

AN ACT TO AUTHORIZE THE CENTRAL BANK OF THE PHILIPPINES TO ESTABLISH A MARGIN OVER BANKS' SELLING RATES OF FOREIGN EXCHANGE.

REPUBLIC ACT NO. 2609, July 16, 1959

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

SECTION 1. The provisions of any law to the contrary notwithstanding when and as long as the Central Bank of the Philippines subjects all transactions in gold and foreign exchange to licensing in accordance with the provisions of section seventy-four of Republic Act Numbered Two hundred sixty-five, the Central Bank, in respect of all sales of foreign exchange by the Central Bank and its authorized agent banks, shall have authority to establish a uniform margin of not more than forty per cent over the banks' selling rates stipulated by the Monetary Board under section seventy-nine of Republic Act Numbered Two hundred sixty-five, which margin shall not be changed oftener than once a year, except upon the recommendation of the National Economic Council and the approval of the President. The Monetary Board shall fix the margin at such rate, as it may deem necessary to effectively curtail any excessive demand upon the international reserve.

In implementing the provisions of this Act, along with other monetary, credit and fiscal measures to stabilize the economy, the monetary authorities shall take steps for the adoption of a four-year program of gradual decontrol.

SEC. 2. The margin established by the Monetary Board pursuant to the provision of section one hereof shall not be imposed upon the sale of foreign exchange for the importation of the following:

I. DRUGS AND MEDICINES

- a. Amebacides, except emetine preparations.
- b. Amino acid preparations and analgesic poultices.
- c. Anaesthetics, all types.
- d. Antiacids, absorbents, and preparations.
- e. Antibiotics and preparations, except dosage forms of penicillin, streptomycin and/or combinations.
- f. Anticholinergic preparations.
- g. Anticoagulants.
- h. Anti-leprosy preparations.
- i. Antimalarials, except quinine preparations.
- j. Antispasmodic, anticonvulsant, and sympathomimetic preparations.
- k. Antitoxins, vaccines, sera, toxoids, and antigens.

- l. Homogenized baby foods.
- m. Diagnostic and laboratory reagents.
- n. Digitalis and preparations.
- o. Drugs (crude or otherwise), chemicals (simple or compound) for pharmaceutical manufacture or chemicals to be used for the manufacture of insecticides and pesticides when, in both cases, imported by duly licensed laboratories or manufacturers.
- p. Drugs and medicines for the use of the dental and veterinary professions.
- q. Ergot and preparations.
- r. Fumigants, disinfectants, insecticides, pesticides and preparations.
- s. Gland products and synthetic substitutes.
- t. Hemostatica for topical use.
- u. Hexylresorcinol preparations.
- v. Insulin, all forms.
- w. Liver extract.
- x. Mercurial diuretics.
- y. Narcotics and hypnotics, natural or synthetic, and preparations.
- z. Pharmaceutical glassware and containers not manufactured locally.
- aa. Plasma.
- bb. Saccharin and substitutes.
- cc. Salt substitutes.
- dd. Steroids and preparations.
- ee. Surgical antiseptics.
- ff. Vitamins.
- gg. Other drugs and medicines which are not mere substitutes of those locally produced, and not yet commercially available, authorized by the Secretary of Health each year upon the recommendation of the Philippine Medical Association , and the Philippine Federation of Private Medical Practitioners: Provided, That the Secretary of Commerce and Industry shall certify as to their not being commercially available.

II. MEDICAL, DENTAL AND HOSPITAL SUPPLIES

- a. Adhesives, plasters, bandages, gauzes, and dressings.
- b. Cottons, absorbents or synthetics substitutes.
- c. Dental instruments, equipment and supplies.
- d. Diagnostic instruments.
- e. Hospital and surgical rubber goods including catheters, and plastic venoclysis sets.

