

REPUBLIC ACT NO. 8178

AN ACT REPLACING QUANTITATIVE IMPORT RESTRICTIONS ON AGRICULTURAL PRODUCTS, EXCEPT RICE, WITH TARIFFS, CREATING THE AGRICULTURAL COMPETITIVENESS ENHANCEMENT FUND, AND FOR OTHER PURPOSES

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

SECTION 1. Title. – This Act shall be known as the "Agricultural Tariffication Act."

SECTION 2. Declaration of Policy. – It is the policy of the State to make the country's agricultural sector viable, efficient and globally competitive. The State adopts the use of tariffs in lieu of non-tariff import restrictions to protect the local producers of agricultural products, except in the case of rice, which will continue to have quantitative import restrictions.

Consistent with the constitutional mandate of protecting Filipino firms against unfair trade, it is furthermore the policy of the State to employ anti-dumping and countervailing measures to protect local producers from unfair trade practices, rather than use quantitative import restrictions.

To help the agricultural sector compete globally, the State shall seek to raise farm productivity levels by providing the necessary support services such as, but not limited to, irrigation, farm-to-market roads, post-harvest equipment and facilities, credit, research and development, extension services, other market infrastructure and market information.

SECTION 3. Definition of Terms. – The following definitions apply the terms used in this Act:

- a. "Agricultural products" shall have the same meaning as agricultural products under Chapters 1-24 of Presidential Decree No. 1464, otherwise known as the Tariff and Customs Code of the Philippines, as amended.
- b. "Applied rate" is the rate of import duty that is actually used by Customs authorities in the collection of Customs revenues.
- c. "Bound rate" refers to maximum limits on tariff on products committed by Philippines to the World Trade Organization (WTO) under the Uruguay Round Final Act.
- d. "In-Quota Tariff Rate" refers to the tariff rates for minimum access volumes committed by the Philippines to the World Trade Organization (WTO) under the Uruguay Round Final Act.
- e. "Minimum Access Volume" refers to the volume of a specific agricultural product that is allowed to be imported with a lower tariff as committed by the Philippines to the World Trade Organization (WTO) under the Uruguay Round Final Act.
- f. "Quantitative Import Restrictions" refers to non-tariff restrictions used to limit the amount of imported commodities, including but not limited to discretionary import licensing and import quotas, whether qualified or absolute.
- g. "Tariff" refers to a tax levied on a commodity imported from another country. It earns revenues for the government and regarded as instruments to promote local industries by taxing their competitors. The benefit is accorded to the local producers by the maintenance of a domestic price at a level equal to the world price plus the tariff.

- h. "Tariffication" refers to the lifting of all existing quantitative restrictions such as import quotas or prohibitions, imposed on agricultural products, and replacing these restrictions with tariffs.

SECTION 4. Repeal. – The following laws and other laws or provisions of law prescribing quantitative import restrictions or granting government agencies the power to impose such restrictions on agricultural products, except rice, are hereby repealed:

1. Republic Act No. 1296, entitled: "An Act to Prohibit the Importation of Onions, Potatoes, Garlic, and Cabbages, Except for Seedling Purposes, and to Provide penalties for the Violation Thereof";
2. Republic Act No. 2712, entitled: "An Act to Prohibit the Importation of Coffee";
3. Presidential Decree No. 1297, as amended, entitled: "Centralizing the Importation of Ruminants for Breeding Slaughter and Beef";
4. Paragraph 10 of Section 23 of Republic Act No. 7607, entitled: "An Act Providing A Magna Carta for Small Farmers";
5. Paragraph (a) of Section 15 of Republic Act No. 7308, entitled: "Seed Industry Development Act";
6. Section 4 of Republic Act no. 4155, as amended, entitled: "An Act to Promote and Strengthen the Virginia Tobacco Industry"; and
7. Presidential Decree No. 1483, entitled: "Authorizing the Importation of Foreign Cigar Leaf Tobacco for Blending Purposes."

SECTION 5. Amendment. – Subparagraph (x11), paragraph (1) Section 6 of Presidential Decree No. 4 (National Grains Authority Act), as amended, is hereby further amended to read as follows:

"Section 6 (a) Powers

"(xii) To establish rules and regulations governing the importation of rice and to license, impose and collect fees and charges for said importation for the purpose of equalizing the selling price of such imported rice with normal prevailing domestic prices.

