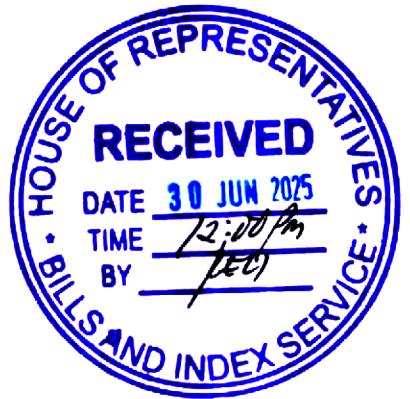




Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
First Regular Session

HOUSE BILL NO. 1



**Introduced by Representatives Ferdinand Martin G. Romualdez,
Andrew Julian K. Romualdez and Jude A. Acidre**

EXPLANATORY NOTE

Dubbed as the “Rice Industry and Consumer Empowerment (RICE) Act”, this bill seeks to strengthen the regulatory powers of the National Food Authority to support the rice industry and ensure consumer protection through adequate supply and stable price of rice, amending for the purpose Republic Act No. 8178, otherwise known as the *“Agricultural Tarification Act”*, as amended.

Presidential Decree (PD) No. 4 established the National Grains Authority, later renamed the National Food Authority (NFA) under PD 1770, to promote food security and stabilize the price and supply of rice and other staple grains. The agency was tasked with supporting farmers and ensuring affordable food for consumers by maintaining buffer stocks and regulating the grains market.

In its original charter, as amended by PD 1485 and PD 1770, NFA exercised various regulatory functions such as (i) registration, licensing and supervision of persons engaged in production, manufacturing and storage of rice, grains or its by-products; (ii) registration, licensing and supervision of persons engaged in retail and wholesale business of rice, corn or other grains and its by-products; (iii) registration, licensing and supervision of warehouses and mills; (iv) inspection of grains warehouses and storage facilities; (v) ordering the seizure of rice or grains whenever there is cornering, hoarding and to sell the said rice or commodities to the public to stabilize its supply and price in the market; and (vi) establish rules and regulations involving the importation and exportation of rice.

However, with the passage of RA 11203, also known as the *Rice Tariffication Law* (RTL), key provisions of the NFA's regulatory authority were repealed. While the RTL opened the market to rice imports and imposed tariffs instead of quantitative restrictions, it also significantly reduced the NFA's role to buffer stocking for emergencies, removing its proactive influence on market price and supply stabilization.

These repeal or amendments adversely affected the role of NFA in ensuring food security and hampered the attainment of the state's policy of making the country's agricultural sector viable, efficient, and globally competitive. The removal of the regulatory functions of NFA opened avenues for traders to hoard and/or unilaterally control the price and supply of rice in the market, limiting the participation of NFA in buffer stocking only to be used during emergency situation and in times of calamity, and removing the role of NFA in the stabilization of price and supply in the market.

As a result, two major problems have emerged:

- For farmers, the NFA's diminished buying capacity and lack of market intervention weakened price support for palay. With fewer guaranteed buyers, many rice farmers were left at the mercy of traders who often dictated prices well below production costs, discouraging local production and threatening livelihoods.
- For consumers, liberalization without sufficient safeguards led to greater market volatility. The absence of effective monitoring and regulatory oversight opened avenues for hoarding, price manipulation, and profiteering, especially during lean months or supply disruptions — exposing Filipino households to price shocks.

To address these concerns, RA 12078 amended certain provisions of the RTL and gave the Department of Agriculture (DA) new regulatory powers which include declaring a state of food security emergency, regulating grains warehouses, and gathering rice trade data. While this helped partially restore government oversight, it remains insufficient in stabilizing the rice market or supporting farmers on the ground.

Given the persistent price instability, warehouse congestion, and weakened palay procurement, there is now a compelling need to restore to the NFA some,

if not all, of its original regulatory and market intervention powers. These include the ability to:

- Monitor and intervene in rice trade to deter hoarding and artificial price manipulation;
- Regularly release rice stocks to stabilize prices and decongest warehouses;
- Use sales revenues to procure local palay at reasonable support prices, creating a stable market for Filipino farmers and ensuring adequate food supply for consumers.

