

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

SENATE

S. B. No. 1689

18 FEB 12 P5 53

INTRODUCED BY SENATOR ANA THERESIA "RISA" HONTIVEROS
BARAQUEL

AN ACT
IMPOSING TARIFFS ON IMPORTED RICE,
CREATING THE RICE INDUSTRY COMPETITIVENESS
ENHANCEMENT FUND, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

It is the policy of the state both to promote and protect the interests of small farmers and farmworkers towards inclusive rural development, and to ensure the availability of rice as a staple food to Filipino consumers. Balancing these interests have not been easy. Rice farmers remain poor and marginalized, and often find themselves affected by the vagaries of climate change. In order to assist these farmers, a price stabilization policy has been maintained by government, characterized by quantitative restrictions on imported rice. On the other hand, rice remains a staple food in Filipino households, and retail prices of rice need to be kept at an affordable level. For around 23 million Filipinos, 20% of the household budget is allocated to rice and rice products.

The Philippines' obligations within the World Trade Organization have made it imperative to lift quantitative restrictions on rice and replace with a bound tariff rate committed under the Uruguay Rounds Final Act. However, to mitigate and buffer the effects of cheap rice imports on our rice farmers, a Rice Industry Competitiveness Enhancement Fund, referred to as the "RICE Fund," which shall consist of all duties collected from the importation of rice under this Act.

The use of the RICE Fund shall be consistent with the principles of poverty alleviation and social equity, food security, rational use of resources, global competitiveness, climate resiliency, sustainable development, people empowerment, and protection from unfair competition. Preferential attention shall be given to small rice farmers and landless farmworkers. The overarching goal is to eventually be rice self-sufficient and to make domestic rice competitive with imported rice.

Ultimately, there should be no conflict between providing affordable rice for our people and ensuring that there are adequate safety nets for rice farmers. An inclusive agriculture and rice policy benefits us all.

The immediate passage of this bill is earnestly sought.

Montiveros Baraquiel
ANA THERESIA "RISA" HONTIVEROS BARAQUEL

Senator

SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
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SENATE
S. B. No. 1689

OFFICE OF THE CLERK
SENATE
MANILA

10 FEB 12 PM 53

INTRODUCED BY SENATOR ANA THERESIA "RISA" HONTIVEROS
BARAQUEL

5:00 PM


AN ACT
IMPOSING TARIFFS ON IMPORTED RICE,
CREATING THE RICE INDUSTRY COMPETITIVENESS
ENHANCEMENT FUND, AND FOR OTHER PURPOSES

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

CHAPTER I

Preliminary Provisions

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SECTION 1. Title.— This Act shall be known as the "*RICE Act of 2017.*"

SECTION 2. Declaration of policy.— To achieve comprehensive rural development pursuant to Article II (State Policies), Section 21 of the *1987 Philippine Constitution*, it is hereby made a policy of the State to protect the rights of small rice farmers and landless farmworkers.

To promote food security, including sufficiency of the staple rice, it hereby made a policy of the State to institutionalize support to rice farmers and farmworkers through the implementation of government programs and projects which empower small rice farmers and landless farmworkers to eventually be globally-competitive, thereby also reducing costs of production of rice.

SECTION 3. Definition of terms.— As used in this Act, the following terms shall mean—

- 1 (a) “*Agricultural Competitiveness Enhancement Fund*” refers to the fund set aside up to the year
2 2022 by Republic Act No. 10848.
3
- 4 (b) “*Bound rate*” refers to maximum limits on tariff on products committed by the Philippines
5 to the World Trade Organization (WTO) under the Uruguay Round Final Act.
6
- 7 (c) “*Empowerment*” involves providing authority, responsibility and information to people
8 directly engaged in rice production and processing, in order to give them wider choices
9 and enable them to take advantage of the benefits of the rice industry.
10
- 11 (d) “*Farmer’s organizations or associations*” refer to rice farmers cooperatives, associations or
12 corporations duly registered with appropriate government agencies and which are
13 composed primarily of small rice farmers, landless farmworkers, and agrarian reform
14 beneficiaries, who voluntarily join together to form business enterprises or non-business
15 organizations which they themselves own, control and patronize.
16
- 17 (e) “*Food security*” refers to the policy objective, plan and strategy of meeting the food
18 requirements of the present and future generations of Filipinos in substantial quantity,
19 ensuring the availability and affordability of food to all, either through local production
20 or importation, or both, based on the country’s existing and potential resource
21 endowment and related production advantages, and consistent with the overall national
22 development objectives and policies. However, sufficiency in rice and white corn should
23 be pursued.
24
- 25 (f) “*Globally-competitive*” refers to the state whereby small rice farmers have the ability to
26 compete in terms of price, quality and value of rice relative to those of other countries.
27
- 28 (g) “*Minimum Access Volume*” or “*MAV*” refers to the volume of rice that is allowed to be
29 imported with a lower tariff as committed by the Philippines to the World Trade
30 Organization (WTO) under the Uruguay Round Final Act. For purposes of this Act,
31 Section 6 in relation to Section 3 of Executive Order No. 23 series of 2017 shall form
32 part of the definition of MAV.
33

