

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Twentieth Congress
First Regular Session

HOUSE BILL NO. 48



Introduced by Representative RAYMOND ADRIAN SALCEDA

**AN ACT
AMENDING SECTION 14 OF REPUBLIC ACT NO. 11203, OTHERWISE KNOWN
AS THE "RICE TARIFFICATION LAW," TO AUTHORIZE THE USE OF EXCESS
RICE TARIFF REVENUES TO SUPPORT PALAY PROCUREMENT BY THE
NATIONAL FOOD AUTHORITY, TO IMPROVE STORAGE AND
INTERVENTION CAPACITY, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Republic Act No. 11203, or the Rice Tariffication Law, was enacted to liberalize rice importation, dismantle quantitative restrictions, and channel tariff revenues toward improving the productivity and competitiveness of Filipino rice farmers. To that end, the law created the Rice Competitiveness Enhancement Fund (RCEF), which receives ₱10 billion annually from import tariffs to support mechanization, seed development, credit, and extension services.

However, while productivity interventions are necessary, they are not sufficient. In the short and medium term, rice farmers must also contend with volatile farmgate prices, often driven down by import surges, opportunistic traders, or harvest gluts. With rising production costs – particularly for fertilizer, fuel, and labor – many rice farmers find palay farming barely viable at the prevailing buying prices.

The current National Food Authority (NFA) buying price is around **₱19.00 per kilogram**. Increasing it by **₱10.00 per kilogram** would bring it closer to **₱29.00/kg**, a level that reflects more closely the true cost structure of efficient farmers in major producing regions. Based on historical procurement volumes of **300,000 to 500,000 metric tons per year**, the fiscal cost of this proposal is as follows:

Procurement Volume (Metric Tons)	Incremental Cost at ₱10/kg
300,000	₱3.0 billion
500,000	₱5.0 billion
700,000	₱7.0 billion

This measure proposes to amend Section 14 of RA 11203 to **explicitly authorize** the use of excess tariff revenues (above the ₱10 billion RCEF allocation) to subsidize NFA palay

procurement. These excess revenues are substantial – **₱20.3 billion in 2023 alone**, and over **₱38 billion cumulatively since 2021**. Redirecting a portion of this windfall toward price support will allow the government to close the income gap between rising costs and stagnant farmgate prices – **without violating WTO rules**, since the measure remains time-bound, targeted, and tied to actual output.

Unlike input subsidies, this proposal is **outcomes-based**. It rewards actual harvest, incentivizes greater productivity, and sends a positive signal to more competitive and efficient rice farmers that it is still worth investing in their land, labor, and technology. It is also geographically self-targeting: only those producing marketable palay near NFA procurement points benefit.

To ensure effectiveness and reduce wastage, the bill also includes provisions to improve NFA’s capacity to store, preserve, and rotate stocks. Rice is perishable. Without adequate drying, storage, and inventory management facilities, subsidized procurement leads to post-harvest losses, spoilage, and budget inefficiency. By allowing the use of excess tariff revenues for warehouse rehabilitation, hermetic storage, modular mobile units, and rotation systems, this bill enhances the sustainability of buffer stock operations.

Finally, the bill directs the creation of a **Rice Market Intervention Fund** under the NFA to enable swift deployment of stocks during times of sharp price increases or supply disruptions. This makes the agency not just a passive holder of rice, but an active tool for stabilizing both farmgate and retail prices.

This proposal **does not repeal or reverse the Rice Tariffication Law**. Rather, it corrects a major omission: the failure to cushion price shocks in a market still transitioning to full liberalization. By expanding the legal uses of excess rice tariff revenues, we fulfill the law’s true spirit: **to enhance rice farmer welfare and ensure national food security**.

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



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

SECTION 1. Section 14 of Republic Act No. 11203 is hereby amended to read as follows::

“SECTION 14. *Use of Excess Tariff Revenues.* – Any amount in excess of the Ten billion pesos (₱10,000,000,000.00) annual appropriation for the Rice Competitiveness Enhancement Fund (RCEF) shall be allocated by Congress and included in the annual General Appropriations Act (GAA). These funds shall be used to:

(a) Provide direct financial assistance to rice farmers;

(b) Expand crop insurance coverage;

(c) Fund other programs that enhance rice farmers’ competitiveness and income, including farm-to-market roads, postharvest facilities, and irrigation services; and

(D) PROVIDE SUBSIDIES TO THE NATIONAL FOOD AUTHORITY (NFA) FOR THE PROCUREMENT OF PALAY AS PART OF BUFFER STOCK MAINTENANCE AND TO STABILIZE FARMGATE PRICES.

THE USE OF SUCH EXCESS TARIFF REVENUES SHALL

BE SUBJECT TO PROGRAMMATIC GUIDELINES JOINTLY ISSUED BY THE DEPARTMENT OF AGRICULTURE, THE NATIONAL FOOD AUTHORITY, AND THE DEPARTMENT OF BUDGET AND MANAGEMENT.”

SEC. 2. *Initial Policy Objective.* – As an initial implementation measure under this Act, the Department of Agriculture and the National Food Authority shall endeavor to establish a palay procurement program subsidized by excess rice tariff revenues that shall support an increase of at least Ten pesos (₱10.00) per kilogram over the prevailing NFA buying price at the time of this Act’s effectivity, subject to the availability of funds and rice market conditions.

SEC. 3. *Upgrading of NFA Storage, Stock Management, and Market Intervention Capacity.* – To ensure the cost-effectiveness and impact of rice buffer stock operations, the National Food Authority shall be authorized to use a portion of excess tariff revenues, as appropriated in the General Appropriations Act, for the following:

- (a) The modernization or rehabilitation of NFA warehouses and storage facilities to reduce post-harvest losses, extend shelf-life of milled rice, and enable year-round availability of stocks;
- (b) The adoption of climate-controlled or hermetic storage technologies, where feasible, to improve inventory quality, especially in typhoon- or flood-prone areas;
- (c) The procurement of modular mobile storage and milling units to enable localized procurement and deployment during emergency or price spike periods;
- (d) The implementation of stock rotation protocols and value optimization systems to minimize spoilage, improve grain turnover, and allow conversion of older stocks into social safety net supply;
- (e) The creation of a Rice Market Intervention Fund within the NFA, funded from excess tariff collections, to enable swift and targeted retail interventions during periods of extraordinary price volatility or rice supply disruptions.

Amounts for these purposes shall be specified in the General Appropriations Act and subject to the guidelines issued jointly by the Department of Agriculture, the National Food Authority, and the Department of Budget and Management.

SEC. 4. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Department of Agriculture, the National Food Authority, and the Department of Budget and Management shall jointly promulgate the implementing rules and guidelines to operationalize the provisions of this Act.

SEC. 5. Separability Clause. – If any portion or provision of this Act is declared invalid or unconstitutional, other provisions hereof shall remain in full force and effect.

SEC. 6. Repealing Clause. – All laws, decrees, orders, rules, and regulations or other issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 7. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,