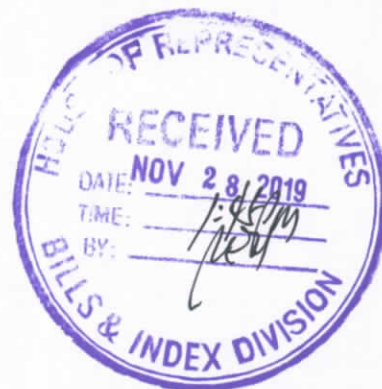


Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

Eighteen Congress  
First Regular Session

RESOLUTION NO. 556



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Introduce by HON. PROSPERO A. PICHAY, JR.

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A RESOLUTION DIRECTING THE COMMITTEE ON WAYS AND MEANS TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON UNABATED SMUGGLING OF GOODS INTO THE COUNTRY BY UNSCRUPULOUS OPERATORS OF CUSTOMS BONDED WAREHOUSES TO THE DETRIMENT OF LOCAL MANUFACTURERS AND PRODUCERS AND THE PHILIPPINE ECONOMY , WITH THE END IN VIEW OF RECOMMENDING MEASURES TO STOP SMUGGLING USING THE WAREHOUSING SYSTEM BY REVISITING THE PROVISIONS OF THE CUSTOMS MODERNIZATION TARIFF ACT ON BONDED WAREHOUSES AND LIMITING THE TYPE, NATURE AND NUMBER OF BONDED WAREHOUSES.

WHEREAS, customs bonded warehouses are originally designed for use by exporters as part of the incentives by the government. They are used to store duty and tax free raw materials imported by exporters for manufacturing into finished products that are then exported from the Philippines to other countries.

WHEREAS, customs bonded warehouses, which were then limited in number and purpose, have sprouted like mushrooms and expanded their nature, purpose and objective. Presently, there are varied kinds of bonded warehouses and have exponentially increased in numbers. There is an estimated 194 customs bonded warehouses.

WHEREAS, customs bonded warehouses have become the biggest conduits of smuggling. Goods imported duty and tax free for warehousing are diverted into the local markets sans payment of duties and taxes. Under this modus operandi, the government stands to lose billions of pesos in foregone revenues.

**WHEREAS**, the recent reforms and measures of the Bureau of Customs to curtail smuggling and to plug revenue loopholes in the warehousing system are egregiously inadequate. Consequently, the Bureau of Customs is hard-pressed in meeting its revenue target and manufacturers, producers and legitimate importers are lamenting that they could not compete with these illegally withdrawn products since the prices of locally manufactured products are much higher than those of smuggled goods.

**NOW THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED**, directing the Committee on Ways and Means to conduct an investigation, in aid of legislation, on the unabated smuggling of goods into the country by customs bonded warehouses by revisiting the provisions of the Customs Modernization and Tariff Act on custom bonded warehouses and limiting the type, nature and number of customs bonded warehouses in order to end smuggling in the bonded warehouses and to maximize the collection of government revenues.

Adopted,



**REP. PROSPERO A. PICHAY, JR.**