### NINETEENTH CONGRESS OF THE PREPUBLIC OF THE PHILIPPINES (First Regular Session )

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SENATE

S.B. No.1962

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Introduced by Senator Cynthia A. Villar

## AN ACT AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NO. 10845, OTHERWISE KNOWN AS THE ANTI-AGRICULTURAL SMUGGLING ACT OF 2016, AND FOR OTHER PURPOSES

#### **EXPLANATORY NOTE**

As early as 2013, during the 16th Congress, I already filed a Resolution to conduct an inquiry, in aid of legislation, on the monopolization of onion and garlic. The Senate Committee on Agriculture discovered the cartel on agricultural products.

Thereafter, I filed Senate Bill No. 2923 or the Anti-Agricultural Smuggling Act of 2016 which later on became a law and is now the subject of this Bill.

Republic Act No. 10845, otherwise known as the Anti-Agricultural Smuggling Act of 2016, was enacted for the purpose of protecting local agricultural industry and farmers from agricultural smuggling.

The existence of smuggled products saturates the market thereby resulting in price manipulation. This scenario unjustly distorts the price of agricultural products in the market, making it almost impossible for locally produced goods to compete.

This scheme was again put into public light during the last quarter of 2022, when the price of onion reached up to 700 pesos per kilo making it the most expensive onion in the world.

It was tackled during the committee hearing by the Senate Committee on Agriculture and Food on the soaring price of onion, the scheme on how the cartels use importation to lower the price of agricultural commodities thereby allowing traders to buy local produce at a lower price. The supply will be hoarded and stock in the cold storage, meantime suspending their import activities so that the price would go up.

According to the records of the Bureau of Customs, in the last quarter of 2022, a total of 28 confiscations involving smuggled onions were made. A total of 1,321 bags and 881.79 MT were confiscated.

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Meanwhile, in the Committee Hearing on livestock industry, it was found out that we are importing more than our country's demand instead of just supporting through importation the deficiency in the local production.

According to the records of the Bureau of Animal Industry, for 2022, the highest meat importation accounts for pork with 710,362 MT, followed by chicken with 411,069 MT and beef with 186,152 MT.

Based on PSA data, the demand on pork has been in a downward trend since 2019, from 15.67 kg/year per capita, to 14.17 kg/year per capita for 2021, but it again increased to 15 kg/year per capita in 2022. Multiplying these data to the total population of the Philippines, it is clear that there is a surplus of supply of Pork brought by the imported pork products.

With all the issues on smuggling, hoarding, profiteering and cartel of agricultural products, it is baffling that no one is prosecuted.

It is high time to amend the Anti-Agricultural Smuggling law. The issue is not only about smuggling but also hoarding, profiteering and cartel. Thus, hoarding, profiteering and cartel shall also be considered as economic sabotage under this amendatory law.

To ensure that the economic sabotage cases under this law will be treated with most preferential attention, Anti-Agricultural Smuggling Task Force will be created under the Office of the President.

For the foregoing reasons, the passage of this bill is earnestly recommended.

SEN. CYNTHIA A. VILLAR

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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

Section. 1. Republic Act No. 10845 is hereby amended to read as follows: 1 AN ACT DECLARING LARGE-SCALE AGRICULTURAL SMUGGLING, 2 **PROFITEERING** AND CARTEL AS **ECONOMIC** HOARDING, 3 SABOTAGE, PRESCRIBING PENALTIES THEREFOR AND FOR OTHER 4 **PURPOSES** 5 Sec. 2. Section 1 of Republic Act No. 108445 is hereby amended to read as 6 follows: 7 This Act shall be known as the "Anti-Agricultural [Smuggling] **ECONOMIC** 8 **SABOTAGE** Act of 2016. 9 Sec. 3. Section 2 of Republic Act No. 108445 is hereby amended to read as 10 follows: 11

Section 3. *Declaration of Policy*. - It is the policy of the State to promote that productivity of the agriculture sector and to protect farmers from unscrupulous traders and importers, who by their illegal importation of agricultural products, [especially] **INCLUDING** rice, significantly affects the production, availability of supply and stability of process and food security of the State.

