

## PRESIDENTIAL DECREE NO. 1481

### GOVERNING AND REGULATING TRADING OF LOCALLY GROWN VIRGINIA LEAF TOBACCO

WHEREAS, the full development of the Virginia tobacco industry is a declared policy of the State;

WHEREAS, it is essential that the Virginia tobacco farmer be given assistance in enhancing the quality and quantity of his yield and protection from unfair and unscrupulous trade practices and such other economic vicissitudes that unduly deprive him of the just and fair price of his agricultural produce;

WHEREAS, it has become necessary for the State to take firmer measures to safeguard the general interests of the Virginia tobacco industry;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby adopt and promulgate this Decree, the full text of which follows:

SECTION 1. Title and Scope. – This Decree shall be known as the "DECREE GOVERNING AND REGULATING TRADING IN LOCALLY GROWN VIRGINIA LEAF TOBACCO" and shall govern and regulate the conduct and manner of trading in locally grown Virginia leaf tobacco in the country, and shall apply to all persons, corporations, companies, partnerships, consortium of tobacco dealers, who may now or hereafter be engaged in the trading of Virginia tobacco, whether as buyers or as sellers, and whether acting as principals or agents or representatives of such persons, corporations, companies, partnerships, associations or entities.

SECTION 2. Statement of Objectives. – The specific objectives of this Decree are to provide the establishment of suitable marketing centers for Virginia tobacco in strategic places in the Ilocos Region so that the Virginia tobacco farmers may enjoy reasonable prices that will secure their return on his investments, and to prescribe the manner of grading, buying and selling of leaf tobacco and ensure governmental supervision thereof in accordance with this Decree and other related laws and decrees.

SECTION 3. Definition of Terms. – As used in this Decree,

- a. Person – refers to any natural person, corporation, company, partnership, association, cooperative, consortium of tobacco dealers, or any other juridical entity.
- b. Tobacco – refers to locally grown Virginia type tobacco, excluding those that are redried, threshed or blended.
- c. Farmer – is a person whose stock of leaf tobacco is the product of the land tilled by him or is given to him as remuneration for assisting in the growing of tobacco or in the flue-curing of tobacco leaves.
- d. Cooperative Association – is an association of farmers organized and existing under the cooperative laws of the Philippines and duly registered with the Bureau of Cooperatives Development of the Department of Local Government Community Development.
- e. Buyer – is a person, corporation, company, partnership, consortium of tobacco dealers or entity duly authorized by the PVTA under license to buy tobacco from farmers and other authorized dealers.
- f. Trading Center – is a building or warehouse, including its accessories, used exclusively for buying, selling, baling, or handling and storing of tobacco.

- g. Purchase Commitment – is a written undertaking in favor of the PVTA to buy or cause to be procured a definite quantity of tobacco from farmers and other authorized sellers during a particular trading season, and to pay liquidated damages to the PVTA, the amount of which shall not be less than ten percent of the estimated average value of the unpurchased quantity, in the event of unreasonable refusal and failure to procure the quantity undertaken to be purchased.
- h. PVTA – refers to the Philippine Virginia Tobacco Administration, a government agency created and existing under Republic Act No. 2265.
- i. Board – refers to the Board of Directors of the PVTA.
- j. General Manager – refers to the managing head or officers-in-charge of PVTA.
- k. PVTA Official – refers to the General Manager; Assistant General Manager; Chairman or any member of the Board; Chiefs and Assistant Chiefs of Provincial Offices or the head of any special trading inspection team of the PVTA.
- l. PVTA Tobacco Inspector or Grader – refers to any other PVTA employee duly appointed or assigned by the General Manager to assist in the implementation and enforcement of this Decree.
- m. BIR – refers to the Bureau of Internal Revenue.

SECTION 4. Duration of Trading. – The buying and selling of tobacco between buyers and farmers and other authorized sellers shall be done only during the period beginning the fifteenth day of February up to and including the seventh day of August of each year.