1 (h) “*Quantitative Import Restrictions*” refers to non-tariff restrictions used to limit the amount of
2 import commodities, including, but not limited to, discretionary import licensing and
3 import quotas, whether qualified or absolute.

4
5 (i) “*Small rice farmer*” refers to a natural person dependent on small-scale subsistence rice
6 farming as the primary source of income.

7
8 The term “*small rice farmers*” includes those rice farmers engaged in family-based
9 agricultural activities linked to several areas of rural development, characterized by the
10 management and operation by a family and reliance on family labor, as contributed by all
11 gender.

12
13 (j) “*Micro- and small-scale enterprises*” or “*MSEs*” refer to any business activity or enterprise
14 engaged in industry, agribusiness and/or services, whether single proprietorship,
15 cooperative, partnership or corporation, whose total assets, inclusive of those arising
16 from loans but exclusive of the land on which the particular business entity’s office, plant
17 and equipment are situated, must have value falling under the following categories:

18
19 Micro-scale enterprise: not more than three million Philippine pesos (PhP3, 000, 000.00)

20 Small-scale enterprise: from PhP3, 000,001.00 to PhP15, 000,000.00

21
22 (k) “*Tariff*” refers to a tax levied on rice imported from another country. It earns revenues of
23 the government and regarded as instruments to promote local rice and the rights of small
24 rice farmers and landless farmworkers by taxing their competitors. The benefit is
25 accorded to local small rice farmers and landless farmworkers by the maintenance of a
26 domestic price at a level equal to the world price plus the tariff.

27
28 (l) “*Tariffication*” refers to the lifting of all existing quantitative restrictions such as import
29 quotas or prohibitions, imposed on rice, and replacing these restrictions with tariffs.

30
31 **CHAPTER II**

32 **Tariffication of Rice**

1 SECTION 4. *Tariffication of rice.*— All laws and issuances prescribing quantitative
2 import restrictions or granting government agencies the power to impose such restrictions
3 on rice are hereby repealed.

4
5 (a) Section 6 of Republic Act No. 8178 is hereby amended to read as follows:

6
7 “Section 6. Tariffication.— In lieu of quantitative
8 restrictions, the maximum bound rates committed under the
9 Uruguay Round Final Act shall be imposed on the
10 agricultural products whose quantitative restrictions are
11 replaced by this Act. The President shall issue the
12 corresponding tariffs beginning 1996 up to year 2000:
13 *Provided, That the schedule of the initial and final applied*
14 *rates shall be consistent with the country’s tariff binding*
15 *commitments.*

16
17 “In case of shortages or abnormal price increases in
18 agricultural products, whose quantitative restrictions are
19 lifted under this Act, as amended, the President may
20 propose to Congress, revisions, modifications or
21 adjustments of the Minimum Access Volume (MAV):
22 *Provided, however, That in the event Congress fails to act after*
23 *fifteen (15) days from receipt of proposal, the same shall be*
24 *deemed approved.*

25
26 “In lieu of the quantitative restriction on rice, the maximum
27 bound rate shall be submitted by the Philippines to the
28 World Trade Organization (WTO).”

29
30 (b) The maximum bound rate shall be a single and flexible tariff, and shall be computed
31 pursuant to the provisions in Chapter 2, Title XVI of Republic Act No. 10863 or the
32 *Customs Modernization and Tariff Act*, but shall not be lower than four hundred per cent
33 (400%) of the base value per metric ton.

