PHILEXPORT CEBU

Chronology of Events on Controversial Bills Advocacy (Anti-Smuggling)

Backgrounder: Recently, the Congress has been very busy formulating bills that will address the rampant smuggling in the Philippines by amending the existing Customs and Tariff Code of the Philippines. As a result, House Bill No. 4069, Senate Bill Nos. 1969, 1976 and 2154 are now pending in the Senate. These bills proposed many new and major Customs policies which Congress believes will curve the rampant smuggling through bonded warehouses in the Philippines.

However, there are a few provisions that threaten the business of legitimate exporters who use imported raw materials for their export products. Among the major provisions heavily criticized and opposed by exporters and Customs bonded warehouse (CBW) operators are:

1) the proposed imposition of cash bonds instead of surety and performance bonds;

2) making the importation of finished goods/articles through bonded warehouses as smuggling;

3) the reduction of imported raw material liquidation period to 30 days and;

4) the reduction of the manufacturing cycle to 90 days for exporters using bonded warehouses.

Philexport Cebu is now working hand in hand with Philexport National and its member sectors particularly furniture sector like the CFIF, FAME and GTH, whose members are heavily threatened by these newly proposed policies.

If these proposed policies are enacted into law, exporters operating outside the PEZA Zones will be heavily burdened with additional cost and tremendous amount of bureaucratic documentation and procedures, not to mention inconvenience and corruption.

Chronology of events

March 27, 2006: Philexport National sent a letter addressed to Senator Mar Roxas the Chairman of the Joint Committee on Trade and Industry and of Economic Affairs. The latter raised the concerns and objection of exporters against some newly proposed policies that will adversely affect exporters operating outside the PEZA Zones.

April 06, 2006: Philexport National sent another letter to Rep. Junie Cua, the Chairman of the Committee on Trade and Industry in the House of Representatives, raising the same concerns and objections against the pending anti-smuggling bill in the House of Representatives.

April 06, 2006: Philexport Cebu was furnished with a copy of the letter sent by a Customs Bonded Warehouse operator to CFIF President Michael C. Basubas, raising their concerns against the pending anti-smuggling bills in the House of Representatives and the Senate.

Whole month of April 2006:

Philexport Cebu, Philexport National and CFIF coordinated and exchanged communications with the office of Senator Ralph Recto, Chairman of the Committee on Ways and Means, where the final drafts of the anti-smuggling bills are being consolidated.

May 9, 2006: Philexport National's representatives attended the public hearing in the Senate regarding the anti-smuggling bills.

May, 19, 2006: Philexport Cebu conducted an exporters' forum for discussion and updates on its advocacy drive against some of the questionable provisions of the anti-smuggling bills. The speaker was Atty. Clemente San Agustin, Vice President for Operations and supervising head of the Customs Bonded Warehouse of Philexport National. He is also the lead representative of the advocacy team that has been attending the senate committee hearings chaired by Senator Ralph Recto.