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VOL. II

NO. 95

MONDAY, MAY 29, 2000

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to which it requests the concurrence of the Senate.

Very truly yours,

(Sgd.) ROBERTO P. NAZARENO  
Secretary General

The President. Referred to the Committees on Education, Arts and Culture; and Finance.

#### BILL ON FIRST READING

The Secretary. Senate Bill No. 2046, entitled

AN ACT SEPARATING THE MERIDA VOCATIONAL SCHOOL-MARGEN ANNEX LOCATED IN BARANGAY MARGEN IN THE CITY OF ORMOC, PROVINCE OF LEYTE FROM THE MERIDA VOCATIONAL SCHOOL AND CONVERTING THE SAME INTO AN INDEPENDENT NATIONAL HIGH SCHOOL TO BE KNOWN AS THE MARGEN NATIONAL HIGH SCHOOL AND APPROPRIATING FUNDS THEREFOR

Introduced by Senator Serge Osmeña

The President. Referred to the Committee on Rules.

The Majority Leader is recognized.

#### SUSPENSION OF SESSION

Senator Tatad. Mr. President, I move that we suspend the session for one minute.

The President. Is there any objection? [Silence]  
There being none, the session is suspended for one minute.

*It was 4:27 p.m.*

#### RESUMPTION OF SESSION

*At 4:44 p.m. the session was resumed.*

The President. The session is resumed.

BILL ON SECOND READING  
S. No. 2033--Safeguard Measures Act of 2000  
(Continuation)

Senator Tatad. Mr. President, I move that we resume consideration of Senate Bill No. 2033 as reported out under Committee Report No. 230.

The President. Is there any objection? [Silence] There being none, the motion is approved.

The President. Is there any objection? [Silence] There being none, resumption of consideration of Senate Bill No. 2033 is now in order.

Senator Tatad. Mr. President, we are still in the period of interpellations. I ask that the sponsor, Sen. Ramon B. Magsaysay Jr., be recognized; and to interpellate, the distinguished Minority Leader.

The President. Sen. Ramon B. Magsaysay Jr. and the Minority Leader are hereby recognized.

Senator Guingona. Thank you, Mr. President. Will the distinguished sponsor yield for some questions?

Senator Magsaysay. Willingly, Mr. President.

Senator Guingona. Mr. President, may we know what is the definition of "agricultural products" covered under the WTO Agreement?

Senator Magsaysay. It is defined in Section 4, paragraph (a) on page 1. Does the distinguished gentleman want a list of the agricultural products?

Senator Guingona. Just the definition, Mr. President.

Senator Magsaysay. It is in Section 4, paragraph (a).

Senator Guingona. What is an "agricultural product"? This is a product covered under the WTO Agreement.

Senator Magsaysay. May I quote the definition, Mr. President.

"Agricultural product" refers to a specific commodity listed as an 8-digit item under Chapters 1 to 24 of the Harmonized System (HS) of Commodity Classification as used in the Tariff and Customs Code of the Philippines. For purposes of applying special

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safeguard measures in agriculture, "agricultural product" refers to a product covered under the WTO Agreement on Agriculture, whose quantitative import restriction had been converted into ordinary customs duties...

Senator Guingona. Thank you.

Mr. President, earlier, I had an understanding with Sen. Sergio Osmena that he take the initiative in the interpellation and I am willingly giving way to him with the reservation that after him, I will continue my interpellation.

Senator Magsaysay. All right.

The President. Sen. Sergio Osmena is therefore recognized for the period of interpellations as manifested by the Minority Leader.

Senator Osmena (S). Thank you, Mr. President. Will the kind sponsor yield for a few more questions?

Senator Magsaysay. Certainly, Mr. President.

Senator Osmena (S). Mr. President, let us go to the purpose or intention of this bill.

May we know from the distinguished sponsor why this bill entitled, "AN ACT PROTECTING LOCAL INDUSTRIES BY PROVIDING EMERGENCY SAFEGUARD MEASURES AND FOR OTHER PURPOSES" is being considered?