1
2 The President shall issue the corresponding tariffs beginning the effectivity of this Act:
3 *Provided*, That the schedule of the initial and final applied rates shall be consistent with the
4 country's tariff binding commitments.
5

6 **SECTION 5. *Amendment to the charter of the National Food Authority.***— Section 5
7 of Republic Act No. 8178 is further hereby amended, to read as follows:
8

9 “Section 5. Amendment.— Subparagraph (xii), paragraph (i),
10 Section 6 of Presidential Decree No. 4 (National Grains
11 Authority Act), as amended, is further amended to read as
12 follows:
13

14 “Section 6(a). Powers.—
15

16 “(xii) To establish rules and regulations governing the
17 importation of rice for food security and national buffer and
18 stocking purposes and to license, impose and collect fees
19 and charges for said importation ~~for the purpose of~~
20 ~~equalizing the selling price of such imported rice with~~
21 ~~normal prevailing domestic prices.~~
22

23 “In the exercise of this power, the ~~Council~~ after
24 ~~consultation with the Office of the President~~ shall first
25 ~~certify to a shortage of rice that may occur as a result of a~~
26 ~~short fall in production, a critical demand-supply gap, a state~~
27 ~~of calamity or other verified reasons that may warrant the~~
28 ~~need for importation: *Provided*, That this requirement shall~~
29 ~~not apply to the importation of rice equivalent to the~~
30 ~~Minimum Access Volume obligation of the Philippines~~
31 ~~under the WTO.~~ the Authority shall undertake direct
32 importation of rice ~~or it may allocate import quotas among~~
33 ~~certified and licensed importers, and the distribution thereof~~

1 through cooperatives and other marketing channels, at
2 prices at conditions to be determined by the Council
3 regardless of existing floor prices and the subsidy thereof, if
4 any, shall be borne by the National Government.”
5

6 CHAPTER III

7 Rice Industry Competitiveness Enhancement 8

9 SECTION 6. *The Rice Industry Competitiveness Enhancement Fund.*— 10

11 (a) There is hereby created a Rice Industry Competitiveness Enhancement Fund, hereinafter
12 referred to as the “RICE Fund,” which shall consist of all duties collected from the
13 importation of rice under this Act and under the Minimum Access Volume (MAV)
14 mechanism. The RICE Fund shall be automatically credited to a Special Account in the
15 General Fund of the National Treasury: *Provided*, That fund releases shall not be subject
16 to any ceiling by the Department of Budget and Management. Any remaining balance
17 from the collected duties for the RICE Fund shall not, at any time, revert to the General
18 Fund, but shall continue to be used for the purposes for which the RICE Fund was
19 collected and set aside.
20

21 (b) The Agriculture Competitiveness Enhancement Fund referred to in Republic Act No.
22 10848 shall not include the tariffs and duties collected from the importation of rice. For
23 this purpose, paragraph (1) of Section 8 of Republic Act No. 8178, as amended by
24 Republic Act No. 10848, is hereby further amended to read as follows:
25

26 “Section 8. Agricultural Competitiveness Enhancement
27 Fund.— To implement the policy enunciated in this Act,
28 there is hereby created the Agricultural Competitiveness
29 Enhancement Fund, hereinafter referred to as the Fund.
30 The Fund shall consist of all duties collected from the
31 importation of agricultural products, except rice, under the
32 minimum access volume (MAV) mechanism, including
33 unused balances and collections from repayments from loan

1 beneficiaries including interests, if any. The Fund shall be
2 automatically credited to Special Account 183 in the
3 General Fund of the National Treasury: *Provided*, That fund
4 releases shall not be subject to any ceiling by the
5 Department of Budget and Management (DBM).”
6

7 (c) No amount from the RICE Fund shall, at any time, be used for programs and projects of
8 the Department of Agriculture which are line item allocations in the general
9 appropriations law.
10

11 **SECTION 7. *Utilization of the RICE Fund.***—The use of the RICE Fund shall be
12 consistent with the principles of poverty alleviation and social equity, food security, rational
13 use of resources, global competitiveness, climate resiliency, sustainable development, people
14 empowerment, and protection from unfair competition. Preferential attention shall be given
15 to small rice farmers and landless farmworkers.
16

17 The RICE Fund shall be set aside and released for the following purposes:
18

- 19 (a) Enhancement of the productivity level and increase in the net income of rice farmers
20 including landless farmworkers;
21 (b) Modernization of farm and marketing processes, and strengthening the rice value chain;
22 (c) Enhancement of research, development and extensions on rice;
23 (d) Expanded insurance coverage for rice farmers;
24 (e) Increasing access to credit— to include acquisition of tenanted rice lands by tenants— and
25 establishment of production, postharvest and processing machineries, equipment and
26 facilities of rice farmers and farmer’s organizations or associations, and micro- and small-
27 scale enterprises (MSEs).
28 (f) Implementation of programs and projects for more sustainable rice farming thereby
29 reducing costs of production.
30

31 **SECTION 8. *RICE Fund Management Committee.***— To ensure the proper utilization
32 of the RICE Fund, there is hereby created a RICE Fund Management Committee composed
33 of the following:

- 1
- 2 (a) The Secretary of the Department of Agriculture, as chairperson;
- 3 (b) The President of the Land Bank of the Philippines;
- 4 (c) The Secretary of the Department of Science and Technology;
- 5 (d) The Administrator of the National Food Authority; and
- 6 (e) Five (5) representatives of rice farmers and farmer's organizations or associations, who
- 7 shall elect among themselves their representative to sit as the vice-chairperson of the
- 8 RICE Fund Management Committee.

