

SENATE

P.S. Res. No. 63

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Introduced by SENATOR LEILA M. DE LEMA

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RESOLUTION

**DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED SLOW AND INEFFECTIVE IMPLEMENTATION OF REPUBLIC ACT NO. 11203, OR THE RICE TARIFFICATION ACT, LEADING TO PLUMMETING PALAY PRICES AND INDUSTRY-WIDE LOSSES GRAVELY AFFECTING OUR LOCAL AGRICULTURAL SECTOR AND FARMING COMMUNITIES**

1 WHEREAS, Article XII, Section 1 of the 1987 Constitution states that "[t]he  
2 State shall promote industrialization and full employment based on sound agricultural  
3 development and agrarian reform, through industries that make full and efficient use  
4 of human and natural resources, and which are competitive in both domestic and  
5 foreign markets. However, the State shall protect Filipino enterprises against unfair  
6 foreign competition and trade practices";

7 WHEREAS, it is declared a state policy to achieve and maintain an adequate  
8 supply of food grains at mutually satisfactory price levels for both farmers and  
9 consumers, primarily through reliance upon the market mechanism and by  
10 encouraging the participation of competitive private enterprises in the production and  
11 trading of food grains as well as of related agricultural inputs<sup>1</sup>;

12 WHEREAS, last 14 February 2019, President Rodrigo Duterte signed into law  
13 Republic Act No. 11203, or "An Act Liberalizing the Importation, Exportation and  
14 Trading of Rice, Lifting for the Purpose the Quantitative Restriction on Rice, and for  
15 Other Purposes", otherwise known as the Rice Tariffication Act;

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<sup>1</sup> Executive Order No. 1028 (31 May 1985)

1           WHEREAS, the enactment of the Rice Tariffication Act is in adherence to our  
2 international state commitment to the World Trade Organization(WTO), specifically  
3 Article 4.2 of the WTO Agreement on Agriculture, which prohibits the use of  
4 restrictions on agricultural imports other than tariffs – and that includes non-tariff  
5 measures maintained through state-trading enterprises such as the National Food  
6 Authority (NFA).

7           WHEREAS, this law is also in keeping with our commitment to the Association  
8 of Southeast Asian Nations (ASEAN) to ease our state policies on volume restrictions  
9 and impose 35 percent tariff on rice imports from ASEAN members and impose a  
10 higher tariff for non-ASEAN members of 40 percent for non-ASEAN countries;

11           WHEREAS, aside from our external commitments, we also saw the need to  
12 seriously address the inefficiencies and issues in our rice industry that prevent us from  
13 being competitive in the international stage, as well as fail to provide for a decent  
14 means of livelihood to our farmers;

15           WHEREAS, it is due to these systemic problems that we have had to maintain  
16 protectionist policies with regard to our local price market; which, in turn, was abused  
17 by local rice cartels<sup>2</sup> and corrupt National Food Authority (NFA) agents<sup>3</sup>;

18           WHEREAS, several key objectives of the passage of the Rice Tariffication Law  
19 are to: a) lower our local price of rice by ₱2 to ₱7 per kilo, based on estimates by the  
20 Philippine Institute for Development Studies, through managed liberalization; b)  
21 jumpstart significant structural changes in our food supply towards the concept of food  
22 security; and c) critically design effective financing mechanisms, through the  
23 establishment of a Rice Competitiveness Enhancement Fund (RCEF) and other safety  
24 nets that could assist farmers to successfully transition to a more robust agricultural  
25 sector characterized by stronger cooperatives, and more efficient land agglomeration  
26 combined with mechanization and technology and financing access;

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<sup>2</sup> Placido, Dharel. *Duterte defends rice tariffication bill before industry stakeholders*. ABS-CBN News. (7 February 2019). Retrieved from: <https://news.abs-cbn.com/news/02/07/19/duterte-defends-rice-tariffication-bill-before-industry-stakeholders>

<sup>3</sup> Clarete, Ramon. *Rice tariffication is good for our rice farmers, our country*. BusinessWorld Online (4 February 2019) Retrieved from: <https://www.bworldonline.com/rice-tariffication-is-good-for-our-rice-farmers-our-country/>

1           WHEREAS, various local groups and coalitions, such as Ibon Foundation and  
2 Kilusang Magbubukid ng Pilipinas, expressed earlier strong opposition to the Rice  
3 Tariffication Law, stating that uninhibited rice importation would lead to loss of  
4 livelihood for many of our countrymen in the agricultural sector<sup>4</sup>;

5           WHEREAS, rice farmers need expeditious assistance from the government to  
6 improve productivity if they are to contend against external rice importers as a  
7 consequence of the liberalization;

8           WHEREAS, the swift implementation of the trade liberalization aspect of the  
9 Rice Tariffication Law, even before any significant program was implemented to  
10 improve the productivity of our farmers, led to already serious losses in our local rice  
11 industry;