This reform does not aim to reinstate import restrictions abolished by RTL, nor does it seek to reverse market liberalization. Rather, it provides a mechanism for timely, targeted state intervention to protect public welfare, promote agricultural sustainability, and uphold food security.

The regulatory and market intervention functions of NFA will not only address the pressing concerns on the recently declared state of food emergency in the country, but will also curtail the growing number of cases of profiteering, monopoly of price of rice in the market and hoarding of rice supply. The provision of regulatory powers to NFA shall not in any way hinder the importation, exportation and trading of rice but is only intended to empower NFA to intervene in the market or rice trade to ensure adequacy of supply and stability of prices of rice and palay.

Hence, this proposed bill.



FERDINAND MARTIN G. ROMUALDEZ



JUDE A. ACIDRE



ANDREW JULIAN K. ROMUALDEZ



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ANACT

STRENGTHENING THE REGULATORY POWERS OF THE NATIONAL FOOD AUTHORITY TO SUPPORT THE RICE INDUSTRY AND ENSURE CONSUMER PROTECTION THROUGH ADEQUATE SUPPLY AND STABLE PRICE OF RICE, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8178, OTHERWISE KNOWN AS THE "AGRICULTURAL TARIFFICATION ACT", AS AMENDED

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 Industry and Consumer Empowerment (RICE) Act".

10
11 **SEC. 2. *Declaration of Policy.*** - It is hereby declared the policy of the
12 State to maintain food security and promote rice industry sustainability through
13 an integrated and responsive regulatory framework. Towards this end, the State
14 shall enhance the institutional capacity of the National Food Authority to oversee
15 rice supply and pricing mechanisms, protect consumer welfare, and safeguard the
16 interests of local rice farmers, consistent with equitable and strategic trade policy.

1 **SEC. 3.** Section 3 of RA 8178, as amended, is hereby further amended to
2 read as follows:

3 **“SEC. 3. *Definition of Terms.* –** The following definitions
4 apply to the terms used in this Act:

5 x x x

6 (e) “Buffer Stock” refers to the optimal level of rice inventory
7 for [fifteen (15)] **AT LEAST NINE (9)** days that shall be maintained
8 to sustain the disaster relief programs of the government during natural
9 or man-made calamities and to address food security emergency
10 situations on rice.

11 x x x.”

12 **SEC. 4.** Section 5 of RA 8178, as amended, is hereby further amended to
13 read as follows:

14 **“SEC. 5. *Strengthening the Regulatory Function of the Department***
15 ***of Agriculture (DA).* –** The DA, through the National Food Authority
16 (NFA), is hereby authorized to:

17 (a) Require the registration and maintain a national database of all grain
18 warehouses, storage facilities, silos, and controlled-temperature cold
19 storages;

20 (b) Conduct regular inspections of grain warehouses and agricultural
21 facilities to ensure compliance with palay and rice and supply
22 standards and regulations; [and]

23 **(B-1) ORDER THE SEIZURE, WHENEVER THERE IS**

1 CORNERING, HOARDING, PROFITEERING ACTIVITIES
2 AS DEFINED BY EXISTING LAWS OF RICE AND OTHER
3 GRAINS AND THEIR SUBSTITUTES AND/OR BY-
4 PRODUCTS THEREOF, INCLUDING THE FACILITIES
5 USED IN THE SAID CORNERING, HOARDING OR
6 PROFITEERING ACTIVITIES, OR WHENEVER THERE IS
7 SCARCITY OF SUPPLY OF RICE IN THE MARKET OR
8 UNWARRANTED INCREASE IN THE PRICE THEREOF,
9 ORDER THE SEIZURE OF THE HOARDED COMMODITY
10 AND ITS PUBLIC SALE IN SUCH QUANTITY AS MAY BE
11 NEEDED TO STABILIZE THE SUPPLY IN THE AREA OF
12 SCARCITY AND RESTORE PRICES TO NORMAL
13 LEVELS;