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# LIKEWISE, IT IS ALSO THE POLICY OF THE STATE TO ENSURE REASONABLE AND AFFORDABLE PRICES TO BASIC AND PRIME COMMODITIES FOR CONSUMERS.

The State shall impose higher sanctions for large-scale smuggling, **HOARDING, PROFITEERING, AND CARTEL** of agricultural products, as a self-preservation measure to shield itself from the manipulative scheme of economic saboteurs, and to protect the livelihood of our farmers and to ensure economic well-being.

Sec. 4. Section 3 of Republic Act No. 10845 is hereby amended to read as follows:

Section 3. Large-Scale Agricultural Smuggling as Economic Sabotage. – The crime of large-scale agricultural smuggling as economic sabotage, involving **RICE**, sugar, corn, **BEEF**, pork, poultry, garlic, onion, carrots, fish, and cruciferous vegetables, in its raw state, or which have undergone the simple processes of preparation or preservation for the market, with a minimum amount of one million pesos (P1,000,000.00), [or rice, with a minimum amount of ten million pesos (P1,000,000.00)] as valued by the Bureau of Customs (BOC), is committed through any of the following acts:

- (a) Importing or bringing into the Philippines without the required import permit from the regulatory agencies;
- (b) Using import permits of persons, natural or juridical, other than those specifically named in the permit;

- 1 (c) Using fake, fictitious or fraudulent import permits or shipping documents;
- (d) Selling, lending, leasing, assigning, consenting or allowing the use of
   import permits of corporation, nongovernment organizations, associations,
   cooperatives, or single proprietorships by other persons;
- (e) Misclassification, undervaluation or misdeclaration upon the filing of import entry and revenue declaration with the BOC is order to evade the payment of rightful taxes and duties due to the government;
- 9 (f) Organizing or using dummy corporations, nongovernment 10 organizations, associations, cooperatives, or single proprietorships for the 11 purpose of acquiring import permits;
- 12 (g) Transporting or storing the agricultural product subject to economic 13 sabotage regardless of quantity; or
- (h) Acting as broker of the violating importer;
- Sec. 5. A new Section 3A shall be inserted after Section 3 of Republic Act No. 10845 to read as:
- **SCALE** SEC. 3-A. LARGE **AGRICULTURAL** HOARDING, 17 PROFITEERING, AND CARTEL AS ECONOMIC SABOTAGE. - THE 18 **CRIME OF** LARGE-SCALE **AGRICULTURAL** HOARDING, 19 PROFITEERING, OR CARTEL AS ECONOMIC SABOTAGE INSOFAR 20 AS THEY INVOLVE RICE, SUGAR, CORN, BEEF, PORK, POULTRY, 21 GARLIC, ONION, CARROTS, **FISH** AND **CRUCIFEROUS** 22 **VEGETABLES, IN ITS RAW STATE, OR WHICH HAVE UNDERGONE** 23 THE SIMPLE PROCESSES OF PREPARATION OR PRESERVATION 24 FOR THE MARKET, WITH A MINIMUM AMOUNT OF ONE MILLION 25 PESOS (P 1,000,000.00) AS VALUED BY THE BUREAU OF 26 CUSTOMS (BOC), IS COMMITTED THROUGH ANY OF THE 27 **FOLLOWING ACTS:** 28

