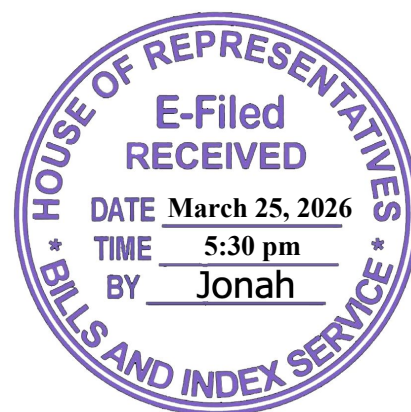


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **8787**



Introduced by **REP. NATHANIEL “Atty. Nat” M. ODUCAO**

EXPLANATORY NOTE

This bill seeks to strengthen the regulatory powers of the National Food Authority (NFA) to support the rice industry and ensure consumer protection through adequate supply and stable prices of rice, amending for the purpose Republic Act No. 8178, otherwise known as the “Agricultural Tariffication Act,” as amended.

Presidential Decree No. 4 created the National Grains Authority, later renamed the National Food Authority under PD No. 1770, with a clear mandate to ensure food security and stabilize the price and supply of rice and other staple grains. Historically, the NFA exercised broad regulatory powers, including licensing, warehouse inspection, seizure of hoarded stocks, and price stabilization, enabling it to act decisively against market manipulation and to support rice farmers through a guaranteed market for palay.

However, with the enactment of Republic Act No. 11203 or the Rice Tariffication Law (RTL), these regulatory functions were effectively removed. While the RTL liberalized rice imports and replaced quantitative restrictions with tariffs, it significantly reduced the NFA’s role in maintaining a limited buffer stock, primarily for disaster response. As a result, the NFA lost its capacity to intervene in the market to stabilize rice prices and deter profiteering, hoarding, and other abusive practices.

The consequences have been substantial. The Philippines remains one of the largest rice importers in the world, importing over 3 million metric tons of rice annually in recent years. Despite increased imports, domestic rice prices remain volatile, and retail prices continue to be among the highest in Southeast Asia. At the same time, farmgate prices of palay have declined in several periods, placing significant pressure on local farmers and threatening the sustainability of domestic rice production.

For farmers, reduced government procurement and increased competition from imports have exposed them to depressed prices and trader dominance, undermining rural livelihoods. For consumers, weak regulatory oversight has contributed to price spikes, hoarding, and artificial scarcity, particularly during supply disruptions and peak demand periods.

Republic Act No. 12078 introduced corrective measures by granting the Department of Agriculture certain regulatory powers over rice trade. However, these reforms remain insufficient to fully address persistent price instability and supply vulnerabilities in the rice market.

This bill therefore proposes to restore essential regulatory and market intervention powers to the NFA. These include: (1) monitoring and regulating warehouse operations; (2) licensing

traders and processors across the rice supply chain; (3) seizing hoarded stocks and ordering their public release in cases of scarcity or price manipulation; (4) establishing and enforcing floor prices for palay to protect farmers' incomes; and (5) managing buffer stocks through transparent and market-responsive mechanisms. The measure also allows the NFA to utilize revenues from rice sales to procure palay from local farmers at support prices.

Importantly, this measure does not seek to reverse the liberalized import regime under the RTL. Rather, it introduces calibrated and strategic state intervention in cases of market failure. By restoring the NFA's regulatory role, the bill aims to strike a balance between market efficiency and public welfare, promote a more resilient rice sector, and strengthen national food security.

The restoration of the NFA's regulatory functions is crucial to curbing profiteering, monopolistic pricing, and hoarding in the rice market. It enables the government to respond effectively to food security challenges while maintaining an open and competitive trade environment.

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

A handwritten signature in black ink, appearing to read 'N. Oducado', with a small blue circular stamp containing a white symbol to the right of the signature.

