

FOURTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )

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SENATE  
P.S.R. No. 80

RECEIVED BY: \_\_\_\_\_

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Introduced by Senator Miriam Defensor Santiago

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RESOLUTION

DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE PREVENTION OF ENDEMIC CAR SMUGGLING IN FREE PORTS, BY:

- AMENDING FREE PORT CHARTERS TO PLACE THEM UNDER CUSTOMS JURISDICTION WITH RESPECT TO FOREIGN CARS;
- LEGISLATING STANDARDS FOR TRANSPARENCY IN SETTING FLOOR PRICES AT AUCTION OF SMUGGLED CARS, TO PREVENT SMUGGLERS FROM BUYING THE CARS; AND
- EXPRESSING THE SENSE OF THE SENATE THAT THE PERENNIAL PROBLEM OF CAR SMUGGLING CANNOT BE SOLVED BY ESTABLISHING AN EXTRANEIOUS TASK FORCE, BUT BY LIMITING THE PRESENT DISCRETION ENJOYED BY CUSTOMS, TASK FORCE, AND FREE PORT OFFICIALS TO PICK AND CHOSE THE SMUGGLING CASES THAT THEY WILL EXPOSE, WHILE TURNING A BLIND EYE TO OTHER SMUGGLING CASES PROTECTED BY VERY HIGH GOVERNMENT OFFICIALS

WHEREAS, on orders of the President, the Bureau of Customs on 16 August 2007, destroyed 18 smuggled vehicles at the Subic Free Port;

WHEREAS, the Bureau of Customs said that by destroying the smuggled vehicles, the government lost some P30 million in auction proceeds, and P10 million in taxes, losing in all some P40 million;

WHEREAS, the destroyed cars were allegedly shipped to Subic Free Port and were declared abandoned, because the consignees denied ownership;

WHEREAS, this situation resulted from the exemption in free port charters of free ports from the jurisdiction of the Bureau of Customs;

WHEREAS, because of this exemption, free ports have become notorious as smuggling points in our country;

WHEREAS, there is apparently no substantial reason for the exemption from customs jurisdiction of free ports, particularly on motor vehicles, because the exemption breeds car smuggling;

WHEREAS, if a vehicle is imported in a customs zone, it is subjected to a process intended to prevent smuggling; whereas in a free port zone, the foreign vehicle is allowed for the sole purpose of enhancing its value with Philippine labor, and then re-exporting it, thus placing the responsibility of preventing smuggling, no longer in the customs bureau, but in the free port authority;

WHEREAS, it is common knowledge that smuggling in both the free port and customs zones are endemic, because of the free operation of smuggling syndicates certainly conspiring with officials in both the customs district and the free port concerned;

WHEREAS, the establishment of the Presidential Anti-Smuggling Task Force (PASTF) under the Office of the President is an acknowledgment that smuggling is rampant in free port and customs zones;

WHEREAS, the creation of the PASTF is an indirect admission that the Bureau of Customs has long failed to comply with its mandate under the Customs Code, Section 602, which gives to the Bureau the specific duty of “the prevention and suppression of smuggling and other frauds upon the customs;”

WHEREAS, it is imperative to conduct a documentary inventory of all vehicles admitted by each free port, and to compare it with the physical inventory of vehicles present and located today in each free port, so that the public may know how many vehicles were brought tax free to the free port zones, and subsequently smuggled out of those zones;

WHEREAS, the Customs Code provides that the Bureau of Customs shall have “the right of supervision and police authority over all ports,” but this general provision has been amended by special laws constituting the charter of free ports throughout the country, thus creating a vast network of smuggling enclaves for motor vehicles;

WHEREAS, while free ports serve the national economic interest, nevertheless there is no overwhelming reason to exempt them from customs jurisdiction of imported vehicles on the expectation that after employing Philippine labor, they will be re-exported;

WHEREAS, the establishment of the PASTF seems to indicate that the President does not place full faith and confidence in the integrity, confidence, and efficiency of the incumbent head and other high officials of the Commissioner of Customs, and the incumbent heads and other high officials of Free Port authorities, by setting up a Task Force which in reality could merely serve as another level of corruption in that long corrupt Bureau, and could merely become another problem instead of the solution to car smuggling;

WHEREFORE, be it hereby resolved by the Philippine Senate, to direct the proper committee to conduct an inquiry, in aid of legislation, on the following issues:

1. Placing free port zones under Customs jurisdiction with respect to motor vehicles, or prohibiting completely free port zones from importing motor vehicles.
2. Conducting an annual documentary inventory of motor vehicles admitted from abroad into free port zones, and matching it against an actual physical inventory of such vehicles remaining in the free port zone; if the latter is subtracted from the former, then the public will have an idea of the high degree of car smuggling in those free port zones.
3. Directing the Customs Commissioner to explain why there is lack of transparency in the setting of the floor prices of smuggled vehicles sold at auction, or in any event to explain why the present system allows smugglers to buy back their own smuggled vehicles.
4. Assessing the possible disruptive effect of the PASTF on the Bureau of Customs, on the theory that a task force under the Office of the President will only add one more layer of corruption to the smuggling process.
5. Seeking a halt to the destruction of smuggled vehicles, and amending the Customs Code, so that proceeds from smuggled car auctions shall go directly to such government agencies as the DSWD or the PGH.

6. Expressing the sense of the Senate that the perennial problem of car smuggling cannot be solved by establishing one more Task Force, but by limiting the present discretion enjoyed by Customs, Task Force, and Free Port officials to pick and choose the smuggling cases that they will expose, while turning a blind eye to other smuggling cases instigated by powerful crooks in government.

Adopted,

  
MIRIAM DEFENSOR SANTIAGO