"In the exercise of this power, the Council after consultation with the Office of the President shall first certify to a shortage of rice that may occur as a result of a short-fall in production, a critical demand-supply gap, a state of calamity or other verified reasons that may warrant the need for importation: Provided, That this requirement shall not apply to the importation of rice equivalent to the Minimum Access Volume obligation of the Philippines under the WTO. The Authority shall undertake direct importation of rice or it may allocate import quotas among certified and licensed importers, and the distribution thereof through cooperatives and other marketing channels, at prices to be determined by the Council regardless of existing floor prices and the subsidy thereof, if any, shall be borne by the National Government."

SECTION 6. Tariffication. – In lieu of quantitative restrictions, the maximum bound rates committed under the Uruguay Round Final Act shall be imposed on the agricultural products whose quantitative restrictions are replaced by this Act. The President shall issue the corresponding tariffs beginning 1996 up to year 2000: Provided, That the schedule of the initial and final applied rates shall be consistent with the country's tariff binding commitments.

In case of shortages or abnormal price increases in agricultural products, whose quantitative restrictions are lifted under this Act, the President may propose to Congress, revisions, modifications or adjustments of the Minimum Access Volume (MAV): Provided, however, That in the event Congress fails to act after fifteen (15) days from receipt of the proposal, the same shall be deemed approved.

SECTION 7. Mechanism for the Implementation of Minimum Access Volume (MAV). – An equitable and transparent mechanism for allocating the Minimum Access Volume (MAV) of agricultural products, whose quantitative restrictions are herein lifted, shall be developed and established, having the least government intervention, addressing the requirements of each geographical area, and without entailing any cost to importers/users of these products to the detriment of local consumers and other end-users.

For this purpose and in accordance with the above mentioned guiding principles, the Cabinet Committee created by Memorandum Order No. 245 dated December 13, 1994 to oversee and manage the minimum access quotas committed by the Philippines under the General Agreement on Tariffs and Trade Uruguay Round with the inclusion of the National Economic Development Authority (NEDA), and in consultation with all concerned agricultural farmer/ producer/ processor/ importer groups, shall submit to Congress within a period of sixty (60) days from the effectivity of this Act, the appropriate mechanism for the implementation of the minimum access volumes.

SECTION 8. Agricultural Competitiveness Enhancement Fund. – To implement the policy enunciated in this Act, there is hereby created the Agricultural Competitiveness Enhancement Fund, hereinafter referred to as the Fund. The proceeds of the importation of minimum access volume shall accrue to the General Fund and shall be deposited with the National Treasury.

The entire proceeds shall be set aside and earmarked by Congress for irrigation, farm-to-market roads, post-harvest equipment and facilities, credit, research and development, other marketing infrastructure, provision of market information, retraining, extension services, and other forms of assistance and support to the agricultural sector.

The Committees on Agriculture and Food, Appropriations and Finance of both the Senate and the House of Representatives shall conduct a periodic review of the use of the Fund. The Fund shall have a life of nine (9) years, after which all remaining balances shall revert to the General Fund.

SECTION 9. Repealing Clause. – All laws, decrees, executive issuances, rules and regulations inconsistent with this Act are hereby repealed and modified accordingly.

SECTION 10. Separability Clause. – The provisions of this Act are hereby declared to be separable, and in the event one or more of such provisions are held unconstitutional, the validity of the other provisions shall not be affected thereby.

SECTION 11. Effectivity. – This Act shall take effect thirty (30) days from the date of its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved.

(Sgd.) **NEPTALI A. GONZALES**
President of the Senate

(Sgd.) **JOSE DE VENECIA, JR**
Speaker of the House of Representative

This Act which is a consolidation of House Bill No. 6436 and Senate Bill No. 1450 was finally passed by the House of Representatives and the Senate on March 27, 1996 and March 26, 1996, respectively.

(Sgd.) **HEZEL P. GACUTAN**
Secretary of the Senate

(Sgd.) **CAMILO L. SABIO**
Secretary-General of the House of
Representative

Approved: 28 March 1996

(Sgd.) **FIDEL V. RAMOS**
President of the Philippines