(A) HOARDING- PURCHASING OF LARGE QUANTITIES OF THE AGRICULTURAL PRODUCTS MENTIONED ABOVE BY AN INDIVIDUAL OR ORGANIZATIONS AND HOLDING BACK OF THESE STOCKS, CREATING UNNATURAL SHORTAGES AND/OR IN ANTICIPATION OF AND TO BENEFIT FROM FUTURE PRICE INCREASES, MONOPOLIZATION OF SUPPLY, OR CORNERING THE MARKET, TO THE DETRIMENT OF CONSUMERS, AND THE GENERAL PUBLIC, WHICH CREATES INFLATION AND ECONOMIC INSTABILITY. THERE SHALL BE PRIMA FACIE EVIDENCE OF HOARDING WHEN A PERSON HAS STOCKS OF AGRICULTURAL PRODUCTS FIFTY PERCENT (50%) HIGHER THAN HIS USUAL INVENTORY AND UNREASONABLY LIMITS, REFUSES OR FAILS TO SELL THE SAME TO THE GENERAL PUBLIC AT THE TIME OF DISCOVERY OF THE EXCESS. THE DETERMINATION OF A PERSON'S USUAL INVENTORY SHALL BE RECKONED FROM THE THIRD MONTH IMMEDIATELY PRECEDING BEFORE THE DISCOVERY OF THE STOCKS IN CASE THE PERSON HAS BEEN **ENGAGED IN THE BUSINESS FOR AT LEAST THREE (3) MONTHS;** OTHERWISE, IT SHALL BE RECKONED FROM THE TIME HE STARTED HIS BUSINESS;

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(B) PROFITEERING- ANY ACT OF MAKING AN UNREASONABLE OR EXCESSIVE PROFITS BY TAKING ADVANTAGE OF A SHORTAGE OR HIGH DEMAND OF AGRICULTURAL PRODUCTS MENTIONED ABOVE, SELLING AT A PRICE THAT IS SIGNIFICANTLY HIGHER THAN THE COST OF PRODUCTION, WITH THE AIM OF MAKING A LARGE PROFIT AND AT THE PRICE GROSSLY IN EXCESS OF ITS TRUE WORTH. IT ALSO INCLUDES PRICE FIXING WHERE GROUPS OR ORGANIZATION AGREE TO A GIVEN PRICE TO MAINTAIN THEIR HOLD ON THE MARKET THAT PEOPLE HAVE NO CHOICE BUT TO BUY IT AT THAT PRICE;

(C) CARTEL- ANY AGREEMENT BETWEEN TWO (2) OR MORE PERSONS TO CONTROL PRODUCTION, SUPPLY, SALE, AND PRICE OF AGRICULTURAL PRODUCTS MENTIONED ABOVE AS TO OBTAINED MONOPOLY, LESSENING COMPETITION AND TO ARTIFICIALLY AND UNREASONABLY INCREASE OR MANIPULATE PRICE. THERE SHALL BE PRIMA FACIE EVIDENCE OF ENGAGING IN A CARTEL WHENEVER TWO (2) OR MORE PERSONS OR BUSINESS ENTERPRISES COMPETING FOR THE SAME MARKET ENGAGED IN THE PRODUCTION, MANUFACTURE, PROCESSING, STORAGE, SUPPLY, DISTRIBUTION, MARKETING, SALE OR DISPOSITION, AND DEALING IN THE SAME AGRICULTURAL PRODUCTS, PERFORM UNIFORM OR COMPLEMENTARY ACTS THEMSELVES WHICH TEND TO **BRING ABOUT** ARTIFICIAL AND UNREASONABLE INCREASE IN THE PRICE OF **PRODUCTS** OR WHEN THEY ANY AGRICULTURAL SIMULTANEOUSLY AND UNREASONABLY INCREASE PRICES ON THEREBY **LESSENING** COMPETING **PRODUCTS** THEIR COMPETITION AMONG THEMSELVES.

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Sec. 6. Section 4 of Republic Act No. 10845 is hereby amended to read as follows:

Section 4. Penalties – (a) The penalty of life imprisonment and a fine of twice the fair value of smuggled agricultural product, **OR THE PRODUCT SUBJECT OF HOARDING, PROFITEERING, OR CARTEL** and the aggregate amount of the taxes, duties and other charges avoided shall be imposed on any person who commits any of the acts enumerated under Section**S 3 AND 3A** of this Act.

