

AN ACT TO PROMOTE ECONOMIC DEVELOPMENT BY GIVING INCENTIVES TO MARGINAL AND SUB-MARGINAL INDUSTRIES.

REPUBLIC ACT NO. 2261, June 19, 1959

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

SECTION 1. Any provision of law to the contrary notwithstanding, subject to the conditions hereinafter provided the following products, to wit: marginal domestic mineral products, specifically, ores or concentrates of copper, iron, refractory chrome or metallurgical chrome, manganese, quicksilver, either as principal or as by-product, and coal; muscovado sugar and class "d" sugar; embroidery; pearl buttons; low-grade hemp and products made thereof; saw logs (non-exportable grade), low-grade lumber and low-grade veneers; railway ties; cigars and low-grade tobacco; coconut coir fiber; industrial salt; cassava and products made thereof; snake and crocodile skins; and peanuts, may be exported on a commodity-to-commodity trade basis to countries with which the Philippines has diplomatic relations, provided:

- said products cannot be sold profitably for dollars or other freely convertible currency in foreign markets, taking into account sound business management and accepted business practices; and
- an adequate supply of said products to meet local requirements is assured.

The exportation of any of the above-enumerated products shall not be allowed without prior certification which shall be made by the National Economic Council within sixty days after the approval of this Act, to the effect that the conditions above provided are fully met with respect to such product. The National Economic Council shall conduct a continuous study and survey of all marginal and sub-marginal industries and shall, at least ten days before the opening of the regular sessions of Congress every year recommend to Congress which among such industries deserve to be given or deprived of the incentive granted under this Act.

SEC. 2. No exportation under this Act shall be allowed without a Commodity Trade Permit to be issued by the Producers Incentives Board created under Section five hereof, hereinafter referred to as the Board. Permit to trade under this Act shall:

- be granted only to natural-born citizens of the Philippines and to associations, partnerships and corporations organized and established prior to the approval of this Act, at least sixty per cent of the capital of which is owned by citizens of the Philippines. In the case of associations, partnerships or corporations organized after the approval of this Act, permit to trade shall be granted only to those the capital of which is wholly owned by natural-born citizens of the Philippines: Provided, however, That permit to trade shall likewise be granted to associations, partnerships or corporations organized and established in the Philippines prior to February eight, nineteen hundred thirty-five regardless of capital ownership;
- be granted only to bona fide direct or original producers of the commodity to be exported, or to associations of bona fide direct or original producers and not to middlemen, save in the case of embroidery wherefore permit to trade may be granted to Filipino contractors;

- not be sold, transferred, or in any manner disposed of or indorsed by the grantee;
- not be amended so as to authorize the importation of any foreign commodity other than that applied for in the original application for such permit;
- upon issuance of the Board, be given due course by government offices, agencies and instrumentalities, and shall constitute sufficient authority for the person, association, partnership or corporation named therein to ship Philippine products and import the foreign commodity⁹ covered by said permit.

SEC. 3. The foreign commodities allowed to be imported in exchange for products exported under this Act shall be limited to Essential Producer Goods (EP), Semi-essential Producer Goods (SEP) and Essential Consumer Goods (EC), the first two categories to comprise at least sixty per cent of the total imports, and their importation shall be made only upon prior valuation and approval by the Board for specific goods to be imported.

The imported commodities shall be delivered only to the person, association, partnership or corporation named in the permit.

The classification of commodities whose importation is allowed under this Act shall be governed by the Central Bank Statistical Classification of Commodities (SCC) as revised on December first, nineteen hundred and fifty-eight, or as in the future may accordingly be revised.

SEC. 4. Grantees of the permit authorized to be issued under this Act shall undertake:

- to bring into the Philippines all the commodities acquired by them from abroad through the trade authorized under this Act;
- to ship the authorized export products to no other consignee and to no other place of destination than these designated in the permit;
- not to operate so as to alter the terms and conditions of the permit without prior authorization from the Board. For the protection of the rights of legitimate quota holders for products subject to quota under Republic Act Numbered sixteen hundred and two pursuant to the Revised Trade Agreement between the United States of America and the Republic of the Philippines of September, nineteen hundred fifty-five, should the export product authorized under this Act be a quota product as above-provided and the same should be exported to the United States of America, the Board shall require the grantee to post a sufficient bond in favor of the quota holders whose rights may be affected to cover the payment of the corresponding tariff dues should the export be charged against the quota for said product.

SEC. 5. To implement the provisions of this Act there is hereby created the Producers Incentives Board which shall be composed of the Secretary of Commerce and Industry, as Chairman, and the Director of Mines, the Director of Forestry, the Director of Agricultural Extension, and a representative from the Central Bank of the Philippines to be designated by the Governor, as members.

The presence of three, members of the Board shall constitute a quorum for the exercise of its functions and the vote of the majority of the members present shall be a valid and binding act of the Board. In case the Chairman is absent in any meeting, the members present shall elect a temporary chairman to preside over the meeting.

Any provision of law to the contrary notwithstanding, the Chairman and members of the Board shall receive a per diem of twenty-five pesos for every meeting actually attended. The Board shall hold regular meetings once a week and as many special meetings as the need may arise but in no case shall it hold more than eight meetings in one month.

SEC. 6. The Board shall be vested with the following powers and functions:

- To act on applications for the issuance of Commodity Trade Permits: Provided, That applications shall be acted upon without unnecessary delay and shall be approved or disapproved within ten (10) days from the date of filing of the same: Provided, further, That basic supporting papers; accompanying the initial application, such as, articles of incorporation, contracts of partnership or association, financial statements, certification of the Government Bureau, Office or Agency concerned that the commodities sought to be exported or imported are not prohibited to be exported or imported by existing laws, orders, rules or regulations, and that the applicant is a bona fide producer as provided in this Act, and such other necessary documents, supported by affidavit of the applicant, shall be required to be filed only once.
- To organize the staff of the Board and appoint and the compensation of the personnel subject to Civil Service rules and regulations.
- To promulgate rules and regulations necessary for the proper implementation of this Act, said rules and regulations and subsequent amendments thereto, to take effect fifteen days after their publication in a newspaper of general circulation printed in Manila.

SEC. 7. The Board shall order the weekly publication of the list of applications pending, approved or disapproved during the week stating the names and addresses of the applicants as well as the classification and value of the intended article or articles to be traded.

SEC. 8. To facilitate the implementation of the provisions of this Act, all Philippine consular officials abroad are hereby directed to secure and to send to the Board within the shortest possible time accurate official data regarding the exact description, quantity and value of all goods or commodities actually exported from the Philippines and consigned to and received in the ports of entry under their jurisdiction and of all goods or commodities exported to the Philippines from said ports.

SEC. 9. Violation of the terms of the permit issued under the provisions of this Act shall, in addition to the penalties provided in Section 11 hereof, effect the immediate cancellation of said permit and subject the commodities to be exported or the collateral imports thereof, if such export commodities had already been shipped out of the country, to seizure and confiscation by the Commissioner of Customs in accordance with the procedure established in the Revised Administrative Code.

SEC. 10. It shall be unlawful for any officer or employee of the Government or for any relative of any officer or employee within the third degree of affinity or consanguinity to intervene directly or indirectly or to influence in any manner whatsoever any officer or employee of the Board in connection with any application for permit to trade under this Act: Provided, however, That this provision shall not be construed to prohibit any officer or employee of the government who, being qualified to trade under this Act applies for a permit to trade and make representations in his own behalf.

SEC. 11. Any person who makes any material misrepresentation in any document required by this Act or by the rules and regulations promulgated thereunder to be submitted to the Board in connection with an application for a Commodity Trade Permit or for an amendment thereto, or who violates any provision of this Act or any order, rule or regulation issued pursuant thereto, shall be punished by a fine of not less than five thousand pesos nor more than one hundred thousand pesos and by imprisonment of not less than live years nor more than ten years. If the offender is a corporation, partnership or association, the penalty shall be imposed upon the general manager, the managing partner, and the manager, respectively, and any other officer thereof responsible for the offense. In case the offender is a public officer or employee, in addition to the penalties prescribed herein, he shall

permanently be disqualified from holding public office.

Any official or employee of the Board who shall delay, without justifiable cause the processing or approval of any pending application shall, upon conviction, be perpetually disqualified to hold public office.

In case the offender is a naturalized Filipino citizen, the penalty to be imposed shall consist of the payment of the fine as above-provided, the forfeiture of his citizenship and his immediate deportation without further proceedings on the part of the Deportation Board: Provided, That upon refusal of his nation to accept the deportee, said alien may be deported to any country willing to accept him. In case, the offender is an alien, the penalty to be imposed shall consist of the payment of the fine above-provided and immediate deportation without further proceedings on the part of the Deportation Board.

SEC. 12. The sum of one hundred fifty thousand pesos is hereby appropriated, out of any funds in the Nation Treasury not otherwise appropriated, for the salaries wages, maintenance, equipment and other operating expenses of the Board. The Board is authorized to impose the equivalent to one-half of one per centum of the value of the exportation authorized in the permit approved under this Act which shall be used exclusively for the payment of salaries, wages, maintenance, equipment and other Derating expenses of the Board; Provided, That at the end f the first fiscal year after the approval of this Act, the National Treasury shall be reimbursed the sum of one hundred fifty thousand pesos above-mentioned, and thereafter any excess amounts collected from the fees prescribed herein over and above one hundred fifty thousand pesos shall accrue to the National Treasury.

SEC. 13. In no case shall the exportation or importation of articles limited or prohibited for export or import by existing laws, orders, laws or regulations, be allowed under this Act. In the case of articles which may be exported or imported under conditions provided in specific laws, rules or regulations, the provisions of said laws, rules or regulations shall govern the exportation or importation of such articles under this Act.

SEC. 14. Nothing contained in this Act shall be construed to constitute a bar to the investigation, prosecution and punishment of violations of laws, orders or regulations, committed before the approval, of this Act. In such cases the laws, orders or regulations violated shall be applicable as if they bad never been repealed.

SEC. 15. The provisions of this Act shall not affect goods commodities in transit or which were authorized to be imported or exported by virtue of barter permits validly a by the Secretary of Commerce and Industry before the approval of this Act.

SEC. 16. Nothing contained in this Act shall be construed to impair or abridge in any manner whatever rights may be granted to citizens and juridical entities of the United States of America under existing treaties or agreement between the country and the Republic of the Philippines.

SEC. 17. The invalidity of any part or provision of this Act or of its applicability to any person or to any circumstance shall not affect the validity of the other provisions or of their applicability to other persons or circumstances.

SEC. 18. This Act shall take effect upon its approval.

Approved, June 19, 1959.

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