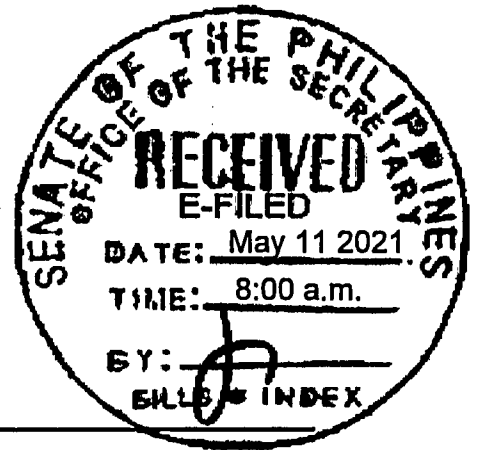


EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )

SENATE  
P.S. Resolution No. 715



Introduced by **SENATOR IMEE MARCOS**

### RESOLUTION

**DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE IMPLEMENTATION OF THE MINIMUM ACCESS VOLUME (MAV) SYSTEM AND ON THE ALLEGED NEED TO ABOLISH THE MAV TO ATTAIN NATIONAL FOOD SECURITY AND TO REVIEW REPUBLIC ACT NO. 8178, OTHERWISE KNOWN AS THE "AGRICULTURAL TARIFFICATION ACT"**

**WHEREAS**, Article XIII, Section 5 of the 1987 Constitution 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**, on 28 March 1996, Republic Act (R.A.) No. 8178, otherwise known as "An Act Replacing Quantitative Import Restrictions on Agricultural Products, Except Rice, With Tariffs; Creating the Agricultural Competitiveness Enhancements Fund, and for Other Purposes" was enacted to prepare and help the agricultural sector become viable, efficient, and globally competitive amidst the global move to trade liberalization;

**WHEREAS**, pursuant to the purposes and policies set forth under R.A. No. 8178, the Philippines adopted the use of tariffs in lieu of non-tariff import restrictions to protect local producers of agricultural products, except rice, through the Minimum Access Volume System (MAV);

**WHEREAS**, there have been allegations of corruption and lack of transparency in the implementation of the MAV in the Department of Agriculture (DA), particularly with regard to the allocation of import certificates under the in-quota MAV, which have had destabilizing effects on the supply and prices of certain agricultural commodities, particularly pork and poultry products;

**WHEREAS**, several hog raisers have raised the alarm on rampant technical smuggling of pork meat, claiming that more than 70% of imported pork meat in the market were smuggled through misdeclaration and misclassification of prime pork meats as edible offal, which are imposed at a much lower 5%-10% tariff as opposed to prime pork meat, which is taxed at 30%-40% tariff rate;

**WHEREAS**, in 2021, inflation was above the government target of 2% to 4%, wherein inflation reached 4.2% in January 2021, 4.7% in February 2021, 4.5% in March 2021, and 4.5% in April 2021. The price of meat was identified as one of the drivers of inflation since it recorded inflation rates at 17.2% in January 2021, 20.7% in February 2021, 20.9% in March 2021, and 22.1% in April 2021, as the price of pork rose from PhP 280 per kilogram to as high as PhP 420 per kilogram due to supply issues associated with the African Swine Fever (ASF);

**WHEREAS**, in the first quarter of 2021, the DA recommended to the President of the Philippines to increase the MAV on pork imports to raise the country's stock amid supply woes due to the ASF which is expected to allegedly result in pork importers without MAV allocations to resort to technical smuggling to compete with the consequent drop in prices;

**WHEREAS**, the Tariff Commission (TC) has launched an investigation to determine the merits of increasing the tariff on pork imports to as high as 44%. The Samahang Industriya ng Agrikultura (SINAG) claimed that *"importers are raking in profits at the current tariff rate with no corresponding reflection on the retail price of prime pork cuts"*;

**WHEREAS**, according to a data from the Bureau of Customs, the landed cost of pork belly and kasim was priced at only PhP 81 per kilogram from January 2020 to 2021. However, the importers are allegedly making PhP 200 to PhP 250 per kilogram as pork belly and kasim retail for PhP 350 to PhP 400 per kilogram;

**WHEREAS**, given the planned increase of the MAV on pork imports and in view of the already ultra-low in-quota tariff rates, the SINAG has filed a petition with the TC to increase the in-quota tariff rate to 40% and the out-quota rate to 44% to address the inevitable effects on the price of pork in the market and the harrowing effects on the Philippine pork industry;

**WHEREAS**, several lawmakers, at least fifteen groups of hog raisers, and other agriculture organizations have signified their opposition and have appealed to the President asking him to revoke the proposal to import an additional 350,000 metric tons of pork at ultra-low tariff rates, saying it will kill what's left of the local hog industry;

**WHEREAS**, the National Economic and Development Authority (NEDA) released a study that the increase in MAV on pork will result in projected pork prices of PhP 215

to PhP 220 per kilogram, which is significantly lower than the total production cost of the local industry at PhP 300, which, in effect, is disadvantageous;

**WHEREAS**, the entry of more imported pork in the local market will only push local hog raisers to permanently abandon hog raising which already recorded more than PhP 50 billion in losses since ASF first crept in the country in 2019;

**WHEREAS**, there is a need to review the DA's implementation of the MAV and R.A. No. 8178 and to determine the viability of other modes of granting MAV allocations, as well as the financial and socio-economic effects that the deregulation and further liberalization of the importation of other agricultural products and/or the abolishment of the MAV would have on the Philippine agricultural industry;

**NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED**, directing the appropriate Senate committee to conduct an inquiry, in aid of legislation, into the implementation of the Minimum Access Volume (MAV) System and on the alleged need to abolish the MAV to attain national food security and to review Republic Act No. 8178, otherwise known as the "*Agricultural Tariffication Act*".

*Adopted,*

  
**IMEE R. MARCOS**