Senator Magsaysay. Mr. President, this is one of those measures that the country needs in order to protect from serious injury or threat our local industries--agricultural or industrial.

Senator Osmena (S). Mr. President, since the Philippines acceded to the World Trade Organization in December 1994, may we know if the distinguished sponsor has any information as to why this bill is only being considered now in the year 2000 or almost six years after we joined the WTO?

Senator Magsaysay. Mr. President, the previous Congress had wanted to pass it, but somehow it never got to

pass, although the two other measures on anti-dumping and countervailing duties are already laws. But somehow, in this third leg--it is only now after six years as the gentleman mentioned--we are again putting the effort to finally make it into a law.

Senator Osmena (S). Will the distinguished sponsor be able to tell us how it would protect particular products like sugar, chicken or coconuts? May we be more specific?

Senator Magsaysay. We can make an assumption on, let us say, coffee or....

Senator Osmena (S). May we take sugar, for example, which has been greatly affected. How would this bill affect or protect local producers?

Senator Magsaysay. In the case of sugar, Mr. President, if there is a sudden surge in the importation, in the volume of sugar and somehow it reaches a trigger level, then in the special safeguard, the Secretary of Agriculture can immediately impose an increase on the tariff of sugar.

Senator Osmena (S). Let us explore that a little bit further.

First, under the special safeguards, there are two actions that can be undertaken--the trigger price or the trigger volume. Am I correct?

Senator Magsaysay. That is correct, Mr. President.

Senator Osmena (S). All right. Let us talk about the trigger price. What does the WTO say? What is the baseline for determining what that trigger price will be?

Senator Magsaysay. I think the baseline would be based on the preceding three years--1986 to 1988.

Senator Osmena (S). That is not correct, Mr. President.

Senator Magsaysay. There is a section 21 here....

Senator Osmena (S). Does the distinguished gentleman mean 1986, not three years preceding the import surge?

Senator Magsaysay. Yes, Mr. President.

Senator Osmena (S). All right, 1986. Let us say the world market price is the same, Mr. President. But in 1986, what was the peso-dollar exchange rate?

Senator Magsaysay. In 1986, it would be about P26.50.

Senator Osmena (S). Let us say, it was P25, to round off. What is the peso-dollar exchange rate today?

Senator Magsaysay. It is about P42 to P43 to a dollar.

Senator Osmena (S). Therefore, \$1 was P26 in 1986 to 1988 and \$1 today is P41, P42 or even P43. In what way can this particular clause on trigger prices protect the sugar producer?

Senator Magsaysay. This would be based on the dollar.

Senator Osmena (S). I would be very happy, Mr. President, if it would be based on the dollar. But under Article 5 of the WTO, entitled Special Safeguard Provisions on the Agreement on Agriculture, Section 1 (b) says "that the price at which the import of that product may enter the customs territory of the member granting the concession as determined on the basis of the CIF import price of the shipment concerned expressed in terms of its domestic currency"—can I repeat that, "expressed in terms of its domestic currency falls below a trigger price equal to the average 1986 to 1988 reference price for the product concerned."

So, can the gentleman perhaps revisit his answer, Mr. President? Seeing that it will be expressed in domestic currency, in other words, in pesos, how can the trigger price option under the special safeguard provision now protect our sugar or any other products that are imported where like product is also being produced domestically?

Senator Magsaysay. What section is this, Mr. President?

Senator Osmena (S). In the gentleman's bill, Mr. President?

Senator Magsaysay. Yes.

Senator Osmena (S). In the gentleman's bill, it is under Special Safeguards, the trigger price mechanism.

Senator Magsaysay. Is that in Section 21?

Senator Osmena (S). Section 21, yes, Mr. President. But what I quoted to the gentleman was Article 5 of the WTO Agreement on Agriculture, which determines that the prices shall be expressed in terms of the domestic currency of the member country and not in dollar, yen or in euro terms.

Senator Magsaysay. Yes, the CIF.

Senator Osmena (S). That is correct, Mr. President.