SECTION 5. Place of Trading. – Farmers and other authorized sellers shall sell or deliver for sale their tobacco only at the authorized trading centers of buyers which shall be established in strategic places designated by the PVTA.

SECTION 6. Classification and Baling of Tobacco. – No buyer shall buy tobacco from farmers or other authorized sellers unless it is classified according to grades, tied on the butt into hands or bundles of about 25 to 30 leaves each, and baled or rolled in jute sacks. The buying of Tobacco in sticks is strictly prohibited.

SECTION 7. Tobacco Grades and Specifications. – The grades and specifications for locally grown Virginia leaf tobacco, as well as the rules for the application of the official grades, are prescribed in Annex "A" which is attached hereto and made part hereof. No buyer shall use or adopt a different system or standard of grading.

SECTION 8. Minimum Prices. – No person shall buy tobacco at prices lower than those which the PVTA may reasonably prescribe from time to time for each grade of tobacco.

SECTION 9. Shrinkage Allowance Prohibited. – No buyer shall deduct a shrinkage allowance from the weight of any tobacco sold.

SECTION 10. Buyers; Qualifications – No person shall buy tobacco from farmers and any authorized seller unless duly registered and licensed by the PVTA; Provided, That no license shall be issued unless the applicant;

- a. Has the financial capacity to buy a definite minimum quantity of tobacco, which shall not be less than 250,000 kilograms from farmers and other authorized sellers during a particular trading season;
- b. Is willing to execute a purchase commitment;
- c. Can post a bond in the amount of not less than fifty thousand pesos in favor of the PVTA to secured faithful compliance by him of his obligations as a buyer, including but not limited to the payment of liquidated damages in case of failure to buy his purchase commitment and the payment of research and regulation fees; and

- d. Is willing to establish, operate and maintain a trading center(s) in such a place or places to be designated by PVTA in which he shall buy tobacco from farmers and other authorized sellers in accordance with the manner and procedure prescribed herein;

Provided, however, That an Association, organization or consortium of the tobacco dealers may be allowed for special reasons to execute and sign the required purchase commitment for the purpose of the issuance of licenses unto and in favor of its members, or the agents or representatives as may be designated by such members, for whom the said association, organization or consortium of tobacco dealers is acting and whose identities must be disclosed and who, upon being found to be otherwise qualified and eligible hereunder to engage in tobacco trading, shall be issued the corresponding license to buy in their own respective names and account. Such association, organization or consortium may execute and sign the purchase commitment alone or jointly and severally with its members: Provided, finally, That the bond herein required may be waived entirely by the PVTA upon showing by the buyer or by any other interested party of good and special reasons, such as but not limit to, the financial stability and solvency of the buyer or his evident capability to comply with his purchase commitment and his other obligations as a buyer.

SECTION 11. Sellers. – Buyers shall buy only from the following:

- a. Farmers duly registered with the PVTA and with valid identification cards, or their authorized representatives;
- b. Cooperative associations accredited with the PVTA; and
- c. Other persons, firms or entities with Special Permits to Sell issued by the PVTA.

SECTION 12. Registration. – Farmers intending to sell their tobacco shall apply for registration with the PVTA Provincial Office in the province where they reside. For this purpose, the PVTA shall keep and maintain an up-dated roster of farmers in each municipality of every Virginia tobacco producing province.

SECTION 13. Accreditation of Cooperatives. – Cooperative associations desiring to sell the tobacco of their members shall apply for registration and accreditation with the PVTA; Provided, That no cooperative association shall be permitted to sell tobacco in excess of the total estimated production of its members.

SECTION 14. Other Authorized Sellers. – Any person whose stock of leaf tobacco is acquired through other lawful means may be issued a Special Permit to Sell by the PVTA, provided such tobacco stock was acquired by the applicant through accidental and isolated legitimate transaction and there is no reason to believe that the applicant is habitually engaged in dealing with tobacco without a license.

