

Opening Statement
Anti Smuggling Act of 2007
House Bill 15
Rep. Lorenzo R. Tañada III

Thank you very much Mr. Chairman for scheduling the public hearing of my authored bill entitled the "Anti-Smuggling Act of 2007".

At the outset, I wish to say that this bill is the version that was passed on Third Reading in the 13th Congress using my filed bill then, House Bill 3715 as template in consolidating all other related bills.

This bill is the initiative of various business and labor groups starting from the Federation of the Philippine Industries, the Fair Trade Alliance, the Samahan ng Magsasapatos ng Pilipinas, among others fresh from an anti-smuggling conference some four years ago. My office was invited in one of their technical working groups and that's how I became the principal author of this bill.

Smuggling has become a pesky problem of our country. Some of us thought that it will go away with the accelerated reduction of our tariffs. So fast was the reduction of our tariffs that we went way beyond what we have committed under the WTO. Yet, outright and technical smuggling occur at magnitudes that exposed domestic producers to unfair competition and injured them in the process. We have all heard of the sad stories of our vegetable and poultry farmers losing their livelihoods because of unabated smuggling.

Revenues lost from this illegal act go up to as much as P200 billion, according to the estimates of the Fair Trade Alliance. This amount is enough to wipe out the national government deficit.

Certainly, these are strong enough bases for the immediate enactment of a law that will address a multitude of problems.

This proposed bill principally amends pertinent provisions of the Tariff and Customs Code. It focuses on the following:

First, it incorporates in the law, key systemic solutions which will make it easier to detect smuggling. Key systemic solutions to detect smuggling provide for greater transparency with regard to import transactions. Among these are:

- 1) the submission of advanced copies of the inward foreign manifests and their publication;
- 2) publication of the manifests after entry;
- 3) the use of Revision Orders as a third screen in detecting undervaluation;
- 4) the accreditation of bonded warehouses by the industry association which the warehouse seeks to serve;
- 5) the provision of stricter rules on the use of bonded warehouses;
- 6) the availability of books of accounts of bonded warehouses to the industry association concerned;

Second, the bill increases the ridiculously low penalties for both outright and technical smuggling. Fines for outright smuggling are increased from the current maximum of ten thousand pesos (P10,000.00) to a maximum of ten million pesos (P10.0 M) while the current maximum prison term of twelve years is increased to reclusion perpetua. The fines are based on the appraised value, including duties and taxes, of the article imported.

For technical smuggling, fines are increased to two million pesos and the current maximum term from twelve years to reclusion perpetua. Fines are based on the difference

between the declared value and actual value of the imported article.

Finally, an Anti-Smuggling Commission is created, armed with powers of subpoena duces tecum, with the inclusion of concerned government agencies and representatives of the private sector, to investigate and prosecute violations of this Act.

Mr. Chairman, I strongly feel that this bill is what is most needed by our economy, not just to beef up government coffers with revenues from increased customs collections but more importantly, to ensure that our industries are exposed to fair competition fostering greater economic activity, job preservation and creation.

With that Mr. Chairman, I am most open though to listen to comments and suggestions to further achieve what this bill intends to do.

Thank you very much.