

AN ACT MAKING MARIVELES, PROVINCE OF BATAAN, A PORT OF ENTRY BY AMENDING SECTION SEVEN HUNDRED ONE OF THE TARIFF AND CUSTOMS CODE OF THE PHILIPPINES, AS AMENDED, PROVIDING FOR T...

REPUBLIC ACT NO. 5490, June 21, 1969

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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Declaration of Policy.—It is hereby declared to be the policy of the government to stimulate, expedite, encourage and promote foreign commerce as a means of making the Philippines a vital center of international trade, strengthening our foreign exchange position, of hastening industrialization, of overcoming domestic unemployment, of accelerating the development of the country and insuring the economic security of all the people as provided in the Constitution.

SEC. 2. Mariveles Port: establishment of foreign trade zone therein: admission of foreign and domestic merchandise.—To attain the above policy, Mariveles, Province of Bataan, is hereby made a principal port of entry by further amending section seven hundred one of Republic Act Numbered Nineteen hundred thirty-seven, otherwise known as Tariff and Customs Code of the Philippines, as amended, to read as follows:

"SEC. 701. Collection Districts and Ports of Entry thereof.—For administrative purposes, the Philippines shall be divided into as many collection districts as there are at present existing, the respective limits of which may be changed from time to time by the Commissioner of the Bureau of Customs, upon approval of the department head. The principal ports of entry for the respective collection districts shall be Manila, Sual, Tabaco, Cebu, Pulupandan, Sia-in, Iloilo, Davao, Legaspi, Zamboanga, Jolo, Aparri, Jose Panganiban, Cagayan, Tacloban, San Fernando, Hinigaran, Dumaguete City, San Jose, Maasin, Maao, Iligan City, Batangas, Bulatay, Supang, Virac, Cabugao, Gaang, Dagupan City, Bislig, Catbalogan, Surigao and Mariveles."

There is hereby established in the Mariveles Port a foreign trade zone herein referred to as the Zone. Foreign and domestic merchandise of every description, except such as is prohibited by law, may, without being subject to the customs and internal revenue laws and regulations of the Philippines, except as otherwise provided in this Act, be brought into the Zone and may be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign or domestic merchandise, or otherwise manipulated, or be manufactured except as otherwise provided in this Act, and be exported, destroyed or sent into customs territory of the Philippines therefrom, in the original package or otherwise under the following terms and conditions:

- When foreign merchandise is sent from the Zone into the customs territory of the Philippines, it shall be subject to the laws and regulations of the Philippines affecting imported merchandise;
- Whenever the privilege shall be requested and there has been no manipulation or manufacture effecting a change in tariff classification, the Commissioner of Customs shall take under supervision any lot or part of a lot of foreign merchandise in the Zone, cause it to be appraised and taxes determined and duties liquidated thereon.

Merchandise so manufactured under the supervision and regulation prescribed by the Secretary of Finance, and whether mixed or manufactured with domestic merchandise or not may, under regulation prescribed by the Secretary of Finance, be exported or destroyed, or may be sent in customs territory the payment of such liquidated duties and determined taxes thereon. If merchandise so taken under supervision has been manipulated or manufactured, such duties and taxes shall be payable on the quantity of such foreign merchandise used in the manipulation, or manufacture of the entered article. Allowance shall be made for recoverable and irrevocable waste; and if recoverable waste is sent into customs territory, it shall be dutiable and taxable in its condition and quantity and at its weight at the time of entry. Where two or more products result from the manipulation or manufacture of merchandise in the Zone; the liquidated duties and determined taxes shall be distributed to several products in accordance with their relative value at the time of separation with due allowances for waste as provided for above;