14 TO ENFORCE THIS PROVISION, THE NFA
15 ADMINISTRATOR, OR THE DULY AUTHORIZED
16 REPRESENTATIVE, IS AUTHORIZED TO IMPOSE
17 ADMINISTRATIVE FINES AND PENALTIES; TO
18 CONDUCT INVESTIGATIONS; TO REQUIRE BY
19 SUBPOENA OR *SUBPOENA DUCES TECUM* THE
20 ATTENDANCE AND TESTIMONY OF WITNESSES, THE
21 PRODUCTION OF BOOKS, PAPERS, DOCUMENTS,
22 EXHIBITS, RECORDS, EVIDENCE; TO ADMINISTER
23 OATH; AND TO EFFECT THE SAID SEIZURES.

25 (B-2) REGISTER, LICENSE, AND PRESCRIBE AND COLLECT
26 FEES, CHARGES AND/OR SURCHARGES IN LICENSING

1 AND REGULATING THE OPERATIONS OF THE
2 FOLLOWING:

- 3
- 4 i. GRAINS WAREHOUSES OR ANY PERSONS ENGAGED
5 IN STORAGE OF RICE AND OTHER GRAINS AND
6 THEIR SUBSTITUTES AND/OR BY-PRODUCTS
7 THEREOF;
- 8 ii. PERSONS, NATURAL OR JURIDICAL, ENGAGED OR
9 INTENDING TO ENGAGE IN THE BUSINESS OF
10 PROVIDING GOODS AND SERVICES IN SUPPORT OF
11 THE DIFFERENT ACTIVITIES INVOLVED IN THE
12 PRODUCTION, PROCESSING, TRANSPORTING,
13 MARKETING AND TRADING OF RICE, CORN AND
14 OTHER GRAINS OR THEIR SUBSTITUTES;
- 15
- 16 iii. PERSONS, NATURAL OR JURIDICAL, ENGAGED OR
17 INTENDING TO ENGAGE IN THE WHOLESALE
18 AND/OR RETAIL BUSINESS OF RICE, CORN AND
19 OTHER GRAINS OR THEIR SUBSTITUTES; AND
- 20
- 21 iv. PERSONS, NATURAL OR JUDICIAL, ENGAGED IN THE
22 PROCESSING OR MANUFACTURE OF GOODS WHERE
23 RICE, CORN OR OTHER GRAINS OR THEIR
24 SUBSTITUTES ARE USED AS INGREDIENTS IN THE
25 MANUFACTURE OF STARCH, OIL AND ANIMAL
26 FEEDS OR OTHER SIMILAR COMMODITIES AND
27 THEIR BY-PRODUCTS OR END-PRODUCTS;
- 28
- 29

- (c) Collect and analyze data on rice trade activities in cooperation with the Philippine Statistics Authority (PSA), the Bureau of Customs (BOC), the *National Food Authority (NFA)*, and other government agencies for informed policy and operational decisions.

The DA-BPI shall exercise the aforementioned powers in addition to its existing powers related to sanitary and phytosanitary and food safety standards.

Upon the request of the DA-BPI, the local government units (LGUs), the Philippine National Police, the National Bureau of Investigation, or other law enforcement agencies shall provide prompt response and assistance in the implementation of this section.

NFA MAY AUGMENT ITS PERSONNEL OR PLANTILLA POSITIONS CORRESPONDING TO ITS ADDITIONAL REGULATORY POWERS AND DISTRIBUTION FUNCTIONS."

18
19 **SEC. 5.** Section 6 (c) of RA 8178, as amended, is further amended to read
20 as follows:

“SEC. 6. Powers of the DA on the Rice Price Stabilization and Supply Regulation.

