

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City, Metro Manila

EIGHTEENTH CONGRESS  
First Regular Session

House Resolution No. 198



---

Introduced by Hon. RONNIE L. ONG and Hon. ERIC GO YAP

---

**RESOLUTION STRONGLY URGING THE DEPARTMENT OF TRADE AND INDUSTRY, DEPARTMENT OF TRANSPORTATION AND DEPARTMENT OF FINANCE TO IMMEDIATELY ADDRESS THE HIGH IMPORT COSTS RESULTING TO NATIONWIDE INFLATION AND UNDULY BURDENING FILIPINO CONSUMERS AND BUSINESSES, BY REGULATING THE EXCESSIVE AND QUESTIONABLE DESTINATION CHARGES IMPOSED BY INTERNATIONAL SHIPPING LINES AND/OR THEIR AGENTS**

**WHEREAS**, our collective dream under the AmBisyon 2040 is to have a “maginhawa at panatag na buhay” or to have a Philippines that is a “prosperous middle class society where no one is poor;”

**WHEREAS**, one of the major ways to achieve this vision is to have an enabling and supportive economic environment characterized by stability, strategic trade and sound fiscal and competition policies;

**WHEREAS**, this vision and strategy is supported by our Constitution when it declared the promotion of the general welfare as one of the policies of the State (Section 5, Article II) and recognize the indispensable role of the private sector and the need to encourage private enterprise (Section 20, Article II);

**WHEREAS**, over the years, one persistent national issue that is challenging our collective vision for a comfortable and secure life for all is **the high import costs which impedes commerce and economic growth, results to inflation nationwide (by increasing the cost of imported raw materials and intermediate goods), affects our international competitiveness and discourages private investments, all of which ultimately affect Filipino consumers and businesses in metropolitan cities and provinces alike;**

**WHEREAS**, import costs are escalated primarily by exorbitant and questionable “destination charges” imposed by international shipping lines or their agents, with no authority or regulation by the government, which can jack up costs as much as 50 times the actual freight rate and, according to a study, amount to as much as 98% of total fees imposed by shipping lines;

**WHEREAS**, some of these unwarranted and excessive “destination charges” are:

- a. Container deposit as high as US\$400 per container;
- b. Container cleaning fees of up to US\$25 per container, even if no cleaning done since there are no container cleaning facilities;

- c. Terminal handling costs, even if shipping lines do not have terminals and therefore do not provide terminal services (ICTSI and ATI perform these); and
- d. Document fee for papers even if already processed and provided at the port of origin abroad.

Other charges include Container Imbalance Charge, Emergency Cost Recovery Surcharge, etc.

**WHEREAS**, in a hearing on 17 January 2017 last 17<sup>th</sup> Congress, Mr. Michael Raeuber, a logistics expert of the Joint Foreign Chambers, also stressed the following:

- a. International shipping lines may conveniently manipulate the destination charges which are not usually disclosed to the exporter;
- b. Some international shipping lines in China or Vietnam sell highly subsidized, zero or even negative freight rates to their costumer at origin, recovering the cost of this subsidy/rate through the imposition of exorbitant charges at the port of this destination (Philippines). This means subsidizing foreign exporters at the expense of Filipino importers and to the detriment of other foreign competitors;
- c. When zero or negative freight is indicated in the Bill of Lading, the BOC may be misled in evaluating the correct duties and taxes imposable on the importation; and
- d. On the container deposits, some agents do not promptly refund even after return of containers.

**WHEREAS**, additionally, the overstaying containers in port premises and the lack of container yards among international shipping lines for empty containers have also impeded the smooth flow of commerce, affected the efficiency of our ports especially during Christmas season and have spilled over to cause road congestion;

**WHEREAS**, among other groups, the Port Users Confederation of the Philippines (PUCP), composed of traders, brokers, truckers and forwarders, which found out that destination charges are unreasonable, without legal basis and sometimes with no receipts, have previously called the attention of the government and have already worked with agencies to come up with a draft Executive Order<sup>1</sup> and a draft Joint Order<sup>2</sup> to address the foregoing issues, but both documents remain unsigned to date;

**WHEREAS**, under existing laws, regulating this anti-consumer, anti-business and anti-poor practice can be done by three Departments of the government, to wit:

- a. Department of Trade and Industry (DTI), as the primary policy and regulatory arm of government in the area of trade, industry, and investments, is empowered, through its Competitiveness Bureau, to formulate policies and measures relative to logistics in promoting the interest of exporters, importers, and traders in the shipment of commodities.

