

SIXTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
Second Regular Session )



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SENATE  
P. S. R. No. 821

RECEIVED BY: *ji*

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Introduced by Senator Miriam Defensor Santiago

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RESOLUTION  
DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID  
OF LEGISLATION, ON THE REPORT THAT TOP OFFICIALS OF THE NATIONAL FOOD  
AUTHORITY GAVE LEGAL COVER TO SMUGGLERS

WHEREAS, the Constitution, Article 2, Section 27 provides: "The State shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption";

WHEREAS, the Constitution, Article 2, Section 28 states: "Subject to reasonable conditions prescribed by law, the State adopts and implements a policy of full public disclosure of all its transactions involving public interest";

WHEREAS, the Constitution, Article 13, Section 1, Paragraph 2 requires the State to protect Filipino enterprises against unfair foreign competition and trade practices;

WHEREAS, inquire.net, on its online article posted on 21 July 2014, reported that an investigation of rice smuggling in the country showed that top officials of the National Food Authority (NFA) allegedly gave big-time smugglers legal cover in importing rice using farmers' cooperatives as fronts;

WHEREAS, it was reported that former NFA Administrator Lito Banayo, his deputy administrator Jose D. Cordero, suspected smuggler David Bangayan/Tan and three others are among those set to be charged with economic sabotage and violation of the Anti-Graft and Corrupt Practices Act in the Department of Justice (DOJ);

WHEREAS, it was also reported that a source privy to the results of the probe conducted by state investigators said that the NFA officials signed the import permits, which provided the legal cover for the suspected rice smugglers;

WHEREAS, the report claimed that Banayo resigned on 30 September 2012, in the wake of reports of massive rice smuggling in the country;

WHEREAS, former NFA Administrator Banayo allegedly stepped down to run for congressman in the 2013 midterm elections in the first district of Agusan del Norte province;

WHEREAS, it was reported that also to be charged with rice smuggling in the DOJ are couple David and Judyline Lim, owners of DGL Commodities, DGL Trucks and D-Force Trucking, and Leah Echeveria of Mandaue City;

WHEREAS, the report claimed that Leah Echeveria is the suspected conduit between the farmers' cooperatives and the suspected rice smugglers;

WHEREAS, it was reported that a probe of 26 farmers' cooperatives led investigators to recommend the filing of charges against the two former NFA officials and the alleged rice smugglers;

WHEREAS, it was also reported that the member of the cooperatives pointed to Bangayan and the Lim couple as the financiers of their import quotas through Echeveria;

WHEREAS, it was reported that investigators found that Bangayan and Lim used the farmers' cooperatives in two ways, and that they used the cooperatives as dummy to acquire import permits and also used them as dummy to extract seized cargoes;

WHEREAS, Justice Secretary Leila de Lima allegedly told the Senate committee on agriculture in January that Bangayan, a.k.a. David Tan, controlled the importation of rice by financing farmers' cooperatives that wanted to bid for import permits from the NFA;

WHEREAS, according to the news report, the complicity of NFA officials in the illegal activity was also traced to the granting of memorandums of undertaking to farmer cooperatives that were used as vehicles for the release of seized imported rice;

WHEREAS, further, the news report stated that the source also said that members of cooperatives were paid a commission of at least P10 for every sack of rice and that they admitted that businessmen borrow their import permits and pay all the dues and were given commission in exchange for the paper," the source said;

WHEREAS, it was reported that based on the statements of the members of the farmers' cooperatives the financiers facilitated the documents needed for the bidding of import permits;

WHEREAS, it was also reported that apart from providing the cash to open a bank account under the name of a cooperative, the financiers also provided the "bond" required by the NFA to the winning cooperative before an import permit was issued;

WHEREAS, the report claimed that the NFA allowed farmers' cooperatives to buy rice from abroad after it ended government-to-government rice procurement;


WHEREAS, the report also claimed that to cover any shortfall in rice production and to increase the country's buffer stock, the agency bid out the permits to import the grain;

WHEREAS, there is a need for Congress to formulate applicable laws or amend existing laws to solve the smuggling of agricultural products in the Philippines;

WHEREAS, it is also necessary to strengthen trade laws and agreements, protect consumers, and stabilize the price of agricultural products in the local market;

WHEREFORE, BE IT HEREBY RESOLVED BY THE PHILIPPINE SENATE to direct the proper Senate committee to conduct an inquiry, in aid of legislation, on the report that top officials of the National Food Authority gave legal cover to smugglers.

Adopted,

  
MIRIAM DEFENSOR SANTIAGO  
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