12           WHEREAS, it was reported that some 200,000 farmers have stopped working  
13 on food production, while some 4,000 rice mills have ceased operations;<sup>5</sup>

14           WHEREAS, amid reports of concerned agencies that the amount of ₱5 billion  
15 is now available for the RCEF, it was pointed out that underspending and low  
16 utilization of this fund has been prevailing, thus failing to gain significant grounds  
17 towards increasing the productivity and efficiency of our farmers, prompting fears that  
18 if this trend continues, it can “lead to the death of the rice industry”<sup>6</sup>;

19           WHEREAS, it was reported that local farmers in several agricultural provinces  
20 claim that the prices had plummeted to as low as ₱12 a kilo, or the same as the average  
21 cost of producing rice, while the Philippine Statistics Agency states that the average  
22 farm-gate price as of June was ₱17.85 a kilo, which is the lowest in almost three years<sup>7</sup>;

23           WHEREAS, former Agriculture Secretary Manny Piñol said that “[t]he  
24 prevailing farm-gates prices showed a steep drop from an average of ₱20 a kilo of fresh

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<sup>4</sup> *Three things beyond rice tariffication*. Ibon Media (19 February 2019) Retrieved from:  
<https://www.ibon.org/three-things-beyond-rice-tariffication/>

<sup>5</sup> Ocampo, Karl and Marlon Ramos. *Probe sought as tariff law hurts rice farmers*. Inquirer.net (3 August 2019)  
Retrieved from: <https://newsinfo.inquirer.net/1149472/probe-sought-as-tariff-law-hurts-rice-farmers>

<sup>6</sup> Ignacio, R. *Time needed to adjust to rice tariffication — IRRI*. BusinessWorld Online (13 February 2019)  
Retrieved from: <https://www.bworldonline.com/time-needed-to-adjust-to-rice-tariffication-irri/>

<sup>7</sup> Ocampo, K. *Review of rice tariff law pushed*. Inquirer.net (18 July 2019) Retrieved from:  
<https://business.inquirer.net/274876/review-of-rice-tariff-law-pushed>

1 palay earlier this year, which resulted in an estimated ₱114 billion in losses to Filipino  
2 rice farmers for the whole year”<sup>8</sup>;

3 WHEREAS, the implementation of the Rice Tariffication Law only led to sky  
4 high profits for the rice importers, who sells the rice at market rate despite being able  
5 to buy at very low prices, while doing practically nothing for our local farmers;

6 WHEREAS, the Rice Tariffication Law and its Implementing Rules and  
7 Regulations (IRR) also lacks social safety nets for our Filipino farmers, fail to address  
8 the displacement of 2.7 million farmers, 6,600 registered rice millers which employ  
9 around 55,000 workers, and several NFA employees and their accredited retailers<sup>9</sup>;

10 WHEREAS, there is need to ensure that the programs for our local rice farming  
11 sectors are immediately implemented, especially the purchase of palay at competitive  
12 rates, providing for reasonable profits for our rice farmers;

13 WHEREAS, there is need to look into faster rollout of the programs increasing  
14 the productivity and efficiency of our rice farmers to ensure that we will be able to  
15 produce rice at a rate and quality that can compete with those currently being  
16 imported;

17 WHEREAS, the government must also make sure that the farmers will be well  
18 taken care of during the implementation of the Rice Tariffication Law and ensure that  
19 our local agriculture sector will be properly protected and preserved during our entry  
20 into the world market;

21 WHEREAS, we must also make sure that the liberalization of the rice market  
22 would lead to better and lower prices of rice and better food security for our  
23 countrymen;

24 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE, as it is hereby  
25 resolved, to direct the appropriate Senate Committee to conduct an inquiry, in aid of  
26 legislation, on the reported slow and ineffective implementation of Republic Act No.

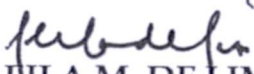
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<sup>8</sup> *Ibid.*

<sup>9</sup> Tobias, A. (NA) *The Philippine Rice Tariffication Law: Implications and Issues*. Accessed from:  
[http://ap.fttc.agnet.org/files/ap\\_policy/960/960\\_1.pdf?fbclid=IwAR2RmICkCYZLWr8RcO5tSfOJE\\_TcMuiHoZfx5w6q-DEkCZlRCogEtUeIFf0](http://ap.fttc.agnet.org/files/ap_policy/960/960_1.pdf?fbclid=IwAR2RmICkCYZLWr8RcO5tSfOJE_TcMuiHoZfx5w6q-DEkCZlRCogEtUeIFf0)

- 1 11203 or the Rice Tariffication Act, leading to plummeting palay prices and industry-
- 2 wide losses gravely affecting our local agricultural sector and farming communities.

*Adopted,*

  
LEILA M. DE LIMA 