

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
1st Regular Session

HOUSE BILL NO. 6196



Introduced by Representative ALEXANDER T. PIMENTEL

EXPLANATORY NOTE

The "Rice Industry and Consumer Empowerment (RICE) Act" (or RICE Act) seeks to strengthen the regulatory powers of the National Food Authority (NFA) by amending the "Agricultural Tariffication Act" (RA 8178).

Historically, the NFA was established to promote food security, stabilize rice price and supply, and had the power to license operations, inspect warehouses, and order the seizure of rice when cornering, hoarding, or profiteering activities occurred during times of scarcity or unwarranted price increases.

However, the key regulatory powers of the NFA were repealed by the Rice Tariffication Law (RTL or RA 11203). The removal of these functions has adversely affected the NFA's role in ensuring food security, leading to two major problems: first, the NFA's diminished buying capacity weakened market support for *palay*, leaving many farmers vulnerable to traders dictating prices and discouraging local production; and second, the lack of sufficient safeguards resulted in greater market volatility, allowing for hoarding, price manipulation, and profiteering that exposes Filipino households to severe rice price shocks.

Given the persistent issues of price instability, warehouse congestion, and difficulty procuring *palay*, this bill restores the NFA's ability to monitor and intervene in the rice trade to deter hoarding, regularly release rice stocks to stabilize prices, and procure local *palay* at reasonable support prices, thereby creating a stable market for farmers and ensuring adequate food supply for consumers.

This measure provides a mechanism for timely and targeted state intervention necessary to protect public welfare and uphold national food security.

The passage of this measure is earnestly sought.


REP. ALEXANDER T. PIMENTEL

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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 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".

SECTION 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.

SECTION 3. Amendment to Section 3 of RA 8178 (Definition of Terms). The definition of "Buffer Stock" is amended to refer to the optimal level of rice inventory for at least nine (9) days. This stock shall be maintained to sustain disaster relief programs of the government during natural or man-made calamities and to address food security emergency situations on rice.

SECTION 4. Amendment to Section 5 of RA 8178 (Strengthening the Regulatory Function of the Department of Agriculture). The Department of Agriculture (DA), through the National Food Authority (NFA), is authorized to:

1. **Regulatory Oversight and Database:** Require the registration and maintain a national database of all grain warehouses, storage facilities, silos, and controlled-temperature cold storages. The NFA shall also conduct regular inspections of grain warehouses and agricultural facilities to ensure compliance with palay and rice supply standards and regulations.
2. **Seizure and Enforcement:** Order the seizure of rice or other grains involved in cornering, hoarding, or profiteering activities when there is a scarcity of supply or an unwarranted increase in the price thereof. The NFA Administrator or his representative is authorized to impose administrative

finances and penalties, conduct investigations, require the attendance of witnesses and the production of documents, and administer oaths to effect such seizures.

3. **Licensing and Regulation:** Register, license, and prescribe and collect fees, charges, and/or surcharges in licensing and regulating the operations of:
 - o Grain warehouses or any persons engaged in the storage of rice and other grains and their by-products.
 - o Persons engaged or intending to engage in the business of providing goods and services in support of the production, processing, transporting, marketing, and trading of rice, corn, and other grains or their substitutes.
 - o Persons engaged or intending to engage in the wholesale and/or retail business of rice, corn, and other grains or their substitutes.
 - o Persons 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.
4. **Data Collection and Coordination:** Collect and analyze data on rice trade activities in cooperation with the Philippine Statistics Authority (PSA), the Bureau of Customs (BOC), the NFA, and other government agencies for policy and operational decisions. The NFA may also augment its personnel or plantilla positions corresponding to its additional regulatory powers and distribution functions.

SECTION 5. Amendment to Section 6(c) of RA 8178 (Powers of the DA on Rice Price Stabilization and Supply Regulation). The DA Secretary is authorized to **import rice** when the available supply of locally produced rice is inadequate to maintain a stable supply and price condition. The importation shall be made by a designated importing entity within the DA, at the least cost available among government-to-government options, including direct contracts between the Philippine government and foreign governments or their enterprises.

SECTION 6. Amendment to Section 11 of RA 8178 (Maintenance and Disposal of Rice Buffer Stock). The NFA shall maintain an optimal rice buffer stock.

1. **Sourcing:** The buffer stock shall be sourced **exclusively from local farmers, farmer cooperatives, and farmers' associations in palay form**. If need arises, procurement may be undertaken in milled rice form within prescribed quality standards.
2. **Disposal:** The NFA shall provide guidelines on the disposition of stocks in response to emergencies and calamities. The disposal shall be through:
 - o Sale of rice to accredited NFA retailers;
 - o Sale to government agencies or entities such as the Food Terminal, Inc. (FTI) and Local Government Units (LGUs), including sales through KADIWA Outlets; or
 - o Sale by public auction.
 - o For purposes of good stock management, the NFA shall dispose of a maximum of one-fourth of its total existing buffer stock every month unless directed otherwise by the NFA Council.

SECTION 7. Insertion of Section 11-A (Setting of Floor Price for Palay).

The DA shall have the power to intervene in the market to ensure the adequacy of supply and stability of prices of palay. This includes the authority to establish and implement mechanisms for a **reasonable and flexible floor price of palay** at the

national, regional, and provincial levels. The floor price shall be determined considering:

- Cost of production;
- Prevailing market prices;
- Reasonable margins for farmers; and
- Welfare of both farmers and consumers.

SECTION 8. Insertion of Section 11-B (Penalties). Any person who violates the floor price policy or any rule or regulation issued under this Act shall be subject to:

1. **Revocation or suspension** of license, trading permit, or accreditation; and
2. **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.
 - If the violator is an alien, they shall be deported upon completion of sentence.
 - Any government official or employee found to have aided, abetted, or connived in such violations shall be perpetually disqualified from holding any public office.

SECTION 9. Implementing Rules and Regulations. The Secretary of Agriculture, in coordination with the National Food Authority, shall promulgate the necessary rules and regulations to carry out the provisions of this Act. These rules and regulations shall take effect fifteen (15) days following their publication in at least one newspaper of general circulation.

SECTION 10. 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.

SECTION 11. Separability Clause. If any portion of the provisions of this Act is held unconstitutional or invalid, all other provisions not affected shall remain.

SECTION 12. Effectivity. This Act shall take effect immediately upon publication in the *Official Gazette* or in a newspaper of general circulation.

Approved.