

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

First Regular Session

House Bill No. 161

INTRODUCED BY REPRESENTATIVE ARTHUR C. YAP

EXPLANATORY NOTE

On September 26, 1972, with the declared policy to promote the integrated growth and development of the grains industry, Presidential Decree No. 4, otherwise known as the National Grains Industry Development Act, was issued. The said decree created the then National Grains Authority. This agency has since been reconstituted to become the National Food Authority (NFA).

One of the powers and functions of the NFA agency under Section 6 (a) (xiii) of P. D. No. 4 was to establish rules and regulations governing the export of rice, corn and other grains.

On June 11, 1978, however, this power was limited under P. D. No. 1485. The export of these agricultural products could only be made whenever there is an excess production and/or supply. The Council, which governs the NFA, shall first issue a certification proving excess production and/or supply, before any authority to export is issued.

This amendment was anchored on food security. The argument was quite simple. The very limited supply of local rice and corn should be exclusively used for local consumption.

In the world of decades past, when the supply of rice, corn and grains was limited and global production had just started to increase due to investments in production and post harvest infrastructure, the policy made sense then. But today, when regional production in different parts of the world are consistently at surplus levels and are shipped all over the world to take advantage of deficits and better commodity prices, this limitation has effectively worked against the Filipino farmer. The fear in decades past of absent food supply sources has been mitigated today with greater trade flows mandated by international and multi-lateral trade agreements.

While the Philippines' accession to the World Trade Organization, and regional free trade agreements, have allowed the entry into the Philippines of foreign commodities to the benefit of Filipino consumers, the flow of imports has not worked to the benefit of Filipino farmers since the limitation to freely export their grain commodities has placed

them on the receiving end of the impact of import prices, while denying them the benefit of better prices in the international market were they allowed to export their produce.

The limitation, has effectively rendered nugatory the power of the NFA to authorize export of rice and other grains, simply because it has become rare for Philippine grain crops to register excess production or supply.

Lately, this provision is being seen as the impediment to the growth of a very promising sub-industry of the grains sector. This pertains to the premium grain varieties, such as the organically grown, the aromatic, the hybrid or the fancy, or other high end rice and corn varieties.

While these grain varieties do not enjoy high demand from local consumers, probably due to the fact that it very expensive, it enjoys immense popularity, not only from consumers in Western countries, but likewise from progressive Asian countries. According to one news report, it still briskly sells although it is at premium prices of about \$350 per MT in the overseas market, prohibitive by Philippine consumer standards.

This bill seeks the liberalization of grains export through the elimination of the requirement for the NFA Council to certify to the fact of excess production or supply of grains before an authority to export is issued.

With such, the export of Philippine grains, especially the premium or high grade varieties, will be possible. In turn, our Filipino farmers shall have the opportunity to shift their production to these grain varieties and have a higher income potential.

In view of the foregoing, the immediate passage of the bill is earnestly sought.

A handwritten signature in dark ink, appearing to be 'A. Yap', with a large, sweeping flourish extending upwards and to the right.

ARTHUR C. YAP

Representative

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AN ACT
LIBERALIZING THE EXPORT OF RICE, CORN AND OTHER
GRAINS OR RELATED AGRICULTURAL PRODUCTS,
AMENDING FOR THE PURPOSE SECTION 6 (a) xiii OF
PRESIDENTIAL DECREE NO. 4, OTHERWISE KNOWN AS THE
NATIONAL GRAINS AUTHORITY ACT, AS AMENDED, AND
FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled.

1 **SECTION 1. *Short Title.*** – This Act shall be known as the “Grains Export
2 Liberalization Act of 2010”.

3 **SECTION 2. *Declaration of Policy.*** – It hereby declared the policy of the State
4 to provide its farmers and agricultural workers better income opportunity, encourage the
5 increase in their productivity and improve their profitability, by allowing greater latitude
6 in the export of their grains produce. The farmers shall no longer be limited by the
7 deficiency in grains production for them to be able to export their produce.

8 **SECTION 3. *Amendment of Section 6 (a) xiii of Presidential Decree No. 4,***
9 ***otherwise known as the National Grains Authority Act.*** – Section 6 (a) xiii of
10 Presidential Decree No. 4, otherwise known as the National Grains Authority Act, as
11 amended, is hereby further amended, to read as follows:

1 **"SECTION 6. Administration — Powers, Organization and**
2 **Management.** — The powers, organization and management of the
3 Administration shall be as follows:

4 a) Powers. — In order to effectively carry out its functions and
5 responsibilities as provided in this Act, the Administration shall
6 have the following powers:

7 xxx

8 (xiii) To establish rules and regulations governing the export of
9 rice, corn and other grains and/or their substitutes and their
10 by-products/end-products, and to collect fees and charges for
11 such exportation at rates to be determined by the Council;
12 [In the exercise of this power, the Authority shall directly
13 undertake the exportation of rice, corn and other grains
14 and/or their substitutes and/or by- products/end products
15 whenever there is an excess production and/or supply, or
16 it may allocate export quotas among certified and
17 licensed exporters; Provided, however, That the Council
18 shall first certify to such excess production and/or supply
19 after proper consultation with the Office of the
20 President].

21 **SECTION 4. *Implementing Rules.*** — Within sixty (60) days after the effectivity
22 of this Act, the National Food Authority (NFA) Council as created under Presidential
23 Decree No. 4, as Amended, is hereby mandated to issue its Implementing Rules.

24 **SECTION 5. *Separability Clause.*** - If any provision of this Act, or any parts
25 thereof, is declared unconstitutional, the same shall not affect the validity and effectivity
26 of the other portions.

27 **SECTION 6. *Repealing Clause.*** - All laws, executive orders, presidential
28 decrees, proclamations, rules, regulations, issuances and enactments of parts thereof
29 inconsistent with this Act are hereby repealed or modified accordingly.

1 SECTION 7. *Effectivity.* - This Act shall take effect fifteen (15) days from its
2 complete publication in the Official Gazette or in a newspaper of general circulation in
3 the Philippines, whichever comes earlier.

APPROVED.