



SENATE

'19 AUG -1 AIO :18

P. S. Res. No. 57

Introduced by Senator Ralph G. Recto

A RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE IMPACT OF THE LIBERALIZATION OF RICE IMPORTATION, EXPORTATION AND TRADE ON PRODUCTION AND FARMGATE PRICE OF PALAY AND RETAIL PRICE OF RICE, WITH THE END IN VIEW OF PROTECTING THE INTERESTS AND WELFARE OF FILIPINO RICE FARMERS AND CONSUMERS

1 WHEREAS, rice plays a crucial role in Philippine society and accounts for a
2 significant portion of the Philippine economy, given its impact on rice consumers as well
3 as those engaged in its cultivation, production, processing, distribution and retail;

4 WHEREAS, each Filipino consumes an average of 323.97 grams of rice daily, which
5 translates to about 12.41 metric tons of rice consumed in the country annually;

6 WHEREAS, palay is cultivated in about 4.80 million hectares of land, constituting
7 about 37% of the total agricultural lands in the Philippines;

8 WHEREAS, the Philippine rice industry serves as the source of income and
9 livelihood for some 1,952,336 farmers who depend on palay cultivation, and millions more
10 engaged in the rice trade;

11 WHEREAS, the Philippines produces an annual average of 15.98 million metric tons
12 of rice since 1999, with an average year-on-year growth of 2.64%;

13 WHEREAS, domestic palay production contributed P369.27 billion to the Philippine
14 economy in 2018, constituting about 22.82% of gross value added (GVA) of the
15 agriculture, hunting and forestry, and fishing sector, and about 2.12% of the Philippine
16 Gross Domestic Product (GDP).

17 WHEREAS, the Philippine rice industry, particularly the small rice farmers,
18 incessantly faces a wide spectrum of risks, from adverse weather conditions to uneven
19 global trade;

20 WHEREAS, the Filipino rice farmers were historically insulated from fluctuation of
21 rice prices through the regulation of rice imports, imposition of high import tariff rates,
22 and appropriation of public funds for rice-specific programs and subsidies;

1 WHEREAS, much of the trade and economic protection afforded to the rice industry
2 have been repealed and/or modified by the passage of measures such as Republic Act
3 No. 8762, otherwise known as the "*Retail Trade Liberalization Act of 2000*," and Republic
4 Act No. 8178, as amended, otherwise known as the "*Agricultural Tariffication Act*", and
5 by the accession of the Philippines to the World Trade Organization (WTO) in 1994;

6 WHEREAS, the Philippines' accession to WTO was made with the belief that such
7 action would bring about economic benefits through increased efficiency of industries by
8 way of exposure to global competition;

9 WHEREAS, the Philippines was granted by the WTO with an exemption from the
10 removal of quantitative import restrictions provided under the 1995 WTO Agreement on
11 Agriculture;

12 WHEREAS, the Philippines was able to secure WTO approval to postpone the
13 implementation of the WTO Agreement on rice import restriction in three separate
14 occasions, pushing the rescission of quantitative import restrictions on rice to June 2017;

15 WHEREAS, the Philippines finally rescinded the quantitative rice import restriction
16 on February 2019 through the enactment of Republic Act No. 11203;

17 WHEREAS, after more than two decades of postponement of the rice trade
18 liberalization, the Philippine rice industry has yet to achieve a level of competitiveness
19 that would match those of other rice-producing countries;

20 WHEREAS, the contribution of palay production to GDP growth actually contracted
21 by 1.19% in 2018 in spite of increased productivity of the rice industry;

22 WHEREAS, the year-on-year average palay yield per hectare grew only by an
23 average of 1.18% or less than a cavan of palay per hectare, even with the appropriation
24 of more than P65.34 billion pesos on the National Rice Program from 2010 to 2018;

25 WHEREAS, only 60.35% of the total irrigable area in the country is being irrigated
26 for crop production despite P139.27 billion appropriated for the National Irrigation
27 Administration (NIA) from FY 2015 to FY 2018;

28 WHEREAS, some 74.07% of all agricultural workers and over 85.17% of all lands
29 devoted to rice production remain uninsured in 2017, despite the provision of more than
30 P3.061 billion for agricultural insurance subsidy for the same fiscal year;

31 WHEREAS, notwithstanding the 111.25% increase in farmgate prices of palay from
32 2002 to 2017, the average farmer belonging to a five-member household still has to
33 cultivate at least 2.68 hectares of rice land just to satisfy their household's most basic
34 food and non-food requirements;

1 WHEREAS, the access of the average Filipino rice farmer to financial instruments
2 and agricultural technology is constrained, given that (i) the average rice farmer is about
3 58 years old; (ii) they received less than eight years of formal education; (iii) about 34.3%
4 of them are mired in poverty; (iv) almost all farms/holdings were operated by individuals
5 or households with average farm/holding size of only 1.29 hectares; (v) their production
6 cost is inflated by high input costs; and (vi) their income is diminished given the reduced
7 demand for their produce following the influx of cheap rice imports;

8 WHEREAS the liberalization of rice importation, exportation and trade appears to
9 instigate diverging, if not conflicting, effects on market prices and household incomes;

10 WHEREAS, the Philippine Rice Research Institute projected that lifting import
11 restriction will reduce farmer income by 29.2% and rice wholesale price by 27.4%;

12 WHEREAS, the Federation of Free Farmers estimated that the farmer losses from
13 the rescission of the quantitative import restriction on rice would be about P60 billion
14 pesos annually;

15 WHEREAS, the month-on-month consumer price index of rice from
16 September 2018 to June 2019 has declined by 7.32% with an average monthly deflation
17 rate of almost one percent (1%);

18 WHEREAS, the average farmgate price of palay declined by 22.32% from
19 September 2018 to June 2019, while the average retail price of well-milled rice dropped
20 by only 11.32% during the same period;

21 WHEREAS, the Bureau of Customs reported a collection of about P6.5 billion pesos
22 from importer-traders following the effectivity of Republic Act No. 11203;

23 WHEREAS, the Federation of Free Farmers alleged that imported rice are being
24 undervalued to evade tariffs, costing the government as much as P5.1 billion in unpaid
25 tariffs;

26 WHEREAS, the ramifications of the rice trade liberalization warrant a measured
27 deliberation to ensure that its purported benefits are realized and the welfare of Filipino
28 farmers and consumers are protected: Now, therefore, be it

29 RESOLVED BY THE SENATE, as it is hereby resolved, To direct the appropriate
30 Senate committee to conduct an inquiry, in aid of legislation, on the impact of the
31 liberalization of rice importation, exportation and trade on the production and farmgate
32 price of palay and retail price of rice, with the end in view of protecting the interests and
33 welfare of Filipino rice farmers and consumers.

Adopted,

/mdg


RALPH G. RECTO