



SENATE

S. No. 973

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Introduced by SENATOR RAMON BONG REVILLA, JR.

**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**

EXPLANATORY NOTE

The Constitution, Article 2, Sections 19 and 20, provides:

“Section 19. “The State shall develop a self-reliant and independent national economy effectively controlled by Filipinos.”

Section 20. “The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments.”

The National Food Authority (NFA) exercises both regulatory and proprietary functions over the grain sector, setting import quantities and at the same time serving as the sole importer of authorized volume of imports. It was created to address goals of ensuring stable and low food grain prices for consumers, pursuant to our national policy of agricultural modernization and sustainable poverty reduction. Unfortunately, over the years, interventions in the market has created distortions in the rice market, contributing, among others, to the poor productivity of the rice sector, 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 aims to streamline government intervention in the rice sector by eliminating the sole rice importation function from the NFA and allowing the participation of the private sector in rice importation. This will allow market forces to work in the importation, marketing and stockpiling 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, irrigation and extension services.


This bill proposes the transformation of NFA from a grain marketing monopoly to a public regulatory agency focused mainly 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. Also, 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.

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


RAMON BONG REVILLA, JR.

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

1 Section 1. *Short Title.* – This Act shall be known as the “National Food Authority
2 Act of 2019.”

3 Sec. 2. *Declaration of Policy.* – Declaring the right of every Filipino to have
4 access to sufficient food, it is hereby declared the policy of the State to make all
5 government agencies and corporations directly responsible for food production
6 oriented toward the attainment of food security and sufficiency, the enhancement of
7 competitiveness and transparency in the rice economy and to be more responsive to
8 the increasing globalization of the agricultural market.

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

- 12 a) Ensure available adequate and accessible supply of rice and other food grains
13 during lean periods and in times of calamity and emergency;
- 14 b) Promote regulation aimed at enhancing competitiveness, transparency and
15 responsibility in the food grains marketing industry; and
- 16 c) Encourage private sector participation in the importation of rice and in
17 production and post-harvest facilities;

1 Sec. 4. *Re-orientation of the National Food Authority.* – The functions of the
2 NFA shall evolve to focus primarily on maintaining the buffer stock requirements of
3 the country. All other developmental and regulatory function of the NFA shall be
4 transferred to appropriate government agencies or local government units unless
5 otherwise provided by this Act.

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

15 Sec. 6. *Other Powers and Functions of the NFA.* – The NFA shall exercise the
16 following responsibilities, powers and functions:

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

30 Sec. 7. *Transfer of Mandate.* – The following regulatory and developmental
31 functions of the NFA are hereinafter transferred to the following:

- 1 a) The registration, licensing and supervision of warehouses, whether bonded or
2 not, and the prescription, imposition and collection of fees and charges relative
3 thereto to the local government units;
- 4 b) The stabilization of prices of rice, corn and other food grains at the farm gate
5 level to the Department of Agriculture;
- 6 c) The stabilization of supply and prices of other food grains and other basic food
7 items at the consumer level to the National Price Coordinating Council;
- 8 d) The development of more efficient ways, systems and facilities for harvesting,
9 threshing, drying, storage, milling, packaging, post-harvest handling, and
10 transporting of food grains to the Philippine Rice Research Institute;
- 11 e) The registration, licensing, and supervision of persons, natural or juridical, who
12 shall engage or are engaged in the business of providing goods and services in
13 support of the different activities involved in the processing, transporting,
14 marketing, and trading of food grains and their substitutes and/or their
15 byproducts/end-products as well as the imposition and collection of fees,
16 charges, and surcharges in licensing and regulating the operations of such
17 persons to the Department of Agriculture;
- 18 f) The formulation of plans and programs on food grains production, storage,
19 milling and distribution, as well as the coordination for its implementation
20 among various agencies or the government and the private sector to the Bureau
21 of Agriculture and Fisheries Product Standardization; and
- 22 g) The establishment of appropriate post-production technology and formulation
23 of plans and programs aimed to reduce post-harvest losses to the Bureau of
24 Post-Harvest Research and Extension.

25 *Sec. 8. Role of the Private Sector.* – The importation of rice shall henceforth be
26 open to the participation or and exclusively undertaken by private sector entities and
27 farmers' organizations, subject to appropriate tariffs and quotas; Provided, that the
28 necessary registration and licensing processes and requirements of the NFA have been
29 complied with. For these purposes, the policy of open importation and distribution by
30 all interested private parties shall be fully implemented.

31 *Sec. 9. Transitory Provisions.* – Within one (1) year from the effectivity of this
32 Act, the NFA shall gradually phase out all its rice importation activities to give way to

1 the entry of private sector entities, especially farmers' organizations, in rice
2 importation; Provided, that the NFA shall have completely ceased all its rice
3 importation functions and activities four (4) years from the time or the enactment of
4 this Act. For this purpose, the NFA shall, within one hundred twenty (120) days from
5 the enactment of this Act, establish the necessary rules and regulations for the
6 importation of rice by the private sector.

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

12 Sec. 10. *Penal Provisions.* – The following acts or omissions shall be punishable
13 as follows:

14 a) Serious Offenses:

- 15 i. Cornering or hoarding of food grains resulting in artificial shortage or
16 scarcity of supply and increase of prices thereof in any part of the
17 country;
- 18 ii. Unreasonable depletion of stocks; selling or lending of government
19 stocks to another food grains seller; selling or offering to sell government
20 stocks beyond the maximum quantity or price allowed by the
21 Department of Agriculture; or storing or selling government stocks in
22 other places other than those duly authorized by law;
- 23 iii. Causing prices of essential commodities to fall or rise for one's own profit
24 by changing or falsifying figures, accounts, and other related information
25 pertaining thereto;
- 26 iv. Printing, issuing, or knowingly using, processing, or negotiating, a
27 cancelled, unauthorized, illegal, counterfeit, or falsified warehouse
28 receipt;
- 29 v. Failure or refusal of an accountable officer to turn over or remit collection
30 within a reasonable period of time; or
- 31 vi. Failure or refusal of a food grains warehouseman to deliver food grains
32 deposited with him; Provided, that the warehouseman shall be entitled

1 to the allowance authorized for depreciation of the food grains
2 deposited.

3 b) Less Serious Offenses:

- 4 i. Conniving in the concealment of stock shortage in a food grains
5 warehouse;
6 ii. Knowingly submitting any report containing false information or data;
7 iii. Failure or refusal of a warehouseman to allow the inspection of his food
8 grain stocks to misrepresent their quantity or quality or to conceal a
9 shortage, including impeding such inspection and examination by
10 abandonment, absence, or other similar means.

11 The offender shall, upon conviction, be punished by imprisonment of not less
12 than four (4) years and one (1) day to not more than eight (8) years, or by a fine of
13 not less than One Hundred Thousand Pesos (P100,000.00) to not more than One
14 Million Pesos (P1,000,000.00), or both, at the discretion of the court.

15 c) Light Offenses:

- 16 i. Willful non-compliance with any official order, circular, or directive
17 lawfully issued by the Department of Agriculture, unless such constitutes
18 a higher offense under this Act, in which case the offender shall be
19 penalized under the latter offense;
20 ii. Committing any other violation of a provision of this Act for which no
21 specific penalty is prescribed and which is not punished under any other
22 existing law.

23 The offender shall, upon conviction, be punished by imprisonment of not less
24 than two (2) years to not more than four (4) years or a fine of not less than Fifty
25 Thousand Pesos (P50,000.00) to not more than One Hundred Thousand Pesos
26 (P100,000.00), or both, at the discretion of the court.

27 Sec. 11. *Implementing Rules and Regulation.* – The NFA, in consultation with
28 relevant government agencies and Local Government Units (LGUs), farmer
29 organizations and other stakeholders, shall within one hundred and twenty (120) days
30 from the enactment of this Act, formulate the necessary rules and regulations to
31 effectively implement the provisions of this Act.

1 Sec. 12. *Separability Clause.* – If, for any reason, any section or provision of
2 this Act shall be held unconstitutional or invalid, the other section or provision not
3 otherwise affected shall remain in full force and effect.

4 Sec. 13. *Repealing Clause.* – All laws, presidential decrees, executive orders,
5 proclamations, issuances, administrative order, rules and regulations contrary to or
6 inconsistent with any provision of this Act are hereby amended, repealed or modified
7 accordingly.

8 Sec. 14. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
9 publication in any two (2) newspapers of general circulation.

10
11 *Approved,*