SECTION 15. Requirements Before Buying. – Notwithstanding the issuance of a license, no buyer shall be permitted to buy tobacco unless he has complied with the following requirements:

- a. Obtained all prescribed trading forms and registered them with the PVTA and the BIR;
- b. Employed a competent tobacco grader who has successfully completed an orientation seminar or training course on Virginia Tobacco grading conducted by the PVTA;
- c. Submitted to the PVTA a list of his personnel at the trading center, including a copy of the contract of employment of his grader;
- d. Set up in front of his trading center as appropriate signboard containing, among others, his name and address; the words "Trading Center" and the phrase "PVTA License No. \_\_\_\_\_";

- e. Set up in front of his trading center an appropriate board indicating his hours and days of trading (i.e., "Open for Business: 8:00 A.M. to 5:00 P.M., Mondays to Fridays; 8:00 A.M. to 12:00 Noon, Saturdays and Sundays");
- f. Displayed conspicuously in his trading center samples of the different grades of tobacco to serve as visible practical guides for farmers and other authorized sellers selling their tobacco. The samples shall be subject to the approval of the PVTA grader assigned in the trading center and shall be kept in an appropriate glass-encased display board visible to the public, and the same shall be changed every fifteen days, or in a shorter period in case of early deterioration or change in the color and quality of the said samples; and
- g. Installed at least one (1) licensed and sealed platform scale. No other type of weighing scale shall be used.

SECTION 16. Incoming Logbook. – Tobacco delivered for sale of the trading centers shall be attended to on a "First come, first served" basis; and for this purpose, every buyer shall keep an Incoming Logbook to record chronologically the order of arrival of tobacco for sale.

SECTION 17. Hours of Trading. – The buyer shall buy tobacco daily from Monday to Friday, from 8:00 A.M. to 5:00 P.M. If he intends to open for business during Saturdays, Sundays and holidays, he should give a 72-hour advance notice to the PVTA Field Inspector and to the public.

SECTION 18. Suspension of Buying. – Suspension of temporary stoppage of buying for reasons such as cleaning or repair of the trading center, re-piling and inventory of stocks, shall be allowed only with the approval of the PVTA Tobacco Inspector and after posting appropriate notices or announcements in front of the trading centers for a period of at least five consecutive days prior to such suspension or temporary closing of the trading center.

SECTION 19. Procedure of Buying. – Tobacco offered for sale at the trading centers shall be processed in the following manner:

- a. Grading – The grade of the tobacco shall be determined in accordance with the official grades and guidelines (Annex "A") hereof. The samples displayed at the trading center shall be used for comparison. The person who grades the tobacco shall affix to each bale on roll of tobacco graded by him a tag or label wherein the grade of the tobacco shall be legibly written and initialed by him. In case of disagreement as to the grades of tobacco between the buyer and seller, the controversy shall be immediately referred to the PVTA Tobacco Inspector for mediation, and if necessary, to a PVTA Grader for arbitration: Provide, That in case of doubt as to the proper grades of the tobacco, the arbiter shall receive the doubt in favor of the seller.
- b. Weighing – The gross weight of the tobacco shall likewise be indicated on the tag by the weigher and initialed by him.
- c. Recording. – The tobacco, if accepted, shall be immediately covered by an invoice voucher prescribed by the PVTA: Provided, That no other forms evidencing purchase of tobacco from a farmer or other authorized seller be used by the buyer.
- d. Payment. – The tobacco purchased shall be paid in cash immediately after the grading and weighing, at or near the trading center: Provided, however, That if the purchase price of the tobacco is more than five thousand pesos, payment thereof may be made by check if there is a bank or other facilities for encashment within the province wherein the trading center is located and that the mode of payment is acceptable to the seller.

SECTION 20. Supervision. – The grading, weighing and recording of tobacco shall be made in the presence of the seller of his representative and the PVTA Tobacco Inspector. Tobacco purchases made by a buyer without a PVTA Inspector, shall, without prejudice to the imposition of appropriate penalty as provided herein, not be credited to his purchase commitment.

