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SENATE
P. S. R. No. 142

REGISTERED BY: 

Introduced by Senator Miriam Defensor Santiago

RESOLUTION

DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE NEED TO CURB THE INCREASING PREVALENCE OF ILLEGAL IMPORTATION OF PLYWOOD FROM CHINA RESULTING IN HUGE LOSSES TO THE LOCAL PLYWOOD INDUSTRY

WHEREAS, the Constitution, Section 20 provides: "The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments";

WHEREAS, according to a 2 June 2011 article in the *Malaya Business Insight*, local wood producers are alarmed at the increasing prevalence of illegal importation of plywood from China resulting in an industry loss amounting to P500 million monthly;

WHEREAS, according to Maila Vasquez, deputy director of the Philippine Wood Processors Association, around 400 to 500 containers of plywood illegally entered the country during the month of May and one container is equivalent to a million pesos;

WHEREAS, plywood is used as sidings, floorings, ceilings, partitions, and concrete forms;

WHEREAS, about 10 percent is used by the woodcraft industry for the manufacture of cabinets, furniture, toys, and musical instruments, among other items; the building industry accounts for around 80 percent of plywood use;

WHEREAS, there are over 30 plywood mills in the country, mostly in Mindanao, directly employing more than 30,000 workers;

WHEREAS, it is common knowledge that container vans of plywood are being withdrawn from the international ports for a fixed fee, as a result, import duties as well as value-added tax of P190,000 per container are not paid;

WHEREAS, local manufacturers are subject to Bureau of Product Standard (BPS) monitoring, with local plywood panels required to be marked with the Product Standard (PS) label;

WHEREAS, importers are required to obtain Import Commodity Clearance (ICC) from the DTI;

WHEREAS, industry verification with the BPS, however, showed that importers do not declare their products as such, thus evading ICC rules;

WHEREAS, Vasquez further asserted that plywood manufactured locally is easy to identify and differentiate from cheap but substandard imported ones;

WHEREAS, Chinese plywood is five-ply and 4.5 mm thick but usually misrepresented and sold as 5 mm; it is undersized and usually shrinks or ripples because it is not dried properly since drying is expensive;

WHEREAS, the smuggled plywood have external veneers that are unacceptably thin, usually no thicker than 0.25 mm and the panels have a rough surface because sanding grinds away the thin veneers;

WHEREAS, glue used in the illegal imports has high formaldehyde emission, posing a health hazard to builders, construction workers and building or home occupants;

WHEREAS, it is imperative for the Department of Trade and Industry to undertake a more active market monitoring with the participation of industry technical representatives;

WHEREAS, strict enforcement of mandatory standards will slow down, if not stop, the flood of sub-standard Chinese plywood;

WHEREFORE, be it hereby resolved by the Philippine Senate to direct the proper Senate Committee to conduct an inquiry, in aid of legislation, on the need to curb the increasing prevalence of illegal importation of plywood from China resulting in huge losses to the local plywood industry.

Adopted,

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MIRIAM DEFENSOR SANTIAGO

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