



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

House Bill No. **6190**



Introduced by Representative Rico B. Geron

EXPLANATORY NOTE

The right to food security may be inferred from various human rights provisions and from the constitutional intent to address mass poverty. The right to food may be inferred from Section 9, Article II in relation to Section 1, Article XII, which mandates policies focused on improving the quality of life for all; Section 10, Article II in relation to Sections 1 and 3, Article XII, which fosters social justice; Section 21, Article II in relation to Sections 4, 5 and 6, Article XIII, which promotes agrarian reform; and Section 7, Article XIII, which explicitly recognizes the rights of subsistence fishermen to the preferential use of communal inland and offshore *marine and fishing resources*.

Rice production in the Philippines is important to the food supply in the country and economy. The Philippines is the 9th largest rice producer in the world, accounting for 2.8% of global rice production. The Philippines was also the world's largest rice importer in 2010.

The Philippines imports more than 1 million metric tons (MMT) of rice annually to plug the shortfall in its production and beef up the National Food Authority's (NFA) buffer stock. In the recent years, the government has taken charge of rice importation, as Manila has existing rice-supply deals with the governments of Thailand and Vietnam. Currently, the government allows rice imports within the minimum access volume (MAV) of 705,200 metric tons (MT) to enter the country at a lower tariff of 35%. Imports in excess of the MAV are slapped a higher tariff of 50%.

However, starting July 2017, tariff concessions made under the QR will end along with the program's expiration, and tariff rates will revert back to their previous *higher levels*. *This also means that the MAV for rice will revert back to the original 350,000 MT while tariff rates will have to be decided by the economic managers.*

This bill seeks to impose a the tariff rate of 100% in lieu of quantitative import restrictions beginning 01 January 2018 to accord transparent trade protection for rice producers.

RICO B. GERON
AGAP, Partylist



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AN ACT TO PLACE SAFETY NETS FOR FILIPINO RICE PRODUCERS BY IMPOSING TARIFFS IN LIEU OF QUANTITATIVE RESTRICTIONS ON RICE IMPORTS, DIRECTING TARIFF COLLECTIONS FROM RICE IMPORTS TO PROJECTS AND PROGRAMS THAT WOULD ENHANCE RICE PRODUCTIVITY AND INCREASE FARMERS' INCOMES

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

SECTION. 1. Short Title. – This Act shall be known as the Rice Safety Net Act of 2017.

SEC. 2. Declaration of Policy. – It is the policy of the State to enhance farmers' incomes and ensure food security by increasing the productivity of the country's rice industry and making the protection accorded to rice producers transparent and effective. Towards this goal, the State adopts the use of tariffs in lieu of non-tariff import restrictions to protect local paddy producers in a direct and transparent manner and, at the same time, generate revenues required to provide the infrastructure and finance the programs that improve farmer's productivity.

The State shall endeavor to raise rice farm productivity the necessary support services such as, but not limited to, irrigation, farm-to-market roads, post-harvest equipment and facilities, credit, research and development, extension services, other market infrastructure and market information. These support services shall, at least partially, be financed from the revenue collections from agricultural tariffs.

SEC. 3 Definitions of Terms. – For the purposes of this Act, the following terms are defined as follows:

- (a) *Quantitative import* restrictions shall refer to non-tariff restrictions used to limit the amount of imported commodities, including but not limited to discretionary import licensing and import quotas, whether qualified or absolute;
- (b) *Rice* shall refer to rice in the husk, husked rice, semi-milled or wholly-milled rice, or broker rice, classified under the Harmonized System of Commodity Classifications as used in the Tariff and Customs Code of the Philippines; and
- (c) *Tariff rate equivalent* shall refer to the rate of tariff that will allow the same protection given by existing quantitative import restrictions, reflected by the average price gap between domestic prices and world prices.

SEC. 4. Institution of Tariff Protection. – In lieu of quantitative import restrictions, the tariff rate of 100% shall be imposed on rice imports beginning 01 January 2018 to accord transparent trade protection for rice producers.