Senator Magsaysay. There are really inherent difficulties in the trigger price provision. I would accept any amendment if we have to compensate for these inherent difficulties.

Senator Osmena (S). I thank the gentleman for that.

That is why on the previous session day, when I interpellated the gentleman, I had been asking for additional protections such as the use of quantitative restrictions in the provisional safeguard, for the simple reason that the special safeguards for trigger price are hardly usable because of our devaluation.

What about the trigger volume, Mr. President? Let us take up the case of sugar or chicken or even coffee. How will it protect those people producing these? Can the gentleman give us a specific example?

Senator Magsaysay. If the gentleman can please refer to Section 20. So we are now looking at the Volume Test.

Senator Osmena (S). That is correct, Mr. President.

Mr. President, what I am trying to say is this, so we can short cut this discussion if the gentleman does not mind.

Senator Magsaysay. Yes, please.

Senator Osmena (S). In the last three years, the import surges have already been such that the baseline for the average of the previous or the preceding three years as determined by the WTO Agreement is already--as Dr. Flavier would say, "mute and epidemic,"--moot and academic because hindi na natin magagamit, nagkaroon na ng import surges. So, mataas na iyong baseline numbers natin.

In other words, we also missed out on passing this bill earlier. We should have passed this bill in about 1996. That was before the import surges happened and our previous baselines for the years 1993, 1994, and 1995 would have been much lower. It would have been a good trigger point. But right now, we have allowed so much imports already that our base import quantities are going to be very high such that it cannot enable the bill to afford the degree of protection it wants to give to the producers of the agricultural products in this country.

So, these are both under the Special Safeguards which are only applicable to agricultural products. We know that we can hardly use the trigger price or trigger volume effectively in protecting our producers because we are too late on that score. We could pass this bill, but still in the case of sugar, coffee or chicken, we cannot use it effectively anymore. Because we have allowed so much imports on these products for the last three years.

Senator Magsaysay. The figure volume is based on the last three representative years and does not include the years with the import surges. So, it could be in the years 1995, 1996 and 1997, and not in the years 1986, 1987, and 1988.

Senator Osmena (S). May we have that section, Mr. President?

Senator Magsaysay. This is the one that we used, the example of chicken, using 1995, 1996, and 1997 as the representative years and the import surge years are not included as representative years.

Senator Osmena (S). May we kindly have the section where it provides that. I remember such a section, but I cannot find it now. Where was that section? Is it Section 20 or Section 21?

Senator Magsaysay. Section 20, according to my co-sponsor.



Senator Osmena (S). Which particular section, is that Section 19(a) or (b)? *[Silence]*

#### SUSPENSION OF SESSION

Senator Magsaysay. May I move that we suspend the session for one minute, Mr. President.

The President. The session is suspended for one minute, if there is no objection. *[There was none.]*

*It was 5:02 p.m.*

#### RESUMPTION OF SESSION

*At 5:03 p.m., the session was resumed.*

The President. The session is resumed.

Senator Magsaysay is recognized.

Senator Magsaysay. Mr. President, owing to some inconsistencies, maybe the gentleman from Cebu will allow the sponsor to have the staff go through this to correct certain inconsistencies. Or even better yet, since this is a very important measure, for the gentleman to assist, since being the Chairman of the Committee on Agriculture, he is very much attuned to the needs of the department and the industry in crafting some of the provisions.

Senator Osmena (S). I thank the gentleman for that, Mr. President. That is very kind, but the wording of Section 20 is really according to the WTO. We cannot change it. What I am saying is that under WTO rules, we cannot take advantage of it anymore kasi nagkaroon na tayo ng import surges.

But I find nothing wrong with Section 20 because this is in accordance with the WTO Special Safeguard Measure. For example, let me read it into the *Record*, Mr. President, the import surge for sugar: for 1997 our imports amounted to 21,682,259 kgs.; for 1998 it jumped five times to 101,557,743 kgs. and for 1999 it even went higher to 135,417,000 kgs. So, if we are to take the average of these three years here, mataas na ho. If we had been allowed to take 1997, 1996 and 1995, yes, I would admit it would afford our producers the measure of protection that was the intent

of the Special Safeguard bill. But since we are a little bit too late in considering this bill then, what I maintain, Mr. President, is hindi talaga makakatulong in many of our critical domestic agricultural products. The protection that is offered by the Special Safeguard for agricultural products. It cannot really help, that is why I am looking for other ways to compensate.

