

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 5433



Introduced by Representative Jose T. Panganiban, Jr.
of ANAC-IP Partylist

EXPLANATORY NOTE

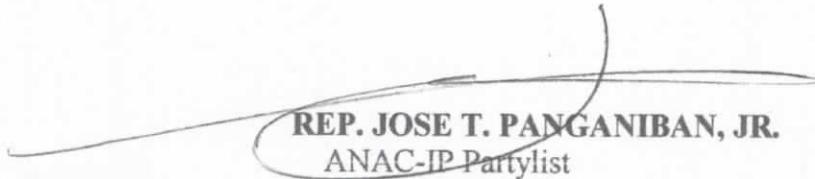
Rice production in the country is crucial to our food supply and economy chain. The country is ranked as the 9th largest rice producer in the world, notwithstanding, the country is also ranked as the world's largest importer in a survey done in 2010.

With the impending expiration of the country's Quantitative Restrictions (QR) on rice imports on June 30, 2017, the looming dilemma on how the local rice farmers will be able to compete and stay afloat amidst globalization needs to be immediately addressed.

Experts in the field of agriculture said that tariffication is imperative and inevitable. Tariffication of rice imports will serve as a safeguard to ensure that the local rice producers will be able to compete with the global market. Moreover, this is consistent with the country's trade obligations with the World Trade Organization (WTO).

Ultimately, tariffication will generate revenues for the government that can be utilized to further enhance the productivity and competitiveness of the rice industry, and to realize the thrust towards food security and sustainability.

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


REP. JOSE T. PANGANIBAN, JR.
ANAC-IP Partylist

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House Bill No. **5433**

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AN ACT REPLACING QUANTITATIVE IMPORT RESTRICTIONS ON RICE WITH TARIFFS, AND CREATING THE RICE COMPETITIVENESS ENHANCEMENT FUND, AMENDING FOR THE PURPOSE REPUBLIC ACT 8178, AS AMENDED BY REPUBLIC ACT NO. 9496, FURTHER AMENDED BY REPUBLIC ACT NO. 10848, ENTITLED: "AN ACT REPLACING QUANTITATIVE IMPORT RESTRICTIONS ON AGRICULTURAL PRODUCTS, EXCEPT RICE, WITH TARIFFS, CREATING THE AGRICULTURAL COMPETITIVENESS ENHANCEMENT FUND, AND FOR OTHER PURPOSES"

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

1 **SECTION 1.** Section 2 of Republic Act No. 8178, as amended, otherwise known as "An Act
2 Replacing Quantitative Import Restrictions on Agricultural Products, Except Rice, With
3 Tariffs, Creating the Agricultural Competitiveness Enhancement Fund, and For Other
4 Purposes, is hereby amended, to read as follows:

5
6 "SEC. 2. Declaration of Policy – It is the policy of the State to make the country's
7 agricultural sector viable, efficient and globally competitive. The State adopts the use
8 of tariffs in lieu of non-tariff import restrictions to protect local producers of
9 agricultural products [~~, except in the case of rice, which will continue to have~~
10 ~~quantitative import restrictions~~].
11

12 XXX"
13

14 **SECTION 2.** Item (a) of Section 3 of Republic Act No. 8178, as amended, is hereby
15 amended, to read as follows:

16
17 "(a) "Agricultural products" shall have the same meaning as agricultural products
18 under Chapters 1-24 of [~~Presidential Decree No. 1464, otherwise known as the Tariff~~
19 ~~and Customs Code of the Philippines, as amended~~] **SECTION 1611 OF REPUBLIC**
20 **ACT NO. 10863, OTHERWISE KNOWN AS THE CUSTOMS**
21 **MODERNIZATION AND TARIFF ACT (CMTA).**
22

23 XXX"
24

1 **SECTION 3.** Section 4 of Republic Act No. 8178, as amended, is hereby amended, to read
2 as follows:

3 “SEC. 4. *Repeal.* - The following laws and all other laws or provisions of law
4 prescribing quantitative import restrictions or granting government agencies the
5 power to impose such restrictions on agricultural products [~~except rice,~~] are hereby
6 repealed:

7
8 X X X”
9

10 **SECTION 4.** Section 5 of Republic Act No. 8178, as amended, is hereby amended, to read
11 as follows:

12
13 “SEC. 5. Amendment. – Subparagraph (xii), paragraph (1) Section 6 of Presidential
14 Decree No. 4 (National Grains Authority Act), as amended, is hereby further amended
15 to read as follows:

16
17 “SEC. 6. (a) Powers. –

18 “(xii) to establish rules and regulations governing the importation of
19 rice for **FOOD SECURITY AND NATIONAL BUFFER STOCKING**
20 **PURPOSES** and to license, impose and collect fees and charges for said
21 importation [~~for the purpose of equalizing the selling price of such imported~~
22 ~~rice with normal prevailing domestic price].~~