SECTION 21. Buying Outside Trading Centers. – Notwithstanding any provisions of this Decree to the contrary, a buyer upon request of an association of tobacco growers duly recognized by the PVTA may be issued a Special permit to Buy, either personally or through an authorized representative, tobacco (a) in remote areas or places where farmers find great difficulty in transporting their produce to the nearest trading center, or (b) in a municipality where there is no buyer actually operating.

SECTION 22. Possession of Unexplained Tobacco Stocks. – Any person to whom no license to buy has been issued by the PVTA and who is not a cigarette manufacturer, exporter, redrier or legitimate end-user, who is found in possession of tobacco stocks in excess of his estimated production, if any, shall be presumed to have acquired such tobacco stock in violation of this Decree and, without prejudice to the imposition of appropriate penalty specified herein, he shall be assessed and shall pay the corresponding research and regulation fee and contribution to PVTA for such tobacco stock, plus fifty percent thereof as additional penalty.

SECTION 23. Place of Records. – All records of a buyer shall be kept and maintained in/or about the premises of the trading center, and shall be open for inspection and examination by the General Manager or his duly authorized representative, at any time during working hours. They shall be preserved in good condition for a period of two (2) trading seasons.

SECTION 24. Assistance to Rural Banks. – All buyer shall extend proper and necessary assistance and cooperation to rural banks participating in the Integrated Agricultural Financing Program for the Ilocos Region, in the collection of loans granted to farmer-borrowers.

SECTION 25. Research and Regulation Fee. – Every buyer of tobacco shall pay to the PVTA the amount of ten (P0.10) centavos for every kilogram (less tare) of tobacco purchased by him as Research and Regulation Fee.

SECTION 26. Contribution to Philippine Virginia Tobacco Board (PVTB) – Every buyer shall contribute to the Philippine Virginia Tobacco Board created under Executive Order No. 331, s. 1971, the amount of two and one-half (PhP0.025) centavos per kilogram (less tare) of tobacco purchased by him.

SECTION 27. Remittance of Fees and Contributions – The fees and contributions herein provided shall be due and payable within the calendar month immediately following the month the tobacco were purchased, and it shall be the duty of the buyer to remit such fees and contributions to the PVTA using the form prescribed by the PVTA.

SECTION 28. Surcharge for late Payment – In case of fees and contributions are not paid to PVTA within the period prescribed herein, there shall be added to the fees and contributions or to the deficiency fees and contributions, in case any partial payment has been made, a surcharge of three (3%) percent, per month, of the amount unpaid: Provided, That the amount so added to any fee or contributions shall be paid or collected at the same time as the fees and contributions and in the manners prescribed by the PVTA: Provided, further, That the General Manager may summarily order the suspension of the license to buy and the closure of the trading center of the defaulting buyer until such time as he complies with the provisions of this Decree.

SECTION 29. Unreported Excess Purchases – In case the total inventory and deliveries of tobacco of a buyer to other persons will be found to be more than his total purchases on the basis of records, such excess shall be presumed as purchases made in violation of this Decree, and without prejudice to the imposition of appropriate penalty provided herein, the buyer shall be assessed and shall pay the corresponding research and regulation fee and contributions to PVTB for such excess, plus twenty five percent thereof as surcharge.

SECTION 30. Suspension or Cancellation of Licenses and Permits – Any license, permit or accreditation issued hereunder may, without prejudice to the imposition of appropriate penalties

hereunder provided, be cancelled or suspended by the PVTA after due notice and hearing for failure to comply with any of the provisions of existing applicable laws, decrees and other Presidential issuances or for violation of any provisions of this Decree and such other rules and regulations as may be promulgated hereafter by the PVTA pursuant to the authority herein granted; Provided, That any such license, permit or accreditation may be summarily suspended by the General Manager or any other PVTA official (a) in case of any act of gross or apparent violation of any of the provisions of this Decree or of any applicable laws, decrees, or Presidential issuances committed by any buyer or authorized seller in the presence of any PVTA official; of (b) in case of repeated or persistent violations of any such law, decree or regulations notwithstanding earlier admonitions or warnings by any PVTA official or PVTA Tobacco Inspector.

