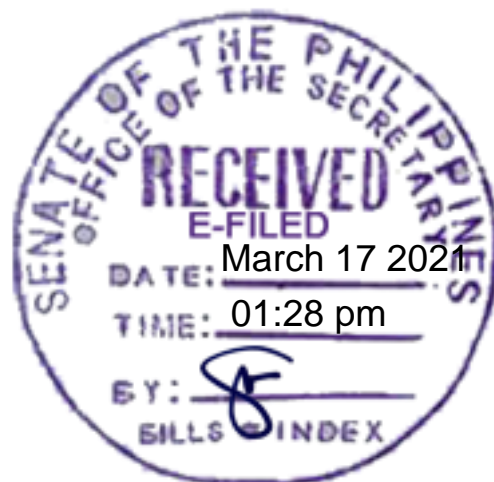


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



SENATE

P. S. RES. NO. 685

Introduced by Senator Panfilo Lacson

RESOLUTION

CALLING FOR THE CONSTITUTION OF THE SENATE COMMITTEE OF THE WHOLE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE FOOD SECURITY CRISIS BROUGHT ABOUT BY THE SEVERE OUTBREAK OF THE AFRICAN SWINE FEVER (ASF) AND CONSEQUENTLY, BY THE ADOPTION OF POLICY SOLUTIONS CONTINGENT ON IMPORTATION WHICH IS FORESEEN TO CAUSE BILLIONS OF REVENUE LOSSES AND FURTHER PERPETRATE THE UNABATED CORRUPTION IN THE FORM OF “TONG-PATS” AND TECHNICAL SMUGGLING OF POULTRY AND PORK PRODUCTS THAT WILL ULTIMATELY LEAD TO THE DEMISE OF THE LOCAL INDUSTRY AND ADVERSE PUBLIC HEALTH EFFECTS IF NO APPROPRIATE MEASURES WILL BE ADOPTED

WHEREAS, in the 2020 report made by the Food and Agriculture Organization of the United Nations entitled “The State of Food Security and Nutrition in the World”, the Philippines recorded the most number of food-insecure people in Southeast Asia from 2017 to 2019, with 59 million Filipinos suffering from moderate to severe lack of consistent access to food;

WHEREAS, in comparison to Indonesia which is the most populous country in Southeast Asia with more than double the Philippines’ population, the country was only recorded second to the Philippines with 18.7 million food-insecure people in 2017-2019;

WHEREAS, the food security crisis in the Philippines intensified due to severe outbreaks that have affected local producers, further exacerbated by policies on importation imposed by the government which proved to be unresponsive and detrimental to the interest and welfare of our local farmers and entrepreneurs.

Coupled with unabated technical smuggling through misdeclaration in their Goods Declaration filed with the Bureau of Customs, the current problem seems to be insurmountable;

WHEREAS, in August 2019, the African Swine Fever (ASF) outbreak was first reported in the Philippines, which significantly affected the livelihood of over 68,382 farmers in 12 regions, 40 provinces, 463 municipalities, and 2,402 barangays nationwide;

WHEREAS, the ASF problem began as early as 2018 when certain officials of the Bureau of Animal industry illegally permitted the entry of pork meat and other pork products, particularly and mostly porcine meal from banned countries like Hungary, Belgium, Germany and China into the Philippines in violation of existing Memorandum Orders issued by the Department of Agriculture banning the importation of said agricultural products, to wit: **Memorandum Order No. 18 dated 27 June 2018** banning the importation of domestic and wild pigs and their products including pork meat and their semen from Hungary; **Memorandum Order No. 31 issued on 17 September 2018** temporarily banning the importation of domestic and wild pigs and their products including pork meat and their semen from Belgium; **Memorandum Order No. 23 issued on 30 August 2018** temporarily banning the importation of domestic and wild pigs and their products including pork meat and semen from Latvia, Poland, Romania, Russia, Ukraine and China; **Memorandum Order No. 18 issued on 02 July 2019** which temporarily suspended the system accreditation of all foreign German meat establishments to export meat in the Philippines because of co-mingling of pork flat bones from Poland, which is an ASF affected country, with the legitimate importation from Germany, and **Memorandum Order No. 6 dated 08 March 2019** which imposed a temporary ban on the importation of processed porcine animal proteins originating from ASF Infected Countries. **The ban includes the importation of processed porcine/pork meal for animal feed use as evidence supports that the consumption of contaminated feeds as one of the possible transmission routes of ASF virus to domestic pigs;**

