

## [CHAPTER 244]

## AN ACT

To provide for trade relations between the United States and the Philippines, and for other purposes.

April 30, 1946  
[H. R. 5856]  
[Public Law 371]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

## TITLE I—SHORT TITLE AND DEFINITIONS

## SECTION 1. SHORT TITLE.

This Act may be cited as the "Philippine Trade Act of 1946".

## SEC. 2. DEFINITIONS.

(a) For the purposes of this Act—

(1) The term "person" includes partnerships, corporations, and associations.

(2) The term "United States", when used in a geographical sense, means the States, the District of Columbia, the Territories of Alaska and Hawaii, and Puerto Rico.

(3) The term "ordinary customs duty" means a customs duty based on the article as such (whether or not such duty is also based in any manner on the use, value, or method of production of the article, or on the amount of like articles imported, or on any other factor); but does not include—

(A) a customs duty based on an act or omission of any person with respect to the importation of the article, or of the country from which the article is exported, or from which it comes; or

(B) a countervailing duty imposed to offset a subsidy, bounty, or grant; or

(C) an anti-dumping duty imposed to offset the selling of merchandise for exportation at a price less than the prevailing price in the country of export; or

(D) any tax, fee, charge, or exaction, imposed on or in connection with importation unless the law of the country imposing it designates or imposes it as a customs duty or contains a provision to the effect that it shall be treated as a duty imposed under the customs laws; or

(E) the tax imposed by section 2491 (c) of the Internal Revenue Code with respect to an article, merchandise, or combination, 10 per centum or more of the quantity by weight of which consists of, or is derived directly or indirectly from, one or more of the oils, fatty acids, or salts specified in section 2470 of the Internal Revenue Code; or the tax imposed by section 3500 of the Internal Revenue Code.

(4) The term "Philippine article" means an article which is the product of the Philippines, unless, in the case of an article produced with the use of materials imported into the Philippines from any foreign country (except the United States) the aggregate value of such imported materials at the time of importation into the Philippines was more than twenty per centum of the value of the article imported into the United States, the value of such article to be determined in accordance with, and as of the time provided by, the customs laws of the United States in effect at the time of importation of such article. As used in this paragraph the term "value", when used in reference to a material imported into the Philippines, includes the value of the material ascertained under the customs laws of the Philippines in effect at the time of importation into the Philippines, and, if not included in such value, the cost of bringing the material to the Philippines,

"Person."

"United States."

"Ordinary customs duty."

Exceptions.

53 Stat. 267.  
26 U. S. C. § 2491 (c);  
Supp. V, § 2491 note.

53 Stat. 264, 428.  
26 U. S. C. §§ 2470,  
3500; Supp. V, § 2470  
note.

Post, p. 157.  
"Philippine article."

"Value."

Imported material.

but does not include the cost of landing it at the port of importation, or customs duties collected in the Philippines. For the purposes of this paragraph any imported material, used in the production of an article in the Philippines, shall be considered as having been used in the production of an article subsequently produced in the Philippines, which is the product of a chain of production in the Philippines in the course of which an article, which is the product of one stage of the chain, is used by its producer or another person, in a subsequent stage of the chain, as a material in the production of another article.

"United States article."

(5) The term "United States article" means an article which is the product of the United States, unless, in the case of an article produced with the use of materials imported into the United States from any foreign country (except the Philippines) the aggregate value of such imported materials at the time of importation into the United States was more than twenty per centum of the value of the article imported into the Philippines, the value of such article to be determined in accordance with, and as of the time provided by, the customs laws of the Philippines in effect at the time of importation of such article. As used in this paragraph the term "value", when used in reference to a material imported into the United States, includes the value of the material ascertained under the customs laws of the United States in effect at the time of importation into the United States, and, if not included in such value, the cost of bringing the material to the United States, but does not include the cost of landing it at the port of importation, or customs duties collected in the United States. For the purposes of this paragraph any imported material, used in the production of an article in the United States, shall be considered as having been used in the production of an article subsequently produced in the United States, which is the product of a chain of production in the United States in the course of which an article, which is the product of one stage of the chain, is used by its producer or another person, in a subsequent stage of the chain, as a material in the production of another article.

"Value."

Imported material.

(6) The term "United States duty" means the rate or rates of ordinary customs duty which (at the time and place of entry, or withdrawal from warehouse, in the United States for consumption, of the Philippine article) would be applicable to a like article if imported from that foreign country which is entitled to the lowest rate, or the lowest aggregate of rates, of ordinary customs duty with respect to such like article.

"United States duty."  
*Post*, p. 143.

(7) The term "Philippine duty" means the rate or rates of ordinary customs duty which (at the time and place of entry, or withdrawal from warehouse, in the Philippines for consumption, of the United States article) would be applicable to a like article if imported from that foreign country which is entitled to the lowest rate, or the lowest aggregate of rates, of ordinary customs duty with respect to such like article.

"Philippine duty."  
*Post*, p. 143.

(8) The term "internal tax" includes an internal fee, charge, or exaction, and includes—

"Internal tax."

(A) the tax imposed by section 2491 (c) of the Internal Revenue Code with respect to an article, merchandise, or combination, 10 per centum or more of the quantity by weight of which consists of, or is derived directly or indirectly from, one or more of the oils, fatty acids, or salts

53 Stat. 267.  
26 U. S. C. § 2491 (c);  
Supp. V, § 2491 note.

specified in section 2470 of the Internal Revenue Code; and the tax imposed by section 3500 of the Internal Revenue Code; and

53 Stat. 264, 428.  
26 U. S. C. §§ 2470,  
3500; Supp. V, § 2470  
note.  
Post, p. 157.

(B) any other tax, fee, charge, or exaction, imposed on or in connection with importation unless the law of the country imposing it designates or imposes it as a customs duty or contains a provision to the effect that it shall be treated as a duty imposed under the customs laws.

(b) For the purposes of sections 221 (b) and 321 (b), any material, used in the production of an article, shall be considered as having been used in the production of an article subsequently produced, which is the product of a chain of production in the course of which an article, which is the product of one stage of the chain, is used by its producer or another person, in a subsequent stage of the chain, as a material in the production of another article.

Post, pp. 147, 150.

(c) For the purposes of paragraphs (6) and (7) of subsection (a) of this section—

(1) if an article is entitled to be imported from a foreign country free of ordinary customs duty, that country shall be considered as the country entitled to the lowest rate of ordinary customs duty with respect to such article; and

(2) a reduction in ordinary customs duty granted any country, by law, treaty, trade agreement, or otherwise, with respect to any article, shall be converted into the equivalent reduction in the rate of ordinary customs duty otherwise applicable to such article.

(d) The terms "includes" and "including" when used in a definition contained in this Act shall not be deemed to exclude other things otherwise within the meaning of the term defined.

"Includes"; "in-  
cluding."

## TITLE II—LAWS AND PROPOSED OBLIGATIONS OF UNITED STATES

Post, pp. 153-155.

### Part 1—Customs Duties

#### SEC. 201. FREE ENTRY OF PHILIPPINE ARTICLES.

During the period from the day after the date of the enactment of this Act to July 3, 1954, both dates inclusive, Philippine articles entered, or withdrawn from warehouse, in the United States for consumption shall be admitted into the United States free of ordinary customs duty.

#### SEC. 202. ORDINARY CUSTOMS DUTIES ON PHILIPPINE ARTICLES.

Post, p. 147.

(a) JULY 4, 1954—JULY 3, 1974.—The ordinary customs duty to be collected on Philippine articles, which during the following portions of the period from July 4, 1954, to July 3, 1974, both dates inclusive, are entered, or withdrawn from warehouse, in the United States for consumption, shall be determined by applying the following percentages of the United States duty:

Determination.

(1) JULY 4 TO DECEMBER 31, 1954.—During the period from July 4, 1954, to December 31, 1954, both dates inclusive, 5 per centum.

(2) CALENDAR YEAR 1955.—During the calendar year 1955, 10 per centum.

(3) CALENDAR YEARS 1956-1972.—During each calendar year after the calendar year 1955 until and including the calendar year 1972, a percentage equal to the percentage for the preceding calendar year increased by 5 per centum of the United States duty.

(4) PERCENTAGE AFTER 1972.—During the period from January 1, 1973, to July 3, 1974, both dates inclusive, 100 per centum.

(5) EXCEPTIONS TO ABOVE RULES.—The provisions of this subsection shall not be applicable to the classes of articles referred to in section 214 (a) of Part 2 of this title (relating to quotas).

(b) PERIOD AFTER JULY 3, 1974.—The ordinary customs duty to be collected on Philippine articles which after July 3, 1974, are entered, or withdrawn from warehouse, in the United States for consumption, shall be determined without regard to the provisions of subsection (a) of this section or of section 214.

**SEC. 203. CUSTOMS DUTIES OTHER THAN ORDINARY.**

Customs duties on Philippine articles, other than ordinary customs duties, shall be determined without regard to the provisions of sections 201 and 202 (a), but shall be subject to the provisions of section 204.

**SEC. 204. EQUALITY IN SPECIAL IMPORT DUTIES, ETC.**

(a) With respect to Philippine articles imported into the United States, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the duty is not imposed with respect to such like articles.

“Duty.”

(b) As used in this section the term “duty” includes taxes, fees, charges, or exactions, imposed on or in connection with importation; but does not include internal taxes or ordinary customs duties.

**SEC. 205. EQUALITY IN DUTIES ON PRODUCTS OF PHILIPPINES.**

(a) With respect to products of the Philippines, which do not come within the definition of Philippine articles, imported into the United States, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country (except Cuba), or collected or paid in any amount if the duty is not imposed with respect to such like articles which are the product of any other foreign country (except Cuba).

“Duty.”

(b) As used in this section the term “duty” includes taxes, fees, charges, or exactions, imposed on or in connection with importation; but does not include internal taxes.

Post, p. 158.

**Part 2—Quotas**

**SEC. 211. ABSOLUTE QUOTA ON SUGARS.**

(a) DEFINITION OF PHILIPPINE SUGARS.—For the purpose of this section, an article shall not be considered “Philippine sugars” unless it is a Philippine article.

(b) DEFINITION OF REFINED SUGARS.—As used in this section the term “refined sugars” has the same meaning as the term “direct-consumption sugar” as defined in section 101 of the Sugar Act of 1937.

50 Stat. 903.  
7 U. S. C. § 1101.

(c) AMOUNT OF QUOTA.—During the period from January 1, 1946, to July 3, 1974, both dates inclusive, the total amount of all Philippine sugars which, in any calendar year, may be entered, or withdrawn from warehouse, in the United States for consumption, shall not exceed 952,000 short tons (the equivalent of 850,000 long tons), of which not to exceed 56,000 short tons (the equivalent of 50,000 long tons) may be refined sugars; except that during the period from January 1, 1974, to July 3, 1974, both dates inclusive, such total amount shall not exceed 476,000 short tons (the equivalent of 425,000 long tons), of which not to exceed 28,000 short tons (the equivalent of 25,000 long tons) may be refined sugars.

Refined sugars.

(d) ALLOCATION OF QUOTAS FOR UNREFINED SUGARS.—The quota for unrefined sugars, including that required to manufacture the refined

sugars, established by this section, shall be allocated annually to the sugar-producing mills and plantation owners in the Philippines in the calendar year 1940 whose sugars were exported to the United States during such calendar year, or their successors in interest, proportionately on the basis of their average annual production (or in the case of such a successor in interest, the average annual production of his predecessor in interest) for the calendar years 1931, 1932, and 1933, and the amount of sugars which may be so exported shall be allocated in each year between each mill and the plantation owners on the basis of the proportion of sugars to which each mill and the plantation owners are respectively entitled, in accordance with any milling agreements between them, or any extension, modification, or renewal thereof.

(e) **ALLOCATION OF QUOTAS FOR REFINED SUGARS.**—The quota for refined sugars established by this section shall be allocated annually to the manufacturers of refined sugars in the Philippines in the calendar year 1940 whose refined sugars were exported to the United States during such calendar year, or their successors in interest, proportionately on the basis of the amount of refined sugars produced by each such manufacturer (or in the case of such successor in interest, the amount of refined sugars produced by his predecessor in interest) which was exported to the United States during the calendar year 1940.

#### SEC. 212. ABSOLUTE QUOTA ON CORDAGE.

(a) **DEFINITION OF "CORDAGE".**—As used in this section the term "cordage" includes yarns, twines (including binding twine described in paragraph 1622 of the Tariff Act of 1930, as amended), cords, cordage, rope, and cable, tarred or untarred, wholly or in chief value of manila (abaca) or other hard fiber.

(b) **DEFINITION OF "PHILIPPINE CORDAGE".**—For the purpose of this section, an article shall not be considered "Philippine cordage" unless it is a product of the Philippines.

(c) **AMOUNT OF QUOTA.**—During the period from January 1, 1946, to July 3, 1974, both dates inclusive, the total amount of all Philippine cordage which, in any calendar year, may be entered, or withdrawn from warehouse, in the United States for consumption, shall not exceed 6,000,000 pounds; except that during the period from January 1, 1974, to July 3, 1974, both dates inclusive, such total amount shall not exceed 3,000,000 pounds.

(d) **ALLOCATION OF QUOTAS.**—The quota for cordage established by this section shall be allocated annually to the manufacturers of cordage in the Philippines in the calendar year 1940 whose cordage was exported to the United States during such calendar year, or their successors in interest, proportionately on the basis of the amount of cordage produced by each such manufacturer (or in the case of such successor in interest, the amount of the cordage produced by his predecessor in interest) which was exported to the United States during the twelve months immediately preceding the inauguration of the Commonwealth of the Philippines.

#### SEC. 213. ABSOLUTE QUOTA ON RICE.

(a) **DEFINITION OF RICE.**—As used in this section the term "rice" includes rice meal, flour, polish, and bran.

