

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



Senate  
Office of the Secretary

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SENATE  
P. S. R. No. 1233

RECEIVED BY:

Introduced by Senator Miriam Defensor Santiago

RESOLUTION

DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID  
OF LEGISLATION, ON THE REPORT THAT THE “5-20” SCHEME AT THE BUREAU OF  
CUSTOMS IS COSTING THE GOVERNMENT MILLIONS

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

WHEREAS, the *Philippine Daily Inquirer* on 2 March 2015 reported that the government  
continues to lose millions of pesos in much-needed revenue to the cinco huli, lusot veinte or “5-  
20” ukay-ukay scheme at the Bureau of Customs (BOC);

WHEREAS, according to BOC insiders, the scheme is: for every 25 shipments of  
imported ukay-ukay (used clothing), five are seized by the Department of Finance-attached  
agency while the rest are released to their consignees upon payment of “tara” (grease money) to  
corrupt customs personnel;

WHEREAS, at least eight big-time BOC players—mostly based in Metro Manila—are  
reportedly behind the illegal ukay-ukay importation;

WHEREAS, the traders, including the “Teves” group, have been misdeclaring ukay-  
ukay imports as general merchandise, among other items, due to the ban on the importation of  
used clothes under Republic Act No. 4653;

WHEREAS, aside from RA 4653, ukay-ukay importation is also prohibited under the  
Tariff and Customs Code of the Philippines;

1           WHEREAS, a BOC official reportedly said that two of the importers have allegedly been  
2 dropping the names of a top DOF official and of two customs officials in their illegal operations;

3           WHEREAS, the finance department officials and bureau executives are said to be  
4 fraternity brothers;

5           WHEREAS, Inquirer sources at Customs cited the continued proliferation of ukay-ukay  
6 stores not just in Baguio City but in many other places nationwide as proof of the government's  
7 failure to stop ukay-ukay smuggling;

8           WHEREAS, last week, the Bureau of Customs seized over ₱21 million worth of illegally  
9 imported used clothes at the Manila International Container Port;

10           WHEREAS, in a news release, the bureau's Public Information and Assistance Division  
11 (PIAD) said five container vans of ukay-ukay were consigned to a Greenhills, Mandaluyong  
12 City-based firm called PJK Express Door-to-Door Corporation;

13           WHEREAS, however, a BOC investigation disclosed that the company was not holding  
14 office at its declared address;

15           WHEREAS, according to the PIAD, the smuggling attempt was foiled on the basis of  
16 alert orders issued by the BOC's Enforcement Group after receiving derogatory information  
17 about the shipment;

18           WHEREAS, the BOC promptly issued a warrant of seizure and detention of the shipment  
19 for violation of Section 2503 of the Tariff and Customs Code of the Philippines, as well as RA  
20 4653;

21           WHEREAS, from 2002 to 2011 alone, the government lost more than ₱1.33 trillion in  
22 revenue to smuggling through the country's ports, according to the Federation of Philippine  
23 Industries (FPI), which groups together about 800 firms nationwide;

24           WHEREAS, in a study, the FPI said lost revenue from 2002 to 2008 totaled ₱889.5  
25 billion, with further losses of ₱119.65 billion in 2009 and ₱326.75 billion in 2010 and 2011;

1           WHEREAS, President Aquino earlier said the government had been losing at least ₱200  
2 billion in revenue each year due to smuggling at the ports;

3           WHEREAS, Customs officials have repeatedly said they were doing something about it;

4           WHEREAS, an investigation must be done to identify the officials involved in this case  
5 and appropriate punishment must be enforced against these officers;

6           WHEREAS, the bureau must devise and impose stricter policies against illegal  
7 importation to prevent this incident from occurring again;

8           WHEREFORE, BE IT HEREBY RESOLVED BY THE PHILIPPINE SENATE to direct  
9 the proper Senate committee to conduct an inquiry, in aid of legislation, on the report that the “5-  
10 20” scheme at the Bureau of Customs is costing the government millions.

Adopted,

  
MIRIAM DEFENSOR SANTIAGO  
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