

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Batasan Hills, Quezon City

**EIGHTEENTH CONGRESS**  
First Regular Session

HOUSE BILL NO. 476



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Introduced by  
**REP. ARLENE D. BROSAS (Gabriela Women's Party);**  
**REP. CARLOS ISAGANI T. ZARATE, REP. FERDINAND R. GAITE, and REP. EUFEMIA C. CULLAMAT**  
**(Bayan Muna Partylist); REP. FRANCE L. CASTRO (ACT Teachers' Partylist);**  
**and REP. SARAH JANE I. ELAGO (Kabataan Partylist)**

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#### EXPLANATORY NOTE

The local rice industry accounts for around one-fifth of the gross value added of Philippine agriculture, providing livelihood for over 2.5 million households and millions of farmers and workers for post-farm and ancillary activities. The signing of the rice tariffication law however presents the single biggest threat to farmers, local rice production and to consumers as well.

Consistent with its policy of intensified import liberalization in the agricultural sector, President Rodrigo Duterte signed on February 14, 2019 Republic Act No. 11203 or more commonly known as the "Rice Tariffication Law" in a supposed bid to bring down the price of rice and ensure food security. The signing of the measure – which was certified as urgent – came months after the much publicized "rice shortage" during the third quarter of 2018. This also came on the heels of the aggressive push by the World Trade Organization (WTO) for the removal of non-tariff measures in agriculture to be replaced by a schedule of tariff concessions. Rice tariffication was heralded as the solution to the country's rice problem, but the impacts in the aftermath of its enactment show otherwise. By replacing the quantitative restrictions and minimum access volume (MAV) scheme on imported rice, with an even worse tariff schedules, RA 11203 paved the way for the unimpeded entry of imported rice at the benefit of rice exporting countries and their local importer cohorts but at the expense of Filipino farmers. Since the start of the year, 180 trading firms from the private sector have sought NFA's approval to import rice, with most of the applicants having no record of rice importation at all. The volume of rice imports is seen to reach 2.8 million metric tons by the end of 2019, which will be 47 percent higher than the 1.9 million metric tons of imported rice in 2018.

The flooding of imported rice is hurting Filipino farmers, with average farm gate price of palay plunging to P18.20 per kilo during the first week of June 2019 from the P21.08 per kilo last year, or a 14-percent decrease. The downward fluctuation is much worse in some areas, even dropping to as low as P12 per kilo. In Region II, farmgate palay prices dropped by 37 percent to P12 per kilo from P17 per kilo last year. This disastrous impact on farmgate prices has worsened the woes of local farmers who are victims of mass killings, massive landlessness, government neglect, and have been severely affected by natural calamities such as El Niño and typhoons. Unlike in other rice producing countries where agriculture is highly subsidized by their governments, our farmers can hardly compete with the massive private-led importation of rice due to state neglect. The

Philippine Chamber of Agriculture and Food Inc. (PCAFI) has estimated that Rice Tariffication Law will cut local farmers' income by as much as P95 billion in 2019 due to the influx of cheaper imported rice. Despite the huge decline in farmgate prices, retail prices of rice went down by only around 2 percent, with average price of regular milled rice at P38 per kilo. The much touted P10-billion Rice Competitiveness Enhancement Fund (RCEF) is a sham, as only P1 billion will be allocated for farmers in the form of credit facility, farm equipment, and free rice seeds. Such amount can never offset the massive loss income of local rice farmers.

It is perplexing that upon the enactment of the Republic Act No. 11203, the NFA has intensified its local procurement and inventory, which is in total contradiction of the policy of the law. The NFA announced that it has procured more than a million bags of palay in the first quarter, and then after a month, it breached the three-million bag mark. The agency procured 3.073 million bags of palay or around 153,650 metric tons for the first four months of 2019. This is a gigantic increase of 5,437% from its last year's procurement at 2,775 metric tons, 1,401% from 2017's 10,237 metric tons, and 173% from 2016's 56,195 metric tons. NFA Administrator Judy Dansal said in a report that the agency has already procured 5.17 million bags or 258,519 MT of palay during the first half of 2019, surpassing its palay procurement target for the said period.

Still, RA 11203 effectively strips the NFA of its regulatory function by repealing Presidential Decree 4, which is the basis of its mandate to "ensure national food security and stabilize supply prices of staple cereals both in the farm and consumer levels" and to "achieve a nationwide sustainable mechanism for ensuring the stabilization of prices and supply of rice and corn while increasing the income of farmers." The target of decoupling the NFA is essentially geared towards the agency's abolition. The NFA itself admitted that around 1,000 employees directly involved in industry regulation, licensing and monitoring of wholesalers, millers and retailers will be laid off as the agency is stripped of its power to distribute rice in the market. Under the Rice Tariffication Law, the NFA's function will only be limited to buffer stocking for emergencies and calamities.

Since the NFA is no longer engaged in the distribution of the cheaper NFA rice to local markets, an estimated 10 million poor families which rely on NFA rice are now left with no other option but to buy the more expensive commercial and imported rice. These families are already victimized by the barrage of price hikes set forth by the Tax Reform for Acceleration and Inclusion (TRAIN) Law and by the cheap wage policy of the Duterte administration. With the law's impact on food spending by poor families, it is expected that more Filipino families will experience hunger and poverty while the local rice cartel gets a big boost.

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



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JANE I. ELAGO (Kabataan Partylist)

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**AN ACT REPEALING REPUBLIC ACT NO. 11203 OTHERWISE KNOWN  
AS THE "RICE TARIFFICATION LAW"**

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

**Section 1.** Republic Act 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), otherwise known as the "Rice Tariffication Law," is hereby repealed.

**Section 2.** All laws, jurisprudence, executive orders, executive issuances or letters of instruction, or any part thereof that are inconsistent with or contrary to the provisions of this Act are hereby deemed repealed, amended or modified accordingly.

**Section 3.** This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) national newspapers of general circulation.

Approved,