

'17 MAY 29 P 4 :04

SENATE  
S. No. 1476

RECEIVED BY: 

---

Introduced by Senator Ralph G. Recto

---

AN ACT  
REPLACING QUANTITATIVE IMPORT RESTRICTIONS ON RICE WITH TARIFFS  
AND CREATING THE RICE COMPETITIVENESS ENHANCEMENT FUND,  
AMENDING FOR THE PURPOSE REPUBLIC ACT NUMBER 8178, AS AMENDED,  
AND FOR OTHER PURPOSES

**Explanatory Note**

Rice plays a crucial political and economic role in Philippine society, given the number of Filipinos that depend on it for their livelihood and the number of households that serve it on their table<sup>1</sup>. On the one hand, there are at least 1.23 million farmers<sup>2</sup> that depend solely on rice production for their livelihood. On the other hand, there are some 22.98 million households<sup>3</sup> that allocate almost 20% of their food expenditures on rice and rice products. For over two decades, the government balances the interests of rice farmers and consumers through a price stabilization policy – keeping farm prices “high enough” for rice farmers, while keeping rice retail prices “affordable” for consumers.

Such a policy regime, however, is becoming more and more untenable. Upward movements in population and rice utilization from 1990 to 2015 effectively doubled the Philippine rice utilization demand<sup>4</sup>. Rice production, while exhibiting high levels of growth during the same period, could simply not keep up with the rice consumption in the country. This illustrates a gnawing irony of a price stabilization policy: rice consumers are spending more on rice products, but rice farmers remain poor, marginalized, and woefully unprepared to compete in the global market.

This bill seeks to rectify this situation by instituting two general interventions. First, to reduce household expenditure on rice, this measure shall repeal laws that prescribe quantitative restrictions or that grant government agencies the power to impose such restriction on rice importation. This quantitative import restriction on rice shall then be replaced with a bound tariff rate system provided under the World Trade Organization (WTO) Agreement. Through this intervention, it is hoped that sufficient rice supply in the country would be realized while additional government revenues would be generated.

Second, to ensure the continued productivity of rice farmers, this bill creates a Rice Competitiveness Enhancement Fund to be sourced from duties collected from rice importation. This Rice Fund shall be set aside for the enhancement of productivity and income of rice farmers; modernization of farms and marketing processes; enrichment of rice research, development and extension programs; expansion of rice insurance coverage; and provision of

---

<sup>1</sup> Gamboa, Mark Joseph D. (2016). *Trade Liberalization and Agricultural Competitiveness: Rescission of Quantitative Import Restrictions on Rice and the Competitiveness of Filipino Rice Farmers*. Unpublished graduate student research proposal, Quezon City: University of the Philippines.

<sup>2</sup> Department of Agriculture. (2016). *2015 Annual Report: Magandang Ani, Magandang Buhay*. Quezon City: Department of Agriculture

<sup>3</sup> Philippine Statistics Authority. (2016). *Family Income and Expenditure Survey*. Quezon City: Philippine Statistics Authority.

<sup>4</sup> Gamboa 2016 p. 2

agricultural credit to cover acquisition and establishment of machinery, equipment, and facility of rice farmers, farming cooperatives and associations, and Micro, Small, and Medium Enterprises (MSMEs). Apart from the Rice Fund, this bill also mandates the finalization of the Rice Roadmap of the Department of Agriculture within 180 days after its effectivity. This Rice Roadmap shall be used to restructure the government's delivery of support services for the rice farming sector, and to establish a five-year rice program to provide alternative livelihood for directly-affected rice farmers.

Ultimately, this bill seeks to achieve two objectives. One, it seeks to bring down the cost of living in the Philippines by reducing the food expenditure of ordinary Filipino households. Two, it seeks to establish a social safety net for affected rice farmers to protect their welfare and ensure their continued productivity amidst liberalization of rice trade in the country.