---

<sup>1</sup> Draft EO as of February 2019, coursed through DTI, on "AMENDMENT OF EXECUTIVE ORDER NO. 514, SERIES OF 1992, FOR THE MARITIME INDUSTRY AUTHORITY, DEPARTMENT OF TRANSPORTATION, TO UNDERTAKE THE REGISTRATION AND ACCREDITATION OF SHIPPING LINES AND OTHER SIMILAR MARITIME ENTERPRISES, AND TO STRENGTHEN ITS REGULATORY AND SUPERVISORY FUNCTIONS OVER THE SAME."

<sup>2</sup> Draft JAO between DTI, DOTr and DOF as of March 1, 2019 on "SUBJECT: REGULATING THE APPLICATION OF LOCAL CHARGES (ORIGIN AND DESTINATION FEES) IMPOSED BY INTERNATIONAL SHIPPING LINES, FREIGHT FORWARDERS OR LOGISTICS COMPANIES, CUSTOMS BROKERS, CARGO TRUCK OPERATORS, TERMINAL OPERATORS AND CARGO YARD OPERATORS TO COMPLY WITH EXISTING LAWS AND PROMOTING THE ADOPTION OF INTERNATIONAL COMMERCIAL TERMINOLOGY (INCOTERMS), ESTABLISHING GUIDELINES THEREOF TO IMPROVE PRODUCTIVITY IN THE HANDLING OF CARGOES."

and coordinated transportation system. It also has jurisdiction over the Maritime Industry Authority and the Philippine Ports Authority.

- c. Department of Finance (DOF) has jurisdiction over the (1) Bureau of Custom, which under Republic Act No. 10863 or An Act Modernizing the Customs and Tariff Administration, supervises and regulates the conduct of all third parties in relation to importation, exportation, movement, storage and clearance of goods, and over the (2) Bureau of Internal Revenue which is mandated to assess and collect the taxes due on the revenue generated by international shipping lines, freight forwarders or logistics companies, customs brokers, cargo truck operators, terminal operators, cargo yard operators, etc.

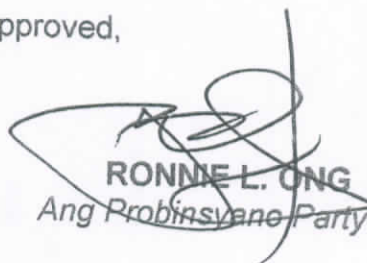
**WHEREAS**, resolving the foregoing issues will have tremendous benefits for the economy and will help, directly and indirectly, in our collective effort to pull out six million Filipinos from poverty as stated by the President in his 4<sup>th</sup> State of the Nation Address.

**NOW, BE IT RESOLVED, AS IT IS HEREBY RESOLVED**, that the House of Representatives strongly urges the DTI, DOTr and DOF to immediately address the high import costs impeding commerce, resulting to nationwide inflation and unduly burdening Filipino consumers and businesses, by regulating, once and for all, the excessive and questionable destination charges imposed by international shipping lines and/or their agents.

**RESOLVED FURTHER**, that the proper Committee of the House of Representatives, together with the PUC, other port users group and the international shipping lines, shall, in aid of legislation, prioritize the immediate resolution of the following three (3) most pressing issues, among others:

- 1) **Removal of the container deposit charge in view of insurance paid and company guarantee and causing faster reimbursement of already paid container deposits with clear and fair standards for any deduction;**
- 2) **Requiring all international shipping lines to have or maintain their own container yards with necessary logistical or transportation support from the government; and**
- 3) **Prohibiting the illegal detention by shipping lines of cargos of port users on the basis of non-payment of container deposits or other balances.**

Approved,

  
**RONNIE L. ONG**  
*Ang Probinsyano Party-list*

  
**ERIC GO YAP**  
*ACT-CIS Party-list*