

6 March 2012

Atty. Asis G. Perez

Director - Bureau of Fisheries and Aquatic Resources
PCA Bldg., Elliptical Road, Diliman, Quezon City

Dear Director Perez:

On behalf of our members, we wish to strongly recommend the immediate suspension of the implementation of the new export fees as provided in Fisheries Administrative Order (FAO) 233-1 (implementing RA 9147) for the following reasons:

- The opening paragraph of FAO 233-1 requires consultation with stakeholders to help determine the fees and charges. But as stated in our February 13 letter, PHILEXPORT was never called to a meeting or consultation despite the fact that we submitted our position paper last July 28, 2011.

PHILEXPORT, as you may know, is the umbrella organization of Philippine exporters, mostly micro, small and medium enterprises (MSMEs) that account for about 60 percent of our exports. This position paper therefore matters a lot, as it carries the stand of affected MSME-exporters under our umbrella.

Specifically, these sectors are the fresh and processed food, garments (with shell accessories/buttons), costume and fine jewelry, furniture and furnishings, holiday decors and other resource-based products.

- If the fees are meant to monitor and ensure sustainable use of our resources, then it should be implemented immediately at the source and not at the export end. This means that BFAR should invest in making sure that gatherers, farmers and fishermen comply with the appropriate rules, organizing them if needed, so that exports is not disrupted by policies imposed at the middle or tail end of the supply chain.
- The new fees add more financial burden to an otherwise struggling export sector, particularly the MSMEs that are facing increasing and formidable challenges such as the strengthening peso; dampening global demand because of the financial issues in Europe; longer payment terms of 60 to 90 days by buyers; other non-tariff barriers imposed by other countries; and the high cost of doing business in the country.
- The policy adds more documentary layers, considering that one parcel may contain hundreds of different species of shells/wildlife species with different pricing and in different quantities. This will then translate to more time needed to prepare documents for each shipment, leading to less productivity and efficiency and more cost.
- These associated costs will then be passed on to the international buyer -- making our products more expensive and uncompetitive. Please note that in trade shows that our members participate in, price is a very sensitive issue, considering the availability of most of our export items from other competitor-countries.
- Most importantly for the shell crafts sector, instead of being slapped these fees, it should be entitled to fiscal incentives as provided for in Chapter IV of R.A. 9003 or

the Ecological Solid Waste Management Act of 2000 for re-using, recycling and putting added value, to what should have been waste empty shells.

As an option to the fees, may we then propose-----

Considering the issues mentioned above, we will then appreciate if the Director will hear us soonest in a consultation/meeting to discuss our proposal/option as earlier mentioned. We believe that BFAR can afford to further delay the implementation of RA 9147 to comply with a basic provision for stakeholder consultation.

Please note that the agribusiness, homestyle and wearable sectors are in the priority list of the Philippine Export Development Plan (PEDP) as approved by President Aquino. The export target of at least \$120 billion by 2016 can be attained by pushing these export products which has high employment generation and value-addition.

The Director's favorable action on our request will be consistent with government's repeated expression of support for MSMEs and the export industry in general as reflected in all our development plans. We hope that BFAR will step up to this mandate.

Thank you for your assistance.

Very truly yours,

cc: Hon. Sec. Proceso Alcala – Department of Agriculture
Hon. Sec. Gregory Domingo – Department of Trade and Industry
DED Emma Z. Mijares – Export Development Council