and the President of the United States of America, recalling the close economic ties between the people of the Philippines and the people of the United States during many years of intimate political relations, mindful of the great physical destruction and social disturbances suffered by the Philippines as a result of their valiant support of the cause of the United Nations in the war against Japan, and desiring to enter into an agreement accepting on the part of each country the provisions of Title II and Title III (except Part I) of the Philippine Trade Act of 1946 of the United States of America, have agreed to the following Articles:

**ARTICLE I**

1. During the period from the date of the entry into force of this Agreement to July 3, 1954, both dates inclusive, United States articles as defined in Subparagraph (e) of Paragraph 1 of the Protocol to this Agreement entered, or with drawn from warehouse, in the Philippines for consumption, and Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol entered, or with drawn from warehouse, in the United States for consumption, shall be admitted into the Philippines and the United States, respectively, free of ordinary customs duty.

2. The ordinary customs duty to be collected on United States articles as defined in Subparagraph (e) of Paragraph 1 of the Protocol, which during the following portions of the period from July 4, 1954, to July 3, 1974, both dates inclusive, are entered, or withdrawn from warehouse, in the Philippines for consumption, and on Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol, other than those specified in Items D to G, both inclusive, of the Schedule to 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 Philippine duty as defined in Subparagraph (h) of Paragraph 1 of the Protocol, and of the United States duty as defined in Subparagraph (g) of Paragraph 1 of the Protocol, respectively:

(a) During the period from July 4, 1954, to December 31, 1954, both dates inclusive, five per centum.

(b) During the calendar year 1955, ten per centum.

(c) During each calendar year after the calendar year 1955 until and including the calendar year 1972, a percentage equal to the percentage for the preceding calendar year increased by five per centum of the Philippine duty and the United States duty, respectively, as so defined.

(d) During the period from January 1, 1973, 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.

## **ARTICLE II**

1. During the period from January 1, 1946 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, and C to G, both inclusive, of the Schedule to this Article 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, 1946, to December 31, 1973, both dates inclusive, the total amount of the articles falling within the class specified in Item B of the Schedule to this Article 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 amounts 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.

2. Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol falling within one of the classes specified in Items D to G, both inclusive, of the Schedule to this Article, which during the following portions of the period from January 1, 1946, to December 31, 1973, both dates inclusive, are entered, or withdrawn from warehouse, in the United States for consumption, shall be free of ordinary customs duty, in quantities determined by applying the following percentages of the amounts specified in such Schedule as to each such class of articles:

(a) During each of the calendar years 1946 to 1954, one hundred per centum.

(b) During the calendar year 1955, ninety-five per centum.

(c) During each calendar year after the calendar year 1955 until and including the calendar year 1973, a percentage equal to the percentage for the preceding calendar year decreased by five per centum of such specified amounts.

Any such Philippine article so entered or withdrawn from warehouse in excess of the duty-free quota provided in this Paragraph shall be subject to one hundred per centum of the United States duty as defined in Subparagraph (g) of Paragraph 1 of the Protocol.

3. Each of the quotas provided for in Paragraphs 1 and 2 of this Article for articles falling within one of the classes specified in Items A-I and B, and D to G, each inclusive, of the Schedule to this Article shall be allocated annually by the Philippines to the manufacturers in the Philippines in the calendar year 1940 of products of a class for which such quota is established, and whose products of such class were exported to the United States during such calendar year, or their successors in interest, proportionately on the basis of the amount of the products of such class produced by each such manufacturer (or in the case of such successor in interest, the amount of the products of such class produced by his predecessor in interest) which was exported to the United States during the following period: (a) In the case of Items A-I and D to G, each inclusive, the calendar year 1940, and (b) in the case of Item B, the twelve months immediately preceding the inauguration of the Commonwealth of the Philippines. The quota provided for in Paragraph 1 of this Article for unrefined sugar specified in Item A of such Schedule, including that required to manufacture the refined sugar specified in Item A-I of the Schedule, shall be allotted annually by the Philippines to the sugar-producing mills and plantation owners in the Philippines in the calendar year 1940 whose sugars were exported to the United States during such calendar year, or their successors in interest, proportionately on the basis of their average annual production (or in the case of such a successor in interest, the average annual production of his predecessor in interest) for the calendar years 1931, 1932, and 1933, and the

amount of sugars which may be so exported shall be allocated in each year between each mill and the plantation owners on the basis of the proportion of sugars to which each mill and the plantation owners are respectively entitled, in accordance with any milling agreements between them, or any extension, modification, or renewal thereof.

