

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

SECRETARY

8 MAY 20 2009

SENATE

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P.S. Res. No. 411

Introduced by Senator Loren Legarda

RESOLUTION

DIRECTING THE SENATE COMMITTEE ON ECONOMIC AFFAIRS AND COMMITTEE ON AGRICULTURE AND FOOD TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE COUNTRY'S DOMESTIC RICE PRODUCTION AND SUPPLY, IN LIGHT OF THE IMPENDING GLOBAL RICE CRISIS, WITH THE END IN VIEW OF INSTITUTING REMEDIAL MEASURES TO REFORM THE GOVERNMENT-SUBSIDIZED RICE PROGRAM

Whereas, there is an observed minimal increase in world rice output in both importing and exporting countries in 2008;

Whereas, world's rice stocks dropped to their lowest level in 25 years, to 70-million from the 150-million ton inventory in 2000;

Whereas, rice prices increased to their highest levels in 20 years, from \$300 per metric ton in 2001 to \$500 to over \$700 per ton in recent months;

Whereas, the sharp fall in supply of rice has been attributed to climate change, spiralling fuel and transport costs, supply hoarding, conversion of agricultural lands to cash crops, biofuel production and other commercial purposes and unabated population growth, among others;

Whereas, the Philippines, being the world's biggest rice importer, consumes about 12 million metric tons of rice a year, more than 10 percent of which is imported;

Whereas, with the tight global supply and surging prices, the country cannot be assured of supply from rice-exporting countries since the latter have to secure their own supply;

Whereas, dwindling domestic rice production, which covers most of the country's annual rice requirement, reportedly posted a shortfall of 1.5 to 1.8 million tons of rice this year;

Whereas, reports indicate that local rice production over the last 16 years has been up by 2.45 percent per year on average, from 6.09 million tons in 1990 to 10.02 million tons in 2006, yet outstripped by the increase in the number of Filipinos - from 60.7 million in 1990 to 88 million in 2006;

Whereas, our limited agricultural productivity can be strongly attributed to the government's underinvestment in the sector. According to a World Bank study entitled "*Philippines: Agriculture Public Expenditure Review*", Philippine spending on agriculture is lower than what our other Asian neighbours, such as Thailand and China, were spending;

Whereas, construction of basic farm infrastructure has been lagging behind, as only 46 percent or 1.4 million hectares of the country's 3.2 million hectares of land that need irrigation are now being serviced by irrigation systems;

Whereas, the lack of post-harvest facilities led to wastage of palay, totalling to 14.84% of the country's annual total production;

Whereas, the lack of appropriate investments and policy support to agriculture has made it difficult for the country to be self-sufficient in rice and impervious to price volatility in the global market;

Whereas, the retail price of rice has climbed to a range of 32 to 40 pesos per kilogram from an average of 25 pesos from month-ago level, as forecasted by the National Rice Farmers Council, due to the projected rice shortage in the third quarter;

Whereas, the National Food Authority currently sells its subsidized rice at 18.25 pesos a kilo;

Whereas, the NFA is planning to raise the price of government-subsidized rice to augment the income of local rice farmers and reduce its huge losses. The agency's losses have reportedly amounted to about 43 billion pesos since 2003;

Whereas, the impending rice crisis is exacerbated by some reports pointing to unscrupulous traders, in collusion with some managers of NFA warehouses, who diverted bags of cheap rice which were re-bagged and sold at higher commercial prices;

Whereas, the Agriculture and Fisheries Modernization Program, which has an annual allotment of P17 billion, and the Agricultural Competitiveness Enhancement Fund, which had a cash balance of P6 billion as of Dec. 2007, can be tapped to improve rice production;

Whereas, the country's agricultural policy should be revisited to ensure that it promotes and protects domestic food production and ensures availability and affordability of food to ordinary consumers, especially the poor;

Whereas, it is incumbent upon Congress to institute agricultural reforms to improve domestic production of rice and ensure food security along with its rapid population growth;

Whereas, the long-standing issues of the government-subsidized rice program necessitate an investigation to determine the inefficiencies of the rice distribution system of the NFA and provide corrective measures for the effective implementation of the same;

NOW THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, that the Senate of the Philippines direct the Senate Committee on Economic Affairs and Committee on

Agriculture and Food to conduct an inquiry, in aid of legislation, into the country's domestic rice production and supply, in light of the impending global rice crisis, with the end in view of instituting remedial measures to reform the government-subsidized rice program.

Adopted,



LOREN LEGARDA
Senator