23
24 “In the exercise of this power, [~~the Council after consultation with the~~
25 ~~Office of the President shall first certify to a shortage of rice that may occur~~
26 ~~as a result of a short fall in production, a critical demand supply gap, a state~~
27 ~~of calamity or other verified reasons that may warrant the need for~~
28 ~~importation. Provided, that this requirement shall not apply to the importation~~
29 ~~of rice equivalent to the Minimum Access Volume obligation of the~~
30 ~~Philippines under the WTO.] The Authority shall undertake direct~~
31 ~~importation of rice [or it may allocate import quotas among certified and~~
32 ~~licensed importers, and the distribution thereof through cooperatives and~~
33 ~~other marketing channels,] at [prices] **CONDITIONS** to be determined by~~
34 ~~the Council [regardless of existing floor prices and the subsidy thereof, if any,~~
35 ~~shall be borne by the National Government].”~~
36

37 **SECTION 5.** Section 6 of Republic Act No. 8178, as amended, is hereby amended, to read
38 as follows:

39
40 “SEC. 6. Tariffication. – In lieu of quantitative restrictions, the maximum bound rates
41 committed under the Uruguay Round Final Act shall be imposed on the agricultural
42 products whose quantitative restrictions are repealed by this Act, **AS AMENDED.**
43 The President shall issue the corresponding tariffs beginning 1996 up to year 2000:
44 Provided, that the schedule of the initial and final applied rates shall be consistent
45 with the country’s tariff binding commitments.

46
47 In case of shortages or abnormal price increases in agricultural products, whose
48 quantitative restrictions are lifted under this Act, **AS AMENDED**, the President may
49 propose to Congress, revisions, modifications or adjustments of the Minimum Access

1 Volume (MAV): Provided, however, that in the event Congress fails to act after
2 fifteen (15) days from receipt of the proposal, the same shall be deemed approved.
3

4 **IN LIEU OF THE QUANTITATIVE RESTRICTION ON RICE, THE**
5 **MAXIMUM BOUND RATE SHALL BE AS NOTIFIED BY THE**
6 **PHILIPPINES TO THE WTO."**
7

8 **SECTION 6.** Section 8 of Republic Act No. 8178, as amended, is hereby amended, to read
9 as follows:

10 "SEC 8. *Agricultural Competitiveness Enhancement Fund.* - To implement the policy
11 enunciated in this Act, there is hereby created the Agricultural Competitiveness
12 Enhancement Fund, hereinafter referred to as the Fund. The Fund shall consist of all
13 duties collected from the importation of agricultural products, **EXCEPT RICE**, under
14 the minimum access volume (MAV) mechanism, including unused balances and
15 collections from repayments from loan beneficiaries including interests, if any. The
16 Fund shall be automatically credited to Special Account 183 in the General Fund of
17 the National Treasury: provided, that fund release shall not be subject to any ceiling
18 by the Department of Budget and Management (DBM).
19

20 XXX"
21

22 **SECTION 7.** A new Section 9 is hereby inserted after Section 8-B of Republic Act No.
23 8178, as amended, to read as follows:
24

25 "**SEC. 9. RICE COMPETITIVENESS ENHANCEMENT FUND. – THERE**
26 **IS HEREBY CREATED THE RICE COMPETITIVENESS**
27 **ENHANCEMENT FUND, HEREIN REFERRED TO AS THE "RICE**
28 **FUND", FOR THE PURPOSE PROVIDED HEREIN. THE RICE FUND**
29 **SHALL CONSIST OF ALL DUTIES COLLECTED FROM THE**
30 **IMPORTATION OF RICE UNDER THIS ACT AND THE MINIMUM**
31 **ACCESS VOLUME (MAV) MECHANISM FOR FIVE (5) YEARS FROM**
32 **THE START OF THE EFFECTIVITY OF THIS ACT. THE RICE FUND**
33 **SHALL BE AUTOMATICALLY CREDITED TO A SPECIAL**
34 **ACCOUNT IN THE GENERAL FUND OF THE NATIONAL**
35 **TREASURY: PROVIDED, THAT, FUND RELEASE SHALL NOT BE**
36 **SUBJECT TO ANY CEILING BY THE DEPARTMENT OF BUDGET**
37 **AND MANAGEMENT (DBM). ANY REMAINING BALANCE AT THE**
38 **DATE OF EXPIRATION OF THE COLLECTION OF DUTIES FOR**
39 **THE RICE FUND SHALL NOT REVERT TO THE GENERAL FUND**
40 **BUT SHALL CONTINUE TO BE USED FOR THE PURPOSE FOR**
41 **WHICH IT WAS COLLECTED AND SET ASIDE."**
42