SECTION 31. Any official, tobacco inspector, grader or any other employee of the PVTA who aids, abets, or connives with any person in violating any of the provisions of this Decree, or who withholds personal knowledge of any violation hereof from the General Manager, shall be prosecuted against accordingly and immediately suspended by the General Manager pending formal investigation of the charges against him.

SECTION 32. Authority of PVTA to Enforce This Decree and Promulgate Rules – The PVTA shall be vested with the overall responsibility and authority of implementing and enforcing the provisions of this Decree, and for this purpose, to time hereafter such rules and regulations or orders as it may deem proper and necessary, in addition to or supplementing the provisions of this Decree, including but not limited to such orders or regulations,

- a. Providing for the issuance of licenses, permits, accreditations, and the terms and conditions thereof, and for the renewal, refusal, suspension or revocation of such licenses, permits and accreditations;
- b. Prescribing the fees for licenses, permits and other accreditation;
- c. Prescribing the terms and conditions of the purchase commitment and the amount of bond;
- d. Prescribing the type, location and use of trading centers;
- e. Prescribing the trading forms to be used by buyers, including the reports to be submitted by them;
- f. Prescribing the procedure for mediation and arbitration in case of controversy between the buyers and sellers;
- g. Fixing reasonable minimum prices for tobacco after taking into consideration the prevailing world market conditions, production cost, reasonable margins of profits for the farmers, dealers, manufacturers and exporters, the quality of the tobacco and other relevant factors and conditions;
- h. Respecting the buying selling, advertising, handling, shipping and transporting, redrying and exporting of tobacco by buyers, other traders or end-users;
- i. Prescribing the manner in which the buyers shall sell, deliver, or transfer their purchases to redrying plants or other buyers and end-users;
- j. Prescribing the descriptions or specifications of certain grades of tobacco, and the guidelines for application of the official grades;
- k. Prescribing the powers, jurisdiction and duties of the PVTA tobacco inspectors or graders;
- l. Respecting the cleanliness and sanitation of tobacco to be sold or offered for sale or stored;
- m. Prescribing the areas where tobacco maybe grown and/or limiting the maximum quantity of tobacco to be produced thereon;
- n. Ordering the burning, destruction or condemnation of any standing tobacco crop that is infested with Mosaic disease or other serious tobacco infestation;
- o. Providing for the exemption from this Decree or the regulations, or any part thereof, any person or group of persons;

- p. Respecting any matter necessary or advisable to carry out effectively the intents and purposes of this Decree;

Such rules and regulations or orders that PVTA may promulgate shall, upon approval by the Office of the President, be considered as part, and shall have the same full force and effect, of this Decree.

SECTION 33. Inspectors Appointment – The PVTA may appoint or designate from among its qualified employees, tobacco inspectors and graders whose duties are to carry out the provisions of this Decree.

SECTION 34. Powers of Inspectors

- a. Every inspector, for the purpose of enforcing this Decree and the regulations, may (1) enter any premises, vessel boat, car, truck, or other conveyance used for the storage, processing, grading, packing, redrying, selling or offering for sale, shipping or transporting of any tobacco and inspect any tobacco found herein; (2) stop any conveyance that he believes to contain any tobacco and inspect such conveyance or any tobacco found therein; (3) obtain any tobacco at the expense of the owner for the purpose of making an inspection thereof; (4) require the production or furnishing of copies of, or extracts from any shipping documents, bills of lading or other records relating to the tobacco.
- b. For the purpose of inspecting a tobacco, the PVTA inspector may detain it at the risk of its owner and, after detaining it, the PVTA tobacco inspector shall forthwith notify the owner or the person who had possession of its detention by telegram or such other means as in the circumstances he deems proper.
- c. No person shall hinder or obstruct a PVTA tobacco inspector or a grader in the course of his studies or furnish an inspector or grader with false information of refuse to permit tobacco to be inspected or refuse to furnish as inspector or grader with information.
- d. A person, when required by a PVTA tobacco inspector, shall produce copies of or extracts from any shipping documents, bills of lading and other records relating to any tobacco.