9

10 The Committee shall promulgate the policies and guidelines necessary for the planning,

11 administration, coordination and monitoring of the utilization of the RICE Fund. The

12 National Food Authority shall serve as Secretariat to the RICE Fund Management

13 Committee.

14

15 **CHAPTER IV**

16 **Rice Industry Roadmap**

17

18 **SECTION 9. *Rice Industry Roadmap.***— Upon the enactment of this Act, the

19 Department of Agriculture together with relevant agencies and other stakeholders shall be

20 given a maximum of one hundred eighty (180) days to finalize the Rice Industry Roadmap to

21 restructure the government's delivery of support services for rice farmers and farmworkers.

22 A five-year rice program shall be implemented to address the displacement caused by the

23 policy shift of replacing quantitative imports restrictions on rice, specifically the effect of an

24 increased supply of imported rice in the local market.

25

26 **SECTION 10. *Major concerns.***— The Rice Industry Roadmap shall focus on the following

27 six major concerns:

- 28
- 29 (a) Food security;
- 30 (b) Poverty alleviation and social equity;
- 31 (c) Income enhancement and profitability, especially for small rice farmers and landless
- 32 farmworkers;
- 33 (d) Climate resiliency;

- 1 (e) Global competitiveness; and
- 2 (f) Sustainability.

3

4 **CHAPTER V**

5 **Final Provisions**

6

7 **SECTION 11. *Implementing rules and regulations.***— The Secretary of the Department
8 of Agriculture within ninety (90) working days after the effectivity of this Act, together with
9 the Department of Agrarian Reform (DAR), Department of Environment and Natural
10 Resources (DENR), Department of Finance (DOF), National Economic and Development
11 Authority (NEDA), Commission on Audit (COA), in consultation with other agencies
12 concerned, rice farmers, farmer’s organizations or associations, and agribusiness
13 organizations, and in coordination with the Joint Congressional oversight Committee in
14 Section 12 of this Act, shall promulgate the rules and regulations for the effective
15 implementation of this Act.

16

17 The Secretary shall submit to the Committee on Agriculture of both Houses of Congress
18 copies of the implementing rules and regulations within thirty (30) days after the
19 promulgation.

20

21 **SECTION 12. *Joint Congressional Oversight Committee.***— A Joint Congressional
22 Oversight Committee is hereby created to monitor and conduct a periodic review of the
23 RICE Fund.

24

25 It shall be composed of the chairpersons of the Committee on Agriculture of both Houses,
26 six (6) members of the House of Representatives and six (6) members of the Senate, to be
27 designated respectively by the Speaker of the House and the President of the Senate, who
28 shall endeavour to have the various sectors and regions of the country represented.

29

30 The chairpersons of the Committees on Agriculture in the Senate and House of
31 Representatives, shall be, respectively, the Chairpersons and Co-Chairpersons of the Joint
32 Congressional Oversight Committee.

33

1 SECTION 13. *Periodic reports.*— The Joint Congressional Oversight Committee shall
2 submit periodic reports on its findings and make recommendations on actions to be taken
3 by Congress and the appropriate department, and in order to carry out the objectives of this
4 Act.

5
6 SECTION 14. *Repealing clause.*— All laws, decrees, executive issuances, rules and
7 regulations inconsistent with this Act are hereby repealed or modified accordingly.

8
9 Sections 5 and 6 of Republic Act No. 8178 are hereby amended.

10
11 Section 8 of Republic Act No. 8178, as amended by Republic Act No. 10848, is hereby
12 amended.

13
14 SECTION 15. *Separability clause.*— The provisions of this Act are hereby declared to be
15 separable, and in the event one or more of such provisions are held unconstitutional, the
16 validity of the other provisions shall not be affected thereby.

17
18 SECTION 16. *Effectivity.*— This Act shall take effect thirty (30) days from the date of its
19 publication in the Official Gazette or in at least two (2) newspapers of general circulation.

20
21 Approved,