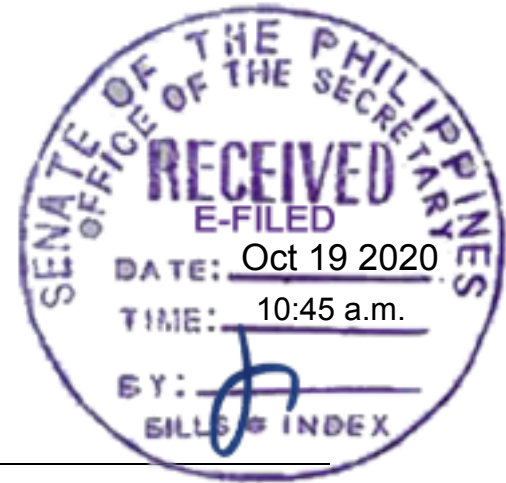


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



SENATE
P.S. Resolution No. 549

Introduced by **SENATOR IMEE R. MARCOS**

RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED RAMPANT RICE SMUGGLING IN THE COUNTRY, INCLUDING THE SCHEME OF UNDERVALUATION AND MISDECLARATION OF RICE IMPORTATION AND THE CONTINUED ANOMALOUS OPERATIONS OF BLACKLISTED RICE IMPORTERS USING AS CONDUIT THE LEGITIMATE FARMERS' COOPERATIVES, THEREBY CAUSING A GREAT LOSS TO THE ECONOMY, TO THE LOCAL RICE INDUSTRY AND TO OUR FARMERS.

WHEREAS, Art. XII, Section 1 of the Constitution states that the *"goals of the national economy are a more equitable distribution of opportunities, income, and wealth; a sustained increase in the amount of goods and services produced by the nation for the benefit of the people; and an expanding productivity as the key to raising the quality of life for all, especially the underprivileged"*;

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, the Philippines is considered an agricultural country where about eleven (11) million of its population depend on it for livelihood. Statistics show that the country is the 8th largest producer of rice in the world. Ironically, it is also the world's largest importer of rice with 2.3 metric tons of rice that was imported during

the year 2019. Our country heavily relies on the importation of rice from Thailand and Vietnam to augment our produce to feed the burgeoning population;

WHEREAS, on February 14, 2019, R.A. No. 11203 entitled "*An Act Liberalizing the Importation, Exportation and Trading of Rice, Lifting for the Purpose the Quantitative Import Restriction on Rice, and For Other Purpose*" was enacted into law;

WHEREAS, the said law aims to "*ensure food security and to make the country's agricultural sector viable, efficient and globally competitive.*" Towards that end, the "*State adopts the use of tariffs in lieu of non-tariff import restrictions to protect local producers of agricultural products*";

WHEREAS, the enactment of the said law paved the way for a dramatic increased in the volume of rice importation. Unfortunately, the perennial problem of rice smuggling is becoming more rampant and posing a serious threat not only to the economy but also to the future of our local rice industry and to our farmers;

WHEREAS, according to the Federation of Free Farmers (FFF) study, the discrepancy between rice prices at the shipments' point of origin as declared by the importers and the Bureau of Custom's (BOC) reference values averaged Php945 per ton in 2019. However, from January to May 2020, the undervaluation doubled to Php2,416 per ton which led to revenue losses estimating to reach 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. It further revealed that, "*eighty percent of rice imports in 2020 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 had been conniving with certain shippers to label invoice freight and insurance charges as "*other chargers*" so as not to be included in tariff computations, which resulted in additional uncollected duties of about Php1.1 billion;

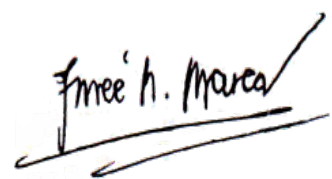
WHEREAS, other scheme of misdeclaration are employed by malevolent rice importers to considerably reduce the amount of tariffs to be paid or to avoid payment of tariff, to the great damage of our economy, to the local rice industry and to our farmers;

WHEREAS, there is an alarming report on the continued anomalous operations of blacklisted rice importers using as a conduit the legitimate farmers' cooperatives, thereby profiting further from tax exemptions granted to farmers' cooperatives pursuant to R.A. No. 6938 or the "*Cooperative Code of the Philippines*", as amended;

WHEREAS, there is an urgent need to address the afore-cited crises pervading the rice importation in the country as the issues also threaten the effective implementation of R.A. No. 11203 or the "*Rice Tariffication Law*" for the benefit of our farmers who are validly complaining of the ill-effects of unreasonable low prices of Palay;

NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, to direct the appropriate Senate Committee to conduct an inquiry, in aid of legislation, on the reported rampant rice smuggling in the country, including the scheme of undervaluation and misdeclaration of rice importation and the continued anomalous operations of blacklisted rice importers using as conduit the legitimate farmers' cooperatives, thereby causing a great loss to the economy, to the local rice industry and to our farmers.

Adopted,


IMEE R. MARCOS