SECTION 35. Detention and Forfeiture of Tobacco – Any tobacco, in respect of which in the opinion of a PVTA tobacco inspector an offense against this Decree or the regulations has been committed, may be placed under detention at the risk and expense of the owner by the PVTA tobacco inspector until such time as the owner of the tobacco complies with this Decree and the regulations and, where a person is convicted of an offense in respect of any such tobacco, the convicting court may declare such tobacco to be forfeited to the Republic of the Philippines, whereupon it may be destroyed or otherwise disposed of as the court directs.

SECTION 36. Where Matter Complained of Deemed To Have Arisen – For the purpose of jurisdiction, in an information or conviction for a violation of any of the previous of this Decree or the regulations, the matter complained of may be alleged and shall deemed to have arisen at the place where the tobacco was packed, sold, offered, exposed or had in possession for the sale or transportation, as the case may be, or at the residence or usual place of business of the person charged with the contravention.

SECTION 37. Offenses and penalties – Notwithstanding the provisions of any law or regulation to the contrary, and for the purpose of carrying out the provisions of this Decree, the following acts or omission are hereby considered as serious, less serious, and light offenses and corresponding penalties therefor are herein prescribed:

- a. Serious Offenses – Any of the following acts or omissions shall constitute a serious offense:

1. buying of tobacco at prices lower than the prescribed floor prices;
2. deducting shrinkage allowance from the weight of the tobacco sold;
3. buying tobacco from farmers or other authorized sellers without a license issued by PVTA;
4. knowingly and deliberately using tampered or inaccurate weighing scale.

The offender shall upon conviction, be punished by imprisonment of not less than four years and one day nor more than five years, and/or a fine of not less than fifteen thousand pesos nor more than twenty thousand pesos.

- b. Less Serious Offenses – Any of the following acts of omission shall constitute a less serious offense:
1. buying tobacco from farmers and other authorized sellers outside trading centers;
  2. failure or refusal to issue prescribed invoice or receipt covering tobacco purchases;
  3. buying unclassified tobacco or tobacco in sticks;
  4. buying or selling tobacco by using false, fictitious, or other person's license, permit or identification card;
  5. selling or buying tobacco with an expired, suspended or cancelled license, permit or accreditation;
  6. hindering or obstruction any PVTA official or employee in the course of his duties, including refusal to furnish information or copies of documents relating to any tobacco or to permit the inspection of a tobacco.
- c. Light Offenses – Any other violation of the provisions of this Decree or the regulations to be promulgated by the PVTA for which no specific penalty is prescribed and which is not punished by any other existing law shall be considered a light offense.

The offender shall, upon conviction, be punished by imprisonment of not less than two months and one day nor more than six months and/or a fine of not less than five hundred pesos nor more than two thousand pesos.

- d. Additional Penalties
1. The license of any buyer found guilty of serious, less serious or light offense, shall also be cancelled: Provided, however, That the license of the offender shall not be renewed during the pendency of any investigation or persecution for the commission of any such offenses.

If the offender is a public officer or employee, including an official or employee of the PVTA or any other government-owned or controlled corporation, he shall, upon conviction, be disqualified from holding public office.

2. Acts or omissions for which no specific penalties are provided for under this Decree but are punishable by any other existing law shall be punished under such law.

In any act or omission constitutes an offense under this Decree as well as a violation of another existing law or regulation, the law which imposes a heavier penalty shall be made to apply.