- Subject to such regulations respecting identity and the safeguarding of the revenue as the Secretary of Finance may deem necessary, articles, the growth, product, or manufacture of the Philippines, on which all internal revenue taxes have been paid, if subject thereto, and articles previously imported on which duty and or tax has been paid, which have been admitted free of duty and tax, may taken into the Zone from the customs territory of the Philippines, placed under the supervision of the Commissioner, and whether or not they have been combined with made part, while in said Zone, of other articles, may be fought back thereto free of quotas, duty, or tax;

- If in the opinion of the Secretary of Finance their identity has been lost, such articles not be entitled to free entry by reason of non-compliance with the requirements made hereunder by the Secretary of Finance shall be treated when they re-enter customs territory of the Philippines as foreign merchandise under the provisions of the customs, tariff and internal revenue laws in force at the time;

- Under the rules and regulations of the Secretary of Finance, articles which have been taken into the Zone from customs territory for the sole purpose of exportation, destruction (except destruction of distilled spirits, wines and fermented liquors), or storage shall be construed to be exported for the purpose of—

"(a) the draw-back warehousing and bonding, or any other provisions of the Customs and Tariff Code of the Philippines, as amended, and the regulations thereunder; and

"(b) the statutes and bonds exacted for the payment of drawback, refund, or exception from liability for internal revenue taxes and for purpose of the internal revenue laws generally and the regulations thereunder. Such a transfer may also be considered an exportation for the purpose of other laws and regulations in so far as offices or agencies charged with the enforcement of those laws deem it advisable. Such articles may not be returned to customs territory for domestic consumption except where such return is in the public interest.

(6) Articles produced or manufactured in the Zone and exported therefrom shall on subsequent importation into the customs territory of the Philippines be subject to the import laws applicable to like articles manufactured in a foreign country except that articles produced or manufactured in the Zone exclusively with the use of domestic merchandise, the identity of which has been maintained in accordance with the second condition of this section, may, on such importation, be entered as Filipino goods returned.

SEC. 3. Creation of a Foreign Trade Zone Authority.— A Foreign Trade Zone Authority, hereafter referred to as Authority is hereby created to be composed of a Chairman and four members who shall be appointed for a term of six years by the President, with the consent of the Commission on Appointments: Provided, That the terms of office of the first appointees shall be fixed as follows: the Chairman shall be for six years, two members shall be for four years, and the last two members shall be for two years: Provided, further, That upon the expiration of his term, a member shall serve as such until his successor shall have been appointed and qualified: Provided, finally,

That no vacancy shall be filled except for the unexpired portion of any term. The Authority shall hold its office in Mariveles.

No person shall be appointed as Chairman or member of the Foreign Trade Zone Authority unless he is a citizen of the Philippines, of good moral character and of unquestionable integrity and responsibility, and of recognized competence in customs administration, taxation, economics, commerce, and industry.

The Chairman shall receive a salary of twenty-four thousand pesos per annum, and each member shall receive a salary of twenty thousand pesos per annum.

SEC. 4. Powers and Duties.—The Foreign Trade Zone Authority shall have the following powers and duties:

- To fix and delimit the site of the Zone which shall at all times remain to be owned by the Government, and which shall have a contiguous and adequate area with well defined and policed boundaries, with adequate enclosures to segregate the Zone from the customs territory for protection of revenues, together with suitable provisions for ingress and egress of persons, conveyance, vessels and merchandise sufficient for the purpose of this Act;
- To determine and regulate the enterprises to be established within the port in order not to adversely affect the operations of existing domestic industries outside the Zone, and to operate the Zone as a public utility wherein all the rates and charges for all services or privileges within the Zone shall be fair and reasonable, and the authority shall afford all who may apply for the use of the Zone and its facilities and appurtenances uniform treatment under like conditions subject to such treaties or commercial conventions as are now enforced or may hereafter be made by the Philippines with any foreign government from time to time;
- To direct the management, operation and maintenance of the Zone and to provide necessary facilities and appurtenances thereof;
- Upon application to grant, under uniform and reasonable rates and regulations made thereunder, permit to persons, firms, corporations or associations the use of the Zone and its facilities, the privilege to erect such buildings and other structures within the Zone as will meet their particular requirements: Provided, That such permission shall not constitute a vested right as against the government, nor interfere with the regulation of the Authority, nor interfere with or complicate the revocation of the grant: Provided, further, That such permits shall not be granted on terms that conflict with the public use of the Zone as set forth in this Act;
- To authorize expenditures out of its net operating income but not in excess of two hundred fifty thousand pesos, in addition to its annual appropriations;
- To issue such rules and regulations not inconsistent with the provisions of this Act or the rules and regulations of the Secretary of Finance made hereunder and as may be necessary to carry out the provisions of this Act;
- To appoint, fix remunerations, and remove for cause all officers and employees; and
- To exercise all the powers necessary to attain the purpose for which it is organized and for which this Act is enacted.

