

GENERAL AGREEMENT ON TARIFFS AND TRADE

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ACCESSION OF THE PHILIPPINES

Notification by the Government of the Philippines

The following communication, dated 19 October 1984, has been received from the Permanent Mission of the Philippines.

I have the honour to quote hereunder the text of notification on the steps taken by the Philippine Government in respect of paragraph 3 of the Protocol for the Accession of the Philippines to the General Agreement on Tariffs and Trade (BISD 20th supplement, 192-196).

"The Government of the Philippines has the honour to refer to paragraph 3 of its Protocol for Accession to the General Agreement on Tariffs and Trade, and to notify that it has already taken steps towards the alignment of its internal taxes on domestically produced goods with those of their imported counterparts by virtue of four (4) executive issuances as follows:

1. Executive Order No. 883 (issued on March 16, 1983) providing for a 25 per cent uniform mark-up on imported goods, regardless of essentiality of the product, for the purpose of computing the advance sales tax;
2. Executive Order No. 924 (issued on November 16, 1983) modifying the retail price bases of specific taxes on cigarettes, adjusting the tax rates due thereon and at the same time equalizing the specific tax on imported cigarettes with locally manufactured cigarettes priced at the top rate. The retail prices of imported cigarettes in the Philippines had always been equal to if not exceeding the highest retail price of locally produced cigarettes;
3. Executive Order No. 947 and Presidential Decree No. 1959 (issued on March 29, 1984 and October 10, 1984, respectively) unifying the rates for locally produced and imported distilled spirits, wines and fermented liquor under sections 145, 146, and 147 of the tax code;
4. Presidential Decree No. 1959 (issued October 10, 1984) unifying the specific tax on cinematographic films under section 157 of the tax code at pesos 0.70 per linear meter.

While the Government of the Philippines recognizes that some more steps have to be taken towards full compliance with its GATT obligation, this task has somewhat been overshadowed by the larger concern which the

Philippines is currently facing, that of acute imbalance of payment problems and the need for revenue build-up to be reported by the Philippines in its consultations with the Committee on Balance-of-Payments Restrictions in October 1984.

In this regard, the Government of the Philippines, in the light of its current development, financial and trade needs, wishes to request for a five year extension of the original grace period to allow for more time within which the differential rate of sales taxes with respect to items listed in document L/4724/Add.1 could be brought into line with Article III of the General Agreement.

The Government of the Philippines wishes to emphasize, however, that it had put forth its best effort to comply with the letter and spirit of GATT Article III."

I would appreciate it if this notification could be circulated to the contracting parties and considered by the GATT Council at its meeting scheduled early in November.

Copies of the aforementioned executive orders shall shortly be made available to the secretariat.¹

This notification will be considered by the Council at its next meeting.

¹The texts of the executive orders are available in the secretariat for consultation by interested delegations (Development Division, Room 2010).