

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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REPORT OF THE WORKING PARTY ON THE PROVISIONAL ACCESSION OF THE PHILIPPINES

1. On 14 February 1973 the Government of the Philippines requested provisional accession to the General Agreement.¹ Since it would take time to work out arrangements for tariff negotiations between the Philippines and the contracting parties, and in view of the forthcoming multilateral trade negotiations, the Philippines has asked for provisional accession to the GATT in order to base its trade relations with the contracting parties upon the General Agreement as soon as possible. At a meeting of the Council on 22 March 1973 the representative of the Philippines outlined the foreign trade régime of the Philippines and expressed the hope that a decision would be taken by the CONTRACTING PARTIES with a view to the early establishment of GATT relations between the Philippines and contracting parties. The representatives of a great number of contracting parties welcomed the application for provisional accession made by the Philippines. The Council decided to set up a Working Party with the following terms of reference:

"To examine the request of the Government of the Philippines to accede provisionally to the General Agreement and to submit recommendations to the Council."

2. The Working Party met on 7 June and 11 July 1973 under the chairmanship of Mr. P. Tomic (Yugoslavia), and had the following membership:

Australia	Indonesia	Pakistan
Brazil	Japan	Romania
Canada	Korea	Spain
European Communities and their member States	Malaysia	Sri Lanka
Egypt	Nigeria	Switzerland
India	Norway	United States

3. The Working Party had before it a Memorandum on the Foreign Trade Régime of the Philippines (L/3841) and questions submitted by contracting parties (L/3864). The representative of the Philippines made available to the Working Party the following material:

(a) the tariff schedule of the Philippines;

¹The text of the communication from the Government of the Philippines is contained in document L/3823.

- (b) the Tariff and Customs Code of the Philippines as amended by Presidential Decree No. 34 of 27 October 1972;
- (c) a list of the items on which duties were revised upwards in Decree No. 34; and
- (d) statistics on imports and exports of the Philippines by commodity and by country in recent years.

4. In an introductory statement the Chairman of the Philippine delegation, referring to the Memorandum on the Foreign Trade Régime stressed his Government's desire to establish early GATT relations with contracting parties. He indicated that the commercial policy of the Philippines was conducted to the fullest extent possible in accordance with the rules of the General Agreement and that his country intended to continue to observe these provisions. During the examination in the Working Party the delegation supplied additional information on the Philippine Government's economic and commercial policy. At the conclusion of the deliberations of the Working Party the Philippines representative made a further statement which is reproduced in Annex I.

5. The main points brought up in the discussion in the Working Party are set out hereunder. Replies given by the delegation of the Philippines to the detailed questions submitted by contracting parties (document L/3864) and to additional questions by members of the Working Party, are annexed to this report.

6. In response to questions by members of the Working Party concerning the tariff system the representative of the Philippines said that Presidential Decree No. 34 dated 27 October 1972, had amended the Tariff and Customs Code of the country. As stated in the Preamble to the Decree the amendments were intended to (a) simplify the tariff structure and improve the administration of customs; (b) raise additional revenues; (c) provide tariff protection to deserving local industries; (d) make the Code operative for bargaining with other countries; (e) influence the allocation of resources; and (f) prevent technical smuggling. A number of import duties had been increased as a result of the rationalization of the tariff system carried out under the Code. A list of items for which duties had been raised was made available to the Working Party (INT(73)55/Rev.1). It was explained that the basic duty level, considered to be fiscal in nature, was 10 per cent ad valorem. Above this rate duties may be increased, reduced or removed by the President of the Philippines, upon recommendation of the National Economic Development Authority. Duties may however not exceed 100 per cent ad valorem.

7. It was also noted that the Philippines applied some export taxes in order to raise the degree of processing of some of its products and also as part of its stabilization programme. In this connexion the representative of the Philippines informed the Working Party that by Presidential Decree No. 230 dated 28 June 1973, the schedule of the export tax had been incorporated into the Tariff and Customs Code. The rates remain unchanged except in the case of logs where they had been increased from 6 per cent to 10 per cent.

8. In response to a question the representative of the Philippines said that the Tariff and Customs Code permitted the President of the Philippines to impose additional duties not exceeding 100 per cent ad valorem upon articles wholly or in part the growth or product of, or imported in a vessel of, any country discriminating against Philippines exports. It was pointed out however that while such authority had existed for more than fifteen years it had never been used.

9. The customs valuation system of the Philippines was examined in some detail. The representative of the Philippines explained that the dutiable value of an imported article was based on the home consumption value (f.o.b.) of the same, like or similar articles in the country from where exported, plus 10 per cent. He stated that the 10 per cent charge was intended to correspond to insurance and freight expenses and was designed to afford equal opportunities for export to the Philippines to all exporters wherever located. In the view of some delegations this system was not in line with normal international practice and that it worked to the detriment of nearby exporters with less freight charges as compared to distant exporters.

10. A member of the Working Party raised questions about the variability in the determination of dutiable value by Philippine authorities on the same goods in the sense that the dutiable value for the same goods had been observed to change by significant amounts. The representative of the Philippines explained that the determination of the home consumption value was not based on variable factors. However, for the purpose of arriving at a correct valuation for customs purposes, alternatives were provided for. The value should be drawn from the commercial and consular invoices. Should reasonable doubt exist as to the correct value or price the information shall be sought from Philippine commercial representatives or foreign service officials. Reference should also be made to the answer given by the Philippine delegation to question 10 in Annex II.

11. The representative of the Philippines stated that the foreign exchange regulatory measures in force in the Philippines were justified by the balance-of-payments difficulties and development needs of the country. These measures were related to the Stabilization Programme adopted in 1970 after consultation with the International Monetary Fund. The Philippines was periodically consulting with the Fund. The representative of the Fund described some of the features of the foreign exchange régime of the Philippines. In response to a question raised in this connexion concerning the possible application of Article XVIII of the GATT the Philippine delegation drew attention to the answer to question 16 in Annex II.

12. Some members of the Working Party felt that the prohibition of imports of some agricultural products was inconsistent with Article XI of the General Agreement and enquired whether the prohibition applied to imports from the United States under Public Law 480. The representative of the Philippines stated that special laws prohibited the import of certain agricultural commodities including rice, maize, leaf tobacco, coffee, onions, potatoes and cabbage, as social reasons made imperative the existence of a local market for such items. Only cotton, tobacco and wheat grains continued to enter the Philippines under

United States Public Law 480. This was a temporary situation connected with the need to solve the problem of debt management. He confirmed that restrictions on imports applied by the Philippines were non-discriminatory and would continue to be so after accession. He also stated that the Philippines would be ready if required, to consult with interested contracting parties under relevant provisions of the General Agreement, taking into account Part IV.

13. Some members of the Working Party referred to the recommendations adopted by CONTRACTING PARTIES on the abolition of consular formalities and expressed the hope that the Philippines might be in a position to comply with such recommendations in the near future. It was also suggested that the Philippines levied consular fees at unduly high levels. The representative of the Philippines said that the consular charges were justified on the ground of the expenses incurred in verification of information and conduct of controls through analysts and other specialists. His Government intended however to review the situation.

14. Some members of the Working Party inquired about the prospects of the Laurel-Langley Agreement establishing preferential tariff treatment between the Philippines and the United States. The representative of the Philippines stated that this Agreement was due to expire in July 1974. He confirmed that the future trade relations between the United States and the Philippines would conform to the rules of the General Agreement.

15. The Working Party noted that Article I paragraph 2 of the General Agreement would not preclude extension of the Laurel-Langley Agreement. One member expressed the hope that contracting parties would have an opportunity to comment in the event that the Laurel-Langley Agreement were to be extended.

16. One member of the Working Party expressed concern at the business visitors tax, pointing out the difficulties it caused to the businessmen from his country. The representative of the Philippines referred to the answer to question 21 (Annex II).

17. Following its examination of the request by the Government of the Philippines for provisional accession to the General Agreement, the Working Party recommends that the request be granted. The Working Party has noted the intention of the Philippines Government to seek full accession to GATT in the context of the multilateral trade negotiations scheduled to open in September 1973.

