

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

TWENTIETH CONGRESS
First Regular Session

House Bill No. 5392



Introduced by Representatives ERIC G. YAP and EDVIC G. YAP

EXPLANATORY NOTE

This proposed measure, the Rice Industry and Consumer Empowerment (RICE) Act, seeks to restore critical regulatory and market intervention functions to the NFA to ensure a more balanced approach to rice industry management. The bill does not aim to reverse market liberalization under the RTL but instead provides the NFA with sufficient authority to intervene when necessary to protect both farmers and consumers. It will empower the NFA to monitor rice trade, deter hoarding, and stabilize supply and prices without undermining private sector participation.

Rice is the staple food of Filipinos and its availability and affordability directly affect national food security, farmer welfare, and household stability. Ensuring a reliable supply and fair market price of rice has always been a cornerstone of government policy, with the National Food Authority (NFA) historically serving as the primary agency mandated to stabilize both supply and price.

Historically, the NFA, created under Presidential Decree (PD) No. 4 and later reconstituted under PD 1770, held broad powers to regulate the grains industry. These powers included registration, licensing, and supervision of rice producers, traders, and warehouses, as well as authority to seize hoarded stocks and release rice into the market to counter profiteering. Through its buffer stocking and procurement of palay from local farmers, the NFA provided a safety net for producers while ensuring consumers had access to affordable rice. However, with the passage of Republic Act No. 11203, otherwise known as the Rice Tariffication Law (RTL), most of these regulatory functions were repealed. The NFA's role was reduced to buffer stocking for emergencies, while rice importation and pricing were largely left to market forces.

The filing of this bill is prompted by the continuing hardships faced by rice farmers and consumers alike. Farmers remain vulnerable to unfair farmgate prices, with traders often dictating rates below production costs due to the NFA's limited procurement capacity. Consumers, on the other hand, are exposed to volatile prices and artificial shortages caused by hoarding and manipulation in the absence of effective government

oversight. These recurring issues highlight the urgent need for state intervention through a reinvigorated NFA.

For instance, data from the Philippine Statistics Authority (PSA) showed that in 2019, immediately after the implementation of RA 11203, farmgate prices of palay dropped to as low as ₱15 per kilogram below the estimated production cost of ₱21 per kilogram (Rivas, R., 2019)¹. This resulted in huge income losses for farmers, while consumers did not necessarily benefit from significantly lower retail prices. The lack of an empowered government body to regulate and stabilize the market aggravated the situation, proving that pure liberalization without safeguards is detrimental to both producers and consumers.

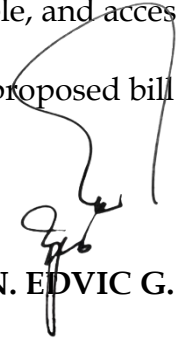
Through restoring the NFA's powers to regulate warehouses, monitor rice trade, and intervene against hoarding and profiteering, this bill will help stabilize the rice market. It will allow the NFA to use revenues from rice sales to procure palay from local farmers at reasonable support prices, decongest warehouses by releasing stocks to the market, and ensure that rice remains accessible and affordable for every Filipino household.

The significance of this measure lies in its balanced approach: it strengthens food security, supports local farmers, and protects consumers without reversing liberalization. Ultimately, the RICE Act will safeguard national interest by ensuring that rice, the nation's most important staple, is available, affordable, and accessible to all Filipinos.

In view of the foregoing, the approval of the proposed bill is earnestly sought.



HON. ERIC G. YAP



HON. EDVIC G. YAP

¹Rivas, R. (2019, October 11). *Palay now just P15.94 per kilo, lowest in 8 years*. Rappler. <https://www.rappler.com/business/242311-palay-price-per-kilo-3rd-week-september-2019>

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House Bill No. **5392**

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AN ACT
STRENGTHENING THE REGULATORY POWERS OF THE NATIONAL FOOD
AUTHORITY TO SUPPORT THE RICE INDUSTRY AND ENSURE CONSUMER
PROTECTION THROUGH ADEQUATE SUPPLY AND STABLE PRICE OF RICE,
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8178, OTHERWISE KNOWN
AS THE "AGRICULTURAL TARIFFICATION ACT", AS AMENDED

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 Industry and Consumer Empowerment (RICE) Act*".

