

## **MAP Position Paper on the Comprehensive Review of the MFN Tariff Structure**

*August 3, 2023*

In the midst of the ongoing move by the Tariff Commission (TC) and the National Economic and Development Authority (NEDA) to review and reform the tariff structure of the Philippines, the Management Association of the Philippines (MAP) calls on the government to move towards achieving a tariff structure that:

1. Supports food security for Filipinos, especially accessibility and affordability of competitively priced food, via low tariffs on food products;
2. Strengthens sustainable agri-food value chains, especially domestic agricultural value-adding enterprises including processing, storage and logistics, through a rational tariff structure where tariff rates on inputs do not exceed those on finished products;
3. Is neutral across industries and avoids distortions and unwarranted protection arising from tariff peaks, currently seen primarily in agricultural products; and
4. Reduces incentives and opportunities for corruption and smuggling by unifying Minimum Access Volume (MAV) and non-MAV tariff rates, and keeping tariffs relatively low and uniform across all goods (with a maximum 10-15%) to keep food prices affordable, especially to the poor.

Filipino families have historically been burdened with higher food prices than consumers in other countries across ASEAN and beyond. The burden is worsened by relatively lower incomes, the bulk of which must be spent on food because food prices are higher than elsewhere. Worse, lower-income families are forced to purchase food products of low nutritional value, leading to a worsening vicious cycle of poverty, hunger and poor nutrition, lowered human capacity, hence persistent and further deepening poverty.

Yet Philippine tariffs on agricultural and food commodities are higher than those applied to goods in general. The TC reports that the simple average of tariffs applied on agricultural products is 12%, while the average for all products is 8%. Trade-weighted averages show the same pattern, with 9% for agriculture, nearly double that for all goods at 5%.

Agricultural tariffs have remained high because these have been generally excluded from tariff adjustments over the past decades, with agricultural products deemed "sensitive" levied the highest statutory rates of up to 65 percent. In 2015, two-thirds or 66 percent of Philippine agricultural output by value was shielded from foreign competition by MFN tariffs of 40 percent or more. The 2018 Philippines Trade Policy Review, jointly undertaken by the Philippine government and the World Trade Organization, showed that majority of commodities have MFN tariffs ranging from zero to 20 percent. However, about 6 percent of lines have tariffs significantly above 20 percent, reaching up to 65%.

The Trade Policy Review also observed that the tariff peaks translate into reduced incentive for domestic value adding. For example, high tariffs on corn at 40% dampen incentives to manufacture livestock and aquaculture feeds within the country, which are vital in the meat and fishery industries that provide the protein needs of Filipinos.

This exceptional level of protection has dampened the impetus for government and agricultural producers to achieve higher levels of productivity, hence lower costs and prices, to be comparable to and competitive with that of our neighbors. The long-term and lasting solution to attain food security for Filipinos is to implement game-changing reforms for productivity improvement, such as farm consolidation, better water management, and effective extension systems. Maintaining high import tariffs will only remove the urgency to pursue these.

Annex A lists the products with high tariff rates recommended by the MAP to be reviewed for reduction. Most of the agriculture commodities with very high tariffs are food products (sugar, meat, fish, rice) or inputs to local manufacturing and value addition (corn, meat, fish, sugar, etc.). These commodities are prominent and crucial in family food consumption, food security, and general inflation.

The *Bangko Sentral ng Pilipinas* (BSP) reports that on the average, food and agricultural items have accounted for 38% of inflation since 2017. The recent and disheartening episodes of inflation on specific food items, such as pork, fish, sugar, garlic, and onions, highlight the disproportionate impact of high tariffs that underlie high domestic food prices.

Trade enhances food security. It improves access to food, lowers food costs, mitigates supply shocks, reduces inflationary pressures, and ultimately strengthens economic and social prosperity. High tariffs have long been shown to be counter-productive, and lead to reduced investment, low or stagnant wages, and higher rates of malnutrition. Using protective trade policy to help farmers causes unwanted collateral damage to the much wider mass of consumers, especially the poor who suffer the long-term consequences of high-priced food.

But the positive economic gains to greater trade must be accompanied by effective implementation of focused adjustment and assistance measures carefully aimed at adversely affected sectors, especially small farmers. Government must refocus its support and assistance to farmers from high levels of trade protection to effective improvement of productivity and competitiveness.

In sum, removal of existing peaks and achieving low uniform rates in a tariff structure that provides equal incentives across domestic industries will encourage more and wider agricultural processing and value-adding, help control inflation, and enhance the country's food security. We urge the TC and NEDA to move the Philippine economy in this direction.