18. Since the Government of the Philippines is prepared to base its commercial relations with the contracting parties on the provisions of the General Agreement including the Protocol of Provisional Application, the Working Party recommends that the Philippines be invited without delay to participate in the work of the CONTRACTING PARTIES.

19. A Draft Declaration on provisional accession of the Philippines and a Draft Decision for the participation of the Philippines in the work of the CONTRACTING PARTIES are annexed. The Working Party recommends that the Draft Declaration be opened for acceptance and that the Draft Decision be adopted. The Working Party recommends that these instruments shall remain in force until the Government of the Philippines accedes to the General Agreement, or until 31 December 1975, whichever date is earlier.

ANNEX I

Statement by Ambassador H.J. Brillantes, Philippines
Delegation, at the Meeting on 11 July 1973

We feel that the text of the draft Report reflects the salient points raised by the various delegations and the responses made by the Philippine delegation during the meetings of this Working Party on 7 June 1973, when the Philippine foreign trade régime was closely examined. We are, therefore, grateful to you, Mr. Chairman, as well as to the members of the Working Party and secretariat for the formulation of the text of this draft Report and also for the despatch with which this has been done. The Philippine delegation believes that such efforts are intended to make possible the establishment of early GATT relations between the Philippines and the CONTRACTING PARTIES and the participation of the Philippines in the forthcoming Ministerial Meeting in Tokyo for the launching of the Multilateral Trade Negotiations.

We feel that the required negotiations for accession under Article XXXVIII of the Agreement may be conducted in the course of the Multilateral Trade Negotiations, which we hope will be pursued in accordance with the principles put forward by the developing countries and embodied in Resolution 82(III) of the Santiago Conference.

The Philippines as a developing country, is engaged in serious efforts to stabilize its economic and social structures with a view to raising the standards of living of its people.

On this note the Philippine delegation hopes that this draft Report would be approved.

ANNEX II

Questions and Replies

I. GENERAL QUESTIONS

Question 1

Does the Philippines have the intention to accede in the future to the GATT after the tariff negotiations under Article XXXIII?

Document L/3841 says "the decision for final accession to be contingent upon the termination and results of the multilateral trade negotiations". Does it infer the possibility that the Philippines may not accede to the GATT depending on the results of the multilateral trade negotiations?

Answer: One of the incentives for the Philippines to seek accession to the GATT is the multilateral trade negotiations to be started in September 1973. The Philippines is interested in participating fully in these negotiations and, with the support of contracting parties, would expect to accede definitively to the General Agreement in the near future contingent upon the termination and results of the multilateral trade negotiations.

Question 2

Are there any domestic laws and regulations in the Philippines which may be inconsistent with the provisions of the GATT?

If there are any, specify such laws and regulations.

What actions are envisaged in this regard?

Answer: The Government of the Philippines believes that existing laws and regulations are consistent with the principles embodied in the General Agreement.

The replies to the questions that follow will underline the particularities of the foreign trade régime of the Philippines.

II. TRADING ARRANGEMENT

Question 3

Does the Philippines, under the Laurel-Langley Agreement, now accord preferences on any item to the United States in excess of those applicable at 10 April 1947?

Answer: No. On 10 April 1947, all United States articles imported into the Philippines were duty free under the provisions of the Bell Trade Agreement Act which governed then the trade relationship between the Philippines and the United States. However, at present until 31 December 1973, all United States articles imported into the Philippines are subject to 90 per cent of the Philippine duty, and beginning 1 January 1974, will be subject to full duty, pursuant to the provisions of the Laurel-Langley Agreement which superseded the Bell Trade Agreement.

Question 4

What are the prospects of the Laurel-Langley Agreement?

Answer: As indicated in the Memorandum on Foreign Trade Régime of the Philippines (L/3841), the Laurel-Langley Agreement will expire on 3 July 1974.

III. PHILIPPINES COMMERCIAL POLICY

A. The tariff system

Question 5

In how many cases did the 1972 revision of the tariff schedule result in increase in rates of duty and what is the 1971 value of imported articles affected by these increases? Can the Philippines provide a list of items for which duties were revised upward?