(b) **DEFINITION OF PHILIPPINE RICE.**—For the purposes of this section, an article shall not be considered "Philippine rice" unless it is a Philippine article.

(c) **AMOUNT OF QUOTA.**—During the period from January 1, 1946, to July 3, 1974, both dates inclusive, the total amount of all Philippine rice which, in any calendar year may be entered, or withdrawn from

46 Stat. 675.  
19 U. S. C. § 1201,  
par. 1622.

warehouse, in the United States for consumption, shall not exceed 1,040,000 pounds; except that during the period from January 1, 1974, to July 3, 1974, both dates inclusive, such total amount shall not exceed 520,000 pounds.

**SEC. 214. ABSOLUTE AND DUTY-FREE QUOTAS ON CERTAIN ARTICLES.**

(a) **ABSOLUTE QUOTAS.—**

**AMOUNT OF QUOTA.—**During the period from January 1, 1946, to July 3, 1974, both dates inclusive, the total amount of the following articles which are Philippine articles, and which, in any calendar year, may be entered, or withdrawn from warehouse, in the United States for consumption, shall not exceed the amounts specified as to each:

Cigars.

(1) Cigars (exclusive of cigarettes, cheroots of all kinds, and paper cigars and cigarettes, including wrappers), two hundred million cigars;

Scrap tobacco, etc.

(2) Scrap tobacco, and stemmed and unstemmed filler tobacco described in paragraph 602 of the Tariff Act of 1930, as amended, six million five hundred thousand pounds;

46 Stat. 631.  
19 U. S. C. § 1001,  
par. 602.

(3) Coconut oil, two hundred thousand long tons; and

Coconut oil.

(4) Buttons of pearl or shell, eight hundred and fifty thousand gross.

Buttons.

During the period from January 1, 1974, to July 3, 1974, both dates inclusive, such total amount shall not exceed one-half of the amount above specified with respect to each class of articles, respectively.

(b) **DUTY-FREE QUOTAS.—**

(1) **IN GENERAL.—**Philippine articles falling within one of the classes specified in subsection (a) of this section, which during the period from January 1, 1946, to July 3, 1974, both dates inclusive, are entered, or withdrawn from warehouse, in the United States for consumption, shall be free of ordinary customs duty, in the quantities and for the periods set forth in the following table:

PERIODS [Calendar Year]	AMOUNT OF DUTY-FREE QUOTAS			
	Cigars Referred to in subsection (a) (1) [Number]	Tobacco Referred to in subsection (a) (2) [Pounds]	Coconut Oil [Long Tons]	Buttons of Pearl or Shell [Gross]
Each of Calendar Years 1946-1954.....	200,000,000	6,500,000	200,000	850,000
1955.....	190,000,000	6,175,000	190,000	807,500
1956.....	180,000,000	5,850,000	180,000	765,000
1957.....	170,000,000	5,525,000	170,000	722,500
1958.....	160,000,000	5,200,000	160,000	680,000
1959.....	150,000,000	4,875,000	150,000	637,500
1960.....	140,000,000	4,550,000	140,000	595,000
1961.....	130,000,000	4,225,000	130,000	552,500
1962.....	120,000,000	3,900,000	120,000	510,000
1963.....	110,000,000	3,575,000	110,000	467,500
1964.....	100,000,000	3,250,000	100,000	425,000
1965.....	90,000,000	2,925,000	90,000	382,500
1966.....	80,000,000	2,600,000	80,000	340,000
1967.....	70,000,000	2,275,000	70,000	297,500
1968.....	60,000,000	1,950,000	60,000	255,000
1969.....	50,000,000	1,625,000	50,000	212,500
1970.....	40,000,000	1,300,000	40,000	170,000
1971.....	30,000,000	975,000	30,000	127,500
1972.....	20,000,000	650,000	20,000	85,000
1973.....	10,000,000	325,000	10,000	42,500
1974.....	0	0	0	0

(2) **DUTY ON IMPORTS IN EXCESS OF DUTY-FREE QUOTA.—**Any such Philippine article so entered or withdrawn from warehouse in excess of the duty-free quota provided in paragraph (1) shall be subject to 100 per centum of the United States duty, despite

the provisions of section 202 of this title (which provides rates of less than 100 per centum of the United States duty with respect to Philippine articles). Nothing in this subsection shall be construed as enlarging the absolute quotas provided in subsection (a) of this section.

*Ante*, p. 143.

(c) **ALLOCATION OF QUOTAS.**—Each of the quotas established by this section shall be allocated annually to the manufacturers in the Philippines in the calendar year 1940 of products of a class for which such quota is established, and whose products of such class were exported to the United States during such year, or their successors in interest, proportionately on the basis of the amount of the products of such class produced by each such manufacturer (or in the case of such successor in interest, the amount of the products of such class produced by his predecessor in interest) which was exported to the United States during the calendar year 1940.

#### SEC. 215. LAWS PUTTING INTO EFFECT ALLOCATIONS OF QUOTAS.

The necessary laws and regulations for putting into effect the allocation of quotas on the basis provided for in sections 211, 212, and 214, respectively, shall not be enacted by the United States, it being the purpose of this title that such laws and regulations shall be enacted by the Philippines.

#### SEC. 216. TRANSFERS AND ASSIGNMENTS OF QUOTA ALLOTMENTS.

The holder of any allotment under existing law, including his successor in interest, and the holder of any allotment under any of the quotas established by sections 211, 212, or 214, may transfer or assign all or any amount of such allotment on such terms as may be agreeable to the parties in interest. If, after the first nine months of any calendar year, the holder of any allotment, for that year, under any of the quotas established by such sections, is or will be unable for any reason to export to the United States all of his allotment, in time to fulfill the quota for that year, that amount of such allotment which it is established by sufficient evidence cannot be so exported during the remainder of the calendar year may be apportioned by the Philippine Government to other holders of allotments under the same quota, or in such other manner as will insure the fulfillment of the quota for that year: *Provided*, That no transfer or assignment or reallocation under the provisions of this section shall diminish the allotment to which the holder may be entitled in any subsequent calendar year.

### Part 3—Internal Taxes

#### SEC. 221. EQUALITY IN INTERNAL TAXES.

(a) With respect to articles which are products of the Philippines coming into the United States, or with respect to articles manufactured in the United States wholly or in part from such articles, no internal tax shall be—

(1) collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of the United States, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles;

(2) collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles.

(b) Where an internal tax is imposed with respect to an article which is the product of a foreign country to compensate for an internal tax imposed (1) with respect to a like article which is the product of the United States, or (2) with respect to materials used in the

Product of foreign country.  
*Ante*, p. 143.

production of a like article which is the product of the United States, if the amount of the internal tax which is collected and paid with respect to the article which is the product of the Philippines is not in excess of that permitted by paragraph (2) of subsection (a) such collection and payment shall not be regarded as in violation of subsection (a).

53 Stat. 250, 255,  
258.  
26 U. S. C. §§ 2306,  
2327, 2356.  
*Post*, p. 302.

(c) This section shall not apply to the taxes imposed under section 2306, 2327, or 2356 of the Internal Revenue Code.

