

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City Metro Manila

SEVENTEENTH CONGRESS
First Regular Session

H.B. No. 5326



Introduced by Hon. Cecilia Leonila V. Chavez
Butil Farmers' Party

EXPLANATORY NOTE

Rice is a staple food for most Filipinos across the country. It accounts for about 1/3 of total food consumption. Every Filipino consume an average of 114.27 kilograms of rice in 2012, with those in the lower and extremely lower socio-economic classes consuming 113.70 kilograms and 109.53 kilograms, respectively¹. The rice industry employs more than three million farmers and agricultural workers comprising about 30% of the total employed in agriculture².

Palay is cultivated in about 4.67 million hectares of land, constituting about 35.55% of the total agricultural lands in the Philippines in 2015;³ The Philippines, however, remains a top importer of rice owing to the rapid increase in population and the low yield in rice compared to its Asian neighbours;

The average Filipino rice farmer hardly have access to financial instruments and agricultural technology and support considering that 38.3% of them suffer from abject poverty, successive natural disasters and calamities due to climate change and high cost of production such as fertilizers, pesticides, irrigation fees and high interest payments.

To complicate the plight of small and marginalized farmers, the impending lifting of import restriction on rice on July 2017 will erode the income of rice farmers by 29.2% even as rice prices will be reduced by as much as 27.3%⁴. Lifting the quantitative restriction on rice and trade liberalization without essential support services, financial and technical support from government to the already sorry state of the Philippine agriculture sector will be detrimental to the welfare of Filipino rice farmers, imperil food security of the Filipino people and negate the country's economic growth and development;

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

Rep. Cecilia Leonila V. Chavez
Butil Farmers' Party

¹ Department of Agriculture (2016). CountrySTAT Philippines.

² Background on the Philippine rice trade policies, Ma. Eden S. Piadozo, Ph.D., presented during the Policy Seminar on Philippine Rice Trade Policy and Rice Security: Future Directions 26 September 2012

³ Department of Agriculture (2016). CountrySTAT Philippines.

⁴ Aileen C. Litonjua and FH Bordey (2014 September). How can rice trade liberalization affect producers and consumers? Rice Science for Decision Maker. Science City of Munoz (Philippines): Philippine Rice Research Institute

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AN ACT STRENGTHENING RICE SELF-SUFFICIENCY, DIRECTING ALL PROCEEDS FROM RICE IMPORTATIONS AND AUCTION OF SMUGGLED RICE TO RICE PRODUCTION SUPPORT PROJECTS AND PROGRAMS

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

SECTION 1. Short Title. – This Act shall be known as the “*Rice Industry Development and Self-Sufficiency Act*”.

SEC. 2. - Declaration of Policy. – It is the policy of the State to promote food security, including sufficiency in our staple food, especially rice. The production of rice shall be optimized to meet our local consumption and shall be given adequate support by the State.

The state shall empower small and marginalized farmers engaged in rice production and industry to develop and sustain themselves in accordance with the following principles:

- a) *Poverty Alleviation and Social Equity.* - The State shall ensure that the poorer farmers and their organizations have equitable access to resources, income opportunities, basic and support services and infrastructure especially in areas where productivity is low as a means of improving their quality of life compared with other sectors of society;
- b) *Food Security and self sufficiency.* - The State shall ensure the availability, adequacy, accessibility of food supplies to all at all times;
- c) *Rational Use of Resources.* - The State shall adopt a rational approach in the allocation of public investments in order to ensure efficiency and effectiveness in the use of scarce resources and thus obtain optimal returns on its investments;
- d) *Competitiveness.* - The State shall enhance the competitiveness of rice farmers and rice industry sector in both domestic and foreign markets;
- e) *Sustainable Development.* - The State shall promote development that is compatible with the preservation of the ecosystem in areas where agriculture activities are carried out. The State shall exert care and judicious use of the country's natural resources in order to attain long-term sustainability;

f) *People Empowerment.* - The State shall promote people empowerment by enabling all citizens through direct participation or through their duly elected, chosen or designated representatives the opportunity to participate in policy formulation and decision-making by establishing the appropriate mechanisms and by giving them access to information; and

g) *Protection from Unfair Competition.* - The State shall protect small and marginalized farmers from unfair competition such as monopolistic and oligopolistic practices by promoting a policy environment that provides them priority access to credit and strengthened cooperative-based marketing system.

h) *Local Development* – The State shall vigorously promote partnership with local government units in recognition of devolution of governance and an eco-system framework of development.

SEC.3. Rice Farmers Development Fund. - To implement the policy enunciated in this Act, the proceed of the importation of minimum access volume on rice pursuant to RA 8178, As Amended, and all tariff collection from rice importations thereafter including the proceed from the auction of smuggled rice, shall accrue to the General Fund and shall be deposited with the National Treasury effective immediately.

SEC. 4. Institution of Tariff Protection.– Upon lifting of the quantitative import restriction on rice, the tariff rate of not less than 100% shall be imposed on rice imports. Provided that, the President is authorized to import rice at a lower tariff rate and on a limited period to meet national emergency situations such as natural calamities and disasters.

SEC. 5. Exclusive Authority to Import Rice. – The National Food Authority (NFA) shall exercise the exclusive power and non-delegable duty to undertake the importation of rice. For this purpose, Section 5 (b) , paragraph iii and Section 6 (a), paragraph xii of Presidential Decree (PD) No. 4, otherwise known as the “National Grains Authority Act”, As Amended, is hereby amended accordingly.

SEC. 6. Use of Fund. - In addition to the regular budget for rice projects and programs, except for agricultural infrastructure programs such as irrigation and farm-to-market roads that are provided with funds in the General Appropriations Act (GAA) of the Department of Agriculture (DA), Department of Agrarian Reform (DAR) , National Irrigation Administration (NIA), Department of Public Works and Highways and other concerned agencies, the entire proceeds shall be set aside and earmarked by Congress for the following purposes:

- a) post – harvest equipment and facilities;
- b) credit or loans to farmers and their cooperatives or associations
- c) research and development,
- d) information and marketing services
- e) establishment of seed banks;
- f) crop insurance/support to small farmers and their cooperatives or associations who suffered from calamities and disasters
- g) extension services;
- h) human resource development in accordance with Title II of RA 8045; and
- i) other forms of assistance and support to rice farmers and industry sector.

The use of the Fund shall be complementary and supportive of the various and current projects and programs of the Department of Agriculture and other government institution. Preferential treatment shall be continuously given to small and marginalized farmers and their cooperatives or associations consistent with the policies and priority thrusts under Republic Act No. 8435, as amended, otherwise known as the Agriculture and Fisheries Modernization Act *vis-a-vis* the Medium-Term Philippine Development Plan (MTPDP).

Provided that, credit or loans shall not exceed one million pesos (P1,000,000.00) for individual farmers and not more than five million pesos (P5,000,000.00) for farmers' cooperatives or associations. Provided further, that, the credit or loan beneficiaries shall provide a counterpart fund or equity of not less than ten percent (10%) of the total project cost, which may be in the form of capital outlay, labor, land for the project site, facilities, equipment, and salaries.

SEC. 7. *Local Rice Self-Sufficiency and Development Program* –The Department of Agriculture shall provide technical assistance to concerned local government units at the municipal and provincial levels, in consultation with local farmers' cooperatives or associations in the development of a Five (5) Year Local Rice-Self-Sufficiency and Development Plan which shall be considered as basis for the provision of support as provided in Section 6 hereof.

SEC. 8. *Implementing Rules and Regulations*. - Within ninety (90) working days after the effectivity of this act, the department of Agriculture, in consultation with concerned agencies and concerned farmers' cooperatives and associations, shall promulgate the rules and regulations for the effective implementation of this Act.

SEC. 9. *Separability Clause*. – If any portion of this Act is declared unconstitutional or invalid, the portions or provisions which are not affected shall continue to be in full force and effect.

SEC. 10. *Repealing Clause*. – All laws, decrees, executive issuances, rules and regulations inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 11. *Effectivity*. – This Act shall take effect after fifteen (15) days from its publication in the *Official Gazette* or in a newspaper of general circulation.