Answer: Statistical data on this matter has been circulated separately.

Question 6

What is the rationale for the upward revision of duties in 1972 on a number of agricultural products?

Answer: The revision of duties conducted in 1972 had, among others, the purpose of simplifying the tariff structure, to provide impetus to the agricultural production and to boost the income of the farmers who constitute a majority of the population. Six levels of tariffs were adopted whilst before there were forty-three. As provided for in Section 104 of the Tariff and Customs Code the basic rate of duty applied in the Philippines for a revenue purpose is 10 per cent ad valorem and the 20 per cent, 30 per cent, 50 per cent, 70 per cent and 100 per cent ad valorem levels are considered to be protective. This rationalization effort resulted in the increase of tariffs for some products formerly placed on the levels that were eliminated.

Question 7

How will the "periodic gradual reduction" of protective tariffs, referred to in Philippine Memorandum (L/3841), work?

Answer: Section 401 of the Tariff and Customs Code of the Philippines authorizes the President of the Philippines, upon recommendation of the National Economic and Development Authority (NEDA) and investigation by the Tariff Commission, to modify the rates of import duty in the interest of national economy, general welfare/national security. In no case shall the reduced rate of duty be lower than the basic rate of 10 per cent ad valorem or higher than a maximum of 100 per cent ad valorem.

Moreover, the President may cause a gradual reduction of the levels above 10 per cent referred to in Section 104 of the Code upon periodic investigations by the Tariff Commission and recommendation of the NEDA.

Through the provisions of Sections 104 and 401 of the Code, the Government has announced its policy that tariff protection is merely temporary in nature and therefore subject to review, modification or withdrawal.

No review has as yet been conducted by the Tariff Commission, since the tariff schedule has only taken effect on 1 January 1973.

Question 8

The present tariff classifications numbering 1,250 conform to the BTN while SITC classifications are used in defining essential import categories. Does the Government of the Philippines plan to or has it considered converting its essentiality classifications into BTN terms for facility of comparison with the tariff classifications?

Answer: Imports are classified in accordance with the Standard International Trade Classification (SITC) of the United Nations for the purpose of determining essential import categories. The Philippines' authorities believe there is a general correspondence between BTN and SITC, thus it intends to publish foreign trade statistics on both BTN and SITC.

Question 9

With respect to Decree No. 34, specify the number and the coverage of the goods of which the rates of duty were raised.

Name the local industries which are subject to the tariff protection under this Decree.

Answer: The number and the coverage of the goods with respect to which the rates of duty were raised by Decree No. 34 are indicated in the answer to question No. 5.

As provided in Section 104 of the Tariff and Customs Code, all duties over and above the basic rate of 10 per cent are protective in nature and will be reviewed periodically in order to determine whether the protection continues to be justified.

Question 10

Explain in detail the customs valuation method.

Answer: Section 201 of the Tariff and Customs Code provides for the customs valuation method as well as the elements comprising the basis of dutiable value.

The dutiable value of an imported article subject to an ad valorem rate of duty shall be based on:

1. The home consumption value or price (excluding internal excise taxes)
 - (a) of the same, like or similar article
 - (b) as bought and sold or offered for sale freely
 - (c) in the usual wholesale quantities and in the ordinary course of trade
 - (d) in the principal markets of the country from where exported or where there is none on such date, then nearest to the date of exportation.
2. The value of all containers, coverings and/or packings of any kind.
3. And all other costs, charges and expenses incident to placing the article in a condition ready for shipment to the Philippines.
4. Ten per cent of such home consumption value or price.

Where there exists a reasonable doubt as to the value or price of the imported article declared in the entry, the correct dutiable value is ascertained from the report of a Commercial or Revenue Attaché or of the foreign service establishment of the Philippines and from such other information as available to the Bureau of Customs. The Commissioner of Customs establishes and publishes from time to time the home consumption values of articles exported to the Philippines.