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**Annex A**  
**Products with MFN Tariffs over 20%, 2022**

HS Code	Product	MFN Tariff
01.03	Live swine.	
	- Other :	
0103.91.00	-- Weighing less than 50 kg	
	In Quota	30
	Out Quota	35
0103.92.00	-- Weighing 50 kg or more	
	In Quota	30
	Out Quota	35
01.04	Live sheep and goats.	
0104.20.90	-- Other	
	In Quota	30
	Out Quota	35
01.05	Live poultry, that is to say, fowls of the species Gallus domesticus, ducks, geese, turkeys and guinea fowls.	
	- Weighing not more than 185 g :	
0105.11	-- Fowls of the species Gallus domesticus :	
0105.11.90	--- Other	
	In Quota	35
	Out Quota	35
0105.12	-- Turkeys :	
0105.12.90	--- Other	
	In Quota	35
	Out Quota	40
0105.13	-- Ducks :	
0105.13.90	--- Other	
	In Quota	35
	Out Quota	40
0105.14	-- Geese :	
0105.14.90	--- Other	
	In Quota	35
	Out Quota	40
0105.15	-- Guinea fowls :	
0105.15.90	--- Other	
	In Quota	35
	Out Quota	40
	- Other :	
0105.94	-- Fowls of the species Gallus domesticus :	
	--- Fighting cocks :	
0105.94.41	---- Weighing not more than 2 kg	
	In Quota	35
	Out Quota	40
0105.94.91	---- Weighing not more than 2 kg	
	In Quota	35
	Out Quota	40

**Annex A**  
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HS Code	Product	MFN Tariff	
0105.94.99	--- Other		
	In Quota	35	
	Out Quota	40	
0105.99	-- Other :		
0105.99.10	--- Breeding ducks		
	In Quota	35	
	Out Quota	40	
0105.99.20	--- Other ducks		
	In Quota	35	
	Out Quota	40	
0105.99.30	--- Breeding geese, turkeys and guinea fowls		
	In Quota	35	
	Out Quota	40	
0105.99.40	--- Other geese, turkeys and guinea fowls		
	In Quota	35	
	Out Quota	40	
02.03	Meat of swine, fresh, chilled or frozen.		
	- Fresh or chilled :		<i>Until end-2023</i>
0203.11.00	-- Carcasses and half-carcasses		<i>EO 10</i>
	In Quota	30	15
	Out Quota	40	25
0203.12.00	-- Hams, shoulders and cuts thereof, with bone in		
	In Quota	30	15
	Out Quota	40	25
0203.19.00	-- Other		
	In Quota	30	15
	Out Quota	40	25
0203.21.00	-- Carcasses and half-carcasses		
	In Quota	30	15
	Out Quota	40	25
0203.22.00	-- Hams, shoulders and cuts thereof, with bone in		
	In Quota	30	15
	Out Quota	40	25
0203.29.00	-- Other		
	In Quota	30	15
	Out Quota	40	25
02.04	Meat of sheep or goats, fresh, chilled or frozen.		
0204.50.00	- Meat of goats		
	In Quota	30	
	Out Quota	35	
02.07	Meat and edible offal, of the poultry of heading 01.05, fresh, chilled or frozen.		

**Annex A**

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HS Code	Product	MFN Tariff	
	- Of fowls of the species Gallus domesticus :		
0207.11.00	-- Not cut in pieces, fresh or chilled		
	In Quota	40	
	Out Quota	40	
0207.12.00	-- Not cut in pieces, frozen		
	In Quota	40	
	Out Quota	40	
0207.13.00	-- Cuts and offal, fresh or chilled		
	In Quota	40	
	Out Quota	40	
0207.14	-- Cuts and offal, frozen :		
0207.14.10	--- Wings		
	In Quota	40	
	Out Quota	40	
0207.14.20	--- Thighs		
	In Quota	40	
	Out Quota	40	
0207.14.30	--- Livers		
	In Quota	40	
	Out Quota	40	<i>Until end-2024</i>
	--- Other :		<i>EO 13</i>
0207.14.91	---- Mechanically deboned or separated meat	40	5
0207.14.99	---- Other		
	In Quota	40	
	Out Quota	40	
	- Of turkeys :		
0207.24.00	-- Not cut in pieces, fresh or chilled		
	In Quota	40	
	Out Quota	40	
0207.25.00	-- Not cut in pieces, frozen		
	In Quota	40	
	Out Quota	40	
0207.26.00	-- Cuts and offal, fresh or chilled		
	In Quota	40	
	Out Quota	40	
0207.27	-- Cuts and offal, frozen :		
0207.27.10	--- Livers		
	In Quota	40	
	Out Quota	40	
	--- Other :		
0207.27.91	---- Mechanically deboned or separated meat		
	In Quota	30	5
	Out Quota	40	5
0207.27.99	---- Other		
	In Quota	30	

