

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7417



Introduced by **Representative Manuel Luis T. Lopez**

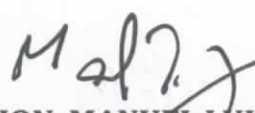
EXPLANATORY NOTE

According During the Hearing of the House Committee on Agriculture and Food held on February 20, 2018, this Honorable Representation revealed the existence of 13 Tondo-based companies, which allegedly operate a rice cartel in Metro Manila. Further, the 13 companies namely: *Evergreen, Rising Sun, GRC, CGG, Expo, ARNS, Working Gold, Leoneco, PMT, Hype Rice, LM Rice Cereal, MML Grain Center and Grandio*, all own bodegas on Dagupan Street in Tondo, Manila

One This revelation came about due to the sudden increase in the price of NFA Rice in the market. The NFA claimed that it failed to meet the required 'buffer stock' as mandated by the Legislative-Executive Development Advisory Council and thus there was a need to import rice. This prompted this Honorable Representation to look no further than in his own district in order to disprove the alleged rice shortage. From an initial survey of the area, it can be easily seen that there is abundant supply of rice. Worse, there are sacks of rice from the NFA.

Thus, this Bill seeks to penalize the act of hoarding, profiteering, engaging in cartel operations and price manipulation of rice. The adverse effects of these acts are mostly felt by the lower income households and individuals who consider rice as their staple food source. Instead of protecting their welfare, these unscrupulous traders take advantage of them for their own monetary benefit.

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


HON. MANUEL LUIS T. LOPEZ
Representative
1st District, City of Manila

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AN ACT
PENALIZING THE HOARDING, PRICE MANIPULATION OF RICE AND ENGAGING IN
CARTEL OPERATIONS IN ORDER TO INFLUENCE THE DEMAND AND SUPPLY OF RICE
IN THE COUNTRY

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

1 **SECTION 1. *Short Title.*** - This Act shall be known as the "Rice Security and Stability Act
2 of 2018."
3

4 **SEC. 2. *Declaration of Policy.*** - The 1987 Constitution provides that "the State shall
5 promote a just and dynamic social order that will ensure the prosperity and
6 independence of the nation and free the people from poverty through policies that
7 provide adequate social services, promote full employment, a rising standard of living,
8 and an improved quality of life for all."
9

10 Further, the Constitution states that "The State shall promote comprehensive rural
11 development and agrarian reform."
12

13 Finally, it is the recognized policy of the State to promote the productivity of the
14 agriculture sector and to protect farmers from unscrupulous traders and importers, who
15 alone or in cooperation with others directly or indirectly manipulate the price and supply
16 of rice in the Country which affects the food security of the State."
17

18 Consistent with these principles, it is the duty of the State to ensure that the welfare and
19 interests of its citizens is protected.
20

21 **SEC. 3. *Definition of Terms.*** - As used in this Act, the following terms are defined as
22 follows:

- 23 a. *Rice-* refers to polished/ husked rice, crops, *palay* in its original state and
24 whether it has undergone processing and milling.

- 1 b. *Person*- refers to a natural or juridical person engaged in the production,
2 manufacture, importation, storage, transport, distribution, sale or other
3 methods of disposition of rice.
4

5 **SEC. 4. Coverage.** – This Act shall apply to all persons engaged in the production,
6 manufacture, importation, storage, transport, distribution, sale or other methods of
7 disposition of rice.
8

9 **SEC. 5. Prohibited Acts.** – The following shall be punishable under this Act, to wit:
10

- 11 a. **Hoarding**- refers to the undue accumulation by a person or combination of
12 persons of rice beyond his or their normal inventory levels or the
13 unreasonable limitation or refusal to dispose of, sell or distribute the stocks
14 of rice to the general public or the unjustified taking/ purchasing of rice from
15 the National Food Authority (“NFA”). There shall be prima facie evidence of
16 hoarding when a person has stocks of rice thirty percent (30%) higher than
17 his usual inventory and unreasonably limits, refuses or fails to sell the same
18 to the general public at any given time. The determination of a person's usual
19 inventory shall be reckoned from the third month immediately preceding
20 before the discovery of the stocks in case the person has been engaged in the
21 business for at least three (3) months; otherwise, it shall be reckoned from
22 the time he started his business.
23
- 24 b. **Profiteering**- refers to the sale or offering for sale of rice at a price grossly in
25 excess of its market value. There shall be prima facie evidence of profiteering
26 whenever the rice being sold: (a) is adulterated or diluted through the mixing
27 of commercial rice with NFA rice or any combination thereof; or (b) whenever
28 a person raises the price of rice for sale to the general public by more than
29 five percent (5%) of its price in the immediately preceding month:
30
- 31 c. **Cartel**- refers to any combination of or agreement between two (2) or more
32 persons engaged in the production, manufacture, processing, storage, supply,
33 distribution, marketing, sale or disposition of rice designed to artificially and
34 unreasonably increase or manipulate its price. There shall be **prima facie**
35 **evidence of engaging in a cartel** whenever two (2) or more persons perform
36 uniform or complementary acts among themselves which tend to bring about
37 artificial and unreasonable increase in the price of rice or when they
38 simultaneously and unreasonably increase prices on their competing
39 products thereby lessening competition among themselves.
40
- 41 d. **Price Manipulation**- is any act committed by any person engaged in the
42 production, manufacture, importation, storage, transport, distribution, sale or
43 other methods of disposition of rice, which seeks to control and influence the
44 price of rice at any given time.
45

46 **SEC. 6. Penalties.** – A fine of Fifty Million Pesos (P50,000,000) and imprisonment for a
47 period not less than six (6) years but not exceeding twelve (12) years shall be imposed
48 on any person who commits any of the prohibited acts.
49

1 A fine of One Hundred Million Pesos (₱100,000,000) and imprisonment for a period not
2 less than twelve (12) years but not exceeding twenty (20) years shall be imposed on any
3 person for a violation of this Act for the second offense.

4
5 In addition, a single violation of this Act shall result in the revocation of all licenses,
6 permits and registration given to any person as well as the confiscation and forfeiture of
7 all rice products in favor of the National Government.

8
9 **SEC. 7. Disposal of Confiscated Rice.** – All rice products confiscated and forfeited in favor
10 of the National Government shall be appropriated for the immediate distribution
11 primarily to those areas which are in need of relief, including but not limited to those
12 areas hit by calamities and/or in war conflict zones. Any excess shall be sold in duly
13 accredited market places by representatives of the DA and the NFA. All proceeds of which
14 will be remitted to the National Treasury to be utilized solely for the development and
15 production of the local rice farmers.

16
17 **SEC. 8. Implementing Rules and Regulations and Standard Forms.** - Within sixty (60)
18 days from the promulgation of this Act, the necessary rules and regulations for the proper
19 implementation of its provisions shall be formulated by the Department of Agriculture
20 (“DA”) in coordination with the National Food Authority (“NFA”).

21
22 **SEC. 9. Repealing Clause.** – All laws, ordinances, executive orders, administrative orders,
23 rules, regulations, decrees, and other issuances or parts thereof, which are inconsistent
24 with the provisions of this Act are hereby revoked, repealed, or modified accordingly.

25
26 **SEC. 10. Separability Clause.** - If any provision of this Act is held unconstitutional or
27 invalid, the other provisions not affected thereby shall continue in operation and remain
28 in full force and effect.

29
30 **SEC. 11. Effectivity Clause.** - This Act shall take effect fifteen (15) days after its
31 publication in a newspaper of general circulation or the Official Gazette.

32
33 Approved,