



Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila

SIXTEENTH CONGRESS  
Third Regular Session

HOUSE BILL NO. 6306

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Introduced by Honorable MARK A. VILLAR

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**AN ACT**  
**DECLARING CERTAIN ACTS OF AGRICULTURAL SMUGGLING AS ECONOMIC**  
**SABOTAGE, PRESCRIBING PENALTIES THEREFOR AND FOR OTHER PURPOSES**

**EXPLANATORY NOTE**

The 1987 Constitution, provides that *"The goals of the national economy are a more equitable distribution of opportunities, income, and wealth; a sustained increase in the amount of goods and services produced by the nation for the benefit of the people; and an expanding productivity as the key to raising the quality of life for all, especially the underprivileged.*

*The State shall promote industrialization and full employment based on sound agricultural development and agrarian reform, through industries that make full and efficient use of human and natural resources, and which are competitive in both domestic and foreign markets. However, the State shall protect Filipino enterprises against unfair competition and trade practices.*

*In pursuit of these goals, all sectors of the economy and all regions of the country shall be given optimum opportunity to develop. Private enterprises, including corporations, cooperatives, and similar collective organizations, shall be encouraged to broaden the base of ownership (Article XII, Section 1)*

Our Constitution also states that *"The prime duty of the Government is to serve and protect the people, The Government may call upon the people to defend the State and, in the fulfilment thereof, all citizens may be required, under conditions provided by law, to render personal military, or civil service". (Article II, Section 4)*

Lastly, it also enunciates that *"The maintenance of peace and order, the protection of life, liberty, and property, and the promotion of the general welfare are essential for the enjoyment by all the people of the blessings of democracy". (Article II, Section 5)*

The government is currently developing agricultural sustainability and security. To bolster and safeguard the agricultural industries, policies should also be put in order. It must be ensured that our small scale and subsistence farmers can compete in the market without unnecessary bafflement and vexation from smuggled goods that affect and manipulate market prices.

It is true that some acts of smuggling are already punishable under the Tariff and Customs Code, however, some acts are too unsparing and pitiless by its very scope making it tantamount to economic sabotage. Smuggling which includes agricultural products of at least Five Million Pesos (Php 5,000,000.00) worth, more so that of agricultural political commodity which is rice, of at least Ten Million Pesos (Php 10,000,000.00) worth, effectively put our local industries and food producers in an endangered and exposed position.

The illegal presence of smuggled agricultural products in bulk saturate the market, and in effect, manipulate the prices. The situation can lower the market price, making it highly difficult for locally produced goods to compete. The said situation fiercely discourages small scale farmers to produce because of the fear of not being able to recover investments.

It is the constitutional mandate that the State protect the local agricultural industry and farmers from unscrupulous traders and importers.

The ASEAN Integration has commenced. We must enable trade filters in order to save our agricultural sector from becoming a casualty of trade liberalization.

Agricultural smuggling, which involves misdeclaration, undervaluation, misclassification, and use of falsified documents, has robbed the government of much-needed revenues. It has promoted unfair competition and the entry of pests and diseases, endangering the health of our local consumers.

According to the Southeast Asia Regional Center for Graduate Study and Research in Agriculture (SEARCA), from 1986 to 2008, in terms of volume in metric tons, the top five agricultural products smuggled into the country are milled rice, refined sugar, beef meat, dry onion, and pork, in that order. In terms of value the order of selected agricultural commodities technically smuggled from 1986 to 2009 are milled rice, beef eat, sugar, pork, and chicken meat.

Over that 22-year period, according to the said report, the amount of smuggled rice reached \$1,96 billion. Apart from rice, other farm products that were smuggled and the amounts involved are as follows: Refined sugar, \$448.2 million; Beef, \$428.8 million; Onion \$259.55 million; Pork, \$117.45 million; Chicken, \$27.8 million; Ginger, \$7.8 million; and Carrots and turnips, \$6.5 million.

SEARCA said farm products smuggling in the mid-1980s was valued at \$6 billion a year, increasing every year to reach at least \$10 billion in 2008.

In December 2014, the Bureau of Customs (BoC) intercepted P200 million worth of smuggled Vietnamese rice, misdeclared as tiles and stonewares, at the Mindanao Container Terminal. Apart from glutinous rice, some container vans were filled with imported sugar.

The Philippine government lost close to P4 billion in revenues in 2013 and almost a million Filipinos dependent on hog raising lost their livelihood in the last four years due to outright and technical smuggling of pork meat, according to the Samahang Industriya ng Agrikultura (SINAG).

Data from the Bureau of Animal Industry (BAI) indicate that 199 million kilos of pork were imported in 2013. However, a United Nations Commodity Trade Division (UN ComTrade) report of countries that exported pork meat to the Philippines showed pork importation at 237 million kilos - a difference of 38 million kilos that are presumed smuggled to the country. If we multiplying the 38 million kilos unaccounted for with the correct duties for prime cuts which was misdeclared as pork fats or offal, the result is a staggering P3.85-billion in lost revenues for government.

Now is the apropos time to craft legislation that is germane to the massive and widespread problem of agricultural smuggling. There is a need for a statute that shall serve as an aegis against the above mentioned despicable illicit acts. There is a need for a statute that shall indirectly increase income opportunities for local producers, and at the same time, help alleviate poverty especially among farmers and agricultural households. Such statute is gravely sought.

Finally, more stringent punishments for certain acts of agricultural smuggling that amount to economic sabotage must be established. This measure shall syncopate such unlawful acts.

In view of the foregoing, the passage of this bill is earnestly sought.



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

SECTION 1. Short Title. - This Act shall be known as the "Anti-Agricultural Smuggling Act of 2015".