When the home consumption value cannot be ascertained for failure of the importer to produce the required documents, or where there exists reasonable doubt as to the dutiable value of the imported article declared in the entry, it shall be the domestic wholesale selling price of such or similar article in Manila or other principal markets in the Philippines on the date the duty becomes payable on the article under appraisement in the usual wholesale quantities and in the ordinary course of trade minus:

- (a) 20 per cent thereof for expenses and profits; and
- (b) duties and taxes paid thereon.

Question 11

Is the method of valuation for customs purposes fully in accord with GATT Article VII? What is the rationale for inflating the valuation of goods for customs purposes by 10 per cent of the home consumption value?

Answer: The Philippines authorities believe that its system is in accordance with Article VII of the General Agreement as it leads to the establishment of an actual value.

The 10 per cent charge covers insurance and freight expenses and is intended to give equal opportunities in the Philippines market to all our trading partners no matter where they are located. Ten per cent is a conservative amount which does not exceed the average insurance and freight costs incurred when exporting to the Philippines.

Question 12

Explain in detail the anti-dumping and countervailing provisions.

Answer: These matters are covered by Sections 301 and 302 in Part II - Title II - of the Tariff and Customs Code of the Philippines.

Section 301 provides that whenever the Secretary of Finance has reason to believe that a specific kind or class of foreign article is being imported into, or sold or is likely to be sold in the Philippines, at a price less than its fair value, the importation or sale of which might injure, or prevent the establishment of, or is likely to injure an industry in the Philippines, he shall so advise the Tariff Commission and shall instruct the Collector of Customs to require an anti-dumping bond of twice the dutiable value of the imported article. The Tariff Commission has to verify the existence of imports or sales or likeness of sales in the Philippines at a price less than fair value and determine if, as a result thereof, an industry in the Philippines is being injured or is likely to be injured or is prevented from being established by reason of the importation or sale into the Philippines. With the report of the Tariff Commission the Secretary of Finance decides whether the article in question is being imported in violation of the Code and may direct, in case of a positive finding, the Commissioner of Customs to cause the dumping duty to be levied, collected and paid. For the purpose of the Code the "fair value" of an article is its home consumption price (excluding internal excise taxes), or, in the absence of such value its cost of production. The dumping duty shall be equal to the difference between the actual purchase price, or in the absence thereof the exporter's sales price, and the fair value of the article.

Section 302 says that whenever any article is directly or indirectly granted any bounty, subsidy or subvention upon its production, manufacture or exportation in the country of origin and/or exportation, and the importation of which has been determined by the Secretary of Finance, after investigation and report of the Tariff Commission, as likely to injure an established industry, or prevent or considerably retard the establishment of an industry in the Philippines, a countervailing duty equal to the ascertained or estimated amount of such bounty, subsidy or subvention, shall be levied. Orders under this section by the Secretary of Finance are published in the Official Gazette and/or in a newspaper of general circulation.

Furthermore, in determining whether the domestic industry has suffered or is being threatened with injury, the Tariff Commission shall determine whether the wholesale prices at which the domestic products are sold are reasonable, taking into account the cost of raw materials, labour, overhead, a fair return on investment and the overall efficiency of the industry.

Question 13

Explain in detail the anti-discriminatory duty.

Answer: If a country imposes any unreasonable charge, exaction, regulation or limitation upon any article wholly or in part the growth or product of the Philippines, which is not equally enforced upon like articles of every foreign country; or if a country discriminates in fact against the commerce of the Philippines, directly or indirectly, by law or administrative regulation or practice, by or in respect to any customs, tonnage, or port duty, fee, charge, exaction, classification, regulation, condition, restriction or prohibition, in such a manner as to place the commerce of the Philippines at a disadvantage compared with the commerce of any foreign country, the President of the Philippines is empowered by Section 304 of the Tariff and Customs Code, to declare new or additional duties upon articles wholly or in part the growth or product of, or imported in a vessel of, any such country. This duty may not be more than 100 per cent ad valorem. The maintenance or increase of the discrimination may result in the exclusion from importation into the Philippines of products from said country or coming in its vessels. The Tariff Commission has the duty to ascertain whether any discriminations against the commerce of the Philippines are practiced and to bring the matter to the attention of the President.

Question 14

Would the power to accord tariff concessions under bilateral trade agreements (Item 12, page 5 L/3841) be exercised in a manner consistent with GATT most-favoured-nation obligations?

Answer: In accordance with Section 402 of the Tariff and Customs Code, the President may enter into trade agreements with foreign governments or instrumentalities thereof and modify import duties and other import restrictions. Tariff concessions, if granted, could not be lower than 10 per cent ad valorem. Bilateral agreements shall be availed of by the Philippines in pursuance of its national interest and it intends to abide by its GATT obligations in this respect.

B. Foreign exchange regulatory measures

Question 15

Does the Philippines justify all its foreign exchange regulatory measures as necessary for balance-of-payments and/or developmental purposes? Do controls comply fully with Articles XII-XV, and XVIII?

Answer: The foreign exchange regulatory measures applied by the Philippines were adopted as part of the 1970 Stabilization Programme with the aim of achieving equilibrium in the balance of payments pursuant to Article XIV of the International Monetary Fund Articles of Agreement. The International Monetary Fund has been consulted and has approved the actions taken by the Philippines.

Question 16

It is our understanding that the opening of letters of credit is prohibited for approximately 900 essentiality categories. Will the Government of the Philippines make a list of these categories available to GATT? How often are these essentiality classifications reviewed? How does the Government of the Philippines justify this long list of prohibited items?

Answer: The Government of the Philippines has deposited with the GATT secretariat the lists of Semi-Unclassified Consumer (SUC) Goods, Non-Essential Consumer (NEC) Goods and Unclassified Consumer (UC) Goods. The goods contained in said lists are considered to be non-essential. At the request of interested public or private parties the government reviews the contents of such lists and may up-grade or down-grade the classification of these items. This matter is also taken up at the annual consultations with the International Monetary Fund.

The foregoing lists of luxury and non-essential items are restricted primarily for balance-of-payments purposes. They will be relaxed gradually as the Philippine international reserve gets stabilized at a satisfactory level.

C. Other import regulatory measures

Question 17

Are there any quantitative restrictions applicable to imports to the Philippines? If there are any, specify in detail, giving descriptions and quotas of goods subject to such quantitative import restrictions.

Answer: Apart from the matters referred to in the answers to questions 16, 18 and 19, the Philippines does not apply any quantitative restrictions on imports.

Question 18

What are the reasons for the import prohibitions applicable to rice, corn, leaf tobacco, coffee, onions, potatoes, and cabbages except under certain conditions?

Answer: In line with the national policy to attain self-sufficiency in the production of certain important agricultural products as well as to insure a market for these products, the Philippine Congress has enacted special laws prohibiting the importation of rice, corn, leaf tobacco, coffee, onions, potatoes and cabbages except under certain conditions.

Question 19

What are "certain conditions" under which prohibited items may be imported? Does the system of import prohibitions operate fully in accord with Articles I, III, X and XIII?

Answer: In the case of rice and corn importation may be authorized by the President when there is a deficiency in domestic supply thereof up to the quantity of the shortage.

Imports of coffee and leaf tobacco are likewise prohibited. However, importation of arabica coffee beans may be authorized by the President for blending purposes or when shortage in local supply exists. In the case of leaf tobacco importation is allowed for blending purposes and subject to mixing regulations (at the ratio of 1 unit of imports to 4 units of local purchase).

With respect to onions, potatoes and cabbages, importation thereof is allowed when for seedling purposes only. The President may also authorize importation thereof for consumption when there is a shortage in the local supply.

If imported such goods have to pay the corresponding duties. The prohibition of imports is a general one applied with no discrimination as to origin. The respective regulations are published in the Official Gazette.

D. Internal revenue taxes

Question 20

How is the amount of statutory mark-up percentage used in calculating the advance sales tax base determined and how much is it?

Answer: The mark-up is not a tax in itself, and is determined by the essentiality of the commodity imported which may be 100 per cent - 50 per cent - 25 per cent of the landed cost of the imported commodity.

