

SENATE

S. B. No. 1110

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Introduced by **SENATOR IMEE R. MARCOS**

AN ACT
AMENDING REPUBLIC ACT NO. 8178 OR THE
"AGRICULTURAL TARIFFICATION ACT OF 1996," AS AMENDED

EXPLANATORY NOTE

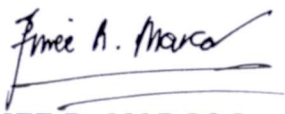
Last year's rice crisis saw inflation skyrocket, consumer prices ballooning to 5.2%, way past Bangko Sentral ng Pilipinas' 2% target. The largest segment of that increase was ascribed to inflated rice prices, reaching P75.00-P100.00 per kilogram in Zamboanga City and parts of the Visayas.

While Congress' speedy passage of the Rice Tariffication Act last February 2019 quickly brought rice prices and inflation down, large-scale rice importation had the opposite effect of local rice prices crashing to P27.00 per kilogram, *palay* or unmilled rice falling to an unheard - of P7.00 per kilogram.

While the Philippines' compliance with its World Trade Organization (WTO) obligation to impose a bound tariff rate system through the Rice Tariffication Act is important, recent experience once again asserts government's role in managing, regulating, and even intervening in national rice supplies to guarantee food security and farmers' income. As a fundamental Filipino staple, the crucial, political, and economic role that rice plays in Filipino society can neither overstated or left unregulated.

This bill seeks firstly to expand the function of the national rice buffer to cover both natural catastrophes and commodity crises. It explicitly defines the power of the President to automatically undertake safeguards and other measures in the event of both a rice shortage, such as occurred in September 2018, and the rice surplus, as endured through February 2019. Further, financial assistance is also sought for farmers displaced by wholesale importation and other impacts of agricultural modernization.

For the abovementioned urgent reasons, the passage of this bill is sought.


IMEE R. MARCOS

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[Signature]

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AN ACT
AMENDING REPUBLIC ACT NO. 8178 OR THE
"AGRICULTURAL TARIFFICATION ACT OF 1996," AS AMENDED

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

1 Section 1. Section 3 (e) of R.A. No. 8178 is hereby amended to read as follows:

2
3 "SEC. 3 (e) 'Buffer Stock' refers to the optimal level of rice inventory
4 that shall be maintained at **ALL TIMES FOR USE DURING**
5 **EMERGENCIES, IN ORDER** [any given time to be used for emergency
6 situations and] to sustain the disaster relief programs of the government
7 during natural or man-made calamities, **AS WELL AS DURING**
8 **COMMODITY MARKET CRISES, FOR THE PURPOSE OF**
9 **STABILIZING PRICES IN THE COMMUNITY MARKET AND**
10 **ENSURING FOOD SECURITY;"**

11 XXX

12 SEC. 2. Section 7 (a) of R.A. No. 8178 is hereby amended to read as follows:

13 "Sec. 7. *Powers of the President.* - Consistent with the Philippine
14 national interest and the objective of safeguarding Filipino farmers and
15 consumers, the President is hereby empowered to act with full delegated

1 authority subject to the provisions of the CMTA. in the following
2 circumstances:

3 "(a) The President may increase, reduce, revise, or adjust existing rates
4 of import duty up to the bound rate committed by the Philippines under the
5 WTO Agreement on Agriculture and under the ATIGA, including any
6 necessary change in classification applicable to the importation of
7 rice: *Provided*, That the power herein delegated to the President shall only
8 be exercised when Congress is not in session: *Provided, further*, That any
9 order issued by the President adjusting the applied tariff rates shall take
10 effect fifteen (15) days after publication;

11 (b) In the event of any imminent or forecasted shortage, or such other
12 situation requiring government intervention, the President is empowered for
13 a limited period and/or a specified volume, to allow the importation at a
14 lower applied tariff rate to address the situation. Such order shall take effect
15 immediately and can only be issued when Congress is not in session;

16 **HOWEVER, WHEN THERE IS AN EXCESSIVE SUPPLY OF**
17 **IMPORTED OR LOCAL RICE RESULTING IN A CRASH IN LOCAL**
18 **RICE PRICES, THE PRESIDENT MAY SIMILARLY STOP OR**
19 **PROHIBIT FURTHER IMPORTATION FOR A LIMITED PERIOD AND**
20 **FOR SPECIFIED VOLUME UNTIL SUCH TIME AS BOTH RICE SUPPLY**
21 **AND PRICES STABILIZE;** and

22 (c) In case the calculated out-quota tariff rate referred to under Section
23 6 (c) of this Act exceeds one hundred percent (100%), the provision of
24 Paragraph 1, Section 1608(a) of the CMTA shall also not apply.

25 The power herein delegated to the President may be withdrawn or
26 terminated by Congress through a Joint Resolution."

27 SEC. 3. Section 8 of R.A. No. 8178 is hereby amended to read as follows:

28 "SEC. 8. Maintenance of Rice Buffer Stock. – The NFA shall, in accordance
29 with the **IMPLEMENTING** rules, regulations, and procedures to be

1 promulgated, maintain **AND MANAGE AN OPTIONAL** [sufficient] rice
2 buffer stock [to be sourced solely from local farmers].”

