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REPUBLIC OF THE PHILIPPINES)
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SENATE
P.S. Resolution No. 206

Introduced by **SENATOR IMEE R. MARCOS**

RESOLUTION
DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN
INQUIRY, IN AID OF LEGISLATION, INTO THE REPORTED RAMPANT
SMUGGLING OF AGRICULTURAL PRODUCTS IN THE COUNTRY, THEREBY
CAUSING GREAT LOSS AND HARM TO THE ECONOMY, THE LOCAL
AGRICULTURAL INDUSTRY, AND OUR FARMERS AND FISHERFOLK

WHEREAS, Art. XII, Section 1 of the Constitution states that the "*the State shall promote industrialization and full employment based on sound agricultural development and agrarian reform, through industries that make full and efficient use of human and natural resources, and which are competitive in both domestic and foreign markets. However, the State shall protect Filipino enterprises against unfair foreign competition and trade practices*";

WHEREAS, Article XIII, Section 5 of the Constitution also provides that, "*the State shall recognize the right of farmers, farmworkers, and landowners, as well as cooperatives, and other independent farmers' organizations to participate in the planning, organization, and management of the program, and shall provide support to agriculture through appropriate technology and research, and adequate financial, production, marketing, and other support services*";

WHEREAS, Republic Act (R.A.) No. 10845 entitled "*An Act Declaring Large-Scale Agricultural Smuggling as Economic Sabotage, Prescribing Penalties Therefor and For Other Purpose*" declares it the policy of the State "*to promote the productivity of the agriculture sector and to protect farmers from unscrupulous traders and importers, who by their illegal importation of agricultural products, especially rice, significantly affect the production, availability of supply and stability of prices, and the food security of the State*";

WHEREAS, Section 3 of the same law considers the crime of large-scale agricultural smuggling as economic sabotage, when involving sugar, corn, pork, poultry,

garlic, onion, carrots, fish, and cruciferous vegetables, in its raw state, or which have undergone the simple processes of preparation or preservation for the market, with a minimum amount of one million pesos (P1,000,000.00), or rice, with a minimum amount of ten million pesos (P10,000,000.00), as valued by the Bureau of Customs (BOC), and committed through the acts specified under said Section 3;

WHEREAS, more than six (6) years after the enactment of R.A. No. 10845, the smuggling of agricultural products continues to plague Philippine markets and farmers and has become even more rampant, posing a serious threat not only to the economy but also to the future of our local agricultural industry and to our farmers;

WHEREAS, the unabated smuggling of rice, vegetables, and other agricultural commodities in the country not only jeopardize farmers' livelihoods and the local markets but also Filipinos' health as these imported products may not have the necessary permits or licenses that would certify them as safe for consumption;

WHEREAS, the United Nations Comtrade data shows that, in 2020, at least 300 million kilograms of rice, 45.5 million kilograms of pork, 76 million kilograms of chicken, 23.04 million kilograms of onions, 6.7 million kilograms of garlic, and 12 million kilograms of vegetables have been smuggled into the country, resulting in foregone revenues of at least Php 9 billion;

WHEREAS, on 27 June 2022, the BOC reported that it foiled the entry of some Php 124 million-worth of smuggled agricultural products from China. According to BOC Deputy Commissioner for Intelligence, Raniel Ramiro, one Chinese company, Daniry Consumer Goods Trading, had declared a shipment for hot pot balls, but it was found to contain Php75 million worth of frozen duck and chicken parts. Another company, Jeroce Consumer Goods Trading, also misdeclared Php49 million worth of pork and poultry products as steamed buns;

WHEREAS, last 28 June 2022, the Senate Committee of the Whole released a report on the list of personalities which includes officials of the BOC, Department of Agriculture, and several mayors tagged as alleged protectors of smugglers of agricultural products;

WHEREAS, the same report states that the amount of smuggled agri-fishery commodities from 2019 to 2022 was estimated at Php667.5 million. The BOC was also reported to have seized Php 1.99 billion worth of agricultural products in 542 raids since 2019;

WHEREAS, according to the Federation of Free Farmers (FFF), the discrepancy between prices of rice shipments at the point of origin as declared by the importers and the BOC's reference values averaged Php 2,416 per ton from January to May 2020, which led to revenue losses estimated at Php1.6 billion;

WHEREAS, the study also indicates that aside from undervaluing free on-board prices, which is the price of imports at the point of origin, the importers are grossly misdeclaring their freight and insurance costs which are included in the computation of tariffs. For instance, rice imports were placed under a tariff heading for 'broken rice' which includes a subheading for rice of kind used for animal feed. Others were classified as 'brown rice' even if they were actually 'white and well-milled';

WHEREAS, Customs officials admitted that some importers have been conniving with certain shippers to label invoice freight and insurance charges as "*other charges*" so as not to be included in tariff computations, which resulted in additional uncollected duties of about Php 1.1 billion;

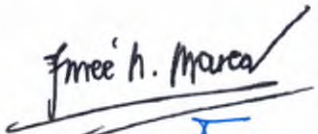
WHEREAS, other schemes of misdeclaration are employed by malevolent importers to considerably reduce the amount of tariffs to be paid or to avoid payment of tariff, to the great damage of our economy, to the local agricultural industry and to our farmers;

WHEREAS, despite repeated clamor for government action by farmer and fisherfolk groups, cooperatives, and other agricultural organizations, smuggled agricultural commodities continue to flood our local public markets, further tormenting our local farmers and fisherfolk in a time when their livelihood is already beset by a pandemic, global inflation, and Chinese coast guard harassment in disputed fishing territories;

WHEREAS, there is an urgent need to address the afore-cited crises pervading the agricultural importation in the country as the issues not only erode billions of government revenue and negatively affect the availability of supply and stability of prices of agricultural products, but also pose risks to the health of Filipinos in view of the uncertain quality of goods offered to the general public;

NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, to direct the appropriate Senate Committee to conduct an inquiry, in aid of legislation, into the reported rampant smuggling of agricultural products in the country, thereby causing great loss and harm to the economy, the local agricultural industry, and our farmers and fisherfolk.

Adopted,


IMEE R. MARCOS