

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **2562**



Introduced by **HON. MIGUEL LUIS R. VILLAFUERTE, HON. VINCENZO RENATO LUIGI R. VILLAFUERTE, HON. TSUYOSHI ANTHONY G. HORIBATA, AND HON. TERRY L. RIDON**

EXPLANATORY NOTE

The Republic Act No. 11203, also known as the Rice Tariffication Law (RTL), was enacted in 2019 with the main objective of stabilizing the price of rice in the country. Toward this goal, the law, among others, replaced the quantitative restrictions on rice importation with a tariff system, instituted the Rice Competitive Enhancement Fund, and limited the powers of the National Food Authority (NFA) to buffer stocking for emergency use. The passage of the law is also in compliance with the long-overdue commitment of the Philippines to the World Trade Organization's Agreement on Agriculture, made in 1994.

In its first-year implementation, the law was under strong scrutiny due to its impact on the steep decline of palay farmgate prices that affected millions of rice farmers.¹ According to various reports, the price plunged to as low as P7 per kilo of palay, pushing our local farmers to extreme economic losses.² The relatively high production cost of rice in the country in comparison to importing countries such as Vietnam and Thailand is seen as a major factor affecting this phenomenon. Moreover, the lack of regulatory capacity of concerned agencies to curb monopolies, profiteering, and hoarding in the now liberalized rice market contributed to the dilemma of our local rice farmers. Specifically, RTL has removed the powers of the NFA to import rice and sell it directly to the public, as well as limited the NFA's procurement capacity. With these limitations, local rice farmers were further pushed to resort to traders who often dictate the buying price of their produce. Further, the liberalized rice market without adequate regulations makes consumer prices vulnerable, making it prone to manipulation, thus risking millions of Filipino consumers.

To address some of these concerns, the RA No. 12078, which amended RTL, was passed into law in 2024. It, among others, inserted new provisions aimed at strengthening the regulatory functions of the Department of Agriculture in warehouses and storage facilities and laying down its powers in declaring a food security emergency on rice or its extraordinary price increase. Further, it allowed the DA to import rice when the local rice supply is inadequate. While the amended RTL partially responded to the needs of the rice industry, even Department of Agriculture (DA) Secretary Tiu-Laurel said that it is lacking in properly and effectively managing the country's rice situation. NFA Administrator even mentioned that if only NFA is allowed to directly release stocks to the market, this will ensure better rice quality and affordable prices, showing implementing agencies' strong support of empowering NFA to

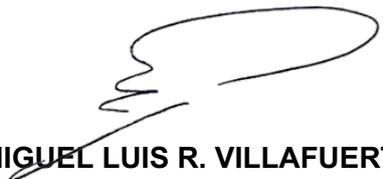
¹ Montemayor, R. (2020). Philstar.com. *Lawmakers urged to address cause of low palay prices.*
<https://www.philstar.com/business/2020/12/10/2062638/lawmakers-urged-address-cause-low-palay-prices>

² Layug, M.C. (2019) GMA News. *As palay prices plunge to P7-P10 per kilo, farmers cry for help.*
<https://www.gmanetwork.com/news/topstories/nation/706373/as-palay-prices-plunge-to-p7-p10-per-kilo-farmers-cry-for-help/story/>

ensure rice price stabilization and market fairness.³ Toward this end, this bill seeks to amend certain provisions of RA No. 8178, also known as the “Agricultural Tariffication Act” to:

- Authorize the Administrator of the NFA to order the seizure of the hoarded commodity and its public sale to stabilize its supply and prices and impose the necessary administrative fines and penalties. Further, this bill seeks to authorize the NFA Administrator in the registration, licensing, and prescription and collection of fees in licensing and regulating the operations of warehouses, entities engaged in the business related to rice, corn, and other grains.
- Allow the NFA to maintain the stable supply and prices of rice through importation, and allow the DA Secretary to identify the type of rice to be imported.
- Expand the procurement sources of NFA for its buffer stock by adding farmer cooperatives and associations, as well as allow procurement in milled form aside from palay, if the need arises.
- Highlight the observance of good warehouse and management practices, especially in stock aging policy on palay and milled rice.
- Mandate the NFA to release guidelines on the disposition of its buffer stocks and specifically require the NFA to dispose a maximum of one-fourth of its buffer stock every month under certain conditions.
- Insert two new provisions giving the DA, through the NFA, the power to set a floor price for palay and identify penalties for violations of the law.

In view of the foregoing, the immediate passage of the law is earnestly sought.



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³ DA Press Office (2025). *Stripped powers leave NFA ineffective in stabilizing rice market*. <https://www.da.gov.ph/stripped-powers-leave-nfa-ineffective-in-stabilizing-rice-market/>

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**AN ACT 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**

SECTION 1. *Short Title.* – This Act shall be known as the "Rice Industry and Consumer Empowerment (RICE) Act."

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

SECTION 3. Section 3 of RA 8178, as amended, is hereby further amended to read as follows:

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

x x x

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

x x x."

SECTION 4. Section 5 of RA 8178, as amended, is hereby further amended to read as follows:

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

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

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

(B-1) ORDER THE SEIZURE, WHENEVER THERE IS CORNERING, HOARDING, PROFITEERING ACTIVITIES AS DEFINED BY EXISTING LAWS OF RICE AND OTHER GRAINS AND THEIR SUBSTITUTES AND/OR BY-PRODUCTS THEREOF, INCLUDING THE FACILITIES USED IN THE SAID CORNERING, HOARDING OR PROFITEERING ACTIVITIES, OR WHENEVER THERE IS SCARCITY OF SUPPLY OF RICE IN THE MARKET OR UNWARRANTED INCREASE IN THE PRICE THEREOF, ORDER THE SEIZURE OF THE HOARDED COMMODITY AND ITS PUBLIC SALE IN SUCH QUANTITY AS MAY BE NEEDED TO STABILIZE THE SUPPLY IN THE AREA OF SCARCITY AND RESTORE PRICES TO NORMAL LEVELS;

TO ENFORCE THIS PROVISION, THE NFA ADMINISTRATOR, OR THE DULY AUTHORIZED REPRESENTATIVE, IS AUTHORIZED TO IMPOSE ADMINISTRATIVE FINES AND PENALTIES; TO CONDUCT INVESTIGATIONS; TO REQUIRE BY SUBPOENA OR SUBPOENA DUCES TECUM THE ATTENDANCE AND TESTIMONY OF WITNESSES, THE PRODUCTION OF BOOKS, PAPERS, DOCUMENTS, EXHIBITS, RECORDS, EVIDENCE; TO ADMINISTER OATH; AND TO EFFECT THE SAID SEIZURES.

(B-2) REGISTER, LICENSE, AND PRESCRIBE AND COLLECT FEES, CHARGES AND/OR SURCHARGES IN LICENSING AND REGULATING THE OPERATIONS OF THE FOLLOWING.

- i. GRAINS WAREHOUSES OR ANY PERSONS ENGAGED IN STORAGE OF RICE AND OTHER GRAINS AND THEIR SUBSTITUTES AND/OR BY-PRODUCTS THEREOF;**
 - ii. PERSONS, NATURAL OR JURIDICAL, ENGAGED OR INTENDING TO ENGAGE IN THE BUSINESS OF PROVIDING GOODS AND SERVICES IN SUPPORT OF THE DIFFERENT ACTIVITIES INVOLVED IN THE PRODUCTION, PROCESSING, TRANSPