

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Nineteenth Congress
First Regular Session

House Bill No. 3596



Introduced by **Representative JOEY SARTE SALCEDA**

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

EXPLANATORY NOTE

Under existing law, large scale agricultural smuggling is penalized as economic sabotage, due to its impact on the livelihoods of domestic farmers. Large scale agricultural smuggling undercuts domestic prices, without paying the corresponding tariffs and complying with the necessary biosafety processes to ensure that they do not carry biological risks to domestic crops. This penalty is primarily focused on protecting the interests and welfare of domestic farmers, who are no doubt a key sector of the economy.

However, equally important is protecting the welfare of consumers and the industries that employ them. Practices that abuse consumers, such as hoarding, profiteering, and cartels, are punishable under the Price Act for only five to fifteen years in prison, or a fine of not more than two million pesos.

The costs of large-scale hoarding, profiteering, and cartels are massive and far-reaching. The country is already suffering what is arguably a pandemic-induced education and learning crisis, in large part due to lack of nutrition. Large-scale price manipulation in food could exacerbate inflation. As statistics show, every percentage point increase in inflation causes 76,500 families to go hungry.

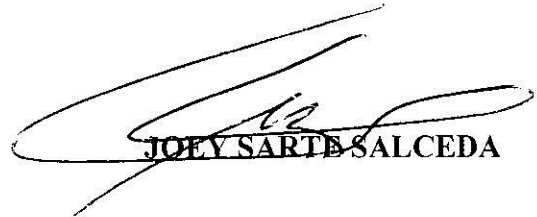
Large-scale price manipulation is already suspected in several key crops. In sugar, domestic production declined by only 16%, but prices have not increased by 90% year-on-year. Domestic producers also complain of such cartels in onion, 28% of which is imported; in fish, where cartels are accused of cornering imports, leading to very high margins between landed cost and market prices (as much as P90/kilo difference in galunggong, between landed cost and market price); and in other commodities.

Food security is a key component of overall development, and an efficient market that is free of price manipulation is essential to food security. Development (as measured by GDP

per capita) and nutrition (prevalence of malnutrition) appear to come together, and research suggests that an increase in calorie intake by just 500 calories could increase real GDP per capita growth by 0.5 percentage points. If prices increase, however, these development goals will be much harder to attain.

Classifying large scale price manipulation of agricultural products as economic sabotage will hopefully provide a deterring factor to such practices. It will also empower the government to act more aggressively against such practices.

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



JOEY SARTE SALCEDA

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Nineteenth Congress
First Regular Session

House Bill No. **3596**

Introduced by **Representative JOEY SARTE SALCEDA**

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

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

SECTION 1. The title of Republic Act No. 10845 is hereby amended to read as follows:

AN ACT DECLARING LARGE-SCALE AGRICULTURAL SMUGGLING, HOARDING, AND OTHER MARKET ABUSES AS ECONOMIC SABOTAGE, PRESCRIBING PENALTIES THEREFOR AND FOR OTHER PURPOSES

SEC. 2. Section 1 of Republic Act No. 10845 is hereby amended to read as follows:

This Act shall be known as the “Anti-Agricultural [Smuggling] **ECONOMIC SABOTAGE Act of 2016**”.

SEC. 3. Section 2 of Republic Act No. 10845 is hereby amended to read as follows:

SECTION 2. Declaration of Policy. – It is the policy of the State to promote the productivity of the agriculture sector and to protect farmers from unscrupulous traders and importers, who by their illegal importation of agricultural products, especially rice, significantly affect the production, availability of supply and stability of prices, and the food security of the State.

IT IS ALSO THE POLICY OF THE STATE TO PROMOTE THE AFFORDABILITY OF FOOD AND OTHER AGRICULTURAL COMMODITIES FOR FILIPINO CONSUMERS BY PREVENTING LARGE-SCALE ABUSE OF MARKET POWER, HOARDING, AND OTHER PRACTICES TO MANIPULATE PRICES AND UNDULY RESTRAIN SUPPLY.

The State shall impose higher sanctions for large-scale smuggling of agricultural products. **AND OTHER ABUSES OF MARKET POWER** 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 their economic well-being **AND THAT OF CONSUMERS.**

SEC. 4. A new Section 3A shall be inserted after Section 3 of Republic Act No. 10845, to read as follows:

SECTION 3A. LARGE-SCALE AGRICULTURAL HOARDING, PROFITEERING, AND CARTEL AS ECONOMIC SABOTAGE. – HOARDING, PROFITEERING, OR CARTEL, AS DEFINED IN SECTION 5 OF REPUBLIC ACT NO. 7581, INsofar AS THEY INVOLVE SUGAR, CORN, 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 (P10,000,000.00), AS VALUED BY THE BUREAU OF CUSTOMS (BOC) FOR IMPORTS OR BY THE DEPARTMENT OF AGRICULTURE FOR DOMESTICALLY PRODUCED COMMODITIES, SHALL CONSTITUTE ECONOMIC SABOTAGE.

SEC. 5. 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 the smuggled agricultural product **OR THE PRODUCT SUBJECT TO 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 SectionS 3 **AND 3A** of this Act.

(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, **PROFITEERED, HOARDED, OR CARTELED** 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 proprietorships who knowingly sell, lend, lease, assign, consent or allow the unauthorized use of their import permits for purposes of smuggling. **PROFITEERING, HOARDING, OR CARTELLING.**

(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. **PROFITEERED, HOARDED, OR CARTELED** agricultural product 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 more than three (3) 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 stores the smuggled, **HOARDED, PROFITEERED, OR CARTELLED** agricultural product subject to economic sabotage; or

(4) The registered owner, 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 the property used in agricultural smuggling, consistent with Section 2530 of the Tariff and Customs Code and without prejudice to Section 2531 of the same Code, shall be forfeited in favor of the government.

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.

In applying the abovementioned penalties, if the offender is an alien and the prescribed penalty is not life imprisonment, he/she shall be deported after serving the sentence without further proceedings for deportation.

If the offender is a government official or employee, the penalty shall be the maximum as hereinabove prescribed and the offender shall suffer an additional penalty of perpetual disqualification from public office, to vote and to participate in any public election.

SEC. 6. Section 7 of Republic Act No. 10845 is hereby amended to read as follows:

SECTION 7. *Prescription of Crimes.* – The crimeS punishable under this Act shall prescribe in twenty (20) years.

SEC 7. *Implementing Rules and Regulations.* – The Bureau of Customs, the Department of Trade and Industry, and the Department of Agriculture, in consultation with concerned agencies, shall promulgate the implementing rules and regulations of this Act within thirty (30) days upon its effectivity.

SEC. 8. *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.

SEC 9. *Repealing Clause.* – All laws, decrees, executive issuances, rules and regulations inconsistent with this Act are hereby repealed and/or modified accordingly.

SEC. 10. *Effectivity Clause.* – This Act shall take effect after fifteen (15) days following its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved.