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OFFICE OF THE SECRETARY

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SENATE

Senate Bill No. 772

RECEIVED BY: 

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

EXPLANATORY NOTE

The National Food Authority exercises both regulatory and proprietary functions over the grain sector, setting import quantities and at the same time serving as the sole importer of the authorized volume of imports. Unfortunately, such interventions in the market over the years has created severe distortions in the rice market, contributing, among others, to the poor productivity of the rice sector over the years, the rice supply gap, and the increasing cost of government actions to fill such gaps and artificially stabilize rice prices and supply.

This proposed measure seeks to streamline government intervention in the rice sector by removing the rice importation function from the NFA and allowing the participation of the private sector in rice importation. Allowing market forces to work in the importation, stockpiling and marketing of rice will allow for scarce government resources to be re-allocated away from costly price stabilization functions to more productive investment in rice research and development, extension services and irrigation.

Specifically, this bill proposes the transformation of NFA from a grain marketing monopoly to a public regulatory agency focused primarily on maintaining the buffer stock requirement of the country at both national and local levels which will allow the country to guard against price volatility due to natural calamities or emergencies. Along with this, the NFA shall continue other regulatory functions which include the licensing and registration of rice importers, allocation of import quotas among licensed rice traders, maintenance of marketing information dissemination systems and the inspection of stored food grains for the purpose of taking inventory. This bill further mandates the transfer of duplicative functions of the NFA, including the stabilization of prices and the licensing of warehouses to appropriate government agencies or local government units.

In view of the foregoing, urgent approval of this bill is earnestly requested.


JINGGOY EJERCITO ESTRADA
Senator

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AN ACT
TO STRENGTHEN AND REORIENT THE MANDATE OF THE NATIONAL
FOOD AUTHORITY IN ORDER TO ENSURE FOOD SUFFICIENCY, FOR THAT
PURPOSE RATIONALIZING ITS FUNCTIONS, AND FOR OTHER PURPOSES

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

CHAPTER 1
GENERAL PROVISIONS

SECTION 1 . Short Title. - This Act shall be known as the "**National Food Authority Rationalization Act of 2010.**"

SEC. 2. Declaration of Policy. - Affirming the right of every Filipino to have access to sufficient food, it is hereby declared the policy of the State to make all government agencies and corporations directly responsible for food production oriented toward the attainment of food security and sufficiency, the enhancement of competitiveness and transparency in the rice economy and to be more responsive to the increasing globalization of the agricultural market.

SEC. 3. Policy Goals and Objectives, - To carry out the foregoing policy, the mandate, programs and functions of the National Food Authority (NFA), shall be reoriented and realigned towards the achievement of the following objectives:

- a. Ensure available adequate and accessible supply of rice and other foodgrains during lean periods and in times of calamity and emergency;
- b. Promote regulation aimed at enhancing competitiveness, transparency and responsibility in the foodgrains marketing industry; and
- c. Encourage private sector participation in the importation of rice and in production and post-harvest facilities;

SEC. 4. Reorientation of the National Food Authority - The functions of the NFA shall evolve to focus primarily on maintaining the buffer stock requirements of the country. All other developmental and regulatory function of the NFA shall be transferred to appropriate government agencies or local government units unless otherwise provided by this Act.

SEC. 5. Buffer Stock Management. - The NFA shall be the primary agency responsible for the management of the buffer stock requirements of the country. For this purpose, the NFA shall review on an annual basis the buffer stock requirements of the country at the national and local levels and shall devise a system of regularly monitoring the buffer stock levels. For the purpose of ensuring that desirable buffer stock level of the country are met and maintained, the NFA may enter into contracts for the procurement of rice for government; *Provided* that the volume of rice procurement shall not be more than the strategic 30-day rice buffer stock requirement of the country.

SEC. 6. Other Powers and Functions. -The NFA shall exercise the following responsibilities, powers and functions:

- a. To establish rules and regulations governing private sector importation of rice and collect fees and charges for said importation;
- b. To determine and allocate import quotas among private sector entities and farmer organizations licensed to engage in rice importation;
- c. To coordinate with the Bureau of Agricultural Statistics in the generation of marketing information and establish and maintain marketing information dissemination systems in order to keep the public informed on the prevailing market situation of foodgrains and their substitutes and/or their by-products/end-products in different parts of the country; and
- d. To inspect foodgrains and their substitutes and/or their by-products, stored by any person, partnership, corporation, or association, for purposes of taking inventory kind record of such commodities, and to enter the premises thereof by use of reasonable means.

SEC. 6. Transfer of Mandate. - The following regulatory and developmental functions of the NFA are hereinafter transferred to the following:

- a. The registration, licensing and supervision of warehouses, whether bonded or not, and the prescription, imposition and collection of fees and charges relative thereto to the local government units;
- b. The stabilization of prices of rice, corn and other foodgrains at the farmgate level to the Department of Agriculture;
- c. The stabilization of supply and prices of other foodgrains and other basic food items at the consumer level to the National Price Coordinating Council;
- d. The development of more efficient ways, systems and facilities for harvesting, threshing, drying, storage, milling, packaging, post-harvest handling, and transporting of foodgrains to the Philippine Rice Research Institute.
- e. The registration, licensing, and supervision of persons, natural or juridical, who shall engage or are engaged in the business of providing goods and services in support of the different activities involved in the processing, transporting, marketing, and trading of foodgrains and their substitutes and/or their by-products/end-products as well as the imposition and collection of fees, charges, and surcharges in licensing and regulating the operations of such persons to the Department of Agriculture;
- f. The formulation of plans and programs on foodgrains production, storage, milling and distribution, as well as the coordination for its implementation among

various agencies of the government and the private sector to the Bureau of Agriculture and Fisheries Product Standardization; and

g. The establishment of appropriate post-production technology and formulation of plans and programs aimed to reduce post-harvest losses to the Bureau of Post Harvest Research and Extension.

SEC. 7. Role of the Private Sector. -The importation of rice shall henceforth be open to the participation of and exclusively undertaken by private sector entities and farmers' organizations, subject to appropriate tariffs and quotas; *Provided*, that the necessary registration and licensing processes and requirements of the NFA have been complied with. For this purposes, the policy of open importation and distribution by all interested private parties shall be fully implemented.

SEC. 8. Transitory Provisions. -Within one (1) year from the effectivity of this Act, the NFA shall gradually phase out all its rice importation activities to give way to the entry of private sector entities, especially farmers' organizations, in rice importation; *Provided*, that the NFA shall have completely ceased all its rice importation functions and activities four (4) years from the time of the enactment of this Act. For this purpose, the NFA shall, within one hundred twenty (120) days from the enactment of this Act, establish the necessary rules and regulations for the importation of rice by the private sector.

To effect a smooth transition, the NFA shall continue to exercise its developmental and regulatory functions, until the concerned government agencies or local government units shall have established their plans, programs and rules and regulations to implement their mandate identified in Section 6 above, which in no case shall be no longer than one (1) year from the effectivity of this Act.

SEC. 9. Rules and Regulations. - The NFA, in consultation with relevant government agencies and LGUs, farmer organizations and other stakeholders, shall within one hundred and twenty (120) days from the enactment of this Act, formulate the necessary rules and regulations to effectively implement the provisions of this Act.

SEC. 10. Separability Clause. - If, for any reason, any section or provision of this Act shall be held unconstitutional or invalid, the other section or provision not otherwise affected shall remain in full force and effect.

SEC. 11. Repealing Clause. - All laws, presidential decrees, executive orders, proclamations, rules and regulations which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

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

Approved,