REGULATIONS ON TRADE BALANCING PROGRAM FOR SOCIALIST AND CENTRALLY-PLANNED ECONOMY COUNTRIES WHO ARE NON-GATT MEMBERS

Read online (full-text search, related cases, audio case brief): https://batas.org/library/7d0d7e88c084/

RESOLVED, as it is hereby resolved, that the Board of Directors of PITC approves, as it does hereby approve for implementation the following revised rules and regulations relative to importations of goods and commodities from socialist and other centrally planned economy countries (SOCPEC) who are not bona fide GATT members where the Philippines has a chronic trade imbalance (hereinafter referred to as SOCPEC/NON-GATT). Said rules and regulations shall accordingly amend, modify, and repeal all previous orders, rules, and regulations issued by PITC on the subject. Effective immediately, the following shall govern the substantive and procedural requirements for the Importation of goods/commodities from SOCPEC/NON-GATT:

1
Coverage

These revised rules and regulations shall cover all applications for the importation of goods/commodities originating and/or produced from SOCPEC/NON-GATT (whether or not these are shipped/transhipped through other third countries) whose final port of destination is the Philippines, to be consumed or sold locally. All importers of said goods/commodities from SOCPEC/NON-GATT, hereinafter referred to as "IMPORTER", except those expressly exempted in Article 2 hereof, are covered. The inclusion on non-exclusion of SOCPEC/NON-GATT countries from these rules shall be determined by the Board of Directors of PITC with the concurrence of the Secretary of Trade and Industry.

2
Exemptions

Only the following imports or importations from SOCPEC/NON-GATT are exempted from the coverage of these rules and regulations:

2.1 Importations of goods and commodities to be used in the manufacture or production of goods for export. However, the IMPORTER must present copies of the following supporting documents together with PITC Application Form No. M-1004:

- Firm Export Contract, Letter of Credit and/or sales invoice evidencing the sale of the export product;

- Certificate of Customs Bonded Warehouse (CBW) and Updated Permit to use the CBW for the commodity sought to be imported or re-export bond from a bonding company duly accredited by the Bureau of Customs.

2.2 Importations of crude oil

2.3 Importations of energy-related programs/projects with appropriate endorsements from the Office of Energy Affairs with the accompanying certifications from the Bureau of Import Services and the relevant local manufacturing sectors attesting that the proposed importation is not locally available or produced in sufficient quantity.

2.4 Importations of the Philippine Government or any of its subsidiaries, instrumentalities, agencies, bureaus, including the local government units and government-owned and controlled corporations.

2.5 Importations of machinery, equipment and accompanying spare parts under the BOI-approved investments priority projects.

3
Classification of Importations

For purposes of this resolution, the following are the classifications of products/commodities which may be imported from SOCPEC:

3.1 Essentials — which are products, raw materials and commodities required by critical industries that are of the type or grade/quality that are not produced/manufactured locally and/or are not in sufficient supply in the Philippines;

3.2 Semi-essentials — which are products, raw materials and commodities that are required by critical Industries that do not fall within the purview of (3.1) above;

3.3 Others — those which do not fall under (3.1) or (3.2) above.

4
Counter-Exports to SOCPEC/NON-GATT

As a matter of policy, all importations from SOCPEC/NON-GATT, not otherwise exempted under Article 2 hereof, shall be accompanied by a viable COUNTER EXPORT PROGRAM of Philippine goods/products to SOCPEC/NON-GATT in an amount equivalent to the value of the importations from SOCPEC/NON-GATT being applied for to be carried out in the manner and within the period prescribed hereunder.

4.1 The COUNTER EXPORT PROGRAM may be carried out by the IMPORTER in any of the following manner:

> a) By the IMPORTER himself if he has the capabilities and facilities to carry out the export of Philippine products to SOCPEC/NON-GATT in his own name;
>
> b) Through a legitimate tie-up between the IMPORTER and a legitimate exporter (of Philippine products) to SOCPEC/NON-GATT who is willing to carry out the counter export commitments of the IMPORTER for and in behalf of the latter. Such a tie-up shall not make the IMPORTER the exporter of the goods shall merely ensure that the importation sought to be approved is matched one-to-one (1:1) in value with a corresponding export of Philippine products to SOCPEC/NON-GATT; or
>
> c. By the IMPORTER'S appointing PITC to undertake development of Philippine exports to SOCPEC/NON-GATT in lieu of (a) and (b) above.

