

THIRTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

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S E N A T E

S. No. 250

Introduced by Senator S. R. Osmeña III

EXPLANATORY NOTE

The fact that rice is the basic staple of Filipinos gives credence to the sensitivity of our people in cases of shortage or even a slight increase in the price of rice. This scenario, as our experience would show, has staggering economic and political ramifications. It no longer matters if the cause is due to: 1) the absence of a mechanism that requires the government to maintain a minimum buffer stock level, 2) the lack of foresight of government planners, and 3) hoarding or inefficient distribution.

To obviate future rice shortages and to ensure an adequate, stable, continuous and affordable rice supply for our people especially during times of emergencies and calamities, this bill seeks to establish a strategic food security and rice reserve. A minimum rice reserve equivalent to the 15-day national rice consumption is to be established, maintained, and controlled by the government through the National Food Authority (NFA), the agency mandated to assure the food security of the country especially during times of emergencies and calamities, and stabilizing the supply and price of grains. With a fifteen (15) day buffer stock, the government can unload or distribute anytime there is a noted gap in the supply of rice in the market in any part of the country to effectively stabilize the price of this staple.

In view of the foregoing and with the primordial objective of assuring a steady and ample supply of rice, at affordable prices, to our people, especially in times of disaster and calamities, the passage of this bill is strongly recommended.


SERGIO OSMEÑA III
Senator

SENATE

S. No. 250

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AN ACT
ESTABLISHING A STRATEGIC FOOD SECURITY RICE RESERVE
AND FOR OTHER PURPOSES

*Be it enacted by the Senate and the House of Representatives of the Philippines
in Congress assembled:*

1 **SECTION 1. Title.** This Act shall be known as the “**Strategic Food**
2 **Security Rice Reserve Act of 2004**”.

3 **SEC. 2. Declaration of Policy.** – It shall be the policy of the State to
4 ensure an adequate supply of rice at reasonable and affordable prices for the
5 people in times of calamities.

6 **SEC. 3. Definition of Terms.** – As used in this Act, the following terms
7 shall mean:

8 (a) **Calamities** are fortuitous events which include acts of God such as
9 but not limited to typhoons, floods, droughts, earthquakes, fires,
10 volcanic eruptions, lahar flows, and acts of man such as political
11 and/or civil disturbances, and wide-spread civil unrest.

12 (b) **Government Food Security Rice Reserve** is the inventory of rice
13 and/or palay by the National Food Authority (NFA), equivalent to the
14 15-day average national daily rice consumption to be maintained as a
15 matter of national policy.

1 **SEC. 4. Administration.** - In order for the National Food Authority (NFA)
2 to effectively perform the functions and responsibilities provided for in this Act, it
3 shall:

4 (1) Maintain and manage a government rice reserve equivalent to fifteen
5 (15) days of the national rice consumption for the current year and
6 determine the location and distribution of such stocks into depots
7 nationwide.

8 (2) Procure stock from small farmers and farmer's cooperatives and
9 import only under abnormal conditions determined through
10 consultation with all affected sectors unless directed otherwise by the
11 President: *Provided, that*, the quality of imported rice shall be regular
12 milled rice, thirty-five percent (35%) broken, or better; *Provided,*
13 *further, that*, in case all or part of the initial reserve is imported, NFA
14 will have the option to release the imported stocks at a price that will
15 allow it to procure locally its equivalent volume in palay form to
16 maintain the fifteen (15) day rice reserve.

17 (3) Release to the market said government rice reserve upon the
18 declaration of a state of calamity by the President of the Republic of
19 the Philippines: *Provided, that*, such declaration shall specifically
20 state that NFA rice reserve is to be released to the market upon the
21 recommendation of the Secretary of the Department of Agriculture:
22 *Provided, further, that*, the release price of said rice shall be based on
23 the prevailing market price immediately prior to the occurrence of the
24 calamity.

25 **SEC. 5. Refill of Rice Reserve.** The NFA shall ensure that rice stocks
26 are refilled in accordance with the provisions of this Act.

27 **SEC. 6. Strengthening Farmers Cooperative.** Net proceeds from the
28 importation of the rice reserve shall be used to strengthen farmer's cooperatives
29 in their grains marketing activities.

1 Agri-based cooperatives shall be strengthened in order to undertake the
2 farm-business, agri-business such as but not limited to production and post-
3 harvest facilities, processing and marketing services.

4 The Cooperative Development Authority (CDA) in coordination with the
5 local government units, and other government agencies and in cooperation with
6 people and non-government organizations (NGOs) shall initiate the
7 transformation of agri-based cooperatives into entrepreneurs. The government
8 will play the catalytic and supportive role without intervention into the internal
9 affairs of the cooperative while ensuring that they will adhere to sound business
10 principles.

11 **SEC. 7 Appropriation.** – There shall be appropriated from the funds of
12 the National Treasury, a seed money of P3.70 billion for the initial operations of
13 the Food Security Fund which shall be constituted into a revolving fund held in
14 trust by NFA which shall be used for funding replenishment and as a depository
15 for funds obtained from the sale/monetization of food security stocks. Thereafter,
16 all such amounts as may be necessary for the continued operation of said Fund
17 which shall include the maintenance and/or increase of the Food Security Rice
18 Reserve, shall be automatically appropriated in the General Appropriations Act
19 as approved by Congress.

20 **SEC. 8. Monitoring.** – The NFA shall regularly review and assess the
21 national palay and rice situation and, on the bases of the data and information
22 collected prepare a report to be submitted to the Office of the President and to
23 both Committees on Agriculture of Congress.

24 **SEC. 9. Implementing Rules and Regulations.** – The NFA
25 Administrator shall, within sixty (60) days from the effectivity of this Act, issue the
26 implementing rules and regulations of this Act.

27 Copies of such rules and regulations shall be submitted to both
28 Committees of Agriculture and Food of the Senate and House of
29 Representatives, within fifteen (15) days from issuance of the same.

1 **SEC. 10. Separability Clause.** – If any provision of this Act shall be
2 deemed unconstitutional or invalid, the other provisions not affected thereby shall
3 remain in force and effect.

4 **SEC. 11. Repealing Clause.** - All Acts, Presidential Decrees, Executive
5 Orders and Administrative Orders, Rules and Regulations and other such
6 issuances or parts thereof which are inconsistent with the provisions of this Act
7 are hereby repealed or modified accordingly.

8 **SEC. 12. Effectivity Clause.** - This Act shall take effect fifteen (15) days
9 after its complete publication in at least two (2) newspapers of general
10 circulation.

11 Approved