SEC. 2. *Declaration of Policy.* — It is hereby declared the policy of the State to maintain food security and promote rice industry sustainability through an integrated and responsive regulatory framework. Towards this end, the State shall enhance the institutional capacity of the National Food Authority (NFA) to oversee rice supply and pricing mechanisms, protect consumer welfare, and safeguard the interests of local rice farmers, consistent with equitable and strategic trade policy.

SEC. 3. Section 3 of RA 8178, as amended, is hereby further amended to read as follows:

"SEC. 3. *Definition of Terms.* — The following definitions apply to the terms used in this Act:

"x x x

(e) "Buffer Stock" refers to the optimal level of rice inventory for [fifteen days] **AT LEAST NINE (9)** days that shall be maintained to sustain the disaster relief programs of the government during natural or man-made calamities and to address food security emergency situations on rice.

x x x."

SEC. 4. Section 5 of RA 8178, as amended, is hereby further amended to read as follows:

"SEC. 5. *Strengthening the Regulatory Function of the Department of Agriculture (DA).* — The Department of Agriculture (DA), through the NFA, is hereby authorized to:

“(a) x x x

(b) Conduct regular inspections of grain warehouses and agricultural facilities to ensure compliance with palay and rice and supply standards and regulations; [and]

(B-1) ORDER THE SEIZURE, WHENEVER THERE CORNERING, HOARDING, PROFITEERING ACTIVITIES AS DEFINED BY EXISTING LAWS OF RICE AND OTHER GRAINS AND THEIR SUBSTITUTES AND/OR BY-PRODUCTS THEREOF, INCLUDING THE FACILITIES USED IN THE SAID CORNERING, HOARDING OR PROFITEERING ACTIVITIES, OR WHENEVER THERE IS SCARCITY OF SUPPLY OF RICE IN THE MARKET OR UNWARRANTED INCREASE IN THE PRICE THEREOF, ORDER THE SEIZURE OF THE HOARDED COMMODITY AND ITS PUBLIC SALE IN SUCH QUANTITY AS MAY BE NEEDED TO STABILIZE THE SUPPLY IN THE AREA OF SCARCITY AND RESTORE PRICES TO NORMAL LEVELS;

TO ENFORCE THIS PROVISION, THE NFA ADMINISTRATOR, OR THE DULY AUTHORIZED REPRESENTATIVE, IS AUTHORIZED TO IMPOSE ADMINISTRATIVE FINES AND PENALTIES; TO CONDUCT INVESTIGATIONS; TO REQUIRE BY SUBPOENA OR SUBPOENA DUCES TECUM THE ATTENDANCE AND TESTIMONY OF WITNESSES, THE PRODUCTION OF BOOKS, PAPERS, DOCUMENTS, EXHIBITS, RECORDS, EVIDENCE; TO ADMINISTER OATH; AND TO EFFECT THE SAID SEIZURES.

(B-2) REGISTER, LICENSE, AND PRESCRIBE AND COLLECT FEES, CHARGES, AND/OR SURCHARGES IN LICENSING AND REGULATING THE OPERATIONS OF THE FOLLOWING:

i) GRAINS WAREHOUSES OR ANY PERSONS ENGAGED IN STORAGE OF RICE AND OTHER GRAINS AND THEIR SUBSTITUTES AND/OR BY-PRODUCTS THEREOF;

ii) PERSONS, NATURAL OR JURIDICAL, ENGAGED OR INTENDING TO ENGAGE IN THE BUSINESS OF PROVIDING GOODS AND SERVICES IN SUPPORT OF THE DIFFERENT ACTIVITIES INVOLVED IN THE PRODUCTION, PROCESSING, TRANSPORTING, MARKETING AND TRADING OF RICE, CORN AND OTHER GRAINS OR THEIR SUBSTITUTES;

iii) PERSONS, NATURAL OR JURIDICAL, ENGAGED OR INTENDING TO ENGAGE IN THE WHOLESALE AND/OR RETAIL BUSINESS OF RICE, CORN AND OTHER GRAINS OR THEIR SUBSTITUTES; AND

iv) PERSONS, NATURAL OR JUDICIAL, ENGAGED IN THE PROCESSING OR MANUFACTURE OF GOODS WHERE RICE, CORN OR OTHER GRAINS OR THEIR SUBSTITUTES ARE USED AS INGREDIENTS IN THE MANUFACTURE OF STARCH, OIL AND ANIMAL FEEDS OR OTHER SIMILAR COMMODITIES AND THEIR BY-PRODUCTS OR END-PRODUCTS;