COMMISSION OF ANY ACTS ENUMERATED UNDER SECTIONS 3 AND 3A OF THIS ACT SHALL BE PRIMA FACIE EVIDENCE OF STRONG GUILT AND SHALL BE NON-BAILABLE.

(b) The penalty of imprisonment of not less than seventeen (17) years but not more than twenty (20) years, and a fine of twice the fair value of the smuggled, HOARDED, PROFITEERED, OR CARTELLED agricultural product and the aggregate amount of the taxes, duties and other charges avoided shall be imposed on the officers of dummy corporations, nongovernment organizations, associations, cooperatives, or single proprietorship who knowingly sell, lend, lease, assign, consent or allow the unauthorized use of their import permits for purposes of smuggling, , HOARDING, PROFITEERING OR CARTEL. 

- (c) The penalty of imprisonment of not less than fourteen (14) years but not more than seventeen (17) years, and a fine equal to the fair value of the smuggled, **HOARDED**, **PROFITEERED**, **OR CARTELLED** agricultural product and the aggregate amount of the taxes, duties and other charges avoided shall be imposed on the following:
  - The registered owner and its lessee or charterer, in case of lease, of a chartered boat, motorized commercial vessel of more than three
     gross tonnage, who knowingly transports the agricultural product subject to economic sabotage, regardless of quantity;
  - (2) The registered owner and its lessee, in case of lease of six (6) or more wheeler trucks, vans and other means of transportation, who knowingly transports the agricultural product subject to economic sabotage, regardless of quantity;
  - (3) The registered owner and lessee of a warehouse, or any property, who knowingly store the smuggled, **HOARDED**, **PROFITEERED OR CARTELLED** agricultural product subject to economic sabotage; or
  - (4) The registered owner and lessee, president or chief executive officer of the private port, fish port, fish landing sites, resorts, and airports who knowingly allows the agricultural product to be smuggled into the country, **OR TO BE HOARDED WITHIN THEIR FACILITIES.**

(d) The penalty of imprisonment of not less than twelve (12) years but not more than fourteen (14) years and a fine equal to the fair value of the smuggled agricultural product subject to economic sabotage and the aggregate amount of the taxes, duties and other charges avoided shall be imposed on the following:

- (1) The registered owner and its lessee or charterer, in case of lease; of a chartered boat, motorized commercial vessel of three (3) gross tonnage or less, who knowingly transports the agricultural product subject to economic sabotage, regardless of quantity; or
- (2) The registered owner and its lessee, in case of lease, of less than six (6) wheeler trucks, vans and other means of transportation, who knowingly transports the agricultural product subject to economic sabotage, regardless of quantity.

In all cases, the smuggled agricultural products shall be confiscated **AND DESTROYED WITHIN SEVEN (7) DAYS** and the property used in agricultural smuggling, **HOARDING**, **PROFITEERING OR CARTEL** shall be forfeited in favor of the government.

THE PROVISIONS OF SECTIONS 423 TO 436 UNDER CHAPTER 3 OF REPUBLIC ACT NO. 10863 OTHERWISE KNOWN AS CUSTOMS MODERNIZATION AND TARIFF ACT SHALL NOT APPLY ON IMPORTED AGRICULTURAL PRODUCTS MENTIONED UNDER SECTION 3 OF THIS ACT.

When the offender is a juridical person, criminal liability shall attach to its president, chief operating officer or manager who consents to or knowingly tolerates the commission of the prohibited crime.

Any person, natural or juridical, found guilty under this Act shall also suffer the penalty of perpetual absolute disqualification to engage in any business involving importation.