Senator Magsaysay. I understand, Mr. President.

Senator Osmena (S). Now, Mr. President, another point.

This representation would like to suggest, with the permission of the distinguished sponsor, that aside from including the imposition of quantitative restrictions under Section 8, under Provisional Measures, we revisit also the Tariff and Customs Code.

For example, Mr. President, let me ask the distinguished sponsor: What is the out-quota tariff for sugar?

Senator Magsaysay. Presently, 65%, Mr. President.

Senator Osmena (S). That is 65% for non-AFTA. What is it for AFTA, 50%?

Senator Magsaysay. That is for non-AFTA, 65%.

Senator Osmena (S). And for AFTA, 50%.

Let us say that the Secretary of the Department of Agriculture determines that there is an import surge which could cause or is threatening to cause serious injury to domestic producers and he uses the tariffication provision to implement a safeguard measure.

By how much can we increase the out-quota tariff for AFTA members because our biggest suppliers will be Thailand, in the case of sugar? By how much can it be increased?

Senator Magsaysay. For AFTA, I understand, it is up to one-third of the existing. So, if it is 50%, we get one-third for the special safeguard. That is about 17 1/3%.

Senator Osmena (S). It is 17 1/3%. What about for the general safeguards?

Senator Magsaysay. This can be up to 100%.

Senator Osmena (S). Let me be liberal. Let us say, 100%.

Senator Magsaysay. If it is 100% of the 65%, so, another 65% or a total of 130%.

Senator Osmena (S). May we know from the sponsor what the world market price for sugar today is? Let us use sugar No. 11 on the Chicago Futures Exchange.

Senator Magsaysay. My staff is still looking for it. Maybe the gentleman can tell us.

Senator Osmena. It is about \$0.07 per pound.

Senator Magsaysay. All right.

Senator Osmena. So, 50% tariff on P0.07--let us forget cargo and freight just for purposes of simplification--is about P0.035 tariff.

The Philippine cost of production is P0.19 a pound. Even if we increase the P0.035 tariff by 100% to P0.07, the landed cost before taking into consideration the freight, insurance, and handling would be about P0.14.

Now, in the gentleman's opinion, would that be enough to protect our local sugar producer?

Senator Magsaysay. I do not think so, Mr. President.

Senator Osmena (S). That is why perhaps we can also include, with the permission of the distinguished sponsor, an additional paragraph or provision under Section 8 which would remove the maximum level of 100% tariff rate which is provided in Section 401A of our Tariff and Customs Code.

Because what we did in the Tariff and Customs Code is to limit increases in tariff to 100%. But sometimes, I believe, in special instances, we need more than 100%.

So, would the gentleman be open to considering favorably an amendment, during the period of amendments, a provision for removing the limitation?

Senator Magsaysay. I will accept that, Mr. President.

Senator Osmena (S). Thank you, Mr. President.

Senator Magsaysay. Due to the graphic example that the gentleman mentioned about the tariff of P0.035 even if we increase it--the cost of sugar worldwide is P0.07 per pound plus the tariff of even doubled to P0.07--it is still way below the P0.19 of our own local production cost.

Senator Osmena (S). As a matter of fact, Mr. President, just to repeat the information that this representation offered the other day, the equivalent duty on sugar imports charged by the United States is a specific tax of P0.16 a pound.

Wala silang percent doon. Specific tax ang ginagamit. In Japan naman, 300% ad valorem tax in sugar. But here we are, a poor country, we are charging only 50% ad valorem tax on out-quota importations.

Senator Magsaysay. We will have to correct that.

Senator Osmeña (S). Thank you, Mr. President.

