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SENATE

RECEIVED BY: 

P. S. Res No. 879

Introduced by SEN. WIN GATCHALIAN

RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, OF POSSIBLE VIOLATION OF ANTI-DUMPING LAWS, RULES AND REGULATIONS, IN RELATION TO THE INFLUX OF IMPORTED PAPER TO THE DETRIMENT OF LOCAL PAPER PRODUCTION, WITH AN END VIEW OF CRAFTING A LEGISLATION OR POLICY RECOMMENDATION, AS MAY BE NECESSARY

1 **WHEREAS**, Article XII Section 1 of the 1987 Constitution mandates the
2 protection of Filipino enterprises against unfair foreign competition and trade
3 practices;

4 **WHEREAS**, Republic Act (RA) No. 8752 or the "Anti-Dumping Act of
5 1999," as adopted in Republic Act No. 10863 or the "Customs Modernization
6 and Tariff Act", provides protection to a Philippine domestic industry which is
7 being materially injured, or is likely to be materially injured, by the dumping of
8 articles imported into or sold in the Philippines;

9 **WHEREAS**, RA No. 8800 or the "Safeguard Measures Act," as adopted
10 in RA 10863, provides definitive measures including imposition of duties and
11 tariff quotas, to protect domestic industries and producers from increased
12 imports which caused or threaten to cause serious injury to relevant domestic
13 industries and producers;

1 **WHEREAS**, the Pulp and Paper Manufacturers Association with the
2 Philippines (Pulpapel), a local trade association of paper manufacturers, has
3 formally requested the Department of Trade and Industry (DTI) to impose
4 safeguard and antidumping measures on imported recycled packaging papers
5 used in making corrugated carton boxes;¹

6 **WHEREAS**, Pulpapel requested for stronger enforcement of laws and
7 regulations on the operations of customs bonded warehouses, which are
8 alleged to be used to avoid tax regulation and make illegal imports for domestic
9 consumption;²

10 **WHEREAS**, the Government loses an estimated \$108 million in
11 uncollected taxes from undervalued paper products imported every year;³

12 **WHEREAS**, while the estimated local paper production decreased by
13 11% from January to June 2023, imports of recycled container boards increased
14 by more than 100%, and imports of printing and writing paper increased by
15 22%. This increase in importation of paper and paper products has reduced the
16 industry utilization rate, or the capacity of factories being used, from 72% in
17 2022 to 63% during the first half of 2023.;⁴

18 **WHEREAS**, the industry has raised that the dumping and
19 underregulated importation of paper have affected the viability of 22 paper mills
20 in the country, causing unscheduled shutdowns since the second half of 2022,
21 as well as forced leaves or layoff of personnel in the paper manufacturing
22 sector;⁵

23 **WHEREAS**, during the hearing at the House of Representatives for the
24 proposed budget for the Department of Trade and Industry (DTI) on August
25 24, 2023, DTI admitted that it is aware of the dumping of paper products in
26 the Philippines;⁶

¹ Alden M. Monzon. "PH paper industry bemoans imports, cites shutdown of 22 mills," Inquirer, November 24, 2023. Retrieved from <https://newsinfo.inquirer.net/1865017/ph-paper-industry-bemoans-imports-cites-shutdown-of-22-mills>.

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ Alden M. Monzon. "Local paper makers oppose imports too," Inquirer, August 27, 2023. Retrieved from <https://newsinfo.inquirer.net/1822329/local-paper-makers-oppose-imports-too>.

1 **WHEREAS**, there is dumping of articles when exporters sell their
2 products to an importer in the Philippines at prices lower than the selling price
3 in the country of origin or at prices below the total cost of production;⁷

4 **WHEREAS**, in case of finding by the DTI for non-agricultural products
5 or by the Department of Agriculture (DA) for agricultural products, as well as
6 based on affirmative finding by the Tariff Commission, that there is dumping,
7 anti-dumping duties may be imposed on such imported products, subject to the
8 consideration of the effect of imposing an anti-dumping duty on the welfare of
9 consumers and other related local industries;⁸

10 **WHEREAS**, as a member of the World Trade Organization (WTO), the
11 anti-dumping practices of the Philippines are aligned with the WTO Agreement
12 on Anti-Dumping Practices, which seeks to ensure that anti-dumping practices
13 do not constitute an unjustifiable impediment to international trade;⁹

14 **WHEREAS**, safeguard measures have previously been imposed for
15 paper products for 10 years, but the prescribed period has already ended in
16 2018.¹⁰ With no safeguard measures in place, local paper manufacturers have
17 greater difficulty competing with an increase in the volume of paper imports
18 and possible violation of anti-dumping measures, especially considering the lack
19 of government support for the local paper industry¹¹;