**SEC. 222. EXEMPTION FROM TAX OF MANILA FIBER.**

No processing tax or other internal tax shall be imposed or collected in the United States with respect to manila (abaca) fiber not dressed or manufactured in any manner.

**SEC. 223. PROHIBITION OF EXPORT TAXES.**

No export tax shall be imposed or collected by the United States on articles exported to the Philippines.

**SEC. 224. EXEMPTION FROM TAXES OF ARTICLES FOR OFFICIAL USE.**

No processing tax or other internal tax shall be imposed or collected in the United States with respect to articles coming into the United States for the official use of the Philippine Government or any department or agency thereof.

**Part 4—Immigration**

**SEC. 231. CERTAIN PHILIPPINE CITIZENS GRANTED NON-QUOTA STATUS.**

(a) Any citizen of the Philippines who actually resided in the United States for a continuous period of three years during the period of forty-two months ending November 30, 1941, if entering the United States during the period from July 4, 1946, to July 3, 1951, both dates inclusive, for the purpose of resuming residence in the United States, shall, for the purposes of the immigration laws, be considered a non-quota immigrant; and shall not be excluded from entry into the United States by reason of section 13 (c) of the Immigration Act of 1924, or by reason of so much of section 3 of the Immigration Act of 1917 as provides for the exclusion from admission into the United States of natives of a therein specified geographical area.

43 Stat. 162.  
8 U. S. C. § 213 (c);  
*Post*, p. 975.  
39 Stat. 875.  
8 U. S. C. § 136;  
Supp. V, § 136.  
Status after admission.

(b) After such admission as a non-quota immigrant he shall, for the purposes of the immigration and naturalization laws, be considered as lawfully admitted to the United States for permanent residence.

Applicability of benefits.

(c) The benefits of this section shall also apply to his wife, if a citizen of the Philippines or eligible to United States citizenship, and to his unmarried children under 18 years of age, if such wife or children are accompanying or following to join him during such period.

(d) This section shall not apply to a citizen of the Philippines admitted to the Territory of Hawaii, without an immigration or passport visa, under the provisions of paragraph (1) of section 8 (a) of the Act of March 24, 1934 (48 Stat. 456, ch. 84).

48 Stat. 462.  
48 U. S. C. § 1238 (a)  
(1).

**TITLE III—OBLIGATIONS OF PHILIPPINES**

**Part 1—Purposes of Title**

**SEC. 301. STATEMENT OF PURPOSES OF TITLE.**

(a) PERIOD UNTIL JULY 4, 1946.—The following Parts and sections of this title, insofar as they are applicable to the period from the date of the enactment of this Act to July 3, 1946, both dates inclusive, are intended to, and shall, operate as statutes of the United States, binding on one of its possessions.

(b) PERIOD JULY 4, 1946—JULY 3, 1974.—The following Parts and sections of this title, although expressed in statutory form, are not in any manner intended, insofar as they are applicable to the period after July 3, 1946, as an attempt on the part of the Congress of the United States to legislate for the Republic of the Philippines as a sovereign nation, but constitute a statement in precise terms of provisions—

(1) which the Government of the Philippines, on the taking effect of the executive agreement provided for in Title IV of this Act, will be obligated to observe and execute as the law of the Republic of the Philippines during the effectiveness of the agreement; except that the observance of such part of the provisions of section 341 as is in conflict with the Constitution of the Philippines will not be required under such agreement for the period prior to the amendment to the constitution referred to in section 402 (b); and

*Post*, p. 151.

(2) which, between the proclamation of the independence of the Philippines and the date of the taking effect of such executive agreement, will, according to the policy and expectations of the Congress of the United States, be observed and executed by the Government of the Philippines.

11 F. R. 7517.

## Part 2—Customs Duties

### SEC. 311. FREE ENTRY OF UNITED STATES ARTICLES.

During the period from the day after the date of the enactment of this Act to July 3, 1954, both dates inclusive, United States articles entered, or withdrawn from warehouse, in the Philippines for consumption shall be admitted into the Philippines free of ordinary customs duty.

### SEC. 312. ORDINARY CUSTOMS DUTIES ON UNITED STATES ARTICLES.

(a) JULY 4, 1954—JULY 3, 1974.—The ordinary customs duty to be collected on United States articles, which during the following portions of the period from July 4, 1954, to July 3, 1974, both dates inclusive, are entered, or withdrawn from warehouse, in the Philippines for consumption, shall be determined by applying the following percentages of the Philippine duty:

Determination.

(1) JULY 4, TO DECEMBER 31, 1954.—During the period from July 4, 1954, to December 31, 1954, both dates inclusive, 5 per centum.

(2) CALENDAR YEAR 1955.—During the calendar year 1955, 10 per centum.

(3) CALENDAR YEARS 1956—1972.—During each calendar year after the calendar year 1955 until and including the calendar year 1972, a percentage equal to the percentage for the preceding calendar year increased by 5 per centum of the Philippine duty.

(4) PERCENTAGE AFTER 1972.—During the period from January 1, 1973, to July 3, 1974, both dates inclusive, 100 per centum.

(b) PERIOD AFTER JULY 3, 1974.—The ordinary customs duty to be collected on United States articles which after July 3, 1974, are entered, or withdrawn from warehouse, in the Philippines for consumption, shall be determined without regard to the provisions of subsection (a) of this section.

### SEC. 313. CUSTOMS DUTIES OTHER THAN ORDINARY.

Customs duties on United States articles, other than ordinary customs duties, shall be determined without regard to the provisions of sections 311 and 312 (a), but shall be subject to the provisions of section 314.

**SEC. 314. EQUALITY IN SPECIAL IMPORT DUTIES, ETC.**

(a) With respect to United States articles imported into the Philippines, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the duty is not imposed with respect to such like articles.

"Duty."\*

(b) As used in this section the term "duty" includes taxes, fees, charges, or exactions, imposed on or in connection with importation; but does not include internal taxes or ordinary customs duties.

**SEC. 315. EQUALITY IN DUTIES ON PRODUCTS OF UNITED STATES.**

(a) With respect to products of the United States, which do not come within the definition of United States articles, imported into the Philippines, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the duty is not imposed with respect to such like articles which are the product of any other foreign country.

"Duty."

(b) As used in this section the term "duty" includes taxes, fees, charges, or exactions, imposed on or in connection with importation; but does not include internal taxes.

**Part 3—Internal Taxes****SEC. 321. EQUALITY IN INTERNAL TAXES.**

(a) With respect to articles which are products of the United States coming into the Philippines, or with respect to articles manufactured in the Philippines wholly or in part from such articles, no internal tax shall be—

(1) collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of the Philippines, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles;

(2) collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles.

Product of foreign  
country.  
*Ante*, p. 143.