REP. NATHANIEL "ATTY. NAT" M. ODUCADO

1Tahanan Party List

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HOUSE BILL NO. **8787**

Introduced by **REP. NATHANIEL “ATTY. NAT” M. ODUCAO**

**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:*

1 **SECTION 1. *Short Title.*** – This Act shall be known as the “*Rice Industry and Consumer*
2 *Empowerment (RICE) Act.*”

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

8 **SEC. 3.** Section 3 of RA 8178, as amended, is hereby further amended to read as follows:
9 **“SEC. 3. *Definition of Terms.*** – The following definitions apply to the terms used in this
10 Act:

11 x x x
12 e. “Buffer Stock” refers to the optimal level of rice inventory for [~~fifteen (15)~~] **AT LEAST**
13 **NINE (9)** days that shall be maintained to sustain the disaster relief programs of the government
14 during natural or man-made calamities and to address food security emergency situations on rice.
15 x x x.”

16
17 **SEC. 4.** Section 5 of RA 8178, as amended, is hereby further amended to read as follows:

18
19 **“SEC. 5. *Strengthening the Regulatory Function of the Department of Agriculture (DA).***
20 – The DA, through the National Food Authority (NFA), is hereby authorized to:

21 a) Require the registration and maintain a national database of all grain warehouses,
22 storage facilities, silos, and controlled-temperature cold storages;

- 1 b) Conduct regular inspections of grain warehouses and agricultural facilities to
2 ensure compliance with palay and rice and supply standards and regulations; [and]
3

4 **B.1 ORDER THE SEIZURE, WHENEVER THERE IS CORNERING,**
5 **HOARDING, PROFITEERING ACTIVITIES AS DEFINED BY**
6 **EXISTING LAWS OF RICE AND OTHER GRAINS AND THEIR**
7 **SUBSTITUTES AND/OR BY-PRODUCTS THEREOF, INCLUDING THE**
8 **FACILITIES USED IN THE SAID CORNERING, HOARDING OR**
9 **PROFITEERING ACTIVITIES, OR WHENEVER THERE IS SCARCITY**
10 **OF SUPPLY OF RICE IN THE MARKET OR UNWARRANTED**
11 **INCREASE IN THE PRICE THEREOF, ORDER THE SEIZURE OF THE**
12 **HOARDED COMMODITY AND ITS PUBLIC SALE IN SUCH**
13 **QUANTITY AS MAY BE NEEDED TO STABILIZE THE SUPPLY IN**
14 **THE AREA OF SCARCITY AND RESTORE PRICES TO NORMAL**
15 **LEVELS;**
16

17 **TO ENFORCE THIS PROVISION, THE NFA ADMINISTRATOR, OR**
18 **THE DULY AUTHORIZED REPRESENTATIVE, IS AUTHORIZED TO**
19 **IMPOSE ADMINISTRATIVE FINES AND PENALTIES; TO CONDUCT**
20 **INVESTIGATIONS; TO REQUIRE BY *SUBPOENA* OR *SUBPOENA***
21 ***DUCES TECUM* THE ATTENDANCE AND TESTIMONY OF**
22 **WITNESSES, THE PRODUCTION OF BOOKS, PAPERS, DOCUMENTS,**
23 **EXHIBITS, RECORDS, EVIDENCE; TO ADMINISTER OATH; AND TO**
24 **EFFECT THE SAID SEIZURES.**
25

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

- 29 **I. GRAINS WAREHOUSES OR ANY PERSONS ENGAGED IN**
30 **STORAGE OF RICE AND OTHER GRAINS AND THEIR**
31 **SUBSTITUTES AND/OR BY-PRODUCTS THEREOF;**
32 **II. PERSONS, NATURAL OR JURIDICAL, ENGAGED OR**
33 **INTENDING TO ENGAGE IN THE BUSINESS OF PROVIDING**
34 **GOODS AND SERVICES IN SUPPORT OF THE DIFFERENT**
35 **ACTIVITIES INVOLVED IN THE PRODUCTION, PROCESSING,**
36 **TRANSPORTING, MARKETING AND TRADING OF RICE, CORN**
37 **AND OTHER GRAINS OR THEIR SUBSTITUTES;**
38 **III. PERSONS, NATURAL OR JURIDICAL, ENGAGED OR**
39 **INTENDING TO ENGAGE IN THE WHOLESALE AND/OR**
40 **RETAIL BUSINESS OF RICE, CORN AND OTHER GRAINS OR**
41 **THEIR SUBSTITUTES; AND**
42 **IV. PERSONS, NATURAL OR JURIDICAL, ENGAGED IN THE**
43 **PROCESSING OR MANUFACTURE OF GOODS WHERE RICE,**
44 **CORN OR OTHER GRAINS OR THEIR SUBSTITUTES ARE USED**
45 **AS INGREDIENTS IN THE MANUFACTURE OF STARCH, OIL**

