

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**EIGHTEENTH CONGRESS**  
Second Regular Session

**HOUSE RESOLUTION NO. 1678**



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Introduced by: Representatives Lord Allan Jay Q. Velasco, Wilfrido Mark M. Enverga  
and Michael Edgar Y. Aglipay

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**RESOLUTION URGING THE COMMITTEE ON GOOD GOVERNMENT AND PUBLIC ACCOUNTABILITY AND THE COMMITTEE ON AGRICULTURE AND FOOD OF THE HOUSE OF REPRESENTATIVES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE FOOD SECURITY CRISIS BROUGHT ABOUT BY THE OUTBREAK OF THE AFRICAN SWINE FEVER (ASF) AND TO LOOK INTO THE GOVERNMENT'S ADOPTION OF POLICY SOLUTIONS CONTINGENT ON IMPORTATION WHICH IS FORESEEN TO CAUSE BILLIONS OF REVENUE LOSSES AND FURTHER PERPETRATE TECHNICAL SMUGGLING OF POULTRY AND PORK PRODUCTS THAT WILL ULTIMATELY LEAD TO THE DEMISE OF THE LOCAL INDUSTRIES AND ADVERSE PUBLIC HEALTH EFFECTS IF NO APPROPRIATE MEASURES WILL BE ADOPTED**

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*WHEREAS*, in the 2020 report made by the Food and Agriculture Organization of the United Nations entitled “The State of Food Security and Nutrition in the World”, the Philippines recorded the most number of food-insecure people in Southeast Asia from 2017 to 2019, with 59 million Filipinos suffering from moderate to severe lack of consistent access to food;

*WHEREAS*, in comparison to Indonesia which is the most populous country in Southeast Asia with more than double the Philippines’ population, the country was only recorded second to the Philippines with 18.7 million food-insecure people in 2017-2019;

*WHEREAS*, the food security crisis in the Philippines intensified due to severe outbreaks that have affected local producers, further exacerbated by policies on importation imposed by the government which proved to be unresponsive and detrimental to the interest and welfare of our local farmers and entrepreneurs. Coupled with unabated technical smuggling through misdeclaration in their Goods Declaration filed with the Bureau of Customs, the current problem seems to be insurmountable;

*WHEREAS*, in August 2019, the African Swine Fever (ASF) outbreak was first reported in the Philippines, which significantly affected the livelihood of over 68,382 farmers in 12 regions, 40 provinces, 463 municipalities, and 2,402 barangays nationwide;

**WHEREAS**, the country's reduced local pork supply due to the outbreak of the ASF has drastically increased the price of pork in the market and has also caused a ripple effect, affecting the prices of other meats, vegetables, and basic commodities, especially chicken, an alternative protein source;

**WHEREAS**, after almost two years since the ASF outbreak, it was only on 21 February 2020 when President Rodrigo Roa Duterte signed Executive Order No. 105 which created a national task force to prevent and control animal diseases;

**WHEREAS**, in order to address the increasing prices, on 01 February 2021, President Duterte issued Executive Order No. 124-2021 imposing a price ceiling on selected pork and chicken products in the National Capital Region;

**WHEREAS**, due to the increasing prices of pork products brought about by the ASF, the Department of Agriculture opted to rely on importation of pork products to lower the pork prices in the market;

**WHEREAS**, the proposed expansion of the MAV from 54,000 MT to 404,210 MT and the imposition of a reduced in-quota tariff of 5% for the first six (6) months and ten (10) percent for the succeeding six (6) months from 30%, and out-quota tariff from 40% to 15% for the first six (6) months and 20% for the succeeding six months is being opposed by various groups from the livestock sector emphasizing that the MAV of 404,210 MT will cause oversupply not only in Luzon, but also in the Visayas and Mindanao where there is ample supply of pork;

**WHEREAS**, the foregone tariff revenue of P13.95 Billion is enough to finance the indemnification of all ASF infected hogs of backyard and commercial raisers. This will encourage the farmers to declare if an outbreak occurs, which would greatly help the government to take immediate and necessary steps to curb the spread of ASF;

**WHEREAS**, the sector is also appealing to the President to declare a state of calamity due to the continuous ASF outbreak that has been raging the local industry since August 2019;

**WHEREAS**, we received reports that on top of this burden to our local hog industry, unscrupulous individuals have allegedly found a way to illegally profit from this new scheme by padding the cost per kilo of imported pork by five to seven pesos (P5.00 to P7.00) per kilo which could significantly increase upon the approval of the proposed tariff rate reduction from 30% to 5% for in-quota and 40% to 15% out-quota, and the MAV allocation is increased under this proposition;