(b) Where an internal tax is imposed with respect to an article which is the product of a foreign country to compensate for an internal tax imposed (1) with respect to a like article which is the product of the Philippines, or (2) with respect to materials used in the production of a like article which is the product of the Philippines, if the amount of the internal tax which is collected and paid with respect to the article which is the product of the United States is not in excess of that permitted by paragraph (2) of subsection (a) such collection and payment shall not be regarded as in violation of subsection (a).

**SEC. 322. PROHIBITION OF EXPORT TAXES.**

No export tax shall be imposed or collected by the Philippines on articles exported to the United States.

**SEC. 323. EXEMPTION FROM TAXES OF ARTICLES FOR OFFICIAL USE.**

No processing tax or other internal tax shall be imposed or collected in the Philippines with respect to articles coming into the Philippines for the official use of the United States Government or any department or agency thereof.

#### Part 4—Immigration

##### SEC. 331. CERTAIN UNITED STATES CITIZENS GIVEN NON-QUOTA STATUS.

Any citizen of the United States who actually resided in the Philippines for a continuous period of three years during the period of forty-two months ending November 30, 1941, if entering the Philippines during the period from July 4, 1946, to July 3, 1951, both dates inclusive, for the purpose of resuming residence in the Philippines, shall, for the purposes of the immigration laws, be considered a non-quota immigrant. After such admission as a non-quota immigrant he shall, for the purposes of the immigration and naturalization laws, be considered as lawfully admitted to the Philippines for permanent residence. The benefits of this section shall also apply to his wife, if a citizen of the United States, and to his unmarried children under 18 years of age, if such wife or children are accompanying or following to join him during such period.

Status after admission.

Applicability of benefits.

##### SEC. 332. IMMIGRATION OF UNITED STATES CITIZENS INTO THE PHILIPPINES.

Citizens of the United States, admissible to the Philippines under the provisions required by section 402 (e) to be included as a part of the executive agreement made under Title IV, shall be entitled to enter the Philippines, in the numbers and during the periods of years, and to remain therein for the time, specified in that part of the agreement which embodies the provisions of section 402 (e).

#### Part 5—Miscellaneous

##### SEC. 341. RIGHTS OF UNITED STATES CITIZENS AND BUSINESS ENTERPRISES IN NATURAL RESOURCES.

The disposition, exploitation, development, and utilization of all agricultural, timber, and mineral lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces and sources of potential energy, and other natural resources of the Philippines, and the operation of public utilities, shall, if open to any person, be open to citizens of the United States and to all forms of business enterprise owned or controlled, directly or indirectly, by United States citizens.

##### SEC. 342. CURRENCY STABILIZATION.

The value of Philippine currency in relation to the United States dollar shall not be changed, the convertibility of pesos into dollars shall not be suspended, and no restrictions shall be imposed on the transfer of funds from the Philippines to the United States, except by agreement with the President of the United States.

##### SEC. 343. ALLOCATION OF QUOTAS.

The allocation, reallocation, transfer, and assignment of quotas established by sections 211, 212, and 214, respectively, of Part 2 of Title II, shall be on the basis provided for in such Part.

*Ante*, pp. 144-146.

#### TITLE IV—EXECUTIVE AGREEMENT BETWEEN UNITED STATES AND PHILIPPINES

##### SEC. 401. AUTHORIZATION OF AGREEMENT.

The President of the United States is authorized (except as hereinafter in this title otherwise provided) to enter into an executive agreement with the President of the Philippines providing for the acceptance on the part of each country of the provisions of Title II and of Title III (except Part 1) of this Act. The President of the United States is not authorized by this section to enter into such

*Ante*, pp. 143, 148.

agreement unless it contains a provision that it shall not take effect—

(a) Unless and until the Congress of the Philippines accepts it by law; and

*Ante*, pp. 149-151.

(b) Unless and until the Congress of the Philippines (in the act of acceptance, or separately) has enacted such legislation as may be necessary to make all the provisions of Parts 2, 3, 4, and 5 of Title III take effect as laws of the Philippines, except (during the period prior to the amendment to the Constitution of the Philippines referred to in subsection (b) of section 402) such provisions of section 341 as are in conflict with such constitution.

#### SEC. 402. OBLIGATIONS OF PHILIPPINES.

The President of the United States is not authorized by section 401 to enter into such executive agreement unless in the agreement the Government of the Philippines agrees—

Continuance of designated provisions.

*Ante*, pp. 149-151.

(a) That the Republic of the Philippines will continue in effect as laws of the Philippines, during the effectiveness of the agreement, the provisions of Parts 2, 3, 4, and 5 of Title III, except (for the period prior to the amendment of the Constitution of the Philippines referred to in subsection (b) of this section) such part of the provisions of section 341 as is in conflict with such constitution.

Amendment of Constitution.

(b) That the Government of the Philippines will promptly take such steps as are necessary to secure the amendment of the Constitution of the Philippines so as to permit the taking effect as laws of the Philippines of such part of the provisions of section 341 as is in conflict with such constitution before such amendment.

Supplementary legislation.

(c) That the Republic of the Philippines will promptly enact, and keep in effect during the effectiveness of the agreement, such legislation as may be necessary—

*Ante*, pp. 149-151.

(1) to supplement the legislation referred to in section 401 (b), and to implement the provisions of Parts 2, 3, 4, and 5 of Title III; and

(2) to put and keep in effect during the effectiveness of the agreement, the allocation, reallocation, transfer, and assignment of quotas on the basis provided for in Part 2 of Title II.

*Ante*, p. 144.

Quotas.

(d) That the United States shall have the right to provide the basis for the allocation of the quotas established under that portion of the agreement which sets forth the provisions of section 403 (c) of this Act, and that, if the United States exercises such right, the Republic of the Philippines will promptly enact, and keep in force during the period for which each such quota is established, such legislation as is necessary to put and keep in effect, on the basis provided by the United States, the allocation of such quotas.

Entry, etc., of U. S. citizens.

(e) That there shall be permitted to enter the Philippines, without regard to any numerical limitations under the laws of the Philippines, in each of the years of a specified period of years, a specified number of citizens of the United States. The number of years (which shall not be less than five) the number of citizens of the United States (which shall not be less than one thousand) entitled to be so admitted in each year, and the length of time each shall be entitled to remain in the Philippines, shall be stated in the agreement.

Currency.

(f) That the value of Philippine currency in relation to the United States dollar shall not be changed, the convertibility of pesos into dollars shall not be suspended, and no restrictions shall be imposed on the transfer of funds from the Philippines to the United States, except by agreement with the President of the United States.

**SEC. 403. OBLIGATIONS OF UNITED STATES.**

The President of the United States is not authorized by section 401 to enter into such executive agreement unless in such agreement the Government of the United States agrees—

(a) That upon the taking effect of the agreement the provisions of Title II—

(1) if in effect as laws of the United States at the time the agreement takes effect, shall continue in effect as laws of the United States during the effectiveness of the agreement; or

(2) if not so in effect at the time the agreement takes effect (because suspended under section 502 of Title V) shall take effect and continue in effect as laws of the United States during the effectiveness of the agreement.