4.2 The COUNTER EXPORT PROGRAM contemplated in 4.1 (a) and (b) above shall be carried out within one (1) calendar year from date PITC's approval of the Import Application if the import application is filed within the first nine (9) months of the calendar year and within ninety (90) calendar days if such import application is filed within the last three (3) months of the calendar year.

Corollary hereto, export credits earned during a calendar year can be used to balance imports made within the

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

same calendar year. However, credits out of exports shipped out during the last quarter of the calendar year may be availed of by an importer in the following year, as long as the actual importation is accomplished within ninety (90) calendar days from the date of export shipment.

5
Documentary Requirements

In addition to the standard documents required by PITC for the processing of import applications for SOCPEC/NON-GATT, the following additional requirements relative to the counter export commitments of the IMPORTER under these rules must be submitted by the IMPORTER to PITC upon filing of application to import from SOCPEC/NON-GATT, to wit:

5.1 For Counter Exports to be carried out in accordance with Article 4.1 (a) or (b) hereof:

- UNDERTAKING — to be executed by the IMPORTER in favor of PITC binding the IMPORTER to counter export the equivalent amount of Philippine goods/products to SOCPEC/NON-GATT within the periods and in the manner provided for in these rules. Prescribed form of the Undertaking is hereto attached as Annex "1" hereof.

Failure to comply with the terms of the Undertaking will automatically disqualify the IMPORTER from subsequently importing goods/commodities from SOCPEC/NON-GATT until he has complied in full with the terms of aforesaid Undertaking.

- COUNTER EXPORT GUARANTEE (the GUARANTEE") — to be Issued in favor of PITC in the amounts specified below, to guarantee the faithful performance by the IMPORTER of his counter export commitments under these rules:

- For essentials and semi-essentials of the total value of the imports applies

: 15%

- For other commodities of the total value of the Imports applied for

:50%

The GUARANTEE may be in the form of:
(i) non-interest bearing cash deposit;
(ii) Bank hold-out in favor of PITC or
(iii) a domestic Letter of Credit (with all bank opening charges for the account of the IMPORTER) opened in favor of PITC as beneficiary.

The GUARANTEE shall be made in favor of PITC and shall be forfeited (fully or partially), if the required counter export program is not completed within the prescribed period.

The GUARANTEE shall be refunded/cancelled/returned to the IMPORTER upon clear showing (as evidenced by duly supporting documents) that the IMPORTER has completed his counter export commitments pertaining to a particular importation from SOCPEC/NON-GATT in accordance with the rules prescribed herein.

The Undertaking and Guarantee shall no longer be required of the IMPORTER, if, at the time of filing of his

Study hands-free: podcast-style lessons with read-along highlighting - batas.org

Import Application, he has already the export credits to match the importation being applied for, or if he already has exported sufficient products to match the importation being applied for, which export credits or export are being matched/utilized with the period prescribed in Article 4.2 hereof.

5.2 For counter export development carried out in accordance with Article 4.1 (c) above:

- APPOINTMENT — to be executed by the IMPORTER appointing PITC to carry out counter export development program to SOCPEC/NON-GATT for and in behalf of the IMPORTER in lieu of the counter export requirement under Article 4.1 (a) and (b) above. Prescribed form for the appointment is hereto attached as Annex "2".

Under the appointment, PITC shall carry out counter exports to SOCPEC/NON-GATT for and behalf of the IMPORTER [based on an indicative list of products attached to said appointment] upon payment of a COUNTER EXPORT DEVELOPMENT SERVICE FEE (CEDS FEE) in the amounts prescribed in Article 6 hereof.