1	in applying the abovementioned penalties, if the offender is an alien and
2	the prescribed penalty is not life imprisonment, he/she shall be deported
3	after serving the sentence without further proceedings for deportation.
4	If the offender is a government official or employee, the penalty shall be
5	the maximum as hereinabove prescribed and the offender shall suffer an
6	additional penalty of perpetual disqualification from public office, to vote
7	and to participate in any public election.
8	Sec. 7. A new Section 6 shall be inserted after Section 5 of the Republic Act
9	No. 10845 to read as follows:
10	SEC. 6 - ANTI-AGRICULTURAL ECONOMIC SABOTAGE TASK
11	FORCE - THERE IS HEREBY ESTABLISHED AN ANTI-
12	AGRICULTURAL ECONOMIC SABOTAGE TASK FORCE TO BE
13	HEADED BY THE OFFICE OF THE PRESIDENT AND TO BE
14	COMPOSED OF THE FOLLOWING:
15	(A) OFFICE OF THE PRESIDENT OR HIS APPOINTEE;
16	(B) REPRESENTATIVE FROM DEPARTMENT OF JUSTICE;
17	(C) REPRESENTATIVE FROM NATIONAL BUREAU OF
18	INVESTIGATION;
19	(D) REPRESENTATIVE FROM THE PHILIPPINE NATIONAL POLICE;
20	(E) REPRESENTATIVE FROM BUREAU OF CUSTOMS;
21	(F) REPRESENTATIVE FROM DEPARTMENT OF AGRICULTURE
22	INSPECTORATE AND ENFORCEMENT;
23	(G) REPRESENTATIVE FROM THE DEPARTMENT OF TRADE AND
24	INDUSTRY;
25	(H) REPRESENTATIVE FROM PHILIPPINE COAST GUARD;
26	(I) REPRESENTATIVE FROM PHILIPPINE PORTS AUTHORITY;

1	(J) REPRESENTATIVES FROM THE PRIVATE AGRICULTURAL
2	SECTOR WITH NATIONWIDE MEMBERSHIP EACH FROM
3	LIVESTOCK, CROPS AND FISHERIES SECTOR
4	THE PROVISIONS OF SECTION 201(G), SECTION 202 (C) AND (J)
5	UNDER TITLE II CHAPTER 1 OF REPUBLIC ACT NO. 10863
6	OTHERWISE KNOWN AS CUSTOMS MODERNIZATION AND
7	TARIFF ACT SHALL NOT BE APPLICABLE TO IMPORTED
8	AGRICULTURAL PRODUCTS COVERED BY THIS ACT
9	Sec. 8. A new Section 7 shall be inserted after Section 6 of the Republic Act
10	No. 10845 to read as follows:
11	SEC. 7. POWERS AND FUNCTIONS OF THE TASK FORCE- THE TASK
12	FORCE SHALL HAVE THE FOLLOWING POWERS AND FUNCTIONS:
13	(A) TO EFFECT SEARCHES, SEIZURES, AND ARREST, AND TO
14	EXCLUSIVELY FILE ADMINISTRATIVE AND CRIMINAL CASES
15	BEFORE THE PROSECUTOR
16	(B) TO INSPECT WAREHOUSES WHERE SEIZED COMMODITIES
17	ARE STORED TO ENSURE THAT SUCH COMMODITIES ARE NOT
18	BEING FERRETED OUT OR REMOVED WITHOUT PROPER
19	DOCUMENTATION; AND
20	(C) TO SECURE COPIES OF DOCUMENTS PERTAINING TO THE
21	NATURE AND PARTICULARS OF THE COMMODITY OR GOODS
22	SUBJECT OF IMPORTATION, I.E. QUANTITY OR VOLUME,
23	TECHNICAL OR QUALITATIVE SPECIFICATIONS, PORT OF
24	DESTINATION/ ESTIMATED DATE OF ARRIVAL IN THE
25	PHILIPPINES, CARGO MANIFEST, REFERENCE VALUES FROM THE
26	BUREAU OF CUSTOMS, TRANSACTION VALUES OF IMPORTERS,
27	AMONG OTHERS, FROM GOVERNMENT AGENCIES CONCERNED,
28	INCLUDING BUT NOT LIMITED TO THE BUREAU OF CUSTOMS,
<b>2</b> 9	DEPARTMENT OF AGRICULTURE, AND ALSO FROM NON-
30	GOVERNMENT SOURCES LIKE PRE-SHIPMENT COMPANIES AT