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

/mdg



**RALPH G. RECTO**



'17 MAY 29 P 4:04

SENATE  
S. No. 1476

RECEIVED BY: 

---

Introduced by Senator Ralph G. Recto

---

**AN ACT**  
**REPLACING QUANTITATIVE IMPORT RESTRICTIONS ON RICE WITH TARIFFS**  
**AND CREATING THE RICE COMPETITIVENESS ENHANCEMENT FUND,**  
**AMENDING FOR THE PURPOSE REPUBLIC ACT NUMBER 8178, AS AMENDED,**  
**AND FOR OTHER PURPOSES**

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

**SECTION 1.** Section 2 of Republic Act No. 8178, as amended, otherwise known as the  
“Agricultural Tariffication Act,” is hereby further amended to read as follows:

“SEC. 2. Declaration of Policy. – It is the policy of the State to make the country's agricultural sector viable, efficient and globally competitive. The State adopts the use of tariffs in lieu of non-tariff import restrictions to protect local producers of agricultural products [, except in the case of rice, which will continue to have quantitative import restrictions].

“X. X. X.”

**SEC. 2.** Section 3(a) of Republic Act No. 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:

“(a) “Agricultural products” shall have the same meaning as agricultural products under Chapters 1-24 of [Presidential Decree No. 1464, otherwise known as the Tariff and Customs Code of the Philippines, as amended] **SECTION 1611 OF REPUBLIC ACT NO. 10863, OTHERWISE KNOWN AS THE CUSTOMS MODERNIZATION AND TARIFF ACT;**

“X. X. X.”

**SEC. 3.** Section 4 of Republic Act No. 8178, as amended, otherwise known as the  
“Agricultural Tariffication Act,” is hereby further amended to read as follows:

“SEC. 4. Repeal. – The following laws and all other laws or provisions of law prescribing quantitative import restrictions or granting government agencies the power to impose such restrictions on agricultural products [except rice,] are hereby repealed:

“x.x.x”

SEC. 4. Section 5 of Republic Act No. 8178, as amended, otherwise known as the “Agricultural Tariffication Act,” is hereby further amended to read as follows:

“SEC. 5. Amendment. – Subparagraph (xii), paragraph (1) Section 6 of Presidential Decree No. 4 (National Grains Authority Act), as amended, is hereby further amended to read as follows:

“Sec. 6. (a) Powers. –

“(xii) to establish rules and regulations governing the importation of rice **FOR THE PURPOSE OF ENSURING FOOD SECURITY AND MAINTAINING SUFFICIENT NATIONAL BUFFER STOCKS** and to license, impose and collect fees and charges for said importation [for the purpose of equalizing the selling price of such imported rice with normal prevailing domestic prices].

“In the exercise of this power, [the Council after consultation with the Office of the President shall first certify to a shortage of rice that may occur as a result of a short-fall in production, a critical demand-supply gap, a state of calamity or other verified reasons that may warrant the need for importation: Provided, That this requirement shall not apply to the importation of rice equivalent to the Minimum Access Volume obligation of the Philippines under the WTO. The] the Authority shall undertake direct importation of rice [or it may allocate import quotas among certified and licensed importers, and the distribution thereof through cooperatives and other marketing channels, at prices] **IN ACCORDANCE WITH RULES AND PROCEDURES** to be determined by the Council [regardless of existing floor prices and the subsidy thereof, if any, shall be borne by the National Government].”

SEC. 5. Section 6 of Republic Act No. 8178, as amended, otherwise known as the “Agricultural Tariffication Act,” is hereby further amended to read as follows:

“SEC. 6. Tariffication. – In lieu of quantitative restrictions, the maximum bound rates committed under the Uruguay Round Final Act shall be imposed on the agricultural products whose quantitative restrictions are repealed by this Act. The President shall issue the corresponding tariffs beginning 1996 up to year 2000: Provided, That the



1 schedule of the initial and final applied rates shall be consistent with the country's tariff  
2 binding commitments.

3 "In case of shortages or abnormal price increases in agricultural products, whose  
4 quantitative restrictions are lifted under this Act, the President may propose to Congress,  
5 revisions, modifications or adjustments of the Minimum Access Volume (MAV);  
6 Provided, however, That in the event Congress fails to act after fifteen (15) days from  
7 receipt of the proposal, the same shall be deemed approved.

