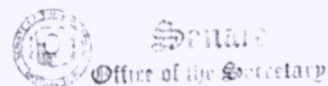


EIGHTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



'19 JUL 29 P3:51

SENATE

RECEIVED

P.S. RES. NO. 39

Introduced by **Senator Cynthia A. Villar**

RESOLUTION

1
2 **DIRECTING THE SENATE COMMITTEE ON AGRICULTURE AND FOOD TO CONDUCT**
3 **AN INQUIRY, IN AID OF LEGISLATION, INTO THE IMPLEMENTATION OF REPUBLIC**
4 **ACT 11203 OR THE RICE COMPETITIVENESS ENHANCEMENT FUND (RCEF) LAW, IN**
5 **LIGHT OF THE NEED TO CLOSELY MONITOR ITS IMPLEMENTATION BY THE**
6 **DESIGNATED GOVERNMENT AGENCIES, AS THIS LAW INVOLVES A VERY**
7 **IMPORTANT AND SENSITIVE COMMODITY -RICE- FOR EVERY FILIPINO, AND TO**
8 **ENSURE THAT FUNDS ARE ALLOCATED FOR THE PURPOSE ACTUALLY INTENDED**
9

10 *WHEREAS*, President Rodrigo Roa Duterte signed into law on February 14, 2019
11 Republic Act No. 11203, which mandates the lifting of rice import restrictions, a measure
12 that the government hopes will make the food staple more affordable to Filipinos. The
13 full title of this law is "An Act Liberalizing the Importation, Exportation and Trading of
14 Rice, Lifting for the Purpose the Quantitative Import Restriction on Rice, and for Other
15 Purposes";
16

17 *WHEREAS*, the law amended RA No. 8178 or the Agricultural Tariffication Act of
18 1996 and replaced the quantitative restriction (QR) on rice imports. Instead of limiting
19 the amount of rice that will enter the country, rice imports will instead be charged with
20 corresponding tariffs, the collected amount of which shall be given to farmers to

1 corresponding tariffs, the collected amount of which shall be given to farmers to
2 strengthen their productive capacities in the amount of at least Php10 billion a year, for
3 the next six (6) years, through a Fund known as the Rice Competitiveness Enhancement
4 Fund (RCEF);

5
6 Imported rice from Southeast Asian countries will pay a 35% tariff rate, which is
7 the import duty rate commitment of the Philippines for rice importation in the ASEAN
8 Trade in Goods Agreement. For non-ASEAN member states, the tariff is at 50% or the
9 tariff equivalent calculated in accordance with the World Trade Organization agreement
10 on agriculture upon the expiration of the waiver relating to the special treatment for rice
11 of the Philippines, whichever is higher;

12
13 *WHEREAS*, the RCEF will fund programs aimed at increasing the income of Filipino
14 farmers through various forms of assistance such as the development of inbred rice
15 seeds, provision of rice farm equipment, cheap credit with Land Bank and DBP and
16 education and training on skills enhancement. Under the measure, the fund would be
17 allocated and disbursed to rice-producing areas;

18
19 *WHEREAS*, the Act's Implementing Rules and Regulations (IRR) mandates that a
20 new rice roadmap will be crafted within 180 days after its effectivity, which means that it
21 would have to be implemented on or before September 2, 2019. The Department of
22 Agriculture (DA) will be leading the other agencies concerned, such as the National
23 Economic and Development Authority (NEDA), Department of Finance (DoF), and the
24 Department of Budget and Management (DBM), in the formulation and adoption of a
25 new rice roadmap, based on the following principles: sustainable investments, particularly
26 on rice support infrastructure and post-harvest facilities; improved productivity,
27 efficiency, and profitability of small rice farmers and landless farmworkers; strengthened
28 research and development programs; preservation and enhancement of rice production
29 capabilities; provision of accessible, targeted, and technology-oriented support services
30 that cover the entire value chain; setting up of responsible, participatory and effective

1 governance mechanisms; and addressing the impact of income loss due to rice
2 tariffication. This will be implemented through a complementation of DA's rice sector
3 programs which are separately funded by the General Appropriations Act (GAA), on one
4 hand, and the RCEF programs, on the other;

5
6 *WHEREAS*, the DA, NEDA, DBM, DOF and other concerned agencies shall see to it
7 that the Rice Industry Roadmap shall be funded by the General Appropriations Act, in
8 accordance with the Annual Budget Priorities Framework annually approved by the
9 Development Budget Coordinating Council (DBCC);

10
11 *WHEREAS*, the bulk of the Rice Competitiveness Enhancement Fund (RCEF) will
12 be used to modernize rice farms and support the government's goal of increasing the rice
13 sector's productivity. From the Fund, Php5 billion annually will be used by government to
14 procure rice farm equipment through the Philippine Center for Postharvest Development
15 and Mechanization (PhilMech). Farm equipment such as tillers, tractors, seeders,
16 threshers, rice planters, harvesters, and irrigation pumps will be given as a grant-in-kind,
17 primarily to eligible rice farmer associations and registered rice cooperatives. As a result,
18 the DA's budget of P1.92 billion in 2018 for rice farm mechanization would now get a
19 boost of an additional P5 billion, specifically for inbred rice seeds production. PhilMech is
20 required to procure from accredited manufacturers whenever feasible to support the
21 business of local manufacturers of farm machinery and equipment. In coordination with
22 the DA's regional offices, LGUs, members of the private sector and farmers' groups,
23 PhilMech is also tasked to formulate the implementing guidelines on rice farm equipment
24 component, consistent with the Rice Industry Roadmap. This will include the eligibility
25 criteria for prospective recipients, modality of selection, mode of implementation, and the
26 accountability system in the procurement and distribution of rice farm equipment;