3. If the violation or offense is committed by a corporation, partnership, association, cooperative or other juridical entity, whether public or private, the penalties provided for under this Decree shall be imposed upon the directors, officers, graders, employees or other officials or persons therein responsible for the



offense; Provided, That if the offender is an alien, he shall be deported immediately without proceedings.

4. The prosecution of any offense under this Decree shall be without prejudice to the civil or administrative liabilities or the offender.

SECTION 38. Repealing Clause – Any laws, decrees, Presidential issuances, executive and administrative orders or regulations inconsistent herewith are hereby repealed or modified accordingly.

SECTION 39. Effectivity – This Decree shall take effect immediately.

Done in the City of Manila, this 11<sup>th</sup> day of June, in the year of Our Lord, nineteen hundred and seventy-eight.

(SGD.) **FERDINAND E. MARCOS**  
President of the Philippines

By the President:

(Sgd.) **JUAN C. TUVERA**  
Presidential Assistant

#### **OFFICIAL GRADES AND SPECIFICATIONS OF LOCALLY GROWN VIRGINIA LEAF TOBACCO**

- I. GRADES. The grades for Virginia tobacco are as follows:
  1. Grade A", consisting of flue-cured tobacco that is,
    - a. in lemon or orange colors; and
    - b. of choice quality, having the following characteristics:
      - i. ripe (mature)
      - ii. thin to medium thin in body
      - iii. rich in oil
    - c. not less than 38.40 cm (15 inches) in length, and 10% allowance in injury
  2. Grade B", consisting of flue-cured tobacco that is,
    - a. lemon or orange in color;
    - b. of good to choice quality, having the following characteristics:
      - i. ripe
      - ii. thin to medium in body
      - iii. rich in oil

- c. not less than 33.28 cm (13 inches) in length, and 10% allowance to injury
3. Grade C", consisting of flue-cured tobacco that is,
- a. lemon or orange in color;
  - b. of good quality, having the following characteristics:
    - i. ripe
    - ii. medium in body
    - iii. fair in oil
  - c. not less than 28.6 cm (11 inches) in length, and 10% allowance to injury
4. Grade D", consisting of flue-cured tobacco that is,
- a. lemon orange of brownish shade with dominating lemon or orange in color; and
  - b. of fair quality having the following characteristics:
    - i. fairly ripe
    - ii. medium thick or thick in body
    - iii. lean in oil
  - c. not less than 23.04 cm (9 inches) in length, and 10% allowance to injury.
5. Grade E", consisting of flue-cured tobacco that is,
- a. lemon orange or brownish with dominating lemon orange color; and
  - b. of fair to poor quality having the following characteristics:
    - i. fairly ripe
    - ii. medium or thick body
    - iii. lean in oil
  - c. below 23.04 cm (9 inches) in length; and 10% allowance to injury.

II. REJECT TOBACCO. The following tobacco do not fall in any of the above-mentioned grades and are hereby described as reject tobacco.

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|-----------------------|--------------|
| 1. black              | 12. redried  |
| 2. black-rot          | 13. salty    |
| 3. chemically-treated | 14. scalded  |
| 4. dead leaves        | 15. scorched |
| 5. fixed green        | 16. sponged  |
| 6. foul-smelling      | 17. slick    |

- |                |              |
|----------------|--------------|
| 7. immature    | 18. sucker   |
| 8. infested    | 19. sundried |
| 9. injured     | 20. tips     |
| 10. moldy      | 21. toady    |
| 11. rained-out | 22. wet      |

III.