**Annex A**

**Products with MFN Tariffs over 20%, 2022**

HS Code	Product	MFN Tariff
	Out Quota	40
	- Of ducks :	
0207.41.00	-- Not cut in pieces, fresh or chilled	
	In Quota	40
	Out Quota	40
0207.42.00	-- Not cut in pieces, frozen	
	In Quota	40
	Out Quota	40
0207.43.00	-- Fatty livers, fresh or chilled	
	In Quota	40
	Out Quota	40
0207.44.00	-- Other, fresh or chilled	
	In Quota	40
	Out Quota	40
0207.45.00	-- Other, frozen :	
A	--- Fatty livers, In-Quota	40
B	--- Fatty livers, Out-Quota	40
C	--- Other, In-Quota	40
D	--- Other, Out-Quota	40
	- Of geese :	
0207.51.00	-- Not cut in pieces, fresh or chilled	
	In Quota	30
	Out Quota	40
0207.52.00	-- Not cut in pieces, frozen	
	In Quota	40
	Out Quota	40
0207.53.00	-- Fatty livers, fresh or chilled	
	In Quota	40
	Out Quota	40
0207.54.00	-- Other, fresh or chilled	
	In Quota	40
	Out Quota	40
0207.55.00	-- Other, frozen :	
A	--- Fatty livers, In-Quota	40
B	--- Fatty livers, Out-Quota	40
C	--- Other, In-Quota	40
D	--- Other, Out-Quota	40
0207.60.00	- Of guinea fowls :	
A	-- Fresh or chilled, not cut in pieces, In-Quota	40
B	-- Fresh or chilled, not cut in pieces, Out-Quota	40
C	-- Frozen, In-Quota	40
D	-- Frozen, Out-Quota	40
E	-- Others, In-Quota	40
F	-- Others, Out-Quota	40

**Annex A**

**Products with MFN Tariffs over 20%, 2022**

HS Code	Product	MFN Tariff
02.10	Meat and edible meat offal, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal.	
	- Meat of swine :	
0210.11.00	-- Hams, shoulders and cuts thereof, with bone in	40
0210.12.00	-- Bellies (streaky) and cuts thereof	40
0210.19	-- Other :	
0210.19.30	--- Bacon or boneless hams	40
0210.19.90	--- Other	40
0210.91.00	-- Of primates	40
0210.92	-- Of whales, dolphins and porpoises (mammals of the order Cetacea); of manatees and dugongs (mammals of the order Sirenia); of seals, sea lions and walruses (mammals of the suborder Pinnipedia) :	40
0210.92.10	--- Of whales, dolphins and porpoises (mammals of the order Cetacea); of manatees and dugongs (mammals of the order Sirenia)	40
0210.92.90	--- Other	40
0210.93.00	-- Of reptiles (including snakes and turtles)	40
0210.99	-- Other :	
0210.99.90	--- Other	40
03.01	Live fish.	
03.02	Fish, fresh or chilled, excluding fish fillets and other fish meat of heading 03.04.	
03.03	Fish, frozen, excluding fish fillets and other fish meat of heading 03.04.	
03.04	Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen.	
03.05	Fish, dried, salted or in brine; smoked fish, whether or not cooked before or during the smoking process; flours, meals and pellets of fish, fit for human consumption.	
03.06	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine; smoked crustaceans, whether in shell or not, whether or not cooked before or during the smoking process; crustaceans, in shell, cooked by steaming or by boiling	
03.07	Molluscs, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine; smoked molluscs, whether in shell or not, whether or not cooked before or during the smoking process; flours, meals and pellets of molluscs, fit for human consumption	

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HS Code	Product	MFN Tariff
03.08	Aquatic invertebrates other than crustaceans and molluscs, live, fresh, chilled, frozen, dried, salted or in brine; smoked aquatic invertebrates other than crustaceans and molluscs, whether or not cooked before or during the smoking process; flours, meals	
07.01	Potatoes, fresh or chilled.	
0701.90.00	-- Other	
A	Chipping potatoes, in quota	40
B	Chipping potatoes, out quota	40
C	Other, out quota	40
D	Other, in quota	40
07.03	Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled.	
0703.10	- Onions and shallots :	
	-- Onions :	
0703.10.11	--- Bulbs for propagation	40
0703.10.19	--- Other	40
	-- Shallots :	
0703.10.21	--- Bulbs for propagation	40
0703.10.29	--- Other	40
0703.20	- Garlic :	
0703.20.10	-- Bulbs for propagation	40
0703.20.90	-- Other	40
07.04	Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled.	
0704.10	- Cauliflowers and headed broccoli :	
0704.10.10	-- Cauliflowers	25
0704.10.20	-- Headed broccoli	25
0704.90	- Other :	
0704.90.11	-- Round (drumhead) cabbages	40
0704.90.19		40
07.05	Lettuce ( <i>Lactuca sativa</i> ) and chicory ( <i>Cichorium spp.</i> ), fresh or chilled.	
	- Lettuce :	
0705.11.00	-- Cabbage lettuce (head lettuce)	25
0705.19.00	-- Other	25
07.06	Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots, fresh or chilled.	
0706.10	- Carrots and turnips :	
0706.10.10	-- Carrots	40



**Annex A**

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HS Code	Product	MFN Tariff
07.14	Manioc, arrowroot, salep, Jerusalem artichokes, sweet potatoes and similar roots and tubers with high starch or inulin content, fresh, chilled, frozen or dried, whether or not sliced or in the form of pellets; sago pith.	
0714.10	- Manioc (cassava) :	
	-- Sliced or in the form of pellets :	
0714.10.11	--- Dried chips	40
0714.10.19	--- Other	40
	-- Other :	
0714.10.91	--- Frozen	40
0714.10.99	--- Other	40
0714.20	- Sweet potatoes :	
0714.20.10	-- Frozen	40
0714.20.90	-- Other	40
0714.30	- Yams (Dioscorea spp.) :	
09.01	Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion.	
	- Coffee, not roasted :	
0901.11	-- Not decaffeinated :	
0901.11.10	--- Arabica WIB or Robusta OIB	
	In Quota	30
	Out Quota	40
0901.11.90	--- Other	
	In Quota	30
	Out Quota	40
0901.12	-- Decaffeinated :	
0901.12.10	--- Arabica WIB or Robusta OIB	
	In Quota	30
	Out Quota	40
0901.12.90	--- Other	
	In Quota	30
	Out Quota	40
	- Coffee, roasted :	
0901.21	-- Not decaffeinated :	
0901.21.10	--- Unground	
	In Quota	40
	Out Quota	40
0901.21.20	--- Ground	
	In Quota	40
	Out Quota	40
0901.22	-- Decaffeinated :	
0901.22.10	--- Unground	
	In Quota	40

**Annex A**

**Products with MFN Tariffs over 20%, 2022**

HS Code	Product	MFN Tariff	
	Out Quota	40	
0901.22.20	- - - Ground		
	In Quota	40	
	Out Quota	40	
0901.90	- Other :		
0901.90.10	- - Coffee husks and skins		
	In Quota	40	
	Out Quota	40	
0901.90.20	- - Coffee substitutes containing coffee		
	In Quota	40	
	Out Quota	40	
10.05	Maize (corn).		<i>Until end-2023</i>
1005.90.90	- - Other		<i>EO 10</i>
	In Quota	35	5
	Out Quota	50	15
10.06	Rice.		
1006.10	- Rice in the husk (paddy or rough) :		
1006.10.90	- - Other		
	In Quota	40	35
	Out Quota	50	35
1006.20	Husked (Brown) rice		
1006.20.10	Thai Hom Mali Rice		
A	In Quota	40	35
B	Out Quota	50	35
1006.20.90	Other		
A	In Quota	40	35
B	Out Quota	50	35
1006.30	- Semi-milled or wholly milled rice, whether or not polished or glazed :		
1006.30.30	- - Glutinous rice		
	In Quota	40	35
	Out Quota	50	35
1006.30.40	- - Hom Mali rice		
	In Quota	40	35
	Out Quota	50	35
1006.30.91	- - - Parboiled rice		
	In Quota	40	35
	Out Quota	50	35
1006.30.99	- - - Other		
	In Quota	40	35
	Out Quota	50	35
1006.40	- Broken rice :		
1006.40.10	- - Of a kind used for animal feed		

