



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 5071



Introduced by Representative **GERALDINE B. ROMAN**

EXPLANATORY NOTE

With increased competition from imported rice, resulting in part from the implementation of the Rice Tariffication Law,¹ the price of rice has fallen. For example, the average farmgate price of palay, as of last mid-August, was Php 17.62 per kilo, down 21% from last year.² The average wholesale price of well-milled rice decreased 8% to Php 39.14 per kilo toward the end of last July.³ The wholesale price of regular-milled rice fell 10% to Php 35.27 per kilo while the average retail price also decreased by 7.7% to Php 38.38 per kilo.⁴

While the reduction in price of rice has benefitted consumers, it has hurt our local farmers, prompting our President to order the National Food Authority (NFA) to buy the palay from local farmers to raise the price of palay and boost their income.⁵ Senator Cynthia Villar has also urged the NFA to relax its procurement requirements based on the moisture

¹See R.A. No. 11203, "An Act Liberalizing the Importation, Exportation and Trading of Rice, Lifting for the Purpose the Quantitative Import Restriction on Rice, and For Other Purposes."

²See J.C. Punongbayan, "Plummeting rice prices: How will our rice farmers cope?," Rappler (Sept. 5, 2019).

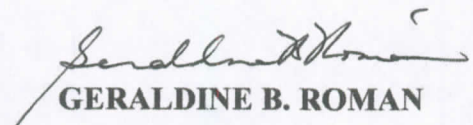
³See Louise Maureen Simeon, "Palay production down 5% on Q2," The Philippine Star, 2019, <https://www.philstar.com/business/2019/08/17/1943999/palay-production-down-5-q2> (last visited Sept. 6, 2019).

⁴See Louise Maureen Simeon, "Palay production down 5% on Q2," The Philippine Star, 2019, <https://www.philstar.com/business/2019/08/17/1943999/palay-production-down-5-q2> (last visited Sept. 6, 2019).

⁵See Darryl John Esguerra, "Duterte orders NFA to buy palay from farmers," Philippine Daily Inquirer (Sept. 5, 2019), <https://business.inquirer.net/278274/duterte-orders-nfa-to-buy-palay-from-farmers#ixzz619kZ0oGF> (last visited Oct. 2, 2019).

content of palay.⁶ Generally, the NFA buys palay with moisture content of only up to 14%, but it has accommodated palay with moisture content of up to 30%.⁷ Due to the preference for “drier” palay or palay with lower moisture content,⁸ the moisture content of palay inversely relates to palay price. At present, the NFA buys clean and dry palay with up to 14% moisture content at Php 19 per kilo, and wet palay with up to 30% moisture content at Php 14 per kilo.⁹

Unfortunately, the rainy season and “lack of drying facilities” has prevented the NFA from buying enough palay to improve the price of palay and benefit our local farmers.¹⁰ This bill seeks to enhance our country’s rice drying capabilities by mandating the procurement of both traditional and mechanical drying systems for use by the NFA and our local farmers. Immediate passage of this bill is earnestly sought.


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6See Karl Ocampo, “NFA urged to relax rules on palay procurement, buy more from farmers,” Philippine Daily Inquirer (Sept. 4, 2019), <https://business.inquirer.net/278190/nfa-urged-to-relax-rules-on-palay-procurement-buy-more-from-farmers#ixzz619grl7Uz> (last visited Oct. 2, 2019).

7 See *id.*

8 High moisture level can lead to grain discoloration, encourage development of molds, and increase the likelihood of attack from pests. It can also decrease the germination rate of the rice seed. It is important to dry rice grain as soon as possible after harvesting— ideally within 24 hours. Delays in drying, incomplete drying or ineffective drying will reduce grain quality and result in losses.

9 See Czeriza Valencia, “NFA council sets palay buying price at P19/kilo,” Philippine Star (Sept. 13, 2019), <https://www.philstar.com/headlines/2019/09/13/1951444/nfa-council-sets-palay-buying-price-p19kilo#kg3dKxrAHQUt5xxi.99> (last visited Oct. 2, 2019).

10 See Karl Ocampo, “NFA urged to relax rules on palay procurement, buy more from farmers,” Philippine Daily Inquirer (Sept. 4, 2019), <https://business.inquirer.net/278190/nfa-urged-to-relax-rules-on-palay-procurement-buy-more-from-farmers#ixzz619grl7Uz> (last visited Oct. 2, 2019).



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AN ACT

**MANDATING THE NATIONAL FOOD AUTHORITY TO ESTABLISH RICE
DRYING FACILITIES AND APPROPRIATING FUNDS THEREFOR**

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

SECTION 1. *Short Title.* - This Act shall be known as the "*NFA Rice Drying Facilities Act*" of the Philippines.

SEC. 2. *Declaration of Policy.* — It is the declared policy of the State to recognize the indispensable role of the agricultural sector for national growth and development. As such, the State shall foster an enabling environment for rice producers, and provide the most appropriate equipment and infrastructure to help rice farmers sell and market their produce.

SEC. 3. *Drying Facilities* — The National Food Authority (NFA) shall procure, build, install, operate, manage, and/or maintain rice drying facilities sufficient in quantity and geographically accessible to local farmers to enable it to buy rice directly from local farmers. These drying facilities shall be used by the NFA solely to dry rice to be bought directly from local farmers.

The NFA shall allow local farmers to use these drying facilities at no cost for rice to be directly sold to the NFA.

SEC. 4. *Appropriations.* — The amount necessary for the implementation of this Act, i.e., to enable the NFA to procure, build, install, operate, manage, and/or maintain sufficient rice drying facilities around the Philippines, shall be charged against the appropriations for the Department of Agriculture and/or sourced from PAGCOR, PCSO, and the MALAMPAYA Funds. The required budget for continued implementation of this Act shall be submitted to the Department of Budget and Management for inclusion in the General Appropriations Act.

SEC. 5. *Implementing Rules and Regulations.* – Within sixty (60) days from the effectivity of this Act, the Department of Agriculture shall, through the NFA, issue the necessary rules and regulations for the effective implementation of this Act, including the procedures for use of drying facilities by local farmers.

SEC. 6. *Repealing Clause.* – All laws, presidential decrees or issuances, executive orders, letters of instruction, administrative orders, rules or regulation inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 7. *Separability Clause.* – If any provision of this Act is declared unconstitutional, the remainder of this Act or any provision not affected thereby shall remain in full force and effect.

SEC. 8. *Effectivity.* – This Act shall take effect fifteen (15) days after the publication in the Official Gazette or in a newspaper of general circulation.

Approved,