IV. DEFINITIONS – In this Decree,

1. Black – means leaves that have more than 50% black coloring on their surface
2. Black-rot – means leaves which are black to sooty black in color, has excessive moisture content, and easily disintegrated and decays when handled and packed in a case or hogshead for fermentation.
3. Body – means the thickness and density of a leaf or the weight per unit of surface.
4. Color – means the third factor of a grade based on the relative hues, saturation or chromas, and color values common to the type.
5. Dead leaves – means leaves that are grayish to brown in color, with no elasticity, easily crack when handled, do not absorb moisture, and in many respects, are like sundried leaves.
6. Fixed-green – means leaves which has a permanent greenish tinge or pale green color.
7. Foul-smelling – means leaves that gives off abnormal obnoxious odor.
8. Immature – (Unripe) – means leaves which were harvested too early or not properly ripe which have greenish color affecting 20% or more of the entire leaf surface.
9. Infested – means leaves damaged by insects while in the field or in storage.
10. Injured – means leaves that are hurt or impaired due to such causes and diseases, insects or pests, weather conditions, use of inappropriate pesticides, hormones, nutritional deficiencies or excess or from improper harvesting, curing or handling.
11. Injury – means hurt or impairment from any cause except the fungus or bacterial diseases which attack tobacco in its cured state, but which is not serious enough to be classified as waste.
12. Lemon – means yellow.
13. Length – means linear measurement of cured leaves.
14. Maturity – means the degree of ripeness
15. Moldy – means leaves with 14% or more moisture content which activates mold growth and emits a moldy odor.
16. Oil – means a soft, semi fluid constituent of tobacco.
17. Orange – means a reddish yellow.
18. Rained-out – means leaves that have been caught by early rains while still in the field.
19. Redried – means leaves that have undergone reprocessing or redrying.
20. Salty – (pale or gray) – means leaves that give off a urine-like odor when cured. The bright yellow color becomes faded to pale or gray upon exposure to moist air especially.
21. Scalded – means leaves that are dark with chocolate-colored area on curve of leaves caused by excessive humidity in the curing process, overcrowding on the stick and inadequate ventilation.
22. Scorched – means having abnormal reddish brown color and odor suggestive of caramel caused by exclusive heat during the curing process.

23. Sponged – means leaves that are dull grayish brown in appearance caused by allowing tobacco to become over-ripe in the field or by holding low temperature too long in the early part of the curing.
24. Slick – means leaves of lemon or orange color of which 50% or more of its surface is close or tight.
25. Sucker – means leaves harvested from suckers or tillers growing along the tobacco stem. Suckers usually grow if tobacco flower heads are cut off.
26. Sundried – means leaves that have been cured under the sun. The color is brown and it lacks the aroma and characteristics of a flue-cured leaf.
27. Tips – means leaves harvested from the uppermost part of a tobacco plant. The leaves are narrow with pointed tips, large midrib and fibers folding or closing face, oily or lively bodies, very acute fiber venation.
28. Toady – means leaves that are slick, dense, thick and leathery and grayish brown in color. The leaves have no grain and are very compact in body.
29. Wet – tobacco leaves containing excessive moisture to the extent that they are likely to be damaged when kept in storage.

V. **RULES** – The application of the official grades shall be in accordance with the following rules:

1. In the grading of flue-cured tobacco regard shall be had to:
  - a. the color of the tobacco leaves
  - b. the quality of the tobacco leaves; and
  - c. the length and injury of the tobacco leaves.
2. The determination of a grade shall be based upon a thorough examination of a bale or roll of tobacco or of an official sample thereof.
3. The bale or roll of tobacco meets the specifications of a grade when it is not lower in any degree than the minimum specification for such grade.
4. The appraisal of injuries shall be based upon the percentage of affected leaf surface or degree of injury.
5. In determining the grade of tobacco, the entire bale or roll shall be considered. Minor imperfections which do not affect over 10 percent of the tobacco shall be over-looked, provided such imperfections meet the minimum specifications of the next lower grade, and provided, further, that if the tobacco falls under Grade E, the allowable imperfections shall consist only of scorched, slick and scalded tobacco.
6. A bale or roll consisting of tobacco belonging to two or more grades which does not fall under the immediately preceding rule or which contains injured leaves in excess of the 10% injury allowance shall be considered mixed tobacco which shall be returned to the seller for reclassification.

(Sgd.) **FERDINAND E.  
MARCOS**  
President of the  
Philippines