1	THE PORT OF ORIGIN, AND COMMERCIAL BANKS IN
2	ACCORDANCE WITH THE EXISTING LAWS, RULES, AND
3	REGULATIONS.
4	Sec. 9. A new Section 8 is hereby inserted in Republic Act No. 10845 to read
5	follows:
6	SEC. 8. SPECIAL TEAM OF PROSECUTORS- TO ASSIST THE TASK
7	FORCE IN THE EXPEDITIOUS PROSECUTION OF CRIMINAL AND
8	OTHER CASES COVERED UNDER THIS ACT, A SPECIAL TEAM OF
9	PROSECUTORS FROM THE DEPARTMENT OF JUSTICE SHALL BE
10	ASSIGNED AND SHALL HAVE THE FOLLOWING POWERS AND
11	DUTIES:
12	(A) TO EVALUATE EVIDENCE GATHERED BY THE TASK FORCE AND
13	TO DETERMINE WHETHER OR NOT VIOLATION OF RA 10845,
14	OTHER RELATED LAWS AND REGULATIONS HAS BEEN
15	COMMITTED;
16	(B) TO APPLY FOR THE ISSUANCE OF WARRANT OF SEIZURE AND
17	DETENTION IN APPROPRIATE CASES;
18	(C) TO INITIATE AND CONDUCT PRELIMINARY INVESTIGATIONS
19	AND TIMELY FILE AND PROSECUTE THE APPROPRIATE
20	ADMINISTRATIVE AND CRIMINAL CHARGES AGAINST THE
21	PERSON, GROUP, OR ENTITY RESPONSIBLE FOR SMUGGLING,
22	HOARDING, PROFITEERING, AND CARTEL; AND
23	(D) TO APPLY FOR THE ISSUANCE OF SEARCH WARRANT OR
24	WARRANT OF ARREST BEFORE THE COURTS IN APPROPRIATE
25	ADMINISTRATIVE OR CRIMINAL CASES.
26	THE PROVISIONS OF SECTION 1135 TO SECTION 1138 UNDER
27	CHAPTER 9 OF REPUBLIC ACT NO. 10863 OTHERWISE KNOWN AS
28	CUSTOMS MODERNIZATION AND TARIFF SHALL NOT BE

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2	BY THIS ACT.
3	Sec. 10. A new Section 9 is hereby inserted in Republic Act No. 10845 to reac
4	as follows:
5	SEC 9. NATIONAL SINGLE WINDOW PROGRAM- THE NATIONAL
6	SINGLE WINDOW (NSW) PROGRAM OF BUREAU OF CUSTOMS
7	(BOC) SHALL BE FULLY IMPLEMENTED FROM THE EFFECTIVITY OF
8	THIS ACT IN ACCORDANCE WITH THE EXECUTIVE ORDER NO. 482,
9	SERIES OF 2005.
10 11 12	Sec. 11. Reporting Requirements- The Task Force shall submit a quarterly report to the Congressional Oversight Committee on Agriculture and Fisheries Modernization (COCAFAM) on the progress and accomplishments made in the implementation of this Act.
L4 L5	Sec. 12. Section 7 of Republic Act No. 10845 is hereby amended to read as follows:
16 17	Section 7. Prescription of Crimes The crime <b>S</b> punishable under this Act shall prescribe in twenty (20) years.
18 19 20	Sec. 13. Separability Clause If any portion of this Act is declared unconstitutional or invalid, the portions or provisions which are not affected shall continue to be in full force and effect.
21 22	Sec. 14. Repealing Clause All laws, decrees, executive issuances, rules and regulations inconsistent with this Act are hereby repealed and/or modified accordingly
23	Sec. 15. Effectivity Clause This Act shall take effect after fifteen (15) days
24 25	following its publication in the Official Gazette or in two (2) newspaper of genera circulation.
26	Approved.