(b) That the United States will promptly enact, and keep in effect during the effectiveness of the agreement, such legislation as may be necessary to supplement and implement the provisions of Title II so continued in effect, or so made to take effect, as laws of the United States.

(c) That with respect to quotas on Philippine articles (other than the quotas established in Part 2 of Title II, and other than quotas established in conjunction with quantitative limitations, applicable to products of all foreign countries, on imports of like articles), the United States will not establish any such quota for any period before January 1, 1948; and that, for any part of the period from January 1, 1948, to July 3, 1974, both dates inclusive, it will establish such a quota only if—

(1) the President of the United States, after investigation, finds that such Philippine articles are coming, or are likely to come, into substantial competition with like articles the product of the United States; and

(2) the quota established for any Philippine article for any twelve-month period is not less than the amount determined by the President as the total amount of Philippine articles of such class which (during the twelve months ended on the last day of the month preceding the month in which occurs the date proclaimed by the President as the date of the beginning of the investigation) was entered, or withdrawn from warehouse, in the United States for consumption; or, if the quota is established for any period other than a twelve-month period, is not less than a proportionate amount.

(d) That during the effectiveness of the agreement the United States will not reduce the preference of 2 cents per pound provided in section 2470 of the Internal Revenue Code (relating to processing taxes on coconut oil, etc.) with respect to articles "wholly the production of the Philippine Islands" or articles "produced wholly from materials the growth or production of the Philippine Islands"; except that it may suspend the provisions of subsection (a) (2) of such section during any period as to which the President of the United States, after consultation with the President of the Philippines, finds that adequate supplies of neither copra nor coconut oil, the product of the Philippines, are readily available for processing in the United States.

**SEC. 404. TERMINATION OF AGREEMENT.**

The President of the United States is not authorized by section 401 to enter into such executive agreement unless it provides—

(a) **TERMINATION IN GENERAL.**—That the agreement shall have no effect after July 3, 1974; and

*Ante*, p. 143.

Continuance of designated provisions as U. S. laws.

*Post*, p. 155.

Supplementary legislation.

Quotas.

*Ante*, p. 144.

Coconut oil, etc.

53 Stat. 264.  
26 U. S. C. § 2470;  
Supp. V, § 2470 note.  
*Post*, p. 157.

**(b) TERMINATION BY EITHER PARTY.—**

(1) that the agreement may be terminated by either party at any time, upon not less than five years' notice; and

(2) that if the President of the United States or the President of the Philippines determines and proclaims that the other country has adopted or applied measures or practices which would operate to nullify or impair any right or obligation provided for in such agreement, then the agreement may be terminated upon not less than six months' notice; and

**(c) TERMINATION OR SUSPENSION BY THE UNITED STATES.—**

(1) that if the President of the United States determines that a reasonable time for the making of the amendment to the Constitution of the Philippines referred to in section 402 (b) has elapsed, but that such amendment has not been made, he shall so proclaim and the executive agreement shall have no effect after the date of such proclamation; and

(2) that if the President of the United States determines and proclaims, after consultation with the President of the Philippines, that the Republic of the Philippines or any of its political subdivisions or the Philippine Government is in any manner discriminating against citizens of the United States or any form of United States business enterprise, then the United States shall have the right to suspend the effectiveness of the whole or any portion of the agreement; and

(3) that if the President of the United States determines and proclaims, after consultation with the President of the Philippines, that the discrimination which was the basis for the suspension under paragraph (2) of this subsection—

(A) has ceased, the suspension effected under paragraph

(2) shall end; or

(B) has not ceased after the lapse of a time determined by the President of the United States to be reasonable, then the United States shall have the right to terminate the agreement upon not less than six months' notice.

**SEC. 405. EFFECT OF TERMINATION OF AGREEMENT.**

Upon the termination of the agreement as provided in section 404, the provisions of Title II shall cease to have effect as laws of the United States.

*Ante*, p. 143.

**SEC. 406. INTERPRETATION OF AGREEMENT.**

The President of the United States is not authorized by section 401 to enter into such executive agreement unless it provides that the acceptance of the provisions of Titles II and III is on the understanding that the definitions, and provisions in the nature of definitions, contained in section 2 of Title I, shall apply in the interpretation of the provisions so accepted.

*Ante*, pp. 143, 148.

*Ante*, p. 141.

**SEC. 407. TERMINATION OF AUTHORITY TO MAKE AGREEMENT.**

Whenever the President of the United States determines that a reasonable time for the entering into, acceptance and taking effect, of the executive agreement has elapsed, but that such agreement has not taken effect, he shall so proclaim, and thereupon his authority to enter into such executive agreement shall terminate, and the provisions of Title II shall cease to have effect as laws of the United States.

*Ante*, p. 143.

**SEC. 408. EFFECTIVE DATE OF AGREEMENT.**

When the President of the United States determines that the executive agreement entered into under section 401 has been accepted by the Congress of the Philippines by law and that the Congress of

the Philippines has enacted the legislation the enactment of which is, under section 401, a condition precedent to the taking effect of the agreement, he shall so proclaim, and in his proclamation specify the effective date of the agreement.

#### TITLE V—MISCELLANEOUS

##### SEC. 501. SUSPENSION AND TERMINATION OF AGREEMENT IN CASE OF DISCRIMINATION.

(a) **SUSPENSION.**—If the President of the United States determines, after consultation with the President of the Philippines, that the Republic of the Philippines or any of its political subdivisions or the Philippine Government is in any manner discriminating against citizens of the United States or any form of United States business enterprise, he shall so proclaim, and thereupon the effectiveness of the agreement, or such part thereof as he may in the proclamation specify as necessary in order adequately to protect the interests of the United States, shall be suspended.

(b) **TERMINATION OF SUSPENSION.**—If the President of the United States, after consultation with the President of the Philippines, determines that the discrimination which was the basis for the suspension under subsection (a) of this section has ceased, he shall so proclaim, and thereupon the suspension effected under subsection (a) shall end.

(c) **TERMINATION OF AGREEMENT.**—If the President of the United States, after consultation with the President of the Philippines, determines that such discrimination has not ceased, after the lapse of a time determined by him to be reasonable, he shall so proclaim and give to the Philippine Government notice of the intention of the United States to terminate the agreement.

(d) **LAWS OF THE UNITED STATES.**—

(1) **IN CASE OF SUSPENSION.**—If the effectiveness of the agreement is suspended under subsection (a) of this section, the provisions of Title II of this Act shall cease to have effect as laws of the United States during the period of the suspension. If the suspension is of the effectiveness of only part of the agreement, then such provisions of Title II as the President may in his proclamation under subsection (a) specify as necessary adequately to protect the interests of the United States, shall cease to have effect as laws of the United States during the period of this suspension.

*Ante*, p. 143.

(2) **IN CASE OF TERMINATION.**—If the agreement is terminated under subsection (c) of this section, the provisions of Title II of this Act shall cease to have effect as laws of the United States.

