

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

House Resolution No. 379



Introduced by Rep. LAWRENCE LEMUEL H. FORTUN

RESOLUTION

DIRECTING THE COMMITTEE ON TRADE AND INDUSTRY TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE ALLEGED CONTINUOUS SMUGGLING AND PROLIFERATION OF SUBSTANDARD STEEL PRODUCTS IN THE PHILIPPINES RESULTING FROM THE COLLUSION BETWEEN LARGE STEELMAKERS AND OFFICIALS OF THE DEPARTMENT OF TRADE AND INDUSTRY AND THE BUREAU OF CUSTOMS

WHEREAS, Article XVI Section 9 of the 1987 Philippine Constitution declares that, “The State shall protect consumers from trade malpractices and from substandard or hazardous products;”

WHEREAS, Title I, Article 2 of Republic Act No. 7934, also known as the “Consumer Act of the Philippines,” provides that it is the State’s policy to protect the interests of the consumer, promote his general welfare and to establish standards of conduct for business and industry, and toward this end shall implement measures to protect consumers against hazards to health and safety, as well as, deceptive, unfair, and unconscionable sales acts and practices;

WHEREAS, a number of cause-oriented groups – including the Consumers Union of the Philippines, AGHAM (Alyansa ng mga Grupong Haligi ng Agham at Teknolohiya para sa Mamamayan) partylist, the Philippine Iron and Steel Institute, and the Association of Structural Engineers of the Philippines – have sounded alarms on the alleged proliferation of substandard construction materials, particularly steel products, being sold in the Philippines, posing grave threats on the lives and properties of Filipinos and muddling the integrity of the government’s “Build, Build, Build” Program;

WHEREAS, the said worrying situation is purportedly a result of the smuggling of steel products with misdeclared grades, length, sizes, and weights, as well as the replacement by local steel manufacturers of micro-alloyed (MA) steel bars with quenched-tempered (QT) steel bars without the full knowledge of the design engineering community as well as the end-users;¹

WHEREAS, QT steel bars, which are made by rapid cooling of a plain low carbon steel by a water spray producing a strong outer layer but a weaker inner core, are said to be relatively thin and brittle making these unfit for use in high-rise construction especially in seismic zone 4 countries like the Philippines;²

WHEREAS, QT steel bars have been restricted in other earthquake-prone countries like China, Taiwan, Japan, New Zealand, Canada, and the United States;

¹ Morales, E. M. (2011). *A Clear and Present Danger 2 - The Use of QT or TMT Rebars in Seismic Zone 4*.

² Ibid.

WHEREAS, the alleged shift in the steel bar manufacturing process, or making QT steel bars instead of MA steel bars, was done by most local steel manufacturers more than a decade ago without proper notification to the government and the public, and some have deliberately kept in secret the replacement of MA steel bars with QT steel bars in the market or have been selling QT steel bars with grade 40 as grade 60, which is the minimum requirement for reinforcing bars (rebars) to be used in high-rise buildings and other major infrastructures;

WHEREAS, this seeming grand deception may have led to the rise in the past 10 to 12 years of structurally-compromised buildings and infrastructures that may not be able to withstand high-intensity earthquakes, including the anticipated "The Big One," thus endangering the lives of millions of Filipinos;

WHEREAS, it has been suspected that the collapse of the four-story Chuzon Supermarket in Porac, Pampanga during the 6.1-magnitude earthquake in 22 April 2019, which led to the death of 5 people and injury of 9, was due to the use of QT steel bars in constructing the building;

WHEREAS, this unfortunate state is further exacerbated by the smuggling of steel products that not only deprives the government of billions of pesos of taxes and penalties for import misdeclaration, but more importantly, risks the lives of Filipinos due to their questionable quality;

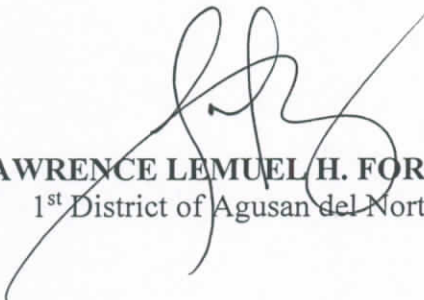
WHEREAS, experts have also warned on the poor quality testing procedure on locally produced steel rebars wherein these only undergo static tension and bend tests as some steel-makers refuse to subject them to the international-standard of cyclic loading tests;

WHEREAS, reports have intimated the collusion of local steel manufacturers with avaricious and unconscientious officials of the Department of Trade and Industry and the Bureau of Customs to cover-up the rampant deceitful replacement of MA steel bars with QT steel bars and the large-scale smuggling of steel products;

WHEREAS, there is extreme urgency in determining the veracity of the various reports to protect the welfare of the Filipino consumers, plug holes in the government's revenue streams, clamp down corruption, and, if warranted, exact accountability on public officials and private individuals involved in the aforesaid unscrupulous acts;

NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, to direct the Committee on Trade and Industry to conduct an inquiry, in aid of legislation, on the alleged continuous smuggling and proliferation of substandard steel products in the Philippines resulting from the collusion between large steelmakers and officials of the Department of Trade and Industry and the Bureau of Customs.

Adopted.


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