1 **AND ANIMAL FEEDS OR OTHER SIMILAR COMMODITIES**
2 **AND THEIR BY-PRODUCTS OR END-PRODUCTS;**
3

4 c) Collect and analyze data on rice trade activities in cooperation with the
5 Philippine Statistics Authority (PSA), the Bureau of Customs (BOC), the *National*
6 *Food Authority (NFA)*, and other government agencies for informed policy and
7 operational decisions.
8

9 The DA-BPI shall exercise the aforementioned powers in addition to its
10 existing powers related to sanitary and phytosanitary and food safety standards.
11 Upon the request of the DA-BPI, the local government units (LGUs), the Philippine
12 National Police, the National Bureau of Investigation, or other law enforcement
13 agencies shall provide prompt response and assistance in the implementation of
14 this section.
15

16 **NFA MAY AUGMENT ITS PERSONNEL OR PLANTILLA**
17 **POSITIONS CORRESPONDING TO ITS ADDITIONAL REGULATORY**
18 **POWERS AND DISTRIBUTION FUNCTIONS.”**
19

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

21 “SEC. 6. *Powers of the DA on the Rice Price Stabilization and Supply Regulation.*

22 x x x

23 c. Import rice when the available supply of locally produced rice is inadequate
24 **TO MAINTAIN A STABLE SUPPLY AND PRICE CONDITION.** The
25 DA Secretary is authorized to designate the importing entity within the DA
26 [~~with the exception of the NFA~~]: *Provided, [t]*That the designated importing
27 entity shall import **THE TYPE OF** rice **TO BE DETERMINED BY THE**
28 **SECRETARY** at the least cost available among government-to-government
29 options, which shall include direct contracts between the Philippine
30 government and foreign governments, including instrumentalities and State-
31 owned enterprises of such foreign governments.
32

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

34 "SEC. 11. *Maintenance and Disposal Rice Buffer Stock.* - The NFA shall, in accordance
35 with the rules, regulations, and procedures, maintain an optimal rice buffer stock to be sourced
36 [~~exclusively~~] from local farmers, **FARMER COOPERATIVES, AND FARMERS’**
37 **ASSOCIATION IN PALAY FORM: PROVIDED, THAT IF NEED ARISES,**
38 **PROCUREMENT MAY BE UNDERTAKEN IN MILLED RICE FORM WITHIN THE**
39 **PRESCRIBED QUALITY STANDARDS, IN THE FOLLOWING ORDER OF**
40 **PREFERENCE, AS FAR AS PRACTICABLE, FROM: (A) RECIPIENTS OF DA RICE**
41 **PROCESSING SYSTEMS; (B) REGISTERED FARMERS COOPERATIVES; AND (C)**
42 **LOCAL GOVERNMENT UNIT (LGU) RICE MILLS.**