##### SEC. 502. SUSPENSION OF TITLE II.

If the President finds that, during the period after July 3, 1946, and before the taking effect of the executive agreement provided for in Title IV, the Government of the Philippines is not putting into effect, or making every effort to put into effect, to the fullest extent possible under its Constitution, the provisions of Title III of this Act, or is not providing for the allocation of quotas on the basis provided in section 211, 212, or 214, respectively, he shall so proclaim. On the day following the date of such proclamation, such provisions of Title II shall be suspended as he may in the proclamation specify as necessary in order adequately to protect the interests of the United States. Such suspension shall continue until the taking effect of the executive agreement provided for in Title IV, whereupon the suspension shall terminate and the suspended provisions shall again take effect and continue in effect as laws of the United States during the effectiveness of the agreement.

*Ante*, p. 143.

*Ante*, p. 151.

*Ante*, p. 148.

*Ante*, pp. 144-146.

**SEC. 503. CUSTOMS DUTIES ON IMPORTATIONS FROM PHILIPPINES.**

Articles coming or imported into the United States from the Philippines, and Philippine products coming or imported into the United States, shall, except as otherwise provided with respect to Philippine articles by Title II of this Act during the period such title is in effect—

*Ante*, p. 143.

(1) if entered, or withdrawn from warehouse, in the United States for consumption, during the period from the day after the date of the enactment of this Act to July 3, 1946, both dates inclusive, be subject to the same duties as like articles coming or imported into the United States from foreign countries, except Cuba; and

(2) if so entered or withdrawn during the period after July 3, 1946, be subject to the same duties as like articles coming or imported into the United States from other foreign countries, except Cuba.

**SEC. 504. QUOTAS ON PHILIPPINE ARTICLES.**

(a) **ESTABLISHMENT BY PRESIDENT.**—After the executive agreement referred to in Title IV has taken effect, then whenever the President of the United States, after the investigation by the United States Tariff Commission provided for in subsection (d), finds, with respect to any Philippine articles (other than those for which quotas are established by Part 2 of Title II), that they are coming, or likely to come, into substantial competition with like articles which are the product of the United States, he shall so proclaim, and in his proclamation shall establish the total amount of such Philippine articles which may in each of specified periods be entered, or withdrawn from warehouse, in the United States for consumption. If he finds that the allocation of any quota so established is necessary to make the application of the quota just and reasonable between the United States and the Philippines, he shall, in such proclamation or a subsequent proclamation, provide the basis for such allocation.

*Ante*, p. 151.

*Ante*, p. 141.

(b) **MAXIMUM AND MINIMUM QUOTAS.**—No quota shall be established under subsection (a), with respect to a Philippine article, which is greater than the amount of such article which in each of such specified periods the President determines may be so entered or withdrawn from warehouse without coming into substantial competition with like articles which are the product of the United States; except that in no case shall the quota be less than the minimum amount provided in that portion of such executive agreement which sets forth the provisions of section 403 (c) (2) of this Act.

*Ante*, p. 153.

(c) **DURATION OF QUOTAS.**—Any quota established pursuant to this section shall become effective at such time as the President shall designate (but not before January 1, 1948), and shall continue in effect until the President, after investigation, finds and proclaims that the conditions which gave rise to the establishment of such quota no longer exist, but no such quota shall continue in effect after the termination of the executive agreement provided for in Title IV.

*Ante*, p. 151.

Articles in competition with U. S. products.

(d) **INVESTIGATIONS BY TARIFF COMMISSION.**—The United States Tariff Commission shall at the request of the President, upon resolution of either House of Congress or concurrent resolution of both Houses of Congress, upon its own motion, or when in its judgment there is good reason therefor, upon application of any interested party, make an investigation to ascertain (1) whether imports of a Philippine article (other than an article for which a quota is established by Part 2 of Title II) are coming, or are likely to come, into substantial competition with like articles which are the product of the United States; (2) what is the greatest amount of such article which may be entered,

*Ante*, p. 144.

or withdrawn from warehouse, in the United States for consumption, without coming into substantial competition with like articles which are the product of the United States; and (3) the total amount of such article which (during the twelve months ended on the last day of the month preceding the month in which occurs the date of the beginning of the investigation) was entered, or withdrawn from warehouse, in the United States for consumption. During the course of the investigation the Commission shall hold a public hearing, of which reasonable public notice shall be given and at which parties interested shall be afforded reasonable opportunity to be present, to produce evidence, and to be heard. The Commission shall give precedence to such investigations. The Commission shall report the results of its investigations to the President, and shall send copies of such report to each House of the Congress.

#### SEC. 505. PROCESSING TAX ON COCONUT OIL.

(a) EXEMPTION FOR PHILIPPINES.—Section 2470 (a) (2) of the Internal Revenue Code is amended by striking out the word "other" wherever it appears in clauses (A) and (B) thereof; and by inserting at the end of the paragraph a new sentence to read as follows: "The tax imposed by this paragraph shall not apply to any domestic processing after July 3, 1974."

(b) SUSPENSION OF SECTION 2470 (a) (2) OF INTERNAL REVENUE CODE.—Whenever the President, after consultation with the President of the Philippines, finds that adequate supplies of neither copra nor coconut oil, the product of the Philippines, are readily available for processing in the United States, he shall so proclaim, and after the date of such proclamation the provisions of section 2470 (a) (2) of the Internal Revenue Code shall be suspended until the expiration of 30 days after he proclaims that, after consultation with the President of the Philippines, he has found that such adequate supplies are so readily available.

#### SEC. 506. TERMINATION OF PAYMENTS INTO PHILIPPINE TREASURY.

(a) Notwithstanding the provisions of section 4 of the Act of March 8, 1902 (32 Stat. 54, ch. 140), or of section 19 of the Act of March 24, 1934 (48 Stat. 456, ch. 84), as added to such Act by section 6 of the Act of August 7, 1939 (53 Stat. 1232, ch. 502), or of the Act of November 8, 1945 (59 Stat. 577, ch. 454), or of any other provision of law, the proceeds of any duties or taxes, collected subsequent to July 3, 1946, which but for the enactment of this Act would be required to be paid into the general funds of the Treasury of the Philippines or would be held in separate or special funds and paid into the Treasury of the Philippines, shall be covered into the general fund of the Treasury of the United States.

(b) Sections 2476 and 3343 of the Internal Revenue Code are repealed, effective July 4, 1946.

#### SEC. 507. SPECIAL EXCISE PROVISIONS RELATING TO THE PHILIPPINES REPEALED.

(a) Section 2800 (a) (4) of the Internal Revenue Code is amended by amending the heading to read:

"(4) Alcoholic Compounds from Puerto Rico and Virgin Islands.—";

and by amending subparagraph (B) to read as follows:

"(B) Virgin Islands.—For provisions relating to tax on alcoholic compounds from the Virgin Islands, see section 3350."

(b) Sections 3340, 3341, and 3342 of the Internal Revenue Code are repealed, effective July 4, 1946.

Hearings.

Report.