8 **"IN LIEU OF THE QUANTITATIVE RESTRICTION ON RICE, THE MAXIMUM BOUND  
9 RATE SHALL BE IMPOSED ON RICE IMPORTS AS NOTIFIED BY THE PHILIPPINES TO THE  
10 WTO."**

11 **SEC. 6.** Section 8 of Republic Act No. 8178, as amended, otherwise known as the  
12 "Agricultural Tariffication Act," is hereby further amended to read as follows:

13 "SEC. 8. Agricultural Competitiveness Enhancement Fund. – To  
14 implement the policy enunciated in this Act, there is hereby created the  
15 Agricultural Competitiveness Enhancement Fund, hereinafter referred to as the  
16 Fund. The Fund shall consist of all duties collected from the importation of  
17 agricultural products, **EXCEPT RICE**, under the minimum access volume (MAV)  
18 mechanism, including unused balances and collections from repayments from  
19 loan beneficiaries including interests, if any. The Fund shall be automatically  
20 credited to Special Account 183 in the General Fund of the National Treasury:  
21 Provided, That fund releases shall not be subject to any ceiling by the Department  
22 of Budget and Management (DBM).

23 "x. x. x."

24 **SEC. 7.** A new section 9 and 10 shall be inserted after Section 8-B of Republic Act No.  
25 8178, as amended, otherwise known as the "Agricultural Tariffication Act," to read as follows:

26 **"SEC. 9. RICE COMPETITIVENESS ENHANCEMENT FUND. – THE RICE  
27 COMPETITIVENESS ENHANCEMENT FUND, HEREINAFTER REFERRED TO AS THE  
28 "RICE FUND" IS HEREBY CREATED FOR THE PURPOSE PROVIDED HEREIN. THE  
29 RICE FUND SHALL CONSIST OF ALL DUTIES COLLECTED FROM THE  
30 IMPORTATION OF RICE UNDER THIS ACT AND THE MINIMUM ACCESS VOLUME  
31 (MAV) MECHANISM FOR FIVE (5) YEARS FOLLOWING THE EFFECTIVITY OF THIS  
32 ACT. THE RICE FUND SHALL BE AUTOMATICALLY CREDITED TO A SPECIAL  
33 ACCOUNT IN THE GENERAL FUND OF THE NATIONAL TREASURY: PROVIDED,  
34 THAT THE RELEASE OF FUNDS SHALL NOT BE SUBJECT TO ANY CEILING BY THE  
35 DEPARTMENT OF BUDGET AND MANAGEMENT (DBM). ANY REMAINING  
36 BALANCE AT THE DATE OF EXPIRATION OF THE COLLECTION OF DUTIES FOR THE  
37 RICE FUND SHALL CONTINUE TO BE UTILIZED FOR THE PURPOSE FOR WHICH IT  
38 WAS COLLECTED AND EARMARKED.**

1 "THE RICE FUND SHALL BE SET ASIDE AND EARMARKED FOR:

2 (A) ENHANCEMENT OF PRODUCTIVITY AND INCOME OF RICE  
3 FARMERS;

4 (B) MODERNIZATION OF FARM AND MARKETING PROCESSES AND  
5 DEVELOPMENT OF THE COMMODITY'S VALUE CHAIN;

6 (C) ENHANCEMENT OF RESEARCH, DEVELOPMENT AND  
7 EXTENSION ON RICE;

8 (D) EXPANSION OF INSURANCE COVERAGE FOR RICE; AND

9 (E) EXPANSION OF AGRICULTURAL CREDIT PROGRAM TO  
10 INCLUDE ACQUISITION AND ESTABLISHMENT OF PRODUCTION,  
11 POSTHARVEST, AND PROCESSING MACHINERIES, EQUIPMENT AND  
12 FACILITIES OF RICE FARMERS AND THEIR COOPERATIVES AND  
13 ASSOCIATIONS AND MICRO AND SMALL-SCALE ENTERPRISES.