X X X

- (c) Import rice when the available supply of locally produced rice is inadequate **TO MAINTAIN A STABLE SUPPLY AND PRICE CONDITION**. The DA Secretary is authorized to designate the importing entity within the DA [with the exception of the NFA]. *Provided, [t]That the designated importing entity shall import THE TYPE*

1 **OF rice TO BE DETERMINED BY THE SECRETARY** at the least cost
2 available among government-to-government options, which shall
3 include direct contracts between the Philippine government and foreign
4 governments, including instrumentalities and State-owned
5 enterprises of such foreign governments.

6
7 **SEC. 6.** Section 11 of RA 8178, as amended, is further amended to read
8 as follows:

9
10 *"SEC. 11. Maintenance and Disposal Rice Buffer Stock.* - The NFA shall,
11 in accordance with the rules, regulations, and procedures, maintain an
12 optimal rice buffer stock to be sourced [exclusively] from local farmers,
13 **FARMER COOPERATIVES, AND FARMERS' ASSOCIATION IN**
14 **PALAY FORM;** ~~PROVIDED,~~ THAT IF NEED ARISES,
15 **PROCUREMENT MAY BE UNDERTAKEN IN MILLED RICE**
16 **FORM WITHIN THE PRESCRIBED QUALITY STANDARDS, IN**
17 **THE FOLLOWING ORDER OF PREFERENCE, AS FAR AS**
18 **PRACTICABLE, FROM:** (A) **RECIPIENTS OF DA RICE**
19 **PROCESSING SYSTEMS; (B) REGISTERED FARMERS**
20 **COOPERATIVES; AND (C) LOCAL GOVERNMENT UNIT (LGU)**
21 **RICE MILLS.**

22
23 The NFA shall dispose of its rice buffer stock ~~[one (1) month before the~~
24 ~~aging period starts, following the first in, first out method]~~ **OBSERVING**
25 **GOOD WAREHOUSE AND STOCK MANAGEMENT PRACTICES,**
26 **WITH THE EFFORT TO PREVENT THE STOCKS FROM AGING.**

27
28 The aging process begins three (3) months from storage for **MILLED** rice
29 and six (6) months from storage for **palay FORM.**

1 In [both] ALL cases[,] ~~[disposal through sale shall be through public~~
2 ~~auction]~~ AND IN ADDITION TO ITS EXISTING MANDATE TO
3 RELEASE STOCKS IN RESPONSE TO EMERGENCIES AND
4 CALAMITIES, THE NFA SHALL PROVIDE THE GUIDELINES
5 ON THE DISPOSITION OF STOCKS THROUGH:

6
7 (a) **SALE OF RICE TO ACCREDITED NFA RETAILERS AND**
8 **THEIR SUBSEQUENT SALE TO THE PUBLIC SHALL BE**
9 **GOVERNED BY THE NFA SELLING PRICE BULLETIN;**

10
11 (b) **SALE TO GOVERNMENT AGENCIES OR ENTITIES SUCH AS**
12 **THE FOOD TERMINAL, INC. (FTI) AND LGUS, THE PUBLIC**
13 **THROUGH KADIWA OUTLETS, FARMERS AND FARMER**
14 **COOPERATIVES AND ASSOCIATIONS WHO SOLD THEIR**
15 **PALAY TO NFA, AND ACCREDITED NFA RICE RETAILERS;**

16
17 (c) **SALE BY PUBLIC AUCTION; OR**

18
19 (d) **SUCH OTHER MEANS OF DISPOSITION ALLOWED UNDER**
20 **OTHER LAWS ENSURING TRANSPARENCY,**
21 **COMPETITIVENESS, ACCOUNTABILITY, AND PUBLIC**
22 **MONITORING.**

23
24 **FOR THIS PURPOSE, AND AS AN ESSENTIAL PART OF GOOD**
25 **STOCK MANAGEMENT, THE NFA SHALL DISPOSE MAXIMUM**
26 **OF ONE-FOURTH OF ITS TOTAL EXISTING BUFFER STOCK**
27 **EVERY MONTH UNLESS DIRECTED BY THE NFA COUNCIL TO**
28 **DISPOSE A HIGHER VOLUME.”**