The advance sales tax which may be 70 per cent - 40 per cent - 7 per cent - and 5 per cent is computed on the basis of the landed cost plus mark-up.

Question 21

Explain the income tax régime applied to business visitors.

Answer: There is no income tax on visitors coming to the Philippines as tourists. Section 302 of the Internal Revenue Code exempts tourists from the filing of tax clearance. However, businessmen earning income in the Philippines have to pay income tax on locally earned personal income.

E. Customs procedure regarding import clearance

Question 22

Is a consular invoice required for all commercial shipments? What is the cost of consular invoice and where may they be obtained? Does the Government of the Philippines foresee the time when bona fide commercial invoices will be acceptable for all imports?

Answer: Consular invoices are required for each consignment of goods imported into the Philippines which exceeds ₱ 3,000¹ in dutiable value without discrimination. The cost of each consular endorsement or certification is US\$50 while the cost of the form is ₱ 15. The forms may be obtained from any Philippine Consulate as well as from the Department of Foreign Affairs in Manila, Philippines. The Government of the Philippines does not consider appropriate, for the time being, to replace consular invoices by commercial invoices, however such a change is not excluded.

Question 23

The Philippines Government requires a consular invoice for each consignment of goods imported into the Philippines which exceeds ₱ 3,000 in dutiable value. The Philippine Consulate-General in Hong Kong charges HK\$1.90 for each set of five copies of the invoice and HK\$248 for consular endorsement. In the view of the Hong Kong authorities, these fees are excessive having regard to the provisions of Article VIII:1(a) of the General Agreement.

Answer: The Philippine Government does not consider the consular charges it applies excessive. These charges were increased because of the rising cost of verifying information and conducting on-the-spot checks in order to prevent technical smuggling. The Philippines intends to keep consular charges under review.

¹The exchange rate at the time the answer was supplied was approximately ₱ 6.5 to US\$1.

F. Export régime

Question 24

Are the measures to boost exports compatible with Article XVI?

Answer: The Export Incentives Act provides an income tax deduction on the export of certain manufactured products. This tax deduction does not give Philippine exporters an advantage in the world markets. The export tax is actually an integral part of the 1970 Stabilization Programme levied on traditional and new exports primarily as an anti-inflationary fiscal measure and for promoting the diversification of Philippine exports.

IV. OTHER QUESTIONS

Question 25

Provide the imports and exports statistics, both in terms of country by commodity and commodity by country, in 1970, 1971, 1972 and the latest customs tariff schedule.

Answer: Statistical data on imports and exports for 1969, 1970 and 1971 has been circulated separately.¹ A copy of the latest tariff schedule of the Philippines has been deposited with the secretariat.

¹Statistics on Imports and Exports of the Philippines for the years 1969, 1970 and 1971, supplied by the delegation were issued as INT(73)54.

ANNEX III

Draft Declaration on the Provisional
Accession of the Philippines

Declaration of

The Government of the Philippines and the other governments on behalf of which this Declaration has been accepted (the latter governments being hereinafter referred to as the "participating governments") and the European Economic Community,

Considering that the Government of the Philippines on 14 February 1973 made a formal request to accede provisionally to the General Agreement on Tariffs and Trade (hereinafter referred to as the "General Agreement") and that the Government of the Philippines will be prepared to conduct the tariff negotiations with contracting parties, which it is considered should precede accession under Article XXXIII, during the multilateral trade negotiations to be started in September 1973,

Considering the desirability of the Philippines being invited to accede provisionally to the General Agreement as a step towards its eventual accession pursuant to Article XXXIII:

1. Declare that, pending the accession of the Philippines to the General Agreement under the provisions of Article XXXIII, which will be preceded by the conclusion of tariff negotiations with contracting parties to the General Agreement within the context of the multilateral trade negotiations, the commercial relations between the participating governments and the European Economic Community and the Philippines shall be based upon the General Agreement, subject to the following conditions;

(a) The Government of the Philippines shall apply provisionally and subject to the provisions of this Declaration (i) Parts I, III and IV of the General Agreement, and (ii) Part II of the General Agreement to the fullest extent not inconsistent with its legislation existing on the date of this Declaration; the obligations incorporated in paragraph 1 of Article I of the General Agreement by reference to Article III thereof and those incorporated in paragraph 2(b) of Article II by reference to Article VI shall be considered as falling within Part II of the General Agreement for the purpose of this paragraph.