SEC. 5. Reduction of Tariff Rates. – Any subsequent reduction of the tariff rate shall be based on the implementation of comprehensive Rice Farmers Development Program to improve the sector's competitiveness. The Department of Agriculture shall develop the program in consultation with the rice sector farmers, stakeholders and the Congressional Oversight Committee on Agriculture and Food (COCAF), *Provided further*, that program implementation shall be validated and evaluated by the COCAF.

SEC. 6. Rice Farmers Development Fund. – The tariff revenues generated by the Government from rice imports shall be collected into a special fund at the National Treasury called the Rice Farmers Development Trust Fund created for the exclusive purpose of financing investments and expenditures under the Rice Farmers Development Program. The Governor of the Bangko Sentral ng Pilipinas (BSP) or his representative shall serve as the Treasurer of the RDTF, The Bureau of Customs and the Department of Finance (DOF) shall certify to the Department of Agriculture the volumes of rice imports and the tariff revenues generated from such imports at quarterly intervals. The Department of Budget and Management shall certify to the Department of Agriculture the allocation of such tariff revenues to the financing of public investments and support services in agriculture, as directed by the Rice Farmers Development Trust Fund Board. *Provided, however*, that the said special fund would be separate, distinct and in addition to the appropriations received by the Department of Agriculture. *Provided, further*, that any savings made each year shall accrue to the special funds set by this Act.

SEC. 7 Anti-Rice Smuggling Fund. – One percent (1%) of the Rice Farmers Development Fund shall be allocated to the Coast Guard and other concerned agencies in the prevention of smuggled agricultural products that enters the domestic market and in the implementation of the Anti-Dumping Act and Countervailing Act.

SEC. 8 Rice Farmers Development Fund Board. –The Rice Farmers Development Trust Fund shall be managed according to policies set by the Rice Development Trust Fund Board. The Board shall be composed of:

Chairperson: Chairman of the COCAF/Chairman of the Senate Committee on Food and Agriculture

Vice-Chairperson: DA Secretary and the Vice Chairperson of COCAF

Members: Peasant Sector Representative, House of Representatives and two (2) representatives of national associations of rice farmers appointed for a two-year term by the Secretary of Agriculture.

The RFDF Board shall meet at least once each semester. The RFDF is empowered to organize a Technical Committee and Secretariat to undertake its operational activities. The budget for the operations of the RTDF Board and Secretariat shall be approved by the Secretary of agriculture and drawn from interest earnings of the RFDF.

SEC. 9 Emergency Provisions. –The President is empowered to allow the import of rice at a lower tariff rate to meet emergency requirements as well as the requirements of the government's rice distribution program which is targeted to the poorest of the poor. *Provided*, such imports may be treated as compliance to the Minimum Access Volume (MAV) commitments under the WTO. The secretary of Agriculture shall recommend the applicable rate and the volume to be imported on the basis of technical analysis and participatory consultation.

The Secretary of Agriculture shall formulate and implement simple and transparent rules and regulations governing the importation of rice under such tariff rate quota, including the allocation of the quotas among importers. *Provided*, that tariff proceeds from such imports shall accrue to the Rice Farmers Development Fund.

SEC. 10 Separability Clause. – Any provision of this Act declared unconstitutional shall not affect the validity of the other provisions thereof.

SEC. 11. Repealing Clause. – Subparagraph (xii), paragraph (1) Section 6 of Presidential Decree No. 4 otherwise known as the National Grains Authority Act of 1972, as amended by Republic Act No. 8178 otherwise known as Agricultural Tariffication Act of 1996 is hereby repealed.

All other laws or provisions of law prescribing quantitative import restrictions on rice or granting government agencies the power to impose such restrictions on rice are likewise repealed.

SEC. 12. *Effectivity.* – This Act shall take effect thirty (30) days following its publication in a newspaper of general circulation.

Approved,