

Agricultural smuggling has long undermined the development of the Philippine agri-fishery sector.

The widespread effects of smuggling include: reduction in government revenues from uncollected taxes and customs duties, distortion of prices of locally-produced commodities, and risk of entry of pests.

Illegal importation of agricultural products by unscrupulous traders and importers affects agricultural production and the stability of commodity prices, creating a crisis which threatens the food security of the state as a whole.

With this, agricultural smuggling not only contributes to the income inequality that plagues the agricultural sector, but it also threatens the well-being of both farmers and consumers.

In response, the Philippine government has institutionalized measures to address the persistent issue of agricultural smuggling, with the Customs Modernization and Tariff

Unfair Trade: Agricultural Smuggling as Economic Sabotage



Photo from the Bureau of Customs Official Website

Act (R.A. 10863) and the Anti-Agricultural Smuggling Act of 2016 (R.A. 10845), which will likely be strengthened by the amendments proposed by House Bill No. 3917.

With the resumption of the Committee of International Trade (CIT) of PCAF, the Department of Agriculture is now strengthening its cooperation with the private sector

to improve the government's anti-smuggling control measures.

This issue of PCAF Express will explore relevant policy on agricultural smuggling, and PCAF's current efforts to harness transparency and accountability in order to finally end the crippling effects of agricultural smuggling.

R.A. 10845: Anti-Agricultural Smuggling Act of 2016

The state imposes strict sanctions on large-scale smuggling of agricultural products, with the goal of self-preservation and to protect itself from the manipulative schemes of economic saboteurs. The law also prioritizes the livelihood of our farmers and fisherfolk, ensuring their economic well-being.

The law penalizes large-scale smuggling of rice and both raw and processed agricultural products such as sugar, pork, poultry, onion, and fish, among others.

The penalty of life imprisonment and a fine amounting to twice the fair value of the smuggled

agricultural product plus the aggregate amount of taxes, duties, and charges avoided shall be imposed on any person who commits large-scale agricultural smuggling.

Penalties will also be imposed upon entities which allow the unauthorized use of their import permits for purposes of smuggling, upon registered owners of vehicles (sea, air, and land) who knowingly transport smuggled agricultural products and registered owners of warehouses and transit points who are involved in economic sabotage.

Under this law, the mere possession of smuggled rice or any other smuggled agricultural product, shall be considered as *prima facie* evidence.

House Bill 3917

The House Bill seeks to strengthen R.A. 10845 by including smuggling tobacco, whether manufactured or unmanufactured, including finished products such as cigars, cigarettes, or heated tobacco products as an act of economic sabotage.

Acting as a broker, agent, facilitator, forwarder, or warehouse lessor for the violating importer is also punishable under the proposed legislation.

H.B. 3917 also seeks to punish entities which allow the use of private ports, fish ports, fish landing sites, resorts, or airports to perpetuate economic sabotage regardless of quantity.

R.A. 10863: Customs Modernization and Tariff Act (CMTA)

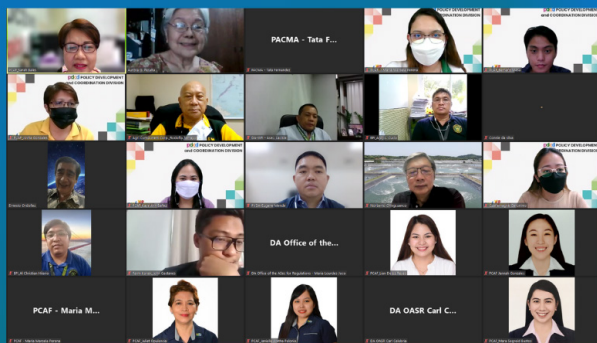
The CMTA was enacted to protect and enhance government revenue, institute fair and transparent customs and tariff management, and prevent and curtail any form of customs fraud and illegal acts such as agricultural smuggling.

One of the highlights of this law is the establishment of a “regime of transparency and of accessibility” to customs information, laws, rules, regulations, administrative policies, procedures and practices.

Underdeclaration, misdeclaration (quantity, quality, weight or measurement) or misclassification through insufficient or wrong description of the goods declared resulting in a discrepancy in duty and tax to be paid is considered as an offense by the law.

Recently, unscrupulous rice importers and traders were caught underdeclaring and misdeclaring their cargo, in order to decrease the duty and tax they owe to the government. Misdeclaration and undervaluation were also reported in imported palm oil, vegetable, and galunggung.

The law likewise focuses on enhancing consultation, coordination, and cooperation among the Bureau of Customs, other government agencies, and more importantly, the private sector in implementing and developing customs policy.



PCAF's Committee on International Trade in one of their meetings

PCAF Committee on International Trade Resolution No. 1, Series of 2022

RECOMMENDING TO THE BUREAU OF CUSTOMS (BOC) THE INCLUSION OF INFORMATION ON ENTRY POINTS OF SEIZED SMUGGLED AGRICULTURAL PRODUCTS IN ITS ANTI-SMUGGLING OPERATIONS REPORT

The committee emphasized the need for the inclusion of information on entry points of smuggled agricultural products in the BOC's anti-smuggling operations report.

A regional/provincial breakdown of this information would allow authorities as well as concerned industry players to take appropriate action, such as recommending the placement of these entry points in the government watchlists.

Moreover, regular updating and transparency on these entry points will ensure more responsive and proactive strategies to address smuggling-related issues and concerns.

PCAF Committee on International Trade Resolution No. 4, Series of 2022

RECOMMENDING TO THE PRESIDENT, AS THE DEPARTMENT OF AGRICULTURE SECRETARY, THE CREATION OF AN ANTI-SMUGGLING OVERSIGHT COMMITTEE WITH THE PRIVATE SECTOR'S PARTICIPATION, TO ENSURE THE EFFECTIVE ENFORCEMENT OF LAWS, REGULATIONS, AND POLICIES AGAINST THE SMUGGLING OF AGRICULTURE PRODUCTS.

The Anti-Smuggling Oversight Committee shall be composed of representatives from concerned DA offices and attached agencies, Department of Finance, Department of Trade and Industry, Department of Interior and Local Government, the Philippine National Police and key representatives from the private sector.

This multi-stakeholder Anti-Smuggling Oversight Committee shall assist in the government's anti-smuggling control measures specifically with the following duties and responsibilities:

1. Participate in the consultations/ meetings related to agriculture and fishery smuggling concerns;
2. Identify and discuss smuggling-related issues and concerns to recommend the issuance of appropriate policies in combating agri-fishery smuggling;
3. Formulate strategies and plans for the implementation of countermeasures to prevent and suppress smuggling;
4. Exercise operational monitoring and supervision to the existing Anti-Smuggling Task Group (Sub Task Group on Economic Intelligence) of the Department of Agriculture and Department of Trade and Industry and Bureau of Customs Anti-Smuggling Operations.