“(c) x x x

“x x x”

NFA MAY AUGMENT ITS PERSONNEL OR PLANTILLA POSITIONS CORRESPONDING TO ITS ADDITIONAL REGULATORY POWERS AND DISTRIBUTION FUNCTIONS."

SEC. 5. Section 6 (c) of RA 8178, as amended, is further amended to read as follows:

"SEC. 6. Powers of the DA on the Rice Price Stabilization and Supply Regulation.

xxx

(c) Import rice when the available supply of locally produced rice is inadequate **TO MAINTAIN A STABLE SUPPLY AND PRICE CONDITION.** The DA Secretary is authorized to designate the importing entity within the DA[, with the exception of the NFA]: *Provided,* That the designated importing entity shall import **THE TYPE OF rice TO BE DETERMINED BY THE SECRETARY** at the least cost available among government-to-government options, which shall include direct contracts between the Philippine government and [a] foreign governmentS, including instrumentalities and State-owned enterprises of such foreign governmentS.

x x x”

SEC. 6. Section 11 of RA 8178, as amended, is further amended to read as follows:

"SEC. 11. *Maintenance and Disposal Rice Buffer Stock*. — The NFA shall, in accordance with the rules, regulations, and procedures, maintain an optimal rice buffer stock to be sourced [exclusively] from local farmers, **FARMER COOPERATIVES, AND FARMERS' ASSOCIATION IN PALAY FORM: PROVIDED, THAT IF NEED ARISES, PROCUREMENT MAY BE UNDERTAKEN IN MILLED RICE FORM WITHIN THE PRESCRIBED QUALITY STANDARDS, IN THE FOLLOWING ORDER OF PREFERENCE, AS FAR AS PRACTICABLE, FROM:**

(A) RECIPIENTS OF DA RICE PROCESSING SYSTEMS;

(B) REGISTERED FARMERS COOPERATIVES; AND

(C) LOCAL GOVERNMENT UNIT (LGU) RICE MILLS.

The NFA shall dispose of its rice buffer stock [one (1) month before the aging period starts, following the first in, first out method.] **OBSERVING GOOD WAREHOUSE AND STOCK MANAGEMENT PRACTICES, WITH THE EFFORT TO PREVENT THE STOCKS FROM AGING.**

The aging process begins three (3) months from storage for **MILLED** rice and six (6) months from storage for palay **FORM**.

In [both] **ALL** cases[, disposal through sale shall be through public auction.] **AND IN ADDITION TO ITS EXISTING MANDATE TO RELEASE STOCKS IN RESPONSE TO EMERGENCIES AND CALAMITIES, THE NFA SHALL PROVIDE THE GUIDELINES ON THE DISPOSITION OF STOCKS THROUGH:**

(A) SALE OF RICE TO ACCREDITED NFA RETAILERS AND THEIR SUBSEQUENT SALE TO THE PUBLIC SHALL BE GOVERNED BY THE NFA SELLING PRICE BULLETIN;

(B) SALE TO GOVERNMENT AGENCIES OR ENTITIES SUCH AS THE FOOD TERMINAL, INC. (FTI) AND LGUS, THE PUBLIC THROUGH KADIWA OUTLETS, FARMERS AND FARMER COOPERATIVES AND ASSOCIATIONS WHO SOLD THEIR PALAY TO NFA, AND ACCREDITED NFA RICE RETAILERS;

(C) SALE BY PUBLIC AUCTION; OR

(D) SUCH OTHER MEANS OF DISPOSITION ALLOWED UNDER OTHER LAWS ENSURING TRANSPARENCY,

COMPETITIVENESS, ACCOUNTABILITY, AND PUBLIC MONITORING.