SEC. 5. Assignment of customs officers and guards.—The Secretary of Finance shall assign to the Zone the necessary customs officers and guards to protect the revenue and provide for the admission of foreign merchandise into customs territory.

SEC. 6. Vessels subject to Philippine laws.—Vessels entering or leaving the Zone shall be subject to the operation of all laws of the Philippines, except as otherwise provided in this Act, and vessels leaving the Zone and arriving

in customs territory of the Philippines shall be subject to such regulations to protect the revenue as may be prescribed by the Secretary of Finance.

SEC. 7. Annual Report.—The Authority shall submit, within ten days from the opening of the regular session of Congress, an annual report to the Presiding Officers of both Houses, containing the details of the operation and fiscal condition of the Zone and transmit copies of said report to all members of Congress.

SEC. 8. Promulgation of rules and regulations by the Secretary of Finance.—The Secretary of Finance shall prescribe within six months from the effectivity of this Act such rules and regulations as may be necessary to carry out this Act.

SEC. 9. Penalties.—Any person violating any provision of this Act or any of the rules and regulations promulgated under Section four hereof shall suffer the penalty of imprisonment of not less than five years nor more than ten years and fine of not less than five thousand pesos nor more than ten thousand pesos and, in addition, such violation shall ipso facto constitute a valid ground for the revocation of all privileges, permits and authorization granted to such person under this Act: Provided, however, That if the offender is a corporation, firm, partnership or association, the penalty shall be imposed upon the guilty officer or officers as the case may be of the corporation, firm or association, and if such guilty officer or officers be alien or aliens, in addition to the penalties herein pressed, he or they shall be deported without further prolongs on the part of the Deportation Board. Any officer or employee of the Government who by himself or through his agent, acting under his discretion and authority, shall connive, abet, or tolerate the violation of the provisions of this Act or any rules and regulations promulgated under Section four hereof or who fails to within thirty days any violation thereof to the fiscal or chief of police in the place where the Zone is located shall suffer the penalties prescribed in the preceding paragraph including perpetual disqualification to hold public office.

The foregoing penalties shall be without prejudice to the assessment and collection of such taxes and duties as may be due on the foreign-made articles or merchandise which have been landed in the Zone and have not been reshipped to a foreign port at the time of the revocation of the authority of the offender to operate within the Zone. In the event such taxes and duties shall not for any reason be paid upon demand by the Collector of Customs of the port within whose collection district the Zone is located, the foreign-made articles or merchandise of the offender remaining within such Zone at the time of revocation of its authority to operate therein, including its physical plants, machinery and equipment therein, shall, after due notice and hearing, be forfeited in favor of the Government and may be disposed of by the Government in the manner and for such purpose as it may so desire.

SEC. 10. Appropriations.—To carry out the purposes of this Act, there is hereby authorized to be appropriated, out of any funds in the National Treasury not otherwise appropriated, the sum of two hundred fifty thousand pesos for the fiscal year nineteen hundred sixty-nine.

SEC. 11. Effectivity.—This Act shall take effect upon its approval.

Approved, June 21, 1969.

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