20 **WHEREAS**, dumping and illegal imports will not only affect employees
21 of paper manufacturers and the paper industry, but will likely also affect allied
22 industries like trucking and recycling;

23 **WHEREAS**, the adverse effects of a continuing increase in importation
24 of paper products in the Philippines may be further aggravated by weak
25 enforcement of laws and regulations pertaining to the operations of customs
26 bonded warehouses, which allows for the flooding of the local market with

⁷ "Anti-Dumping," Department of Trade and Industry. Retrieved from <https://www.dti.gov.ph/negosyo/imports/trade-remedies/anti-dumping/>.

⁸ Section 3, RA No. 8752.

⁹ "Anti-Dumping," Department of Trade and Industry. Retrieved from <https://www.dti.gov.ph/negosyo/imports/trade-remedies/anti-dumping/>.

¹⁰ Ted Cordero. "DTI urged to act on 'dumping' of imported papers," GMA News Online, August 24, 2023. Retrieved from <https://www.gmanetwork.com/news/money/economy/879972/dti-urged-to-act-on-dumping-of-imported-papers/story/>.

¹¹ Alden M. Monzon. "Local paper makers oppose imports too," Inquirer, August 27, 2023. Retrieved from <https://newsinfo.inquirer.net/1822329/local-paper-makers-oppose-imports-too>.

1 underpriced smuggled paper products, making it even more difficult for local
2 paper manufacturers to compete with the price of imported/smuggled paper
3 products and affecting the viability of domestic paper mills;

4 **WHEREAS**, customs bonded warehouses are facilities accredited by the
5 Bureau of Customs (BOC) that allow authorized exporters to import and store
6 goods, raw materials, and other articles for further processing and exportation
7 without payment of duties and taxes. The unscrupulous operations of customs
8 bonded warehouses, which lead to continuous smuggling of goods in the
9 Philippines, not only deprives the Government of revenues which can be used
10 to support industries like paper manufacturing, but also creates discrepancies
11 in cross-country trade data.¹² Lack of reliable trade data makes it more
12 challenging to determine the actual volume of paper products entering the
13 Philippines and how it affects the supply and pricing of locally-manufactured
14 paper products;

15 **WHEREAS**, frequent dumping of paper products may deter potential
16 investors from investing in the local paper industry, which can further affect the
17 viability of local paper mills;

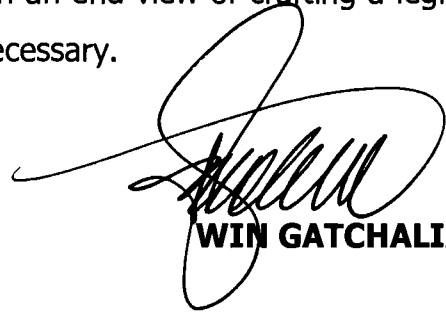
18 **WHEREAS**, considering the continuing increase in importation of paper
19 products in the Philippines, the undervaluing of prices by traders, the possible
20 violations of anti-dumping measures, and the weak enforcement of laws and
21 regulations on the operations of customs bonded warehouses, which lead to
22 losses in government revenue and have an adverse impact on the local paper
23 industry, potentially leading to large-scale layoffs not only in the paper
24 manufacturing sector, but also in allied industries, it is imperative that the
25 Philippine Senate reviews the current situation of the paper industry in the
26 Philippines. More specifically, there is a need to assess the efficiency and
27 effectiveness of the BOC and the DTI in enforcing laws, rules and regulations
28 relevant to the importation of paper products, as well as to determine the
29 necessity of imposing safeguard measures to regulate the importation of paper

¹² Position Paper of the Department of Trade and Industry dated February 11, 2020. Retrieved from <https://innovate.dti.gov.ph/wp-content/uploads/2020/07/HR-556-Inquiry-on-the-Unabated-Smuggling-of-Goods-in-the-Country-by-Unscrupulous-Operators-of-Customs-Bonded-Warehouses.pdf>.

1 products and minimize the adverse effects of dumping to local paper
2 manufacturers;

3 **NOW, THEREFORE, BE IT RESOLVED**, as it is hereby resolved by the
4 Senate of the Philippines, to direct the appropriate Senate committee to
5 conduct an inquiry, in aid of legislation, of possible violation of anti-dumping
6 laws, rules and regulations, in relation to the influx of imported paper to the
7 detriment of local paper production, with an end view of crafting a legislation
8 or policy recommendation, as may be necessary.

9 *Adopted,*



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