Senator Magsaysay. Because the industry is so important socially and economically, we cannot do less than try to protect that situation to give them, at least, temporarily, their competitive advantage.

Senator Osmeña (S). Another point I would like to make in the argument for quantitative restrictions as a professional safeguard. In the sugar industry, for example, or in the chicken industry--and this representation, by the way, stands corrected in having made the assertion that Administrative Order No. 16 was a quantitative restriction. It is not--the Secretary of Agriculture wisely reverted to the use of sanitary and phytosanitary measures in much the same way that Australia is using that tool against the Philippines, or Philippine agricultural imports. America also uses it against us.

But in any case, what I was trying to say is that after we will have used up our sanitary and phytosanitary measures against U.S. imports, the Secretary of Agriculture will have no more weapon to use because America's products meet our sanitary and phytosanitary standards. It was just that in the implementation of the chicken imports, they were allowing the traders and the importers and the integrators and the users and consumers to first import the chicken leg quarters into the Philippines and then go to the DA to apply

for a VQC, which is a Veterinary Quarantine Clearance. And now Mr. Angara says that importers will have to apply for VQCs before they ship the chicken out of the United States. But since U.S. chickens more than meet the sanitary and phytosanitary standards we have, I think this is a measure that is only good for three or four months. Then after that, the flood of chickens will start coming in again, Mr. President.

So I apologize to the Secretary of Agriculture for having called AO No. 16 a quantitative restriction. It was an SPS restriction.

Mr. President, going back to my earlier question, can the good gentleman tell us what would happen, for example, if suddenly there is a legitimate import surge in chicken, with VQCS or sugar imports, and all that the Secretary of Agriculture is allowed to do to implement a provisional safeguard measure is increased tariffication?

Senator Magsaysay. The fact that the limit is up to 100% does not mean that we will have bridged the level of competitiveness of our local industry. So maybe he will have to revert, as an ultimate alternative, to a quantitative volume restriction.

Senator Osmeña (S). Even for provisional.

Senator Magsaysay. Yes, it could be.

Senator Osmeña (S). Yes, sugar, for example, suffers a long season, and the shortage of sugar since it is only harvestable once a year, comes during the lean months from June, July, August and September. And if the Secretary cannot move right away for importations made in June, July, August and September, it would be useless to go through that long process to establish whether there has already been injury because it will have caused the injury already and it would be too late to correct it.

In any case, Mr. President, going to another matter, would the good gentleman consider the--Let me refer to page 4, Section 6, lines 14 to 16, which reads:

The Secretary shall review the accuracy and inadequacy of the evidence adduced in the petition to determine the existence of a *prima facie* case within five (5) days from receipt of the petition that will justify the initiation of a preliminary investigation.

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Would the sponsor consider an amendment that would require the Secretary to initiate action upon the request of the President, or a resolution of the House or the Senate Committee on Agriculture, or House or Senate Committee on Trade and Commerce?

Senator Magsaysay. I do not think that is.... I think this can be to strengthen and to make it more responsive, time-wise. I think that is in the House version and I have no objection if that is going to be introduced here.

Senaton Osmena (S). I thank the gentleman for that, Mr. President.

Senator Magsaysay. Actually, that is in the House version, but earlier, we have thought that since the Secretary is the appointee of the President and since there will be a lot of issues on this and for us to go back to the legislature and trigger this, this will make it appear, as far as the Secretary is concerned, that he is not responsive. After all, the President can just order his Cabinet member to do this with dispatch. But if the gentleman feels that this should be for emphasis and for the alternative of the industry, if the Secretary is not responsive, then I have no objection of he introduces such a proposal.

Senator Osmena (S). Mr. President, I agree with the observation of the distinguished sponsor that upon the request of the President, it might really be superfluous because the Secretary is the alter ego of the President and he will take directions from the President. And this particular provision does not pertain to the incumbent Secretary of Agriculture because we know how responsive he has been to the plight of the local producers.

