

SENATE

P.S. RES. NO. 1310

RECEIVED



Introduced by SENATOR LOREN LEGARDA

**A RESOLUTION
DIRECTING THE SENATE COMMITTEE ON AGRICULTURE AND FOOD TO
INQUIRE, IN AID OF LEGISLATION, INTO THE POLICY OF THE
GOVERNMENT RELATIVE TO RICE IMPORTATION INCLUDING THE
PROCESS OF PROCUREMENT WITH THE END IN VIEW OF PROTECTING
PUBLIC FUNDS AGAINST OVERPRICING**

Whereas, it is the avowed policy of the State to promote food security, including sufficiency in our staple food, namely rice and white corn by providing adequate support to optimized production to meet local consumption;

Whereas, Executive Order No. 1028 vested in the National Food Authority the mandate to implement the state policy on food security; specifically by its exclusive authority to import rice when necessary and when authorized by the President, and in the procurement of palay from farmer-producers at such floor or support prices as it may determine, for the purpose of stabilizing the price of palay or of maintaining a desirable buffer stock level;

Whereas, the International Rice Research Institute (IRRI) - Philippine Rice Research Institute in their 2006 study and the Asian Development Bank in their 2008 study reported the following findings:

From the IRRI study:

- a) that import restrictions contribute to high rice prices and threaten food security;
- b) that despite the operations of the NFA, Filipinos have been buying rice at prices almost double that of world prices from 1994 to 2003;
- c) that in 2007, NFA imports increased rice supply to one million metric tons over and above that needed to supply 88 million Filipinos with the per capita consumption of 127 kgs and yet rice prices remained high;
- d) that 67% of the benefits of the high rice prices go to the wealthiest 40% of rice farm households who are paid for their palay more than any other rice farmers among developing countries in Asia; and
- e) that high prices of rice threaten the security of the poor, who constitute 44% of 88 million Filipinos, together with non-rice producing sectors like the

urban poor, landless laborers, corn and coconut farmers, fishers, and small farmers who produce no rice surplus ;

From the ADB study:

- a) In 2008, the rice subsidy program budget for the National Food Authority (NFA) was expanded five-fold to 2.5% of gross domestic product.
- b) The NFA is the largest recipient of government subsidy, but also the largest loss-making government corporation.
- c) Transferring \$1 of subsidy costs the NFA \$2.2.
- d) It can better reach the poor if its inclusion and exclusion errors are reduced; its access and availability to the poor improved; and the quality of governance bolstered.

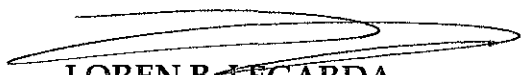
Whereas, in buying high and selling low to stabilize rice prices, the NFA contributes heavily to the government's fiscal deficits, straining the government's capacity for fiscal discipline, and competing with more urgent requirements for development finance;

Whereas, a study conducted by Oxfam International reports that farm yields will drop by an average of 10 percent for every one-degree-Celsius rise in global temperature; and predicts that rice production in the country will decline by 50% to 70% by 2020 as a result of climate change;

Whereas, with the constant fluctuation of the price of rice overseas, government funds used in the procurement of imported rice should be maximized with the end in view of protecting it against overpricing that may be brought about by unscrupulous business intermediaries;

Now therefore, be it resolved, as it is hereby resolved, that the Senate Committee on Agriculture and Food inquire, in aid of legislation, into the policy of the government relative to rice importation including the process of procurement with the end in view of protecting public funds against overpricing.

Adopted,


LOREN B. LEGARDA
Senator