

[REPUBLIC ACT NO. 2261, June 19, 1959]

AN ACT TO PROMOTE ECONOMIC DEVELOPMENT BY GIVING INCENTIVES TO MARGINAL AND SUB-MARGINAL INDUSTRIES.

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

SECTION 1. Any provision of law to the contrary notwithstanding, subject to the conditions hereinafter provided the following products, to wit: marginal domestic mineral products, specifically, ores or concentrates of copper, iron, refractory chrome or metallurgical chrome, manganese, quicksilver, either as principal or as by-product, and coal; muscovado sugar and class "d" sugar; embroidery; pearl buttons; low-grade hemp and products made thereof; saw logs (non-exportable grade), low-grade lumber and low-grade veneers; railway ties; cigars and low-grade tobacco; coconut coir fiber; industrial salt; cassava and products made thereof; snake and crocodile skins; and peanuts, may be exported on a commodity-to-commodity trade basis to countries with which the Philippines has diplomatic relations, provided:

1. said products cannot be sold profitably for dollars or other freely convertible currency in foreign markets, taking into account sound business management and accepted business practices; and
2. an adequate supply of said products to meet local requirements is assured.

The exportation of any of the above-enumerated products shall not be allowed without prior certification which shall be made by the National Economic Council within sixty days after the approval of this Act, to the effect that the conditions above provided are fully met with respect to such product. The National Economic Council shall conduct a continuous study and survey of all marginal and sub-marginal industries and shall, at least ten days before the opening of the regular sessions of Congress every year recommend to Congress which among such industries deserve to be given or deprived of the incentive granted under this Act.

SEC. 2. No exportation under this Act shall be allowed without a Commodity Trade Permit to be issued by the Producers Incentives Board created under Section five hereof, hereinafter referred to as the Board. Permit to trade under this Act shall:

1. be granted only to natural-born citizens of the Philippines and to associations, partnerships and corporations organized and established prior to the approval of this Act, at least sixty per cent of the capital of which is owned by citizens of the Philippines. In the case of associations, partnerships or corporations organized after the approval of this Act, permit to trade shall be granted only to those the capital of which is wholly owned by natural-born citizens of the Philippines: *Provided, however,* That permit to trade shall likewise be granted to associations, partnerships or corporations organized and established in the

Philippines prior to February eight, nineteen hundred thirty-five regardless of capital ownership;

2. be granted only to *bond fide* direct or original producers of the commodity to be exported, or to associations of bond fide direct or original producers and not to middlemen, save in the case of embroidery wherefore permit to trade may be granted to Filipino contractors;
3. not be sold, transferred, or in any manner disposed of or indorsed by the grantee;
4. not be amended so as to authorize the importation of any foreign commodity other than that applied for in the original application for such permit;
5. upon issuance of the Board, be given due course by government offices, agencies and instrumentalities, and shall constitute sufficient authority for the person, association, partnership or corporation named therein to ship Philippine products and import the foreign commodity⁹ covered by said permit.

SEC. 3. The foreign commodities allowed to be imported in exchange for products exported under this Act shall be limited to Essential Producer Goods (EP), Semi-essential Producer Goods (SEP) and Essential Consumer Goods (EC), the first two categories to comprise at least sixty per cent of the total imports, and their importation shall be made only upon prior valuation and approval by the Board for specific goods to be imported.

The imported commodities shall be delivered only to the person, association, partnership or corporation named in the permit.

The classification of commodities whose importation is allowed under this Act shall be governed by the Central Bank Statistical Classification of Commodities (SCC) as revised on December first, nineteen hundred and fifty-eight, or as in the future may accordingly be revised.

SEC. 4. Grantees of the permit authorized to be issued under this Act shall undertake:

1. to bring into the Philippines all the commodities acquired by them from abroad through the trade authorized under this Act;
2. to ship the authorized export products to no other consignee and to no other place of destination than these designated in the permit;
3. not to operate so as to alter the terms and conditions of the permit without prior authorization from the Board. For the protection of the rights of legitimate quota holders for products subject to quota under Republic Act Numbered sixteen hundred and two pursuant to the Revised Trade Agreement between the United States of America and the Republic of the Philippines of September, nineteen hundred fifty-five, should the export product authorized under this Act be a quota product as above-provided and the same should be exported to the United States of America, the Board shall require the grantee to post a sufficient bond in favor of the quota holders whose rights may be affected to cover the payment of the corresponding tariff dues should the export be charged against the quota for said product.

SEC. 5. To implement the provisions of this Act there is hereby created the Producers Incentives Board which shall be composed of the Secretary of Commerce and Industry, as Chairman, and the Director of Mines, the Director of Forestry, the