43 **"THE RICE FUND SHALL BE SET ASIDE AND RELEASED TO:**
44

45 **A. ENHANCE PRODUCTIVITY AND INCOME OF RICE**
46 **FARMERS;**
47

48 **B. MODERNIZE FARM AND MARKETING PROCESSES AND**
49 **STRENGTHEN THE COMMODITY'S VALUE CHAIN;**
50

1 C. ENHANCE RESEARCH, DEVELOPMENT AND EXTENSION
2 ON RICE;

3
4 D. EXPAND INSURANCE COVERAGE FOR RICE; AND

5
6 E. EXPAND CREDIT TO INCLUDE ACQUISITION AND
7 ESTABLISHMENT OF PRODUCTION, POSTHARVEST, AND
8 PROCESSING MACHINERIES, EQUIPMENT AND
9 FACILITIES OF RICE FARMERS AND THEIR
10 COOPERATIVES AND ASSOCIATIONS AND MICRO AND
11 SMALL-SCALE ENTERPRISES.”
12

13 *“PROVIDED, THAT:*

14
15 (1) PREFERENTIAL ATTENTION SHOULD BE GIVEN TO
16 RICE FARMERS ADVERSELY AFFECTED BY THE
17 TARIFFICATION OF THE QUANTITATIVE
18 RESTRICTION ON RICE;
19

20 (2) THE USE OF THE RICE FUND SHALL BE CONSISTENT
21 WITH THE POLICIES AND PRIORITY THRUSTS UNDER
22 REPUBLIC ACT NO. 8435, AS AMENDED, OTHERWISE
23 KNOWN AS THE AGRICULTURE AND FISHERIES
24 MODERNIZATION ACT VIS-À-VIS THE MEDIUM-TERM
25 PHILIPPINE DEVELOPMENT PLAN (PDP); AND
26

27 (3) THE USE OF THE RICE FUND SHALL BE
28 COMPLEMENTARY AND SUPPORTIVE OF THE
29 VARIOUS AND CURRENT FUNDING ASSISTANCE
30 WINDOWS OR PROGRAMS OF THE DEPARTMENT OF
31 AGRICULTURE AND OTHER GOVERNMENT
32 INSTITUTIONS.”
33

34 *“TO ENSURE THE ATTAINMENT OF THE OBJECTIVES OF THE*
35 *RICE FUND, THERE IS HEREBY CREATED A RCEF EXECUTIVE*
36 *COMMITTEE, COMPOSED OF:*

37
38 A. THE SECRETARY OF AGRICULTURE, AS CHAIR;

39
40 B. THE PRESIDENT OF THE LAND BANK OF THE
41 PHILIPPINES; AND
42

43 C. A REPRESENTATIVE OF RICE FARMERS ASSOCIATIONS
44 AND COOPERATIVES.
45

46 *“THE COMMITTEE SHALL PROMULGATE THE POLICIES AND*
47 *GUIDELINES NECESSARY FOR THE PLANNING,*
48 *ADMINISTRATION, COORDINATION AND MONITORING OF THE*
49 *UTILIZATION OF THE RICE FUND.*
50

1 **“THE CONGRESSIONAL OVERSIGHT COMMITTEE ON**
2 **AGRICULTURAL AND FISHERIES MODERNIZATION (COCAF)**
3 **SHALL CONDUCT A PERIODIC REVIEW OF THE USE OF THE**
4 **RICE FUND.”**

5 **SECTION 8.** A new Section 10 is hereby inserted after the new Section 9 of Republic Act
6 No. 8178, as amended, to read as follows:

7
8 **“SEC.10. RICE INDUSTRY ROADMAP. UPON THE ENACTMENT OF THIS**
9 **ACT, THE DEPARTMENT OF AGRICULTURE TOGETHER WITH**
10 **RELEVANT AGENCIES SHALL BE GIVEN A MAXIMUM OF ONE**
11 **HUNDRED EIGHTY (180) DAYS TO FINALIZE THE RICE ROADMAP TO**
12 **RESTRUCTURE THE GOVERNMENT’S DELIVERY OF SUPPORT**
13 **SERVICES FOR THE SECTOR. AS PART OF THIS ROADMAP, A FIVE-**
14 **YEAR RICE PROGRAM SHALL BE IMPLEMENTED TO PROVIDE**
15 **ALTERNATIVE LIVELIHOOD FOR THOSE WHO WILL BE AFFECTED**
16 **BY THE SHIFT IN THE IMPORT POLICY. THE DA SHALL PROVIDE A**
17 **LIST OF FARMERS IN THE GOVERNMENT’S TRANSITION PROGRAM**
18 **IN WHICH THEY WILL EVENTUALLY GRADUATE INTO A MORE**
19 **APPROPRIATE INDUSTRY.”**

20
21 **SECTION 9.** Sections 9, 10, 11 and 12 of Republic Act No. 8178, as amended, are hereby
22 renumbered accordingly.

23
24 **SECTION 10. *Separability Clause.*** – If any portion of this Act is declared invalid or
25 unconstitutional, the portions or provisions which are not affected shall continue to be in full
26 force and effect.

27
28 **SECTION 11. *Repealing Clause.*** – All laws, decrees, executive issuances, rules and
29 regulations inconsistent with this Act are hereby repealed or modified accordingly.

30
31 **SECTION 12. *Effectivity.*** – This Act shall take effect after fifteen (15) days from its
32 publication in the Official Gazette or in a newspaper of general circulation.

33
34
35 *Approved,*