This provision takes into consideration that we may in the future have a Secretary of Agriculture who will not be as responsive. And since we all know that a resolution that passes the Senate or the House goes through a process of hearings, deliberations on the Floor which may even take time, perhaps, this is just a safeguard for farmer groups to allow their grievances to be addressed whoever the Secretary of Agriculture in the future might be if that Secretary is not as responsive as we would want him to be.

Senator Magsaysay. I understand, Mr. President. We have no objection if that approach would be introduced.

Senator Osmena (S). After line 24, on page 5, Mr. President, between lines 21 to 24, still on Section 6 on

page one. I am sorry, I guess I am using a different copy, this is my internal copy. I should not have done that.

But is the Secretary required to extend legal, technical or other assistance to domestic producers whose organizations are not financially equipped to deal with such legal actions?

Senator Magsaysay. What section again and line?

Senator Osmena (S). This is a new paragraph that this representation is proposing, still under Section 6.

If there are groups of poor farmers, for example, let us say, coffee farmers who may want to initiate action on general or special safeguards but who do not have the funds to hire the lawyers and go through a process, would the sponsor have any objection if the Secretary be given the discretion to extend legal, technical and other assistance to concerned domestic producers and their organizations at the discretion of the Secretary, of course?

Senator Magsaysay. I believe that the Secretary must help even financially or offer legal assistance and all the necessary support, especially if these are sectors that do not have the corporate heft. I think that is the objective of our governance, Mr. President. And if there is any introduction of such to make it clear, I will accept that proposal.

Senator Osmeña (S). I would like to thank the sponsor for that answer, Mr. President.

Senator Magsaysay. According to the staff of the Department of Agriculture, the department is already extending legal assistance to indigent farmers through the ERAP legal fund. Of course, this is an acceptable initiative.

Senator Osmeña (S). I would like to thank the sponsor for that, Mr. President.

Mr. President, in Section 12, *Adoption of Definitive General Safeguard Measures*, there is mention of a "tariff quota rate." May we be elucidated on what a "tariff quota rate" means?

Senator Magsaysay. Is the gentleman on Section 12?

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Senator Osmeña (S). Section 12.

Senator Magsaysay. What line, Mr. President?

Senator Osmeña (S). I guess the sixth line, second paragraph. It reads:

Upon its positive final determination, the Commission shall recommend to the Secretary an appropriate general safeguard measure, in the form of either a tariff adjustment, increase in tariff quota rate and/or reduction in the market access commitments or a quantitative import restriction.

How are we to understand the meaning of the phrase "tariff quota rate?"

#### SUSPENSION OF SESSION

Senator Magsaysay. Mr. President, I move that we suspend the session for one minute.

The President. Is there any objection? [Silence]  
There being none, the session is suspended for one minute.

*It was 5:22 p.m.*

#### RESUMPTION OF SESSION

*At 5:23 p.m., the session was resumed.*

The President. The session is resumed.

Senator Osmeña (S). Mr. President.

The President. Sen. Sergio R. Osmeña III is recognized.

Senator Osmeña (S). Mr. President, there is a request from the distinguished Senator from Bicol if we might suspend the interpellations for a few short minutes to consider the Absentee Voting bill.

Senator Magsaysay. I think what the Senator from Bicol wants to do for 15 minutes is equally important. So I have no objection, Mr. President. I think the Senator from Bicol wants to sponsor his Absentee Voting bill.



SUSPENSION OF CONSIDERATION OF S. NO. 2033

Senator Sotto. Mr. President, with the concurrence of the two gentlemen, may we suspend consideration of Senate Bill No. 2033 under Committee Report No. 230.

The President. Is there any objection? [Silence]  
There being none, the motion is approved.

BILL ON SECOND READING

S. No. 1746 - Absentee Voting By Qualified  
Filipinos Abroad  
(Continuation)

Senator Sotto. At this point, Mr. President, I move that we resume consideration of Senate Bill No. 1746 as reported under Committee Report No. 75.

The President. Is there any objection? [Silence]  
There being none, resumption of consideration of Senate Bill No. 1746 is now in order.