(b) While the Philippines under the most-favoured-nation provisions of Article I of the General Agreement will receive the benefit of the concessions contained in the schedules annexed to the General Agreement, it shall not have any direct rights with respect to those concessions either under the provisions of Article II or under the provisions of any other Article of the General Agreement.

(c) In each case in which paragraph 6 of Article V, sub-paragraph 4(d) of Article VII, and sub-paragraph 3(c) of Article X of the General Agreement, refer to the date of that Agreement, the applicable date in respect of the Philippines shall be the date of this Declaration.

(d) The provisions of the General Agreement to be applied by the Philippines shall be those contained in the text annexed to the Final Act of the second session of the Preparatory Committee of the United Nations Conference on Trade and Employment as rectified, amended, supplemented, or otherwise modified by such instruments as may have become effective by the date of this Declaration.

2. Request the CONTRACTING PARTIES to the General Agreement (hereinafter referred to as the "CONTRACTING PARTIES") to perform such functions as are necessary for the implementation of this Declaration.

3. This Declaration, which has been approved by the CONTRACTING PARTIES by a two-thirds majority, shall be deposited with the Director-General to the CONTRACTING PARTIES. It shall be open for acceptance, by signature or otherwise, by the Philippines, by contracting parties to the General Agreement, by any governments which shall have acceded provisionally to the General Agreement and by the European Economic Community.

4. This Declaration shall become effective between the Philippines and any participating government and the European Economic Community on the thirtieth day following the day upon which it shall have been accepted on behalf of both the Philippines and that government and the European Economic Community; it shall remain in force until the Government of the Philippines accedes to the General Agreement under the provisions of Article XXXIII thereof or until 31 December 1975, whichever date is earlier, unless it has been agreed between the Philippines and the participating governments and the European Economic Community to extend its validity to a later date.

5. The Director-General to the CONTRACTING PARTIES shall promptly furnish a certified copy of this Declaration, and a notification of each acceptance thereof, to each government to which this Declaration is open for acceptance and to the European Economic Community.

Done at Geneva this one thousand nine hundred and seventy-three in a single copy in the French and English languages, both texts authentic.

Draft Decision on the Participation of the
Philippines in the Work of the
CONTRACTING PARTIES

Decision of

Considering that the Government of the Philippines has made a request to the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade to accede provisionally to the General Agreement and will be prepared to enter into tariff negotiations with contracting parties during the multilateral trade negotiations to be started in September 1973,

Considering the desirability of the Philippines being invited to accede provisionally to the General Agreement as a step towards its eventual accession pursuant to Article XXXVIII,

Desiring that the Government of the Philippines, pending its accession, shall be associated with the discussions and deliberations of the CONTRACTING PARTIES,

Noting that a number of contracting parties intend that, pending the accession of the Philippines pursuant to Article XXXVIII, commercial relations between them and the Philippines shall be based upon the provisions of the General Agreement in accordance with the Declaration on the Provisional Accession of the Philippines, and

Considering that the said Declaration requests the CONTRACTING PARTIES to perform certain functions comparable in nature to their functions under the General Agreement,

The CONTRACTING PARTIES

Decide:

1. To invite the Government of the Philippines to participate in sessions of the CONTRACTING PARTIES and of subsidiary bodies established by the CONTRACTING PARTIES;
2. To accept such functions as are necessary for the operation of the Declaration referred to in the preamble to this Decision;
3. To make arrangements for tariff negotiations between contracting parties and the Philippines within the context of the multilateral trade negotiations to be started in September 1973;

This Decision shall continue in effect until the accession of the Philippines to the General Agreement following tariff negotiations with contracting parties or until 31 December 1975, whichever date is earlier, unless the CONTRACTING PARTIES agree to extend it to a later date.