

**\*\*Title: Commissioner of Customs and the Collector of Customs vs. Eastern Sea Trading\*\***

**\*\*Facts:\*\***

Eastern Sea Trading was the consignee of onion and garlic shipments arriving at the Port of Manila between August 25 and September 7, 1954. The shipments originated from Japan and Hong Kong. None of these shipments had the certificate mandated by Central Bank Circulars Nos. 44 and 45, leading the goods to be seized and subjected to forfeiture proceedings pursuant to Section 1363(f) of the Revised Administrative Code.

The Collector of Customs of Manila issued a decision on September 4, 1956, declaring the goods forfeited to the government. As the goods had been released to the consignee on surety bonds, the Collector of Customs ordered Eastern Sea Trading and its surety, Alto Surety & Insurance Co., Inc., to pay the bond amounts within 30 days.

Eastern Sea Trading appealed the decision, which was affirmed by the Commissioner of Customs on December 27, 1956. The consignee then sought review from the Court of Tax Appeals, which overturned the Commissioner's decision and cancelled the bonds.

The Commissioner of Customs petitioned the Supreme Court to review the Tax Appeals Court's decision.

**\*\*Issues:\*\***

1. Does the Central Bank have the authority to regulate transactions that do not involve foreign exchange, specifically "no-dollar" imports?
2. Are Central Bank Circulars Nos. 44 and 45, which require certificates for such imports, valid and enforceable?
3. Was the executive agreement implemented by Executive Order No. 328, which includes the requirement for import licenses, valid without Senate concurrence?
4. Is it reasonable to require import licenses from Eastern Sea Trading when no agency was authorized to issue them following the dissolution of the Import Control Commission?

**\*\*Court's Decision:\*\***

1. **\*\*Authority of the Central Bank to Regulate No-Dollar Imports:\*\***
  - The Supreme Court recognized and upheld the authority of the Central Bank to regulate no-dollar imports due to their significant impact on the stability of the peso and its international value. This authority was supported by the Central Bank's broad powers to

maintain monetary stability as granted under Section 2 of Republic Act No. 265 and Section 14.

2. **Validity of Central Bank Circulars Nos. 44 and 45:**

- The court affirmed that Circulars Nos. 44 and 45 were valid regulations issued under the Central Bank's charter. These circulars' necessity was underscored by previous Supreme Court rulings upholding the Central Bank's power to issue regulations essential for maintaining currency stability.

3. **Validity of Executive Agreement Implemented by Executive Order No. 328:**

- The Court affirmed the validity of the executive agreement, distinguishing it from treaties which require Senate concurrence. Executive agreements, as per established legal norms and international law precedents, do not require Senate ratification. The validity of such agreements had been supported by long-standing usage and judicial recognition both in the Philippines and the United States.

4. **Requirement of Import Licenses Post-Dissolution of Import Control Commission:**

- The ruling stated that the Central Bank retained authority to issue such licenses even after the Import Control Commission's dissolution. The responsibility reverted to the Central Bank, as provisions in Executive Order No. 328 included the Central Bank as an authorized licensing agency.

The Supreme Court reversed the judgment of the Court of Tax Appeals, affirming the decision of the Commissioner of Customs, thereby supporting the forfeiture of the goods and the enforcement of the surety bonds against Eastern Sea Trading and its surety.

**Doctrine:**

- **Broad Authority of Central Bank:**

Central Bank's powers to issue regulations necessary for the stability of the currency and maintenance of international value are affirmed.

- **Validity of Executive Agreements:**

Executive agreements are legally valid and binding without the need for Senate concurrence, as opposed to treaties.

**Class Notes:**

- **Key Concepts:**

- **Central Bank Authority:** Detailed understanding of Central Bank's regulatory powers under Republic Act No. 265, Sections 2 and 14.
- **Executive Agreements vs. Treaties:** Executive agreements do not require Senate approval, distinguishing them from treaties needing two-thirds Senate ratification.
- **Import Control Regulations:** Import licenses and regulatory requirements even for no-dollar transactions impacting national economic policies.
  
- **Statutory Provisions:**
- **Section 2 of Republic Act No. 265:** Central Bank's mandate to maintain currency stability.
- **Section 14 of Republic Act No. 265:** Authority of the Central Bank to issue regulations.
- **Philippine Constitution Article VII, Section 10:** Treaty requirements and exceptions for executive agreements.
  
- **Application:**
- Regulation of importations to ensure monetary stability.
- Affirmation of regulatory powers without direct involvement in foreign exchange.
- Validity of executive actions in implementing international agreements without legislative ratification.

**Historical Background:**

This case occurred during a period of post-World War II economic rebuilding, where trade regulations were crucial to maintaining national economic stability. The Philippines was contending with maintaining the international value of its currency amidst a complex global trade environment. The case underscores the legal mechanisms employed by governments to control imports and preserve economic stability, reflective of broader global practices and precedents in international law concerning executive agreements.