SEC. 2. Declaration of Policy - It is the policy of the State to protect and promote the productivity of the agriculture sector and farmers from unscrupulous traders and importers, who by the sheer volume of their illegal importation of agricultural products significantly affect the production, availability of supply and stability of prices.

Graver penalties for large-scale smuggling of rice shall be imposed. Rice, as political commodity determines the level of our country's food security. It is in rice production too, that farmers are highly dependent for their income.

It is also the policy of the State to accord subsistence farmers' protection, being the front-liners of food production. Large-scale presence of smuggled products effectively manipulates the prices by lowering it down, therefore discouraging food producers to continue their production, due to lack of satisfactory return on investment. Such situation, will eventually lead to the demise of our local industries thereby constituting economic sabotage.

The State, therefore, shall impose higher sanctions for large-scale smuggling, tantamount to economic sabotage of agricultural products in order to protect the livelihood of our farmers.

SEC. 3. Definition of Terms. - As used in this Act, the following terms shall mean:

(1) "Economic Sabotage" - any act or activity which undermines, weakens or renders into disrepute the economic system or viability of the country or tends to bring out such effects and shall include, among others, price manipulation to the prejudice of the public especially in the sale of basic necessities and prime commodities.

(2) "Agricultural Products" - any agricultural commodity or product, whether plant based, animal based, raw or processed, including any commodity or product derived from livestock that is available for human or livestock consumption. This definition includes fish, forestry, seeds, poultry and dairy products that have undergone various degrees of processing;

(3) "Agricultural Political Commodity" - for purposes of this Act, rice shall be classified as agricultural political commodity.

(4) "Smuggling" - also known as direct or outright smuggling, refers to the act of importing or bringing into or assisting in importing or bringing into the Philippines, any article, good or product without the corresponding documents, permits or licenses when these are required by existing laws, order, rules and regulations, including the receipt, concealment, purchase or sale or in any manner, facilitating the transportation, after importation, knowing the same to have been imported contrary to law;

(5) "Technical Smuggling" pertains to misdeclaration, misclassification or undervaluation of imported goods or products in violation of the Tariff and Customs Code of the Philippines and other related laws.

SEC. 4. Definition of Crime of Agricultural Smuggling. - Any person who shall import or bring into the Philippines agricultural products without the required import permit from the implementing agency, or any person who shall import agricultural products by means of fraud or by illegally obtaining the required import permit shall be guilty of the crime of smuggling, including those acts which are within the purview of technical smuggling.

SEC. 5. Agricultural Smuggling as Act of Economic Sabotage. - The acts of agricultural smuggling, including technical smuggling thereof, are acts inimical to the national interest, economic growth and development.

Any person regardless of nationality or citizenship found guilty of engaging in agricultural smuggling, or technical smuggling thereof, of a minimum aggregate amount of One Million Pesos (Php 1,000,000.00) worth of agricultural products or has been found guilty of engaging in agricultural smuggling of rice, or technical smuggling thereof, with a minimum aggregate amount of Fifteen Million Pesos (Php 15,000,000.00), as valued by the Bureau of Customs, utilizing methods of value verification such as, but not limited to, Revision Orders and/or by appropriate agencies and entities identified, accredited or certified by the Bureau of Customs, shall be guilty of economic sabotage.

SEC. 6. Penalties. - (1) Any person, natural or juridical, regardless of nationality or citizenship, found guilty of engaging in smuggling or technical smuggling of a minimum aggregate amount of One Million Pesos (Php 1,000,000.00) worth of agricultural products and Fifteen Million Pesos (Php 15,000,000.00) of rice, shall suffer the following penalties:

a. Fine equal to twice the fair value of the smuggled articles;

b. Fine equal to the aggregate amount of the taxes, duties and other charges avoided;

c. Imprisonment of a minimum of six (6) years and one (1) day up to twelve (12) years imprisonment;

d. Confiscation of the smuggled articles;

e. Cancellation and revocation of business license, import permits and other pertinent documents for importation; and

f. Perpetual disqualification to import agricultural products.

When the offender is a juridical person, criminal liability shall attach to its president, chief operating officer or manager. In addition, the business permit or licenses of the business entity shall be revoked or cancelled.

(2) The following shall be considered as principals to the crime of economic sabotage:

a. Traders who prey on cooperatives and by using their permits for purposes of smuggling;

b. The officers of the cooperatives who knowingly sell, lend, lease, assign, allow the unauthorized usage of their import permits for purposes of smuggling;

c. Traders who deliberately use dummy corporations, non-government organizations, associations for purposes of smuggling;

d. The officers of dummy corporations, non-government organizations, associations, who knowingly sell, lend, lease, assign, allow the unauthorized usage of their import permits for purposes of smuggling; and

e. The brokers of violating importers.

When the offender is a government official or employee acting in connivance with private individuals or entities or other government officials or employee, he/she shall be charged as principal without prejudice to administrative, civil and criminal cases which may be filed against him/her.

SEC. 7. Implementing Rules and Regulations. - The Bureau of Customs in coordination of appropriate agencies shall promulgate the implementing rules and regulations of this Act within thirty (30) days after its effectivity.

SEC. 8. Prescription of Crimes. - The crime punishable under this Act shall prescribe in twenty (20) years.

SEC. 9. Separability Clause. - The provisions of this Act are hereby declared to be separable from, and independent of, one another and that should one or more of such provisions be declared unconstitutional, the validity of the remaining provisions shall not be affected thereby.

SEC. 10. Repealing Clause. - All laws, decrees, executive issuances, rules and regulations inconsistent with this Act are hereby repealed and/or modified accordingly.

SEC. 11. Effectivity Clause. - This Act shall take effect immediately upon its approval.

Approved,