Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Voluntary Report - public distribution

Date: 12/17/2002

GAIN Report #RP2083

Philippines

Trade Policy Monitoring

Philippines Halts Vegetable Importation

2002

Approved by:
David C. Miller
U.S. Embassy
Prepared by:
Pia Abuel-Ang

Report Highlights:
President Gloria Macapagal Arroyo has ordered the Department of Agriculture-Bureau of Plant Industry (BPI) to temporarily stop issuing import permits for vegetable products after receiving complaints that the domestic vegetable industry was being hit by a surge of low-priced vegetable imports, effective immediately. The DA has likewise said that it would push for an increase in vegetable tariffs from the current applied rate of 7% to the maximum bound rate of 40%.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Manila [RP1], RP

In response to complaints from local vegetable farmers, President Gloria Macapagal Arroyo has ordered the Department of Agriculture to stop issuance of import permits for vegetable products effective immediately. The Bureau of Plant Industry (BPI) has been directed to temporarily stop the issuance of plant quarantine certificates or "import permits" in order to put a stop to the alleged flooding of lower priced vegetables imports reportedly coming in from China and Taiwan. The BPI is currently finalizing the details of this order.

The latest data from the quarantine service of BPI show that for the first nine months of 2002 a total of 518 MT legally imported vegetables arrived in the country compared with the 671 MT recorded in the same period last year and 875 MT in 2000. The BPI has previously stated that the softening of local vegetable prices is caused by the surge in smuggled vegetables from China and Taiwan and not legal imports which have continued to decline in the past three years. The DA together with the Bureau of Customs have already begun to step-up their anti-vegetable smuggling campaign which has resulted in the seizure of 660 metric tons of various illegal vegetables worth $500,000 (as of November 7, 2002). Export data shows that from January to September of this year, U.S. exports of fresh vegetables to the Philippines was valued at $249,000, most of these vegetables go to the luxury hotels and American restaurant chains.

In a parallel development, newly installed Agriculture Secretary Luis Lorenzo, Jr. has stated that he is supporting a hike in vegetable tariffs from the current applied rate of 7% to the maximum bound rate of 40%. Lorenzo has stated that he will formally submit a proposal to the Tariff Commission to apply the maximum 40% bound rate to vegetable imports. In addition to pushing for an increase in import duties, the DA is also planning to ask the Tariff Commission to include 20 vegetable products under the sensitive list of commodities. These vegetable products are leeks, cauliflower, headed brocolli, chinese cabbage, lettuce, chicory, carrots, turnips, radish, cucumber, green peas, snap beans, celery, red and green pepper, spinach, onions, ginger, peel of citrus fruits and melons. Part of the rationale for raising these rates to the bound rates is to prepare the GOP’s tariff schedule for the next round of WTO agriculture negotiations where the modalities may require countries to reduce tariffs from currently applied rates, according to a DA official.