

EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



SENATE

P.S. Res. No. 547

Introduced by **SENATOR LEILA M. DE LIMA**

RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE PLUMMETING PRICES OF PALAY AND A SYSTEMATIC REVIEW OF THE UNEVEN IMPLEMENTATION OF THE RICE TARIFFICATION LAW (RTL) WITH THE END VIEW OF DETERMINING THE APPROPRIATE POLICY INTERVENTIONS IN ORDER TO PROTECT FARMERS' INCOMES AND LIVELIHOODS IN ANTICIPATION OF THE UPCOMING HARVEST SEASON AMID THE ONGOING COVID-19 CRISIS

1 WHEREAS, it is the declared policy of the State to ensure food security and to
2 make the country's agricultural sector viable, efficient and globally competitive;

3 WHEREAS, Republic Act. No. 11203, otherwise known as the Rice
4 Tariffication Law (RTL), declares that the State shall "adopt the use of tariffs in lieu
5 of non-tariff import restrictions to protect local producers of agricultural products";

6 WHEREAS, the aforementioned law, which was formally enacted in February
7 2019, imposes farmer protection tariffs on rice imports in lieu of quantitative
8 restrictions with the goal of lowering rice prices and ensuring its stable supply to 100
9 million Filipino consumers. The RTL also aims to fast-track the long-delayed
10 modernization of the agriculture sector and help small farmers rise above rural
11 poverty;¹

12 WHEREAS, proponents of the measure saw the RTL as an "opportunity to
13 revolutionize the agriculture sector and help farmers become more competitive in the
14 global economy";²

¹ Department of Finance. (10 January 2020). *Rice tariffication a gamechanger in 2019*. Retrieved October 8, 2022, from <https://www.dof.gov.ph/rice-tariffication-a-gamechanger-in-2019/>

² *Ibid.*

1 WHEREAS, in order to offset the expected fall in palay prices upon the
2 effectivity of the Act, economic managers pushed for the creation of the Rice
3 Competitiveness Enhancement Fund (RCEF) which will be used to finance the
4 modernization of the agriculture sector and directly provide farmers with greater
5 access to cheap credit, high-quality seeds, agricultural machinery and skills training
6 on farm mechanization and other modern farming technologies;³

7 WHEREAS, it has been over a year since the RTL's effectivity and the results
8 have left much to be desired despite initial projections that consumer gains would far
9 outweigh the short-term losses to be incurred by farmer-producers due to the sudden
10 influx of imported rice flooding the local market;

11 WHEREAS, the RTL effectively deregulated the rice industry and eliminated
12 practically all regulatory and trading functions of the National Food Authority (NFA)
13 and reduced it to a buffer stocking and calamity relief agency. As a result, excessive
14 profiteering could now be made in the market with the government powerless to stop
15 it;⁴

16 WHEREAS, according to research conducted by the Federation of Free
17 Farmers (FFF), deregulation of the rice industry enabled traders and market
18 intermediaries to distort the parity between consumer gains and farmer losses either
19 by withholding some of the price reduction from consumers or lowering palay buying
20 prices much more than necessary;⁵

21 WHEREAS, according to the same study, in the first year of RTL, farmers lost
22 ₱40 billion while consumers gained a measly ₱232 million. While wholesale prices
23 decreased by an average of 11.4% (when compared to 2017-18 prices) with the arrival
24 of cheap imports, palay prices went down by a larger 14%. Retail prices, on the other
25 hand, hardly budged from its pre-RTL levels. In the process, importers, wholesalers
26 and retailers earned an estimated profit of ₱51.5 billion;⁶

³ *Ibid.*

⁴ Montemayor, R. (6 September 2020). *Winners and losers from the rice tariffication law*. Retrieved October 8, 2020, from <https://newsinfo.inquirer.net/1332019/winners-and-losers-from-the-rice-tariffication-law>

⁵ *Ibid.*

⁶ *Ibid.*

1 WHEREAS, the situation for farmers has considerably worsened as of late in
2 the wake of the COVID-19 pandemic as prices of palay reportedly plunged to a five-
3 week low in the second week of September;⁷

4 WHEREAS, as harvest season approaches, farmers have begun to brace for a
5 further decline in palay prices. Meanwhile, industry groups have called on the
6 government to increase the Department of Agriculture's (DA) budget for its palay-
7 buying operations in order to cushion the fall and offer protection to farmers from
8 much cheaper imports;⁸

9 WHEREAS, on October 6, in an attempt to address the imminent crisis, DA
10 Secretary William Dar appealed to rice traders to stop importing rice for the months
11 of October and November in order to reduce the competition of our local farmers
12 during their period of harvest;⁹

13 WHEREAS, the uneven implementation of the RTL, combined with the
14 debilitating economic effects of the lockdowns caused by COVID-19 pandemic, have
15 put farmers in an even more vulnerable position than ever before as they are all but
16 forced to sell their palay for little to no profit as the harvest season approaches;

17 WHEREAS, there is an urgent need to extend much needed financial aid and
18 other forms of assistance to our farmers whose income and livelihood have been
19 gravely affected by the pandemic;

20 WHEREAS, there is also a need to conduct a systemic and comprehensive
21 review of the RTL in order to determine and address the gaps in policy formulation
22 which led to its underwhelming returns during the first year and a half of its
23 implementation;

24 WHEREAS, a more measured approach to rice liberalization should be
25 considered. In the long run, rice importation should not be seen as a primary
26 solution to rice self-sufficiency as a host of external factors can negatively influence
27 our capacity to purchase from the international market. On the other hand, it should

⁷ Arcalas, J. Y. (5 October 2020). *Farm-gate price of palay drops to 5-week low*. Retrieved October 8, 2020, from <https://businessmirror.com.ph/2020/10/05/farm-gate-price-of-palay-drops-to-5-week-low/>

⁸ Ocampo, K. R. (30 September 2020). *Farmers brace for decline in palay prices*. Retrieved October 8, 2020, from <https://business.inquirer.net/308475/farmers-brace-for-decline-in-palay-prices>

⁹ Arcalas, J. Y. (6 October 2020). *Stop importing, help boost local prices of palay, traders told*. Retrieved October 8, 2020, from <https://businessmirror.com.ph/2020/10/06/stop-importing-help-boost-local-prices-of-palay-traders-told/>

1 be ensured that our own government policies are carefully crafted so that it enhances
2 our capacity to feed ourselves with, and eventually without, the aid of rice imports;

3 WHEREAS, as our economic team scrambles to revive our economy, there
4 must be a similar intense effort to save our agricultural sector, most particularly the
5 farmers who lost the most from rice tariffication;

6 WHEREAS, as the world deals with worsening climate changes, it is
7 paramount for our country to save our food industry to tide us and our future
8 generations through it all;

9 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE, directing the
10 appropriate Senate Committee to conduct an inquiry, in aid of legislation, on the
11 plummeting prices of palay and a systematic review of the uneven implementation of
12 the Rice Tariffication Law (RTL) with the end view of determining the appropriate
13 policy interventions in order to protect farmers' incomes and livelihoods in
14 anticipation of the upcoming harvest season amid the ongoing COVID-19 crisis.

Adopted,


LEILA M. DE LIMA