53 Stat. 264.  
26 U. S. C. § 2470 (a)  
(2); Supp. V, § 2470  
note.

*Supra.*

48 U. S. C. § 1248.  
48 U. S. C., Supp.  
V, § 1249.

53 Stat. 265, 404.  
26 U. S. C. §§ 2476,  
3343; Supp. V, § 3343  
note.

53 Stat. 298.  
26 U. S. C. § 2800 (a)  
(4).

53 Stat. 404.  
26 U. S. C. § 3350.  
*Post*, p. 158.

53 Stat. 403, 404.  
26 U. S. C. §§ 3340-  
3342; Supp. V, § 3341.

53 Stat. 403.  
26 U. S. C. §§ 3340-  
3361; Supp. V, § 3341  
*et seq.*  
*Ante*, p. 157.

(c) Subchapter B of Chapter 28 of the Internal Revenue Code is amended as follows:

(1) By amending the heading of such subchapter to read as follows:

**“SUBCHAPTER B—PROVISIONS OF SPECIAL APPLICATION TO THE VIRGIN ISLANDS AND PUERTO RICO**

(2) By striking out the heading:

**“Part I—Philippine Islands”**

(3) By renumbering Parts II and III of such subchapter as “Part I” and “Part II”, respectively.

**SEC. 508. TRADE AGREEMENTS WITH THE PHILIPPINES.**

48 Stat. 943.  
19 U. S. C. § 1351;  
Supp. V, § 1351.  
*Ante*, pp. 154, 151.

Until July 4, 1974, no trade agreement shall be made with the Philippines under section 350, as amended, of the Tariff Act of 1930, unless, prior to such time, the President of the United States has made the proclamation provided for in section 407 of this Act, or the executive agreement provided for in Title IV of this Act has been terminated.

**SEC. 509. RIGHTS OF THIRD COUNTRIES.**

*Ante*, p. 151.

The benefits granted by this Act, and by the executive agreement provided for in Title IV, to the Philippines, Philippine articles or products, and Philippine citizens, shall not, by reason of any provision of any existing treaty or agreement with any third country, be extended to such country or its products, citizens, or subjects.

**SEC. 510. ADMINISTRATION OF TITLE II.**

*Ante*, p. 143.

(a) The provisions of Parts 1, 2, and 3 of Title II shall be administered as parts of the customs and internal revenue laws of the United States.

*Ante*, p. 148.

(b) The provisions of Part 4 of Title II shall be administered as a part of the immigration laws of the United States.

**SEC. 511. REPEALS.**

The following parts of Acts are repealed, effective on the day following the date of the enactment of this Act:

46 Stat. 685.  
19 U. S. C. § 1301.  
  
48 U. S. C. § 1236;  
Supp. V, § 1236 note.

(1) section 301 of the Tariff Act of 1930;

(2) section 6 (except subsection (g)) of the Act of March 24, 1934 (48 Stat. 456, ch. 84), as amended by the Act of August 7, 1939 (53 Stat. 1226, ch. 502); and

48 U. S. C., Supp.  
V, § 1243.

(3) so much of section 13 of such Act of March 24, 1934, as amended by the joint resolution of June 29, 1944 (58 Stat. 626, ch. 323), as reads as follows: “After the Philippine Islands have become a free and independent nation there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands the rates of duty which are required to be levied, collected, and paid upon like articles imported from other foreign countries:”.

**SEC. 512. EFFECTIVE DATE.**

*Ante*, p. 144.

This Act shall take effect on the day after the date of its enactment, except Part 2 of Title II, which shall take effect as of January 1, 1946.

**SEC. 513. APPLICATION OF INTERNAL REVENUE LAWS TO PUERTO RICO.**

48 U. S. C. § 734.

Section 9 of the Act of March 2, 1917 (39 Stat. 951, ch. 145) is amended to read as follows:

“Sec. 9. That the statutory laws of the United States not locally inapplicable, except as hereinbefore or hereinafter otherwise provided, shall have the same force and effect in Puerto Rico as in the United

States, except the internal revenue laws other than those contained in the Philippine Trade Act of 1946: *Provided, however*, That hereafter all taxes collected under the internal revenue laws of the United States on articles produced in Puerto Rico and transported to the United States, or consumed in the island shall be covered into the Treasury of Puerto Rico."

Approved April 30, 1946.

## [CHAPTER 245]

## AN ACT

To effectuate the purposes of the Servicemen's Readjustment Act of 1944 in the District of Columbia, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That this Act may be cited as the "District of Columbia Servicemen's Readjustment Enabling Act of 1945".

SEC. 2. (a) The disability of minority of a resident of the District of Columbia who is eligible for guaranty of a loan pursuant to the Servicemen's Readjustment Act of 1944 (58 Stat. L. 284) and of a minor spouse of any such resident (when acting jointly with such resident) is hereby removed with respect to the incurring of any obligation all or part of which is guaranteed under the provisions of said Act or in conjunction with which a secondary loan is so guaranteed, and with respect to the exercise of the rights of ownership in any property acquired with the proceeds of any such obligation, including the right to sell, convey, lease, encumber, improve, or maintain the same and to further obligate himself incident to his exercise of such rights.

(b) Notwithstanding any other provision of law, any building association or building and loan association or any savings and loan association, incorporated or unincorporated, organized and operating under the laws of the District of Columbia, or any Federal savings and loan association whose main office is in the District of Columbia, may invest its funds in: (1) Property-improvement loans insured or insurable under title I of the National Housing Act; (2) loans to veterans of World War II when guaranteed in whole or in part by a loan guaranty certificate issued under the Servicemen's Readjustment Act of 1944 including, without limitation, such loans as are unsecured and such loans as are junior to another mortgage or lien upon the security; and (3) other secured or unsecured loan for property alteration, repair, or improvement or for home equipment: *Provided*, That no such unsecured loan not insured or guaranteed by a Federal agency shall be made in excess of \$2,000: *Provided further*, That the total amount loaned or invested and held in unsecured loans not insured or guaranteed by a Federal agency as provided for under this subsection at any one time shall not exceed 15 per centum of the association's assets.

SEC. 3. Any building association, building and loan association, or savings and loan association organized and operating under the laws of the District of Columbia, is authorized to lend money to veterans of World War II and others upon the security of a first deed of trust or first mortgage upon real estate, to be repaid in monthly or quarterly payments to be applied first to interest and the balance to principal until the indebtedness is paid in full, and without subscription to, or ownership of any shares, and such loans shall be known as direct-reduction loans. Direct-reduction-loan borrowers, and all persons assuming or obligated under direct-reduction loans made or

May 1, 1946

[S. 1152]

[Public Law 372]

Short title.

Removal of disability of minority for loan benefits.  
38 U. S. C., Supp. V, §§ 693-697g.  
*Post*, pp. 299, 932.

Rights of ownership.

Designated investments by building and loan associations.

48 Stat. 1246.  
12 U. S. C. §§ 1702-1706; Supp. V, § 1702 *et seq.*  
58 Stat. 284.  
38 U. S. C., Supp. V, §§ 693-697g.  
*Post*, pp. 299, 932.

Unsecured loans.

Direct-reduction loans.