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SENATE
P. S. R. No. 1058

RECEIVED BY



Introduced by Senator Miriam Defensor Santiago

RESOLUTION

DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY,
IN AID OF LEGISLATION, ON THE ALLEGED IMPOSITION OF CUSTOMS
DUTIES AND TARIFFS ON IMPORTED BOOKS BY THE BUREAU OF CUSTOMS,
IN VIOLATION OF THE FLORENCE AGREEMENT

WHEREAS, the Constitution, Article 2, Section 17, states that “The State shall give priority to education, science and technology, arts, culture, and sports to foster patriotism and nationalism, accelerate social progress, and promote total human liberation and development”;

WHEREAS, the *Philippine Star*, in its 10 May 2009 issue, reported that Filipino book lovers are up in arms over the Bureau of Customs’ (BOC) revised interpretation of Republic Act No. 8047, or the Book Publishing Industry Development Act;

WHEREAS, the pertinent portions of Republic Act No. 8047 states:

Sec. 12. Incentives for Book Development. — Persons and enterprises engaged in book publishing and its related activities duly registered with the National Book Development Board shall be entitled to the applicable fiscal and non-fiscal incentives as provided for under Executive Order No. 226, otherwise known as the Omnibus Investment Code, as amended, subject to the qualifications and requirements set by the Board of Investments: Provided, That book development activities shall always be included in the Investment Priorities Plan (IPP).

In the case of tax and duty-free importation of books or raw materials to be used in book publishing, the Board and its duly authorized representatives shall strictly monitor the quality and volume of imported books and materials as well as their distribution and the utilization of the said imported materials.

The Board shall also recommend to the proper prosecuting agencies any violations of the conditions of the duty-free importation.

Books, magazines, periodicals, newspapers, including book publishing and printing, as well as its distribution and circulation, shall be exempt from the coverage of the expanded value added tax law.

WHEREAS, in the past, the BOC did not impose import duties and taxes on books, based on Section 12 of RA 8047;

WHEREAS, the BOC has reportedly reinterpreted Section 12 of RA 8047 to mean that “only books or raw materials to be used in book publishing” are exempt from import taxes and duties;

WHEREAS, it was reported that Finance Undersecretary Espele Sales backed the BOC’s position that there was no provision in RA 8047 granting tax-free book importation;

WHEREAS, the BOC alleged reinterpretation of RA 8047 violates the 1950 Florence Agreement on the Importation of Educational, Scientific and Cultural Materials, of which the Philippines is a state party;

WHEREAS, the Preamble of the Florence Agreement states:

The contracting States,

Considering that the free exchange of ideas and knowledge and, in general, the widest possible dissemination of the diverse forms of self-expression used by civilizations are vitally important both for intellectual progress and international understanding, and consequently for the maintenance of world peace;

Considering that this interchange is accomplished primarily by means of books, publications and educational, scientific and cultural materials;

Considering that the Constitution of the United Nations Educational, Scientific and Cultural Organization urges co-operation between nations in all branches of intellectual activity, including “the exchange of publications, objects of artistic and scientific interest and other materials of information” and provides further that the Organization shall “collaborate in the work of advancing the mutual knowledge and understanding of peoples, through all means of mass communication and to that end recommend such international agreements as may be necessary to promote the free flow of ideas by word and image”;

Recognize that these aims will be effectively furthered by an international agreement facilitating the free flow of books, publications and educational, scientific and cultural materials;

WHEREAS, Article I of the Florence Agreement states:

Article I

1. The contracting States undertake not to apply customs duties or other charges on, or in connection with, the importation of:

(a) Books, publications and documents, listed in Annex A to this Agreement; xxx

WHEREAS, Annex A of the Florence Agreement states:

Books, publications and documents

(i) Printed books.

- (ii) Newspapers and periodicals.
- (iii) Books and documents produced by duplicating processes other than printing.
- (iv) Official government publications, that is, official, parliamentary and administrative documents published in their country of origin.
- (v) Travel posters and travel literature (pamphlets, guides, time-tables, leaflets and similar publications), whether illustrated or not, including those published by private commercial enterprises, whose purpose is to stimulate travel outside the country of importation.
- (vi) Publications whose purpose is to stimulate study outside the country of importation.
- (vii) Manuscripts, including typescripts.
- (viii) Catalogues of books and publications, being books and publications offered for sale by publishers or booksellers established outside the country of importation.
- (ix) Catalogues of films, recordings or other visual and auditory material of an educational, scientific or cultural character, being catalogues issued by or on behalf of the United Nations or any of its Specialized Agencies.
- (x) Music in manuscript or printed form, or reproduced by duplicating processes other than printing.
- (xi) Geographical, hydrographical or astronomical maps and charts.
- (xii) Architectural, industrial or engineering plans- and designs, and reproductions thereof, intended for study in scientific establishments or educational institutions approved by the competent authorities of the importing country for the purpose of duty-free admission of these types of articles.

The exemptions provided by Annex A shall not apply to:

- (a) Stationery;
- (b) Books, publications and documents (except catalogues, travel posters and travel literature referred to above) published by or for a private commercial enterprise, essentially for advertising purposes;
- (c) Newspapers and periodicals in which the advertising matter is in excess of 70 per cent by space;
- (d) All other items (except catalogues referred to above) in which the advertising matter is in excess of 25 per cent by space. In the case of travel posters and literature, this percentage shall apply only to private commercial advertising matter;

WHEREAS, Sales allegedly stated that novels and reading books are not covered by the Florence Agreement because they are “not educational”;

WHEREAS, the BOC's imposition of import duties and taxes also contravene RA 8047, which states:

Sec. 4. National Book Policy. — The National Book Policy shall conform to the policy provided for in Section 2 hereof and shall have the following basic purposes and objectives:

xxx xxx xxx

(j) to reaffirm and ensure the country's commitment to the UNESCO principle of free flow of information and other related provisions as embodied in the Florence Agreement and in other similar international agreements;

WHEREAS, it was reported in various media that customs officials are now imposing one percent and five percent taxes for educational and non-educational books, respectively, and led local booksellers to "comply under protest" in paying these duties and tariffs;

WHEREAS, it was further reported that "the imposition of duties on foreign books has caused book importers to reconsider future importations due to higher importation costs for the books"; foreign books have become pricey and are in danger of becoming scarce or completely unavailable in local bookstores;

WHEREAS, legislation should look into whether the Philippine government may be violating international law through the BOC's interpretation of the Florence Agreement, R.A. No. 8047, and related laws;

WHEREAS, legislation should aim to strike a balance between revenue enhancement and Filipino citizens' right to education and information provided by the Constitution and international law;

WHEREFORE, be it hereby resolved by the Philippine Senate, to conduct an inquiry, in aid of legislation, on the alleged imposition of customs duties and tariffs on imported books by the Bureau of Customs, in violation of the Florence Agreement.

Adopted,


MIRIAM DEFENSOR SANTIAGO
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