6Fees/Charges

In addition to the standard application/processing and service fees charged by PITC for import applications for SOCPEC, the following fees shall likewise be charged by PITC relative to the processing of the import applications from SOCPEC/NON-GATT, to wit:

a. COUNTER EXPORT DEVELOPMENT FEE (CEDS FEE)

For essentials except soya products : 0.5% of the total value of imports applied for

For semi-essentials : 1.0% of the total value of the imports applied for

For other commodities : 1.5% of the total value of imports applied for

For soya products : US$1.00 per metric ton applied for

The CEDS FEE shall reimburse PITC for its counter export development costs in SOCPEC/NON-GATT and shall be paid by the IMPORTER upon PITC's approval of the Import Application.

The CEDS FEE may be refunded, in full or in part to the IMPORTER in the event that aforesaid importation from SOCPEC/NON-GATT (for which the CEDS FEE is Paid), is fully or partially cancelled, upon submission of required documents supporting the cancellation of said importation. No CEDS FEE shall be refunded if the same is based on a fictitious, fraudulent or simulated claim therefore.

b. SURCHARGE FEE FOR THIRD COUNTRY IMPORTS

A 2% surcharge shall be paid by the IMPORTER for all importations originating from SOCPEC/NON-GATT which, for one reason or another, are coursed through or transhipped through third countries, thereby resulting in INDIRECT importations from SOCPEC/NON-GATT that distorts trade programs and statistics.

The 2% surcharge, which shall be based on the total value of each importation covered hereunder, shall be paid to PITC upon PITC's approval of the Import Application.

Subject to the submission of the required supporting documents to PITC, the following are exempted from the

surcharge fee herein prescribed, to wit:

(i)

BOI-registered export-producers where more than 50% of the imported raw materials are re-exported as finished or semi-finished products;

(ii)

EPZA-registered companies actually operating within the EPZA zone where the imported materials are re-exported as finished or semi-finished products;

(iii)

GTEB-accredited companies with appropriate GTEB import authorization for the products sought to be imported;

(iv)

Accredited Customs Bonded Warehouse Users whose importations will be re-exported as finished or semi-finished products;

(v)

Bureau of Customs Bonded Warehouse users under Section 2001-2004 of the Tariff and Customs Code, E.O. 3-78 and Customs Memorandum No. 29-81 (including all amendments thereto) whose importations are re-exported as finished or semi-finished products;

(vi)

Government departments, bureaus, agencies, as well as GOCC's (including PNOC) and local government units.

7

Reportorial Requirements

PITC shall, from time to time, apprise the importers concerned of PITC'S counter export development efforts in SOCPEC as a result of PITC's appointment by the importer to carry out such exports under Article 5.2 hereof.

8

Miscellaneous

8.1 PITC reserves the right to reject or deny any import application covered hereunder which are not in accordance with the rules herein prescribed. In addition, any fraudulent misrepresentations or false statements made by IMPORTER relative to importations covered hereunder shall entitle PITC to likewise reject or deny Import Applications subject of such misrepresentations or statements, without prejudice to whatever legal action PITC may take under the circumstances.

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

8.2 IMPORTER should likewise comply with all other requirements prescribed by PITC for the Importation of goods/commodities from SOCPEC, in addition to these rules and regulations.

8.3 Violations of these rules and regulations shall entitle PITC to take the necessary administrative or legal sanctions against the erring IMPORTER, including the right to prohibit said IMPORTER from subsequently importing good/commodities from SOCPEC/NON-GATT or other SOCPEC countries.

8.4 The President of PITC or his duly authorized representatives shall be responsible for the implementation of these rules and regulations.

9
Saving Clause

All matters or issues relative to the interpretation or implementation of these rules and regulations shall be referred to the President of PITC for resolution.

10
Repealing Clause

The rules and regulations hereby expressly repeals Administrative Order Nos. SOCPEC 89-08-01 and 91-06-01 and all their amendments, including any and all memorandums/issuances of PITC inconsistent herewith.

11
Effectivity

These rules and regulations shall take effect on March 16, 1992.

Adopted: 4 Feb. 1992

(SGD.) MA. VICTORIA C. MAGCASE
Corporate Secretary

(SGD.) LUIS U. YULO, JR.
President

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at https://batas.org

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.