Senator Sotto. The parliamentary status, Mr. President, is that we are in the period of interpellations. I move that the Chair recognize the principal sponsor and author, Sen. Raul S. Roco, and Sen. Renato L. Compañero Cayetano for interpellation.

SUSPENSION OF SESSION

In the meantime, while Senator Roco is out of the Hall momentarily, I move that we suspend the session for one minute.

The President. Is there any objection? [Silence]  
There being none, the session is suspended for one minute.

*It was 5:25 p.m.*

RESUMPTION OF SESSION

*At 5:26 p.m., the session was resumed.*

The President. The session is resumed.

Sen. Raul S. Roco is recognized, and Sen. Renato L. Compañero Cayetano is likewise recognized.

Senator Roco. Thank you, Mr. President.

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is up. With the permission of the Chair and the sponsor, may I just postpone my interpellation to another day?

Senator Roco. If we may continue tomorrow or whatever time we are called.

Senator Cayetano. Thank you, Mr. President.

#### SUSPENSION OF SESSION

Senator Sotto. Mr. President, I move that we suspend the session for one minute.

The President. The session is suspended for one minute, if there is no objection. *[There was none.]*

*It was 5:49 p.m.*

#### RESUMPTION OF SESSION

*At 5:50 p.m., the session was resumed.*

The President. The session is resumed.

#### BILL ON SECOND READING

S. No. 2033 - Safeguard Measures Act of 2000  
(Continuation)

Senator Sotto. Mr. President, I move that we resume consideration of Senate Bill No. 2033 as reported out under Committee Report No. 230.

The President. Is there any objection? *[Silence]*. There being none, resumption of consideration of Senate Bill No. 2033 is now in order.

Senator Sotto. Mr. President, I move that Sen. Ramon B. Magsaysay Jr. and Sen. Sergio R. Osmena III be recognized.

The President. Sen. Ramon B. Magsaysay Jr. and Sen. Sergio R. Osmena III are recognized.

Senator Osmena (S). Mr. President, will the kind sponsor yield for a few more questions?

Senator Magsaysay. Yes, Mr. President.

Senator Osmena (S). Mr. President, before we suspended the interpellation 30 minutes ago--but defined by Senator Roco as a senatorial 10 minutes--we asked for the definition of "tariff quota rate" as used in Section 12.

Senator Magsaysay. Actually, there is a typographical error here, Mr. President. It should be "tariff rate quota" and not "tariff quota rate." The "tariff rate quota" is the minimum access volume or MAV. This means that based on detariffed commodity, there is a volume commitment and the MAV holders--those importers who are importing within the quota importation--will enjoy in-quota tariff rates, which are lower than out-quota rates.

To set an example, on the matter of imported chicken, let us assume that 18,000 metric tons is the MAV. Within the MAV, the in-quota rate is 45% for chicken cuts, while the out-quota rate is 50% or only 5% over the 45% for chicken cuts. That is the difference and the definition of "tariff rate quota."

Senator Osmena (S). I thank the distinguished sponsor for that answer, Mr. President. Let us go a little further.

How is a tariff rate quota going to help the farmer as used in Section 12 which reads:

...the Commission shall recommend to the Secretary appropriate general safeguard measure, in the form of either a tariff adjustment, increase in tariff quota rate and/or reduction in the market access commitments or a quantitative import restriction.

How does an increase in the tariff rate quota on an article help the farmer or the local producer?

Senator Magsaysay. As mentioned earlier, Mr. President, this can be increased by as much as 100%.

Senator Osmena (S). No, Mr. President. We are talking now about a quota. We are not talking about a tariff rate.

Earlier, I had asked for a definition as used in this bill of "tariff quota rate." That refers to rates. But a "tariff rate quota" refers to quotas.

Senator Magsaysay. Yes, Mr. President. That is the MAV.

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Senator Osmena (S). Does this mean that the Secretary will now be empowered to lower the MAV? Because how can an increase in the MAV help the producers since the MAV enjoys preferential tariffs?

Senator Magsaysay. That is a fact, Mr. President. The Secretary can lower the MAV.