14 "PROVIDED, THAT:

15 (1) PREFERENTIAL ATTENTION SHOULD BE GIVEN TO RICE  
16 FARMERS ADVERSELY AFFECTED BY THE TARIFFICATION OF THE  
17 QUANTITATIVE RESTRICTION ON RICE;

18 (2) THE USE OF THE RICE FUND SHALL BE CONSISTENT WITH THE  
19 POLICIES AND PRIORITY THRUSTS UNDER REPUBLIC ACT NO. 8435, AS  
20 AMENDED, OTHERWISE KNOWN AS "THE AGRICULTURE AND FISHERIES  
21 MODERNIZATION ACT", AND THE MEDIUM-TERM PHILIPPINE  
22 DEVELOPMENT PLAN (PDP); AND,

23 (3) THE USE OF THE RICE FUND SHALL BE COMPLEMENTARY AND  
24 SUPPORTIVE OF THE VARIOUS AND CURRENT FUNDING ASSISTANCE  
25 WINDOWS OR PROGRAMS OF THE DEPARTMENT OF AGRICULTURE (DA)  
26 AND OTHER GOVERNMENT INSTITUTIONS.

27 "TO ENSURE THE ATTAINMENT OF THE OBJECTIVES OF THE RICE FUND,  
28 THERE IS HEREBY CREATED A RICE FUND EXECUTIVE COMMITTEE, COMPOSED  
29 OF:

30 (A) THE SECRETARY OF AGRICULTURE, AS CHAIRPERSON;

31 (B) THE PRESIDENT OF THE LAND BANK OF THE PHILIPPINES; AND,

32 (C) A REPRESENTATIVE OF RICE FARMERS ASSOCIATIONS AND  
33 COOPERATIVES.

34 "THE COMMITTEE SHALL PROMULGATE THE POLICIES AND GUIDELINES  
35 NECESSARY FOR THE PLANNING, ADMINISTRATION, COORDINATION AND  
36 MONITORING OF THE UTILIZATION OF THE RICE FUND.



1                   “THE CONGRESSIONAL OVERSIGHT COMMITTEE ON AGRICULTURAL  
2 AND FISHERIES MODERNIZATION (COCAF) SHALL CONDUCT A PERIODIC  
3 REVIEW OF THE USE OF THE RICE FUND.

4                   “SEC.10. *RICE INDUSTRY ROADMAP.* – UPON THE ENACTMENT OF THIS ACT, THE  
5 DEPARTMENT OF AGRICULTURE TOGETHER WITH RELEVANT AGENCIES SHALL BE  
6 GIVEN A MAXIMUM OF ONE HUNDRED AND EIGHTY (180) DAYS TO FINALIZE THE RICE  
7 ROADMAP TO RESTRUCTURE THE GOVERNMENT’S DELIVERY OF SUPPORT SERVICES  
8 FOR THE SECTOR. AS PART OF THIS ROADMAP, A FIVE-YEAR RICE PROGRAM SHALL BE  
9 IMPLEMENTED TO PROVIDE ALTERNATIVE LIVELIHOOD FOR THOSE WHO WILL BE  
10 AFFECTED BY THE SHIFT IN THE IMPORT POLICY. THE DA SHALL PROVIDE A LIST OF  
11 FARMERS IN THE GOVERNMENT’S TRANSITION PROGRAM IN WHICH THEY WILL  
12 EVENTUALLY GRADUATE INTO A MORE APPROPRIATE INDUSTRY.”

13                   SEC. 8. The succeeding sections of Republic Act No. 8178, as amended, otherwise  
14 known as the “Agricultural Tariffication Act,” are hereby renumbered accordingly.

15                   SEC. 9. *Implementing Rules and Regulations.* – Within ninety (90) days from effectivity  
16 of this Act, the DA and the DBM shall, in coordination with the relevant government agencies,  
17 and after consultation with directly affected stakeholders, promulgate the rules and regulations to  
18 effectively implement the provisions of this Act.

19                   SEC. 10. *Separability Clause.* – If any provision, section or part of this Act shall be  
20 declared unconstitutional or invalid, such judgment shall not affect, invalidate or impair any  
21 other provisions, sections or parts hereof.

22                   SEC. 11. *Repealing Clause.* – All laws, decrees, orders, rules and regulations which are  
23 inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

24                   SEC. 12. *Effectivity.* – This Act shall take effect fifteen (15) days following its publication  
25 in at least two (2) newspapers of general circulation or in the *Official Gazette*.

Approved,