

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 5023

Introduced by Representative GLORIA MACAPAGAL ARROYO

AN ACT TO PLACE SAFETY NETS FOR FILIPINO RICE PRODUCERS BY IMPOSING TARIFFS IN LIEU OF QUANTITATIVE RESTRICTIONS ON RICE IMPORTS, DIRECTING TARIFF COLLECTIONS FROM RICE IMPORTS TO PROJECTS AND PROGRAMS THAT ENHANCE RICE PRODUCTIVITY AND INCREASE FARMERS' INCOMES, AND FOR OTHER PURPOSES


EXPLANATORY NOTE

In line with the government's thrust of achieving food security in an efficient, transparent and cost-effective manner, a measure to abolish the sole power of the National Food Authority to import rice specially during shortages is necessary.

The proposed legislation adopts the use of tariffs in lieu of non-tariff import restrictions to protect local paddy producers in a direct and transparent manner and, at the same time, generate revenues required to provide the infrastructure and finance the programs that improve farmers' productivity.

To address the fears and concerns of farmers, the revenues that will be generated shall be collected into a special fund to be called the Rice Farmers Development Fund for the purpose of providing the necessary support services such as, but not limited to, irrigation, farm-to-market roads, post-harvest equipment and facilities, credit, research and development, extension services, other market infrastructure and market information.

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


GLORIA MACAPAGAL ARROYO
2nd District, Pampanga

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

SECTION 1. Short Title. — This Act shall be known as the Rice Safety Net Act of 2017.

SECTION 2. Declaration of Policy. — It is the policy of the State to enhance farmers' incomes and ensure food security by increasing the productivity of the country's rice industry and making the protection accorded to rice producers transparent and effective. Towards this goal, the State adopts the use of tariffs in lieu of non-tariff import restrictions to protect local paddy producers in a direct and transparent manner and, at the same time, generate revenues required to provide the infrastructure and finance the programs that improve farmers' productivity.

The State shall endeavor to raise rice farm productivity by providing the necessary support services such as, but not limited to, irrigation, farm-to-market roads, post-harvest equipment and facilities, credit, research and development, extension services, other market infrastructure and market information. These support services shall, at least partially, be financed from the revenue collections from agricultural tariffs.

SECTION 3. Definition of Terms. — For the purposes of this Act, the following terms are defined as follows:

- (a) "Quantitative import restrictions" shall refer to non-tariff restrictions used to limit the amount of imported commodities, including but not limited to discretionary import licensing and import quotas, whether qualified or absolute;
- (b) "Rice" shall refer to rice in the husk, husked rice, semi-milled or wholly-milled rice, or broken rice, classified under the Harmonized System of Commodity Classifications as used in the Tariff and Customs Code of the Philippines; and

- (c) "Tariff rate equivalent" shall refer to the rate of tariff that will allow the same protection given by existing quantitative import restrictions, reflected by the average price gap between domestic prices and world prices.

SECTION 4. Repeal. — Subparagraph (xii), paragraph (1) Section 6 of Presidential Decree Number 4 (National Grains Authority Act of 1972) as amended by Republic Act 8178 (Agricultural Tariffication Act of 1996), which reads:

"Sec. 6 (a) Powers. (xii) To establish rules and regulations governing the importation of rice and to license, impose and collect fees and charges for said importation for the purpose of equalizing the selling price of such imported rice with normal prevailing domestic prices.

In the exercise of this power, the Council after consultation with the Office of the President shall first certify to a shortage of rice that may occur as a result of a short-fall in production, a critical demand-supply gap, a state of calamity, or other verified reasons that may warrant the need for importation: Provided, That this requirement shall not apply to the importation of rice equivalent to the Minimum Access Value obligation of the Philippines under the WTO. The Authority shall undertake direct importation of rice or it may allocate import quotas among certified and licensed importers, and the distribution thereof through cooperatives and other marketing channels, at process to be determined by the Council regardless of existing floor prices and the subsidy thereof, if any, shall be borne by the National Government." is hereby repealed.