Senator Osmena (S). The Secretary can reduce our MAV, our Minimum Access Volume commitments?

#### SUSPENSION OF SESSION

Senator Magsaysay. Mr. President, I move that we suspend the session for one minute.

The President. Is there any objection? [Silence] There being none, the session is suspended for one minute.

*It was 5:55 p.m.*

#### RESUMPTION OF SESSION

*At 5:57 p.m. the session was resumed.*

The President. The session is resumed.

Senator Osmena (S). Mr. President, I have a question on Minimum Access Volume.

Senator Magsaysay. In Section 12—maybe to help us reply to the gentleman's questions—lines 5 and 6, it says: "...appropriate general safeguard measure, in the form of either a tariff adjustment, increase in tariff quota rate and/or reduction in the market access commitments"—this is the entry of volume-wise, market access commitment—or a quantitative import restriction". So, these are the actions that the Commission can recommend to the Secretary.

Senator Osmena (S). Mr. President, our question was: Can the Secretary now lower the minimum access volumes committed to the WTO? And the answer of the distinguished sponsor was in the affirmative.

Senator Magsaysay. Yes.

Senator Osmena (S). Would the gentleman like to check?

Senator Magsaysay. This is the reply of my staff, Mr. President. Because a reading again on line 6 of Section 12 is "increase in tariff quota rate and/or reduction in the market access commitments or a quantitative import restriction". I would assume that the "market access commitment" is the MAV.

Senator Osmena (S). Therefore, the tariff rate quota refers to, as I said earlier, to an MAV. Now, how does the increase--and I will repeat the question--how can an increase in the minimum access volume help the farmer?

The word used here, Mr. President, is "increase" not a "decrease."

Senator Magsaysay. Reading line 5 means "increase in the tariff rate".

Senator Osmena (S). No, Mr. President, the gentleman changed that. He just said that it was a typographical error. So that it now reads, "tariff rate quota," not "tariff quota rate."

So, if it refers to a "tariff rate quota," it means a quota given to a certain article at a certain rate. How can an increase in that quota help the farmers?

Senator Magsaysay. This is increase in tariff rate.

Senator Osmena (S). Mr. President, if the phrase is "tariff quota rate," I agree "tariff quota" modifies rate. But since the gentleman had corrected or admitted that this is a typographical error and what was meant was the phrase "tariff rate quota", "tariff rate" is now the modifier for the word "quota."

Senator Magsaysay. Mr. President, I stand corrected. This is "increase in tariff rate."

Senator Osmena (S). Mr. President, then that would be repetitious. That is already covered by the first phrase "tariff adjustment."

Senator Magsaysay. In quota tariff rate, within the MAV.

Senator Osmena (S). May I kindly refer the good gentleman to the United States Tariff and Customs Code

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because it uses "tariff rate quota." I just would like, for the record, to have "tariff rate quota" defined.

Senator Magsaysay. Mr. President, my cosponsor and I would like to have this period of interpellations be suspended because there are several provisions that have to be further....in light of the interpellations....

Senator Enrile. Mr. President.

The President. Senator Enrile is recognized, with the permission of the two gentlemen on the Floor.

Senator Enrile. May I state into the *Record* that this representation has nothing to do with the drafting of this bill. And I must say that I am very embarrassed with the way this bill was drafted.

May I request as a cosponsor of this bill that the consideration of this bill be suspended, and that it be referred back to the committee for redrafting.

#### SUSPENSION OF SESSION

Senator Tatad. Mr. President, I move that we suspend the session for one minute.

The President. Is there any objection? [*Silence*] There being none, the session is suspended for one minute.

*It was 6:04 p.m.*

#### RESUMPTION OF SESSION

*At 6:05 p.m., the session was resumed.*

The President. The session is resumed.

The Majority Leader is recognized.

#### SUSPENSION OF CONSIDERATION OF S. NO. 2033

Senator Tatad. Mr. President, after consultation with the parties, I move that we suspend consideration of Senate Bill No. 2033.

The President. Is there any objection? [*Silence*] There being none, the motion is approved.