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

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

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

- 8 a. **SALE OF RICE TO ACCREDITED NFA RETAILERS AND THEIR**
9 **SUBSEQUENT SALE TO THE PUBLIC SHALL BE GOVERNED BY THE**
10 **NFA SELLING PRICE BULLETIN;**
- 11 b. **SALE TO GOVERNMENT AGENCIES OR ENTITIES SUCH AS THE**
12 **FOOD TERMINAL, INC. (FTI) AND LGUS, THE PUBLIC THROUGH**
13 **KADIWA OUTLETS, FARMERS AND FARMER COOPERATIVES AND**
14 **ASSOCIATIONS WHO SOLD THEIR PALAY TO NFA, AND**
15 **ACCREDITED NFA RICE RETAILERS;**
- 16 c. **SALE BY PUBLIC AUCTION; OR**
- 17 d. **SUCH OTHER MEANS OF DISPOSITION ALLOWED UNDER OTHER**
18 **LAWS ENSURING TRANSPARENCY, COMPETITIVENESS,**
19 **ACCOUNTABILITY, AND PUBLIC MONITORING.**
20 **FOR THIS PURPOSE, AND AS AN ESSENTIAL PART OF GOOD STOCK**
21 **MANAGEMENT, THE NFA SHALL DISPOSE MAXIMUM OF ONE-**
22 **FOURTH OF ITS TOTAL EXISTING BUFFER STOCK EVERY MONTH**
23 **UNLESS DIRECTED BY THE NFA COUNCIL TO DISPOSE A HIGHER**
24 **VOLUME.”**

25 **SEC. 7.** New sections to be denominated as Section 11-A and Section 11-B are hereby
26 inserted after the Section 11 of RA 8178, as amended, to read as follows:
27

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

- 35 I. **COST OF PRODUCTION;**
- 36 II. **PREVAILING MARKET PRICES;**
- 37 III. **REASONABLE MARGINS FOR FARMERS;**
- 38 IV. **WELFARE OF BOTH FARMERS AND CONSUMERS; AND**
- 39 V. **OTHER RELEVANT FACTORS AND CONDITIONS.**

40 **THE NFA SHALL UTILIZE ITS REINSTATED REGULATORY**
41 **FUNCTION TO ACHIEVE THESE OBJECTIVES.”**

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

- 45 I. **REVOCATION OR SUSPENSION OF LICENSE, TRADING PERMIT, OR**
46 **ACCREDITATION; AND**

1 II. **A FINE NOT EXCEEDING ₱2,000,000.00 OR IMPRISONMENT OF NOT**
2 **MORE THAN TWO (2) YEARS, OR BOTH, AT THE DISCRETION OF**
3 **THE COURT.**

4 **“IF THE OFFENDER IS A CORPORATION OR ASSOCIATION, THE**
5 **PENALTY SHALL BE IMPOSED UPON ITS RESPONSIBLE OFFICERS**
6 **SUCH AS THE PRESIDENT, GENERAL MANAGER, OR MANAGING**
7 **PARTNER.**

8 **“IF THE VIOLATOR IS AN ALIEN, SUCH ALIEN SHALL BE**
9 **DEPORTED UPON COMPLETION OF SENTENCE, WITHOUT FURTHER**
10 **PROCEEDINGS.**

11 **“ANY GOVERNMENT OFFICIAL OR EMPLOYEE FOUND TO HAVE**
12 **AIDED, ABETTED, OR CONNIVED IN SUCH VIOLATIONS SHALL BE**
13 **PERPETUALLY DISQUALIFIED FROM HOLDING ANY PUBLIC OFFICE,**
14 **IN ADDITION TO OTHER APPLICABLE PENALTIES.”**

15
16 **SEC. 8. *Implementing Rules and Regulations.*** – The Secretary of Agriculture, in
17 coordination with the National Food Authority, shall promulgate such rules and regulations as may
18 be necessary to carry out the provisions of this Act, which rules and regulations shall take effect
19 fifteen (15) days following their publication in at least one newspaper of general circulation.
20

21 **SEC. 9. *Repealing Clause.***— All laws, decrees, executive issuances, rules and regulations
22 or portions thereof, which are not consistent with this Act, are hereby repealed, amended or
23 modified accordingly.
24

25 **SEC. 10. *Separability Clause.*** – If any portion of the provisions of this Act is held
26 unconstitutional or invalid, all other provisions not affected shall remain.
27

28 **SEC. 11. *Effectivity.*** – This Act shall take effect immediately upon publication in the
29 *Official Gazette* or in a newspaper of general circulation.
30

31 *Approved,*