WHEREAS, the country's reduced local pork supply due to the outbreak of the ASF has drastically increased the price of pork in the market and has also caused a ripple effect, affecting the prices of other meats, vegetables, and basic commodities, especially chicken, an alternative protein source; ¹

WHEREAS, after almost two years since the ASF outbreak, it was only on 21 February 2020 when President Rodrigo Roa Duterte signed Executive Order No. 105 which created a national task force to prevent and control animal diseases;

¹ SciDev.Net (01 February 2021). <https://phys.org/news/2021-02-african-swine-fever-decimates-philippine.html>. Accessed on 15 March 2021.

WHEREAS, in order to address the increasing prices, on 01 February 2021, President Duterte issued Executive Order No. 124-2021 imposing a price ceiling on selected pork and chicken products in the National Capital Region;

WHEREAS, due to the increasing prices of pork products brought about by the ASF, the Department of Agriculture opted to rely on importation of pork products to lower the pork prices in the market. Ironically, Agriculture Secretary William Dar said in a press briefing last 04 November 2019 that illegal shipments seized by authorities at the Port of Manila last October were a clear indication that the virus originated from outside the country, particularly, from China²;

WHEREAS, on 19 January 2021, Secretary Dar recommended to triple the country's pork imports and lower the tariffs as the available domestic pork supply continued to shrink. From an annual minimum access volume (MAV) of 54,000 metric tons (MT), the Department of Agriculture aims to increase it to 150,000 MT³;

WHEREAS, the Agricultural Sector Alliance of the Philippines (AGAP) Partylist, representing 80,000 backyard hog raisers and its members, is calling the Senate to investigate the proposed expansion of the MAV from 54,000 MT to 400,000 MT and imposition of a reduced tariff of 5% from 30% and 40%. The group is emphasizing that the MAV of 400,000 MT will cause oversupply not only in Luzon, but in Visayas and Mindanao as well, where there is ample supply of pork. AGAP sees the government losses amounting to around P13.95 billion as unnecessary and unacceptable;

WHEREAS, it is asserted by the partylist that the foregone tariff revenue of P13.95 Billion is enough to finance the indemnification of all ASF infected hogs as the remaining hog population is 8.5 million. It is their recommendation to allocate P8.5 Billion (ten percent of 8.5 Million hogs at P10,000 per head) to finance indemnification of all ASF infected hogs to backyard and commercial raisers. It is in their assertion that this will encourage farmers to declare if there was an outbreak, which would assist the government to take necessary steps to curb the spread of ASF;

WHEREAS, the partylist is also appealing to the President, through the Senate, to declare a state of calamity due to the continuous ASF outbreak that has been raging the local industry since August 2019;

WHEREAS, we received reports that on top of this burden to our local hog industry, unscrupulous individuals have found a way to illegally profit from this new

² Rappler (4 November 2019).

<https://www.rappler.com/business/pork-from-china-caused-african-swine-fever-outbreak-philippines>. Accessed on 16 March 2021

³ Inquirer.net. (19 January 2021). <https://business.inquirer.net/315996/govt-allows-more-pork-imports#ixzz6pF6Tj9Y3>. Accessed on 16 March 2021

scheme through the imposition of “*tong-pats*” (a variation of the colloquial term “*patong*” or padded cost) amounting to five to seven pesos (P5.00 to P7.00) per kilo of imported pork at present rate which could significantly increase upon the approval of the proposed tariff rate reduction from 30% to 5% for in-quota and 40% to 15% out-quota, and the MAV allocation is increased under this proposition;

WHEREAS, a similar scenario is found in our local poultry sector which remains hugely dependent on importation despite its capability of meeting local demand and generating surplus;

WHEREAS, in a letter to Department of Agriculture Secretary William Dar dated 05 March 2021, the group, Poultry Integrators in the Philippines comprising major producers and suppliers of poultry in the country, appealed to recalibrate the importation of finished chicken products and to stay within the minimum limit of 23,000,000 kilograms per year in order to save the poultry industry;