3
4 SEC. 4. Sections 13 (a) and (d) of R.A. 8178 is hereby amended to read as
5 follows:

6 "(a) Rice Farmer Financial Assistance – A portion of the excess rice tariff
7 revenues shall be released to the DA and shall be used for providing direct
8 financial assistance to rice farmers who are farming two (2) hectares and
9 below regardless of whether they continue farming rice or not as
10 compensation for the projected reduction or loss of farm income arising
11 from the tariffication of the quantitative import restrictions on rice.
12 **FARMWORKERS DISPLACED BY FARM MECHANIZATION AND**
13 **OTHER MODERNIZATION SCHEMES, LISTED IN THE REGISTRY**
14 **SYSTEM FOR BASIC SECTORS IN AGRICULTURE (RSBSA) ARE**
15 **ALSO ENTITLED TO DIRECT FINANCIAL ASSISTANCE;**

16 Xxx

17 (d) Crop Diversification Program – [A portion of the excess tariff revenues
18 shall be released to the DA and shall be used for productivity-enhancement]
19 **TWENTY PERCENT (20%) OF THE RICE FUND SHALL BE MADE**
20 **AVAILABLE FOR PRODUCTION-ENHANCEMENT** programs for rice
21 farmers seeking to diversify production [towards] **TO** other crops[.],
22 **POULTRY, LIVESTOCK, AND AQUACULTURE.”**

23 SEC. 5. Sections 14 of R.A. 8178 is hereby amended to read as follows:

24 "Sec. 14. *Beneficiaries of the Rice Fund.* - The beneficiaries of the Rice
25 Fund shall be those farmers and farmworkers and their dependents listed
26 in the Registry System for Basic Sectors in Agriculture (RSBSA), and rice
27 cooperatives and associations accredited by the DA **AND OTHER KEY**
28 **STAKEHOLDERS OF THE RICE VALUE CHAIN, INCLUDING INPUT**
29 **SUPPLIERS, SERVICE PROVIDERS, RICE MILLERS, AND RICE-**
30 **BASED FOOD MANUFACTURERS.** Within one hundred eighty (180) days

1 from the effectivity of this Act, the DA. in consultation with farmers'
2 cooperatives and organizations and LGUs, shall validate and update the
3 masterlist of eligible beneficiaries to ensure that those listed are legitimate
4 farmers, farmworkers and rice cooperatives and associations.

5 xxx"

6 SEC. 6. Sections 15 of R.A. 11203 is hereby amended to read as follows:

7 "Sec. 15. *Rice Industry Roadmap*. - Upon the effectivity of this Act, the DA,
8 together with the NEDA, Department of Finance (DOF), DBM, DAR, National
9 Irrigation Administration (NIA), TESDA, PCIC, National Anti-Poverty
10 Commission (NAPC) Farmer Sectoral Council Representative and other
11 government agencies concerned, including rice farmer representatives,
12 shall be given a maximum of one hundred eighty (180) days to formulate
13 and adopt the rice roadmap to restructure the government's delivery of
14 support services for the agricultural rice sector.

15 "The following principles shall govern the development and implementation
16 of the roadmap for the rice industry:

17 **(A) SHIFT THE RICE TOWARDS THE IMMEDIATE ACCESS OF RICE**
18 **FARMERS TO CAPITAL MARKETS, WITH THE END OF DOUBLING**
19 **THEIR INCOME WITHIN FIVE (5) YEARS;**

20 "[a)] **(B)** Raise sustainable investments in the rice industry particularly
21 **[on] WITH THE DEVELOPMENT OF [rice support] RURAL** infrastructure
22 **SUCH AS FARM TO MARKET, IRRIGATION,** and post-harvest facilities;

23 "[b)] **(C)** Improve the productivity, efficiency and profitability of small rice
24 farmers and landless farmworkers;

25 "[c)] **(D)** Strengthen research, [and] development [programs that will
26 enhance the resiliency of the rice industry] **AND EXTENSION SERVICES**
27 **ALONG SUSTAINABLE FARMING TECHNOLOGIES;**

1 **(E) PROVIDE AND PROMOTE BACKWARD AND FORWARD**
2 **LINKAGES OF AGRICULTURE TO INDUSTRIES AND TO THE LOCAL**
3 **MARKETS;**

4 "[[(d)] **(F)** Preserve and enhance the rice production capabilities of future
5 generations;

6 "[[(e)] **(G)** Provide accessible, targeted and technology-oriented support
7 services that cover the entire value chain;

8 "[[(f)] **(H)** Set up responsible, participatory and effective governance
9 mechanisms; [and]

10 "[[(g)] **(I)** Address impact of income loss caused by rice tariffication[.];

11 **(J) ENFORCE THE LAWS AGAINST LARGE-SCALE AGRICULTURAL**
12 **SMUGGLING, ANTI-DUMPING OF FOREIGN AGRICULTURAL**
13 **PRODUCTS AND RELATED GOVERNMENT REGULATIONS TO**
14 **PREVENT DAMAGE TO THE LOCAL RICE INDUSTRY;**

15 **(K) AGGRESSIVELY UNDERTAKE SOIL AND WATER RESOURCE**
16 **DEVELOPMENT THROUGH REHABILITATION, REGENERATION**
17 **AND CONSERVATION OF WATERSHEDS AND AQUIFER IN TANDEM**
18 **WITH THE NATIONAL GRID CORPORATION OF THE PHILIPPINES**
19 **(NCGP) OF THE DEPARTMENT OF ENVIRONMENT AND NATURAL**
20 **RESOURCES (DENR) AND THE LOCAL GOVERNMENT UNITS**
21 **(LGUS);**

22 **(L) PROMOTE DIVERSIFIED FARMING SYSTEMS IN ORDER TO**
23 **DEVELOP ON-FARM AND OFF-FARM LIVELIHOOD SOURCES FOR**
24 **FARMERS.**

25 "The rice industry roadmap shall be implemented through a
26 complementation of the DA's rice sector programs as funded by the GAA,
27 and the Rice Fund created under this Act."

SEC. 7. *Separability Clause.* - If any portion of this Act is declared invalid or unconstitutional, the portions or provisions which are not affected shall continue to be in full force and effect.

SEC. 8. *Repealing Clause.* - All laws, decrees, executive issuances, rules and regulations inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 9. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,