FOR THIS PURPOSE, AND AS AN ESSENTIAL PART OF GOOD STOCK MANAGEMENT, THE NFA SHALL DISPOSE MAXIMUM OF ONE-FOURTH OF ITS TOTAL EXISTING BUFFER STOCK EVERY MONTH UNLESS DIRECTED BY THE NFA COUNCIL TO DISPOSE A HIGHER VOLUME."

SEC. 7. New sections to be denominated as Section 11-A and Section 11-B are hereby inserted after the Section 11 of RA 8178, as amended, to read as follows:

"SEC. 11-A. SETTING OF FLOOR PRICE FOR PALAY. – THE DA SHALL HAVE THE POWER TO INTERVENE IN THE MARKET TO ENSURE ADEQUACY OF SUPPLY AND STABILITY OF PRICES OF PALAY. THIS INCLUDES THE AUTHORITY TO ESTABLISH AND IMPLEMENT MECHANISMS FOR REASONABLE AND FLEXIBLE FLOOR PRICE OF PALAY, ON NATIONAL, REGIONAL, AND PROVINCIAL LEVELS AT WHICH THE RICE TRADERS MAY BUY FROM THE FARMERS, AND TAKING INTO CONSIDERATION THE FOLLOWING:

- i) COST OF PRODUCTION;**
- ii) PREVAILING MARKET PRICES;**
- iii) REASONABLE MARGINS FOR FARMERS;**
- iv) WELFARE OF BOTH FARMERS AND CONSUMERS;**
- AND**
- v) OTHER RELEVANT FACTORS AND CONDITIONS.**

THE NFA SHALL UTILIZE ITS REINSTATED REGULATORY FUNCTION TO ACHIEVE THESE OBJECTIVES."

"SEC. 11-B. PENALTIES. – ANY PERSON WHO VIOLATES THE FLOOR PRICE POLICY OR ANY RULE OR REGULATION ISSUED THEREUNDER SHALL BE SUBJECT TO:

- i) REVOCATION OR SUSPENSION OF LICENSE, TRADING PERMIT, OR ACCREDITATION; AND**
- ii) A FINE NOT EXCEEDING P2,000,000.00 OR IMPRISONMENT OF NOT MORE THAN TWO (2) YEARS, OR BOTH, AT THE DISCRETION OF THE COURT.**

"IF THE OFFENDER IS A CORPORATION OR ASSOCIATION, THE PENALTY SHALL BE IMPOSED UPON ITS RESPONSIBLE OFFICERS SUCH AS THE PRESIDENT, GENERAL MANAGER, OR MANAGING PARTNER.

"IF THE VIOLATOR IS AN ALIEN, SUCH ALIEN SHALL BE DEPORTED UPON COMPLETION OF SENTENCE, WITHOUT FURTHER PROCEEDINGS.

"ANY GOVERNMENT OFFICIAL OR EMPLOYEE FOUND TO HAVE AIDED, ABETTED, OR CONNIVED IN SUCH VIOLATIONS SHALL BE PERPETUALLY DISQUALIFIED FROM HOLDING ANY PUBLIC OFFICE, IN ADDITION TO OTHER APPLICABLE PENALTIES."

SEC. 8. *Implementing Rules and Regulations.* — The Secretary of Agriculture, in coordination with the National Food Authority, shall promulgate such rules and regulations as may be necessary to carry out the provisions of this act, which rules and regulations shall take effect fifteen (15) days following their publication in at least one newspaper of general circulation.

SEC. 9. *Repealing Clause.* — All laws, decrees, executive issuances, rules and regulations or portions thereof, which are not consistent with this Act, are hereby repealed, amended or modified accordingly.

SEC. 10. *Separability Clause.* — If any portion of the provisions of this Act is held unconstitutional or invalid, all other provisions not affected shall remain.

SEC. 11. *Effectivity.* — This Act shall take effect immediately upon publication in the Official Gazette or in a newspaper of general circulation.

Approved,