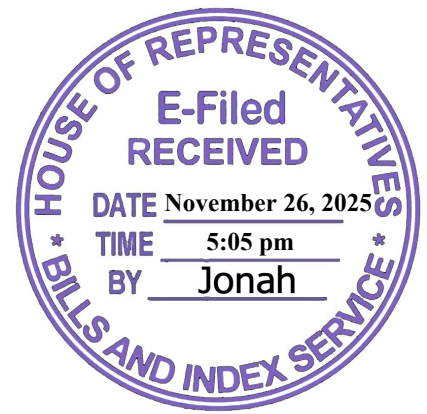


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. 6426



Introduced by: **REPRESENTATIVE ERIC L. OLIVAREZ**

EXPLANATORY NOTE

The dietary, cultural and economic significance of rice in lives of Filipinos cannot be overemphasized. Rice provides about thirty-five percent (35%) of the average Filipino's daily calorie intake, a figure which only increases for lower income households.

Aside from the diet and culture, rice also plays a huge part on providing income sources for Filipino families especially the farmers who work day and night just to provide food not only to their own but to all Filipinos that are dependent on rice to sustain the day-to-day nutrient needs.

Cognizant of the importance of rice in lives of Filipinos, the government adopted policies and regulations to protect families from the price fluctuations of this essential commodity. Thus on 26 September 1972, the National Grains Industry Development, the precursor of modern-day National Food Authority (NFA), was created by President Ferdinand E. Marcos pursuant to Presidential Decree No. 4, to promote food security and stabilize the price and supply of rice and other staple grains.

Under its original charter, the NFA exercised various regulatory functions affecting the production, manufacturing, storage and sale of rice, corn and other grain products and the licensing, and supervision of warehouse and mills. Crucially, the NFA had the authority to order the seizure of rice or grains upon its determination that hoarding was being committed and to sell said rice or commodities to the public to stabilize its supply and price in the market.

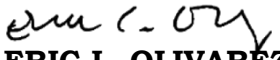
However, with the passage of RA 11203, also known as the Rice Tariffication Law (RTL), key provisions of the NFA's regulatory authority were repealed. While the RTL opened the market to rice imports and tariffs instead of quantitative restrictions, it also significantly reduced the NFA's role to buffer stocking for emergencies, removing its proactive influence on market price and supply stabilization.

Local rice farmers continually complain that farmgate prices of palay remain low with recent harvests only being bought between ₱10 and ₱12 per kilo in most areas and have dropped to as low as ₱8 in others. In a bid to alleviate the plight of our farmers, His Excellency President Ferdinand R. Marcos, Jr. recently issued Executive Order No. 100 establishing a floor price for palay and Executive Order No. 101 which directs all national and local government agencies to fully implement the Sagip Saka Act or Republic Act No. 11321, which in turn establishes the Farmers and Fisherfolk Enterprise Development Program to provide all forms of assistance to farmers and fisherfolk.

Despite these executive issuances however, there remains a growing clamor to restore some of the NFA's regulatory powers, particularly the NFA's power to buy palay even in regular times to effectively support local production of palay and rice and promote food security in the country.

While this bill does not seek to reinstate the quantitative restrictions abolished by RTL, it espouses the adoption of such measures intended to allow the government to timely and effectively intervene to protect public welfare, support local grains production and ensure food security.

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


ERIC L. OLIVAREZ

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AN ACT
CONFERRING REGULATORY POWERS TO THE NATIONAL FOOD AUTHORITY TO
SUPPORT THE LOCAL RICE INDUSTRY AND TO TEMPER THE PRICE VOLATILITY 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".

SEC. 2. Declaration of Policy. - It is hereby declared the policy of the State to ensure food security of the country by adopting a responsive regulatory framework that can stabilize the supply and price of rice in the country. Towards this end, the National Food Authority (NFA) shall be conferred with the necessary oversight authority and regulatory powers to effectively regulate the domestic rice industry, protect consumers against profiteering and promote the interest of local rice farmers.

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:

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(e) "Buffer Stock" refers to the optimal level of rice inventory for [~~fifteen (15)~~] **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.

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SEC. 4. Section 5 (b) 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 DA, through the (~~Bureau of Plant Industry (BPI)~~) National Food Authority (NFA), is hereby authorized to:

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

(C) ORDER THE SEIZURE, WHENEVER THERE IS CORNERING, HOARDING, PROFITEERING ACTIVITIES AS DEFINED BY EXISTING LAWS OF RICE AND OTHER GRAINS AND THEIR SUBSTITUTES AND/OR BYPRODUCTS THEREOF, INCLUDING THE FACILITIES USED IN THE SAID CORNERING, HOARDING OR PROFITEERING ACTIVITIES, ORWHENEVER 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 DUIULY AUTHORIZED REPRESENTATIVE, IS AUTHORIZED TO IMPOSE ADMINISTRATIVE FINES AND PENALTIES; TO CONDUCT INVESTIGATIONS; TO REQUIRE BY SUBPOENA OR SUBPOENA DUCES TECUM 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 2 FOLLOWING:

- i. GRAINS WAREHOUSES OR ANY PERSONS ENGAGED IN STORAGE OF RICE AND OTHER GRAINS AND 9 THEIR SUBSTITUTES AND/OR BY-PRODUCTS 7 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) Collect and analyze data on rice trade activities in cooperation with the Philippine Statistics Authority (PSA), the Bureau of Customs (BOC), the National Food Authority (NFA), and other government agencies for informed policy and operational decisions.

The DA-BPI shall exercise the aforementioned powers in addition to its existing powers related to sanitary and phytosanitary and food safety standards.

Upon the request of the DA-BPI, the local government units (LGUs), the Philippine National Police, the National Bureau of Investigation, or other law enforcement agencies shall provide prompt response and assistance in the implementation of this section.

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.

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(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, [t]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 foreign governments, including instrumentalities and State-owned enterprises of such foreign governments.

SEC. 6. Section 11 of RA 8178, as amended, is further amended to read 8 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 farmerers, **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, 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 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 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 FOLLOWIING:

- 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,