27
28 *WHEREAS*, the Philippine Rice Research Institute (PhilRice) will receive 30 percent
29 of the RCEF to develop, propagate and promote inbred rice seeds for rice farmers. Its
30 task is to help the farmers have their own seeds of the best quality to be used next

1 cropping season and eventually become seed growers. The DA regular program on hybrid
2 rice remains and should not be confused with the RCEF Fund for PhilRice;

3
4 *WHEREAS*, the Land Bank of the Philippines and the Development Bank of the
5 Philippines will be given 10 percent of the RCEF for the creation of a credit facility with
6 minimal interest rates and collateral requirements. They are expected to come up with
7 guidelines and policies that make access to the funds by farmer beneficiaries easy and
8 not prohibitive;

9
10 *WHEREAS*, the remaining 10 percent of the RCEF will be used for skills training in
11 rice crop production, modern rice farming techniques, seed production, farm
12 mechanization, farm machinery servicing and maintenance and knowledge and
13 technology transfer through farm schools nationwide. This portion will be divided among
14 training providers such as PhilMech (10%), PhilRice (10%), Agriculture Training Institute
15 (ATI) (10%), and the Technical Education and Skills Development Authority (70%). For
16 clarity of functions and extension modality, PhilMech and PhilRice shall provide ATI and
17 TESDA with a harmonized training module and shall conduct Training of Trainor classes.
18 ATI and TESDA will promote the same training modules among farmers, to avoid
19 duplication and ensure proper targeting of trainees, via Farmers Field Schools and TESDA
20 Accredited Farm Schools in identified rice producing municipalities;

21
22 *WHEREAS*, the tariff revenues collected in excess of PhP10 billion will be used for
23 providing direct financial assistance to small farmers, titling of rice lands, expanding crop
24 insurance, and carrying out of crop diversification programs;

25
26 *WHEREAS*, the guidelines that accompany the floor deliberations on and approval
27 of this Act cover the identification of beneficiaries in 947 municipalities in 55 provinces 14
28 regions, (excluding the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM)
29 and Local Government Units (LGUs) with less than 100 hectares or rice lands) which were
30 further grouped into six clusters to facilitate the deployment of farm equipment over the

1 next six years. Each of these municipalities is required to have farmer organizations or
2 associations, and in their absence, the LGU shall manage and maintain the equipment.
3 The machinery shall be for land preparation, crop establishment, harvesting and
4 threshing, drying, and milling;

5
6 *WHEREAS*, reports are coming in that the amount of P5 billion is now available for
7 the RCEF, and hopefully in the third quarter of this year another P5 billion shall be
8 released to the concerned agencies. The budget for the P10 billion RCEF fund under RA
9 11203 is included under programmed appropriations in the 2019 General Appropriations
10 Law;

11
12 *WHEREAS*, NEDA has pointed out that the DBM released P5 billion in December
13 2018 to help the rice farmers, but only P1 billion of which has been credited to the farmers'
14 accounts, under the Memorandum of Understanding entered by the Agricultural Credit
15 Policy Council or ACPC with the Land Bank and the DBP. Meanwhile, the remaining P4
16 billion of the initial P5 billion allotment is still being threshed out by the NEDA and DA,
17 with the funds being eyed to be provided to agencies connected to the implementation
18 of RA 11203. It should be ensured that kinks like this in the fund release and distribution
19 flow should be ironed out and removed in the implementation of the RCEF law;

20
21 *WHEREAS*, the PhilMech and PhilRice are reported to be not ready yet to come out
22 with their respective guidelines. The guidelines should have been issued 15 days after
23 the IRR publication. The apparent delay in PhilRice's (a DA attached agency) production
24 of its guidelines comes as an irony when it earlier cited that the Duterte administration
25 wants to raise national average rice yield to 6 metric tons (MT)/ha. and cut production
26 cost to P8/kg. At present, our rice farmers only produce an average of 4 MT/ha. at a
27 cost of P12/kg;


28
29 *WHEREAS*, the issues that have surfaced lately in the rice sector, particularly
30 among the government agencies charged with overseeing the development of the sector,

1 particularly in the implementation of the RCEF law, among several others, are cause for
2 apprehension on whether our rice sector and rice farmers are adequately made ready
3 this early, as envisioned by the RCEF law, to face the regime of rice import liberalization;
4

5 *WHEREAS*, the Agencies involved in the crafting of guidelines and implementing
6 the same should be ready by now. They have by far missed the June to October cropping
7 season this year. The next planting schedule is set in December and will last up to March.
8 There is apprehension that these agencies will still no be ready by then.

9
10 *RESOLVED BY THE SENATE*, to direct the Senate Committee on Agriculture and
11 Food to conduct an inquiry, in aid of legislation, into the implementation of Republic Act
12 11203 or the Rice Competitiveness Enhancement Fund (RCEF) Law, which was signed
13 into law on February 14, 2019, in light of the need to closely monitor its implementation
14 by the designated government agencies, as this law involves a very important and
15 sensitive commodity- rice – for every Filipino, and to ensure that funds allocated for the
16 purpose actually reach the intended beneficiaries.

17
18 *Adopted,*



CYNTHIA A. VILLAR

Senator