

Title: Garcia vs. The Executive Secretary, et al. (G.R. No. 101273, July 3, 1992)

Facts:

On the 27th of November 1990, the President of the Philippines issued Executive Order No. 438, imposing an additional five percent (5%) ad valorem duty on all articles imported into the Philippines, including crude oil and petroleum products. This was raised to nine percent (9%) under Executive Order No. 443, dated January 3, 1991. On July 24, 1991, the Department of Finance directed the Tariff Commission to initiate tariff adjustment procedures for crude oil and petroleum products. Subsequently, the President issued Executive Order No. 475 on August 15, 1991, reducing the additional duty to five percent (5%) ad valorem, excluding crude oil and other oil products which remained at nine percent (9%). A "Report on Special Duty on Crude Oil and Oil Products" was submitted by the Tariff Commission after public hearings to the President, who thereafter promulgated Executive Order No. 478 on August 23, 1991, levying a special duty of P0.95 per liter of imported crude oil and P1.00 per liter of imported oil products.

Congressman Enrique T. Garcia, representing the Second District of Bataan, filed a Petition for Certiorari, Prohibition, and Mandamus before the Supreme Court, challenging the validity of Executive Orders Nos. 475 and 478. He contended that these Executive Orders violated Section 24, Article VI of the 1987 Constitution, which vests the authority to enact revenue-raising measures exclusively in Congress, and Section 401 of the Tariff and Customs Code.

Issues:

1. Whether Executive Orders Nos. 475 and 478 are unconstitutional for violating Section 24, Article VI of the 1987 Constitution which vests the authority to enact revenue bills exclusively in Congress.
2. Whether Executive Orders Nos. 475 and 478 are in contravention of Section 401 of the Tariff and Customs Code.

Court's Decision:

The Supreme Court dismissed the Petition for lack of merit, holding that the Executive Orders were not unconstitutional or illegal.

1. The Court ruled that while appropriation, revenue, and tariff bills are legislatively enacted, Section 28(2), Article VI of the Constitution and Sections 104 and 401 of the Tariff and Customs Code explicitly authorize the President, subject to limitations imposed by

Congress, to fix tariff rates and other duties as part of the national development program. The Executive Orders invoked these provisions.

2. The Court further held that there was no valid basis for the contention that the President is empowered to impose tariffs solely to protect local industries. The Constitution permits the levying of customs duties for protective purposes, but also explicitly acknowledges the generation of revenue as a permissible goal. The Court noted that customs duties often serve both revenue-raising and regulatory purposes, and the petitioner had not demonstrated that the Executive Orders exceeded the bounds of delegated authority.

#### Doctrine:

The Constitution allows Congress to authorize the President to adjust tariff rates within specified limits and subject to restrictions as it may impose, pursuant to the national development program of the Government.

#### Class Notes:

- Tariffs and customs duties may serve dual purposes: regulatory (to protect local industries) and revenue generation.
- The constitutional delegation of legislative authority to the President in adjusting tariff rates is covered under Section 28(2), Article VI of the 1987 Philippine Constitution.
- The Tariff and Customs Code serves as the authorizing statute for the exercise of the President's delegated power to impose tariff rates.
- The President's discretion to impose additional duties, increase, reduce, or remove tariff rates is limited by the standards set forth in Sections 104 and 401 of the Tariff and Customs Code, which must be exercised in the interest of national economy, general welfare, and/or national security.

#### Historical Background:

The case emerged in the aftermath of a series of economic measures taken by the Philippine government under the presidency of Corazon Aquino. It reflects the tension between the President's authority to regulate the economy and raise government revenues through tariff adjustments versus the Constitution's reservation of revenue-raising power to Congress. It underlines the Supreme Court's interpretative role in determining the extent of Presidential powers in the context of Philippine economic policy and governance.