**Annex A**  
**Products with MFN Tariffs over 20%, 2022**

HS Code	Product	MFN Tariff	
	In Quota	40	35
	Out Quota	50	35
1006.40.90	-- Other		
	In Quota	40	35
	Out Quota	50	35
11.04	Cereal grains otherwise worked (for example, hulled, rolled, flaked, pearled, sliced or kibbled), except rice of heading 10.06; germ of cereals, whole, rolled, flaked or ground.		
	- Other worked grains (for example, hulled, pearled, sliced or kibbled) :		
1104.23.00	-- Of maize (corn)	40	
16.01	Sausages and similar products, of meat, meat offal or blood; food preparations based on these products.		
1601.00.10	- In airtight containers for retail sale	40	
1601.00.90	- Other	40	
16.02	Other prepared or preserved meat, meat offal or blood.		
1602.10	- Homogenised preparations :		
1602.10.10	-- Containing pork, in airtight containers for retail sale	45	
1602.10.90	-- Other	45	
1602.20.00	- Of liver of any animal	40	
	- Of poultry of heading 01.05 :		
1602.31	-- Of turkeys :		
1602.31.10	--- In airtight containers for retail sale	40	
	--- Other :		
1602.31.91	----Of mechanically deboned or separated meat	40	
1602.31.99	---- Other	40	
1602.32	-- Of fowls of the species Gallus domesticus :		
1602.32.10	--- Chicken curry, in airtight containers for retail sale	40	
1602.32.90	--- Other	40	
1602.39.00	-- Other	40	
	- Of swine :		
1602.41	-- Hams and cuts thereof :		
1602.41.10	--- In airtight containers for retail sale	40	
1602.41.90	--- Other	40	
1602.42	-- Shoulders and cuts thereof :		
1602.42.10	--- In airtight containers for retail sale	40	
1602.42.90	--- Other	40	
1602.49	-- Other, including mixtures :		
	--- Luncheon meat :		

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HS Code	Product	MFN Tariff
1602.49.11	---- In airtight containers for retail sale	40
1602.49.19	---- Other	40
	--- Other :	
1602.49.91	---- In airtight containers for retail sale	40
1602.49.99	---- Other	40
1602.50.00	- Of bovine animals	35
1602.90	- Other, including preparations of blood of any animal :	
1602.90.10	-- Mutton curry, in airtight containers for retail sale	35
1602.90.90	-- Other	35
17.01	Cane or beet sugar and chemically pure sucrose, in solid form.	
	- Raw sugar not containing added flavouring or colouring matter :	
1701.12.00	-- Beet sugar	
	In Quota	50
	Out Quota	50
1701.13.00	-- Cane sugar specified in Subheading Note 2 to this Chapter	
	In Quota	50
	Out Quota	50
1701.14.00	-- Other cane sugar	
	In Quota	50
	Out Quota	50
	- Other :	
1701.91.00	-- Containing added flavouring or colouring matter	
	-- Containing sugar over 65% by dry weight of sugar, in-quota	50
	-- Containing sugar over 65% by dry weight of sugar, out-quota	50
1701.99	-- Other :	
	-- Refined sugar	
1701.99.11	white	
	-- Containing sugar over 65% by dry weight of sugar, in-quota	50
	-- Containing sugar over 65% by dry weight of sugar, out-quota	50
1701.99.19	Other	
	-- Containing sugar over 65% by dry weight of sugar, in-quota	50
	-- Containing sugar over 65% by dry weight of sugar, out-quota	65
1701.99.90	Other	
	In Quota	50
	Out Quota	65

**Annex A**

**Products with MFN Tariffs over 20%, 2022**

HS Code		Product	MFN Tariff	
21.01		Extracts, essences and concentrates, of coffee, tea or maté, and preparations with a basis of these products or with a basis of coffee, tea or maté; roasted chicory and other roasted coffee substitutes, and extracts, essences and concentrates thereof.		
	2101.11	-- Extracts, essences and concentrates :		
	2101.11.10	--- Instant coffee		
		In Quota	30	
		Out Quota	45	
	2101.11.90	--- Other		
		In Quota	30	
		Out Quota	45	
	2101.12	-- Preparations with a basis of extracts, essences or concentrates or with a basis of coffee :		
	2101.12.10	--- Mixtures in paste form with a basis of ground roasted coffee, containing vegetable fats		
		In Quota	30	
		Out Quota	45	
	2101.12.90	--- Other :		
		In Quota	30	
		Out Quota	45	
	2101.12.91	---- Coffee preparation with a basis of extracts, essences or concentrate containing added sugar, whether or not containing creamer	no data	
	2101.12.92	---- Coffee preparation with a basis of ground roasted coffee containing added sugar, whether or not containing creamer	no data	