1 SEC. 7. New sections to be denominated as Section 11-A and Section 11-
2 B are hereby inserted after the Section 11 of RA 8178, as amended, to read as
3 follows:

4 **"SEC. 11-A. SETTING OF FLOOR PRICE FOR PALAY. - THE DA**
5 **SHALL HAVE THE POWER TO INTERVENE IN THE MARKET**
6 **TO ENSURE ADEQUACY OF SUPPLY AND STABILITY OF**
7 **PRICES OF PALAY. THIS INCLUDES THE AUTHORITY TO**
8 **ESTABLISH AND IMPLEMENT MECHANISMS FOR**
9 **REASONABLE AND FLEXIBLE FLOOR PRICE OF PALAY, ON**
10 **NATIONAL, REGIONAL, AND PROVINCIAL LEVELS AT**
11 **WHICH THE RICE TRADERS MAY BUY FROM THE FARMERS,**
12 **AND TAKING INTO CONSIDERATION THE FOLLOWING:**

- 14 i) **COST OF PRODUCTION;**
15 ii) **PREVAILING MARKET PRICES;**
16 iii) **REASONABLE MARGINS FOR FARMERS;**
17 iv) **WELFARE OF BOTH FARMERS AND CONSUMERS; AND**
18 v) **OTHER RELEVANT FACTORS AND CONDITIONS.**

20 **THE NFA SHALL UTILIZE ITS REINSTATED REGULATORY**
21 **FUNCTION TO ACHIEVE THESE OBJECTIVES."**

23 **"SEC. 11-B. PENALTIES. – ANY PERSON WHO VIOLATES THE**
24 **FLOOR PRICE POLICY OR ANY RULE OR REGULATION**
25 **ISSUED THEREUNDER SHALL BE SUBJECT TO:**

1 **i) REVOCATION OR SUSPENSION OF LICENSE, TRADING
2 PERMIT, OR ACCREDITATION; AND**

3 **ii) A FINE NOT EXCEEDING ₱2,000,000.00 OR
4 IMPRISONMENT OF NOT MORE THAN TWO (2) YEARS,
5 OR BOTH, AT THE DISCRETION OF THE COURT.**

6 **"IF THE OFFENDER IS A CORPORATION OR ASSOCIATION,
7 THE PENALTY SHALL BE IMPOSED UPON ITS RESPONSIBLE
8 OFFICERS SUCH AS THE PRESIDENT, GENERAL MANAGER,
9 OR MANAGING PARTNER.**

10 **"IF THE VIOLATOR IS AN ALIEN, SUCH ALIEN SHALL BE
11 DEPORTED UPON COMPLETION OF SENTENCE, WITHOUT
12 FURTHER PROCEEDINGS.**

13 **"ANY GOVERNMENT OFFICIAL OR EMPLOYEE FOUND TO
14 HAVE AIDED, ABETTED, OR CONNIVED IN SUCH VIOLATIONS
15 SHALL BE PERPETUALLY DISQUALIFIED FROM HOLDING
16 ANY PUBLIC OFFICE, IN ADDITION TO OTHER APPLICABLE
17 PENALTIES."**

18 **SEC. 8. *Implementing Rules and Regulations.*** – The Secretary of
19 Agriculture, in coordination with the National Food Authority, shall promulgate
20 such rules and regulations as may be necessary to carry out the provisions of this
21 act, which rules and regulations shall take effect fifteen (15) days following their
22 publication in at least one newspaper of general circulation.

1 **SEC. 9. *Repealing Clause.***— All laws, decrees, executive issuances, rules
2 and regulations or portions thereof, which are not consistent with this Act, are
3 hereby repealed, amended or modified accordingly.

4
5 **SEC. 10. *Separability Clause.*** - If any portion of the provisions of this Act
6 is held unconstitutional or invalid, all other provisions not affected shall remain.

7
8 **SEC. 11. *Effectivity.*** - This Act shall take effect immediately upon
9 publication in the *Official Gazette* or in a newspaper of general circulation.

10
11 Approved,