**WHEREAS**, a similar scenario is found in our local poultry sector which remains hugely dependent on importation despite its capability of meeting local demand and generating surplus;

**WHEREAS**, in a letter to Department of Agriculture Secretary William Dar dated 05 March 2021, the group, Poultry Integrators in the Philippines comprising major producers and

suppliers of poultry in the country, appealed to recalibrate the importation of finished chicken products and to stay within the minimum limit of 23,000,000 kilograms per year in order to save the poultry industry;

**WHEREAS**, the group's submitted industry data to the DA Secretary showed that the local poultry production was able to fulfill the local demand despite the effects of the government's restrictions on mobility, operations, and logistics due to the COVID-19 pandemic. In addition, data showed that local poultry production has been producing chickens in excess of the local demand in the past five (5) years prior to the pandemic;

**WHEREAS**, Executive Order 23 Series of 2017 extended the effectivity of the most-favored-nation (MFN) rates of duty on certain agricultural products under Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act. It was reported that chicken importation has been on an upward trend especially after Executive Order 23 was passed reducing the tariff for Mechanically Deboned Meat (MDM) from 40% to 5%;

**WHEREAS**, it was reported that there have been discrepancies in the Philippine Statistics Authority (PSA) and World Trade Organization (WTO) Non-MDM data which disclosed that the Philippines received around 190 million kilograms of unaccounted non-MDM chicken yearly from 2015 to 2020 caused by technical smuggling<sup>4</sup> through the filing of fraudulent and falsified information or under declaration of price of their imported article in their Goods Declaration to avoid payment of higher tariffs and avail of the lowered tariff rate of 5% as mandated by Executive Order 23 by posing Non-MDM products as MDM products;

**WHEREAS**, according to the PSA, non-MDM chicken importation generally accounts for less than 10% of the total available supply. However, the local chicken producers are experiencing unexplained difficulties despite the annual consumption growth. One of the notable challenges of local producers is the cold storage situation. In 2020, there was an increase in the number of dressed chickens stored inside National Meat Inspection Service-accredited cold storage facilities. More than half of the stored dressed chickens were imported; hence, local producers were left with no facilities to store their products which forced them to sell at a loss;

**WHEREAS**, due to the pandemic, forecasts made by the Poultry Integrators in the Philippines indicate that the local demand in the next two (2) years will not reach the level of demand before the pandemic. This creates a scenario of oversupply of poultry due to the increasing levels of importation brought by the lowering of tariff rates and the increasing of the Minimum Access Volume of finished chicken products;

**WHEREAS**, it was even alleged that the contraction in local demand coupled with the increasing levels of chicken importation and technical smuggling, have already caused 30% of the local poultry industry to close their businesses;

**WHEREAS**, the over-importation of pork and poultry products and the proposed reduction of tariff rates will affect not only government revenues, but will also pose serious threats to public health and safety. There were accounts of alleged improper handling of pork

and poultry products which are reportedly stockpiled on wet floors without the appropriate refrigeration facilities and are being sold and distributed in public markets across the country (i.e. Divisoria Market, Balintawak Market, Nepa Q-Market, Farm View Wet Market in San Jose Del Monte, Bulacan). This condition may lead to food safety risks due to product thawing and contamination;

**WHEREAS**, these harmful practices if remained unchecked will continue to wreak havoc on the industries affected and hamper their immediate recovery to become active players in the industry they are engaged in;

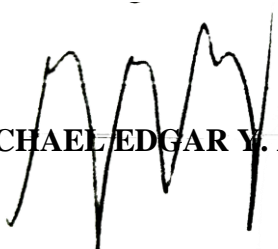
**WHEREAS**, it is high time for the government to adopt policies and measures that will alleviate the sufferings of the local industries that are already reeling from the ASF crisis compounded by the impact of the COVID-19 pandemic, and fundamentally, accord them the support and opportunity as active partners in development and nation building;

**NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED**, for the appropriate committees of the House of Representatives to conduct an inquiry, in aid of legislation, on the food security crisis brought about by the severe outbreak of the African Swine Fever and the adoption of policy solutions contingent on importation which is foreseen to cause billions of revenue losses and which further perpetrate the unabated corruption and technical smuggling of poultry and pork products that will ultimately lead to the demise of the local industry and adverse public health effects if no appropriate measures will be adopted.

*Adopted,*

  
REP. LORD ALLAN JAY Q. VELASCO

  
REP. WILFRIDO MARK M. ENVERGA

  
REP. MICHAEL EDGAR Y. AGLIPAY