- f. Electro-medical therapy equipment.
 - g. Optometric instruments and supplies.
 - h. Surgical and medical instruments, equipment and supplies, artificial limbs and splints, including operating lights and sterilizers, except examining and treatment tables.
 - i. X-Ray equipment, films and supplies, including contrasts media.
 - j. Radium and radioactive materials for therapy.
 - k. Spare parts for dental electro-medical, therapy and X-Ray equipment.
 - l. Supplies and equipment to be used for the collection and administration of blood.
- III. Fertilizers and soil conditioners and fertilizers components needed in the manufacture of fertilizers.
- IV. Spare parts when imported and used exclusively by end-users for agricultural industries.
- V. Textbooks, reference books and religious books approved by the Board of Textbooks and/or certified by the Secretary of Education; and technical and scientific books, as certified by the Secretary of Education.
- VI. Scientific and technical equipment and materials imported and to be used exclusively by the end-users for research and scientific work as certified by the National Science Development Board.
- VII. Newsprint, directly imported by publishers for their exclusive use in the publication of books, pamphlets, magazines, and newspapers.
- VIII. Unexposed cinematographic films, raw materials, equipment and spare parts imported by Filipino movie film industries necessary in the production of local moving pictures.
- IX. Canned white salmon and large sardines in plain tomato sauce; corned beef; raw cotton, when procured under U. S. Public Laws Numbered Four hundred eighty and Four hundred two and imported by and for the exclusive use of the end-users; and breeding and dairy cattle.
- X. Canned condensed milk and milk in all forms, for which there is no substitute locally produced.
- XI. Cyanide, metallurgical re-agents and/or flotation chemicals, grinding balls, explosives and dynamite when imported by lawfully authorized end-users for their exclusive use.
- XII. Materials, if not locally produced or available, for the manufacture of containers for locally made or manufactured food products.
- XIII. Seeds, for planting purposes only, of potato, cabbage, peas, lettuce, wrongbok, celery, cauliflowers, California pepper, turnip, carrot, radish, mustard, sweet peas, onions, eggplant, guho (Japanese root crop), tomatoes, Kentucky wonder beans, cucumber, tobacco and sugar beets, when imported by end-users themselves or through their cooperatives for their exclusive use, as certified by the Secretary of Agriculture and National Resources.
- XIV. Spare parts to be used in the maintenance and/or repair of vessels of Philippine registry when imported by and for the exclusive use of end-users.
- XV. Poultry and animal food ingredients other than cereals or derivatives thereof, provided that they are not locally produced.
- XVI. Spare parts to be used in the maintenance and/or repair of commercial aircrafts of Philippine registry when imported by and for the exclusive use of end-users.

XVII. Unassembled kerosene air pressure lamps and other fishing paraphernalia when imported by end-users or through their cooperative for their exclusive use.

XVIII. Urea formaldehyde for the manufacture of plywood and hardboard when imported by and for the exclusive use of end-users.

XIX. Payment of premiums by veterans on life insurance policies under the government of the United States.

XX. Spare parts for machineries used by cottage industries when imported by end-users or through their cooperatives for their exclusive use.

SEC. 3. The provisions of this Act shall not apply to the liquidation of drafts drawn under letters of credit nor of contractual obligations calling for payment of foreign exchange issued, approved and outstanding as of the date this Act takes effect and the extension thereof, with the same terms and conditions as the original contractual obligations: Provided, That the repayment of loans contracted by the government of the Philippines with foreign governments and/or private banks and the importation of machineries and equipment by provinces, cities or municipalities for the exclusive use in the operation of public utilities fully owned and maintained by them shall likewise be exempted from the operation of this Act.

SEC. 4. No foreign exchange shall be sold to an importer except under the following undertaking and conditions executed in writing by the importer before the corresponding license is issued:

- That he will declare the true purchase price and true and accurate landed cost of the commodities or merchandise sought to be imported; and
- That he will not fix prices over the landed costs of the commodities or merchandise sought to be imported in an unreasonable amount, or in violation of any existing law or regulation.

SEC. 5. Any proceeds resulting from the operations of section one shall accrue to the Central Bank of the Philippines and be governed by the provisions of section forty-one of Republic Act Numbered Two hundred sixty-five.

SEC. 6. It shall be unlawful for any person who has obtained dollars for his benefits from any agency or instrumentality of the government upon application filed by him to sell, transfer, assign, convey or otherwise alienate the same or any interest thereon to any other person.

SEC. 7. The Monetary Board of the Central Bank of the Philippines shall prescribe and promulgate rules and regulations necessary to carry out the provisions of this Act.

SEC. 8. Any person violating any provision of this Act or any of the rules or regulations promulgated pursuant thereto shall, upon conviction, be sentenced to pay a fine not exceeding twenty thousand pesos or suffer imprisonment for a period not exceeding two years, or both: Provided, however, That, if the offender is a corporation, association or partnership, the penalty shall be imposed upon the president, directors, managers, managing partners, as the case may be, and/or the person charged with the administration thereof. And if he is an alien, in addition to the penalties herein prescribed, he shall be deported without further deportation proceedings. In addition to the penalties herein provided for, the forfeiture of the right hereafter to purchase any foreign exchange shall be imposed.

SEC. 9. If any provision or section of this Act or the application thereof to any person or circumstance is held invalid, the other provisions or sections of this Act, and the application of such provision or section to other persons or circumstances shall not be affected thereby.

SEC. 10. This Act shall take effect upon its approval and shall remain in force until December 31, 1964.

Approved, July 16, 1959.

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