4. The holder of any allotment under law existing on April 29, 1946, including his successor in interest, and the holder of any allotment under any of the quotas which are provided for in Paragraphs-1 and 2 of this Article the allocation . of which is provided for in Paragraph 3 of this Article, may transfer or assign oil or any amount of such allotment on such terms as may be agreeable to the parties in interest. If, after the first nine months of any calendar year, the holder of any allotment, for that year, under any of the quotas referred to in the preceding sentence, is or will be unable for any reason to export to the United States all of his allotment, in time to fulfill the quota for that year, that amount of such allotment which it is established by sufficient evidence cannot be so exported during the remainder of the calendar year may be apportioned by the Philippine Government to other holders of allotments under the same quota, or in such other manner as will insure the fulfillment of the quota for that year: Provided, That no transfer or assignment or reallocation under the provisions of this Paragraph shall diminish the allotment to which the bolder may be entitled in any subsequent calendar year.

The following Schedule to Article II shall constitute an integral part thereof:

I Numerical Item	II Commodity Description	III All Quantities
A	Sugars.	952,000 short tons
	May be refined sugars, meaning "direct-consumption sugar" as defined in Section 101 of the Sugar Act of 1937 of the United States which is set forth in part as Annex I to this Agreement.	
A-I	Cordage, including yarns, twines (including binding twines described in Paragraph 1622 of the Tariff Act of 1930 of the United States, as amended, which is set forth as Annex II to this Agreement}, cords, cordage, rope, and cable, tarred or untarred, wholly or in chief value of Manila (abaca) or other hard fiber.	Not to exceed 56,000 short tons
B	Rice, including rice meal, flour, polish, and bran.	6,000,000 lbs.
C	Cigars (exclusive of cigarettes, cheroots of all kinds, and paper cigars and	1,040,000 lbs.
D		200,000.000 cigars

cigarettes, including  
wrappers).

E	Scrap tobacco, and stemmed and unstemmed filler tobacco described in Paragraph 602 of the Tariff Act of 1930 of the United States, as amended, which is set forth as Annex III to this Agreement.	6,500,000 lbs.
	F Coconut oil.	200,000 long tons
G	Burtons of pearl or shell.	850,000 gross

### **ARTICLE III**

1. With respect to quotas on Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol (other than the quotas provided for in Paragraphs 1 and 2 of Article II, and other than quotas established in conjunction with quantitative limitations, applicable to products of all foreign countries, on imports of like articles), the United States will not establish any such quota for any period before January 1, 1948, and for any part of the period from January 1, 1948, to July 3, 1974, both dates inclusive, it—will establish such a quota only if—

(a) The President of the United States, after investigation, finds and proclaims that such Philippine articles are coming, or are likely to come, into substantial competition with like articles the product of the United States;

(b) The quota for any Philippine article as so defined for any twelve month period is not less than the amount determined by the President as the total amount of Philippine articles of such class, which (during the twelve months ended on the last day of the month preceding the month in which occurred the date proclaimed by the President as the date of the beginning of the investigation) was entered, or withdrawn from warehouse, in the United States for consumption; or, if the quota is established for any period other than a twelve-month period, is not less than a proportionate amount. Any quota established pursuant to this Paragraph shall not continue in effect after the President, following investigation, finds and proclaims that the conditions which gave rise to the establishment of such quota no longer exist.

2, If the President of the United States finds that the allocation of any quota established pursuant to Paragraph 1 of this Article is necessary to make the application of the quota just and reasonable between the United States and the Philippines, he shall, in such proclamation or a subsequent proclamation, provide the basis for such allocation, and if he exercises such right, the Philippines will promptly put and keep in effect, on the basis proclaimed by the President of the United States, the allocation of such quota.

### **ARTICLE IV**

1 With respect to articles which are products of the United States coming into the Philippines, or with respect to articles manufactured in the Philippines wholly or in