WHEREAS, the group’s submitted industry data to the DA Secretary showed that the local poultry production was able to fulfill the local demand despite the effects of the government’s restrictions on mobility, operations, and logistics due to the COVID-19 pandemic. In addition, data showed that local poultry production has been producing chickens in excess of the local demand in the past five (5) years prior to the pandemic;

WHEREAS, Executive Order 23 Series of 2017 extended the effectivity of the most-favoured-nation rates of duty on certain agricultural products under Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act. It was reported that chicken importation has been on an upward trend especially after Executive Order 23 was passed reducing Mechanically Deboned Meat (MDM) tariffs from 40% to 5%;

WHEREAS, it was reported that there have been discrepancies in the Philippine Statistics Authority (PSA) and World Trade Organization (WTO) Non-MDM data which disclosed that the Philippines received around 190 million kilograms of unaccounted non-MDM chicken yearly from 2015 to 2020 caused by technical smuggling⁴ through the filing of fraudulent and falsified information or underdeclaration of price of their imported article in their Goods Declaration to avoid payment of higher tariffs and avail of the lowered tariff rate of 5% as mandated by Executive Order 23 by posing Non-MDM products as MDM products;

WHEREAS, according to the PSA, non-MDM chicken importation generally accounts for less than 10% of the total available supply. However, the local chicken

⁴ The Supreme Court, in *BOC vs. Devanadera* dated 08 September 2015, G.R. No. 193253, defined technical smuggling as when “the goods and articles are brought into the country through fraudulent, falsified or erroneous declarations, to substantially reduce, if not totally avoid, the payment of correct taxes, duties and other charges.”;

producers are experiencing unexplained difficulties despite the annual consumption growth. One of the notable challenges of local producers is the cold storage situation. In 2020, there was an increase in the number of dressed chickens stored inside National Meat Inspection Service-accredited cold storage facilities. More than half of the stored dressed chickens were imported; hence, local producers were left with no facilities to store their products which forced them to sell at a loss;

WHEREAS, due to the pandemic, forecasts made by the Poultry Integrators in the Philippines indicate that the local demand in the next two (2) years will not reach the level of demand before the pandemic. This creates a scenario of oversupply of poultry due to the increasing levels of importation brought by the lowering of tariff rates and the increasing of the Minimum Access Volume of finished chicken products;

WHEREAS, it was even alleged that the contraction in local demand coupled with the increasing levels of chicken importation and technical smuggling, have already caused 30% of the local poultry industry to close their businesses;

WHEREAS, the over-importation of pork and poultry products and the proposed reduction of tariff rates will affect not only government revenues, but will also pose serious threats to public health and safety. There were accounts of improper handling of pork and poultry products which are reportedly stockpiled on wet floors without the appropriate refrigeration facilities and are being sold and distributed in public markets across the country (i.e. Divisoria Market, Balintawak Market, Nepa Q-Market, Farm View Wet Market in San Jose Del Monte, Bulacan). This condition may lead to food safety risks due to product thawing and contamination;

WHEREAS, these pernicious practices if remained unchecked will continue to wreak havoc on the industries affected and hamper their immediate recovery to become active players in the industry they are engaged in;

WHEREAS, it is high time for the Senate as a whole to take the bull by its horn, face the problem squarely, and adopt policies and measures that will alleviate the sufferings of the local industries that are already reeling from the ASF crisis compounded by the impact of the COVID-19 pandemic, and fundamentally, accord them the support and opportunity as active partners in development and nation building. **NOW, THEREFORE, BE IT RESOLVED**,

AS IT IS HEREBY RESOLVED, as it hereby calls for the constitution of the Senate Committee of the Whole to conduct an inquiry, in aid of legislation, on the food security crisis brought about by the severe outbreak of the African Swine Fever and consequently, by the adoption of policy solutions contingent on importation which is foreseen to cause billions of revenue losses and which further perpetrate

the unabated corruption in the form of *"tong-pats"* and technical smuggling of poultry and pork products that will ultimately lead to the demise of the local industry and adverse public health effects if no appropriate measures will be adopted;

Adopted,


PANFILO M. LACSON
Senator