All other laws or provisions of law prescribing quantitative import restrictions on rice or granting government agencies the power to impose such restrictions on rice are hereby repealed.

SECTION 5. Institution of Tariff Protection. — In lieu of quantitative import restrictions, the tariff rate of 100% shall be imposed on rice imports beginning 01 January 2018 to accord transparent trade protection for rice producers.

SECTION 6. Reduction of Tariff Rates. — Any subsequent reduction of the tariff rate shall be based on the implementation of a comprehensive Rice Farmers Development Program to improve the sector's competitiveness. The Department of Agriculture shall develop the program in consultation with the rice sector farmers, stakeholders and the Congressional Oversight Committee on Agriculture and Food (COCAF), *Provided further*, that program implementation shall be validated and evaluated by the COCAF.

SECTION 7. Rice Farmers Development Fund. — The tariff revenues generated by the Government from rice imports shall be collected into a special fund at the National Treasury called the Rice Farmers Development Trust Fund created for the exclusive purpose of financing investments and expenditures under the Rice Farmers Development Program. The Governor of the Bangko Sentral ng Pilipinas or his representative shall serve as the Treasurer of the RDTF. The Bureau of Customs and the Department of Finance shall certify to the Department of Agriculture the volumes of rice imports and the tariff revenues generated from such imports at quarterly intervals. The Department of Budget and Management shall certify to the Department of Agriculture the allocation of such tariff revenues to the financing of public investments and support services in agriculture, as directed by the Rice Farmers Development Trust Fund Board. *Provided, however*, that the said special fund would be separate, distinct and in addition to the appropriations received by the Department of Agriculture. *Provided, further*, that any saving made each year shall accrue to the special funds set by this Act.

SECTION 8. Anti-Rice Smuggling Fund. — One percent (1%) of the Rice Farmers Development Fund shall be allocated to the Coast Guard and other concerned

agencies in the prevention of smuggled agricultural products that enters the domestic market and in the implementation of the Anti-Dumping Act and Countervailing Act.

SECTION 9. *Rice Farmers Development Fund Board.* — The Rice Farmers Development Trust Fund shall be managed according to policies set by the Rice Development Trust Fund Board. The Board shall be composed of:

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| Chairman: | Chairman of the COCAF/Chairman of the Senate Committee on Food and Agriculture |
| Vice Chairmen: | DA Secretary and the Vice Chairman of COCAF |
| Members: | Peasant Sector Representative, House of Representatives and two (2) representatives of national associations of rice farmers appointed for a two-year term by the Secretary of Agriculture |

The RFDF Board shall meet at least once each semester. The RFDF is empowered to organize a Technical Committee and Secretariat to undertake its operational activities. The budget for the operations of the RTDF Board and Secretariat shall be approved by the Secretary of Agriculture and drawn from interest earnings of the RFDF.

SECTION 10. *Emergency Provisions.* — The President is empowered to allow the import of rice at a lower tariff rate to meet emergency requirements as well as the requirements of the government's rice distribution program which is targeted to the poorest of the poor. *Provided*, such imports may be treated as compliance to the Minimum Access Volume (MAV) commitments under the WTO. The Secretary of Agriculture shall recommend the applicable rate and the volume to be imported on the basis of technical analysis and participatory consultation.

The Secretary of Agriculture shall formulate and implement simple and transparent rules and regulations governing the importation of rice under such tariff rate quota, including the allocation of the quotas among importers. *Provided*, that tariff proceeds from such imports shall accrue to the Rice Farmers Development Fund.

SECTION 11. *Separability Clause.* — Any provision of this Act declared unconstitutional shall not affect the validity of the other provisions thereof.

SECTION 12. *Repealing Clause.* — All orders, rules, regulations and other issuances, or parts thereof, which are inconsistent with this Act, are hereby repealed or modified accordingly.

SECTION 13. *Effectivity.* — This Act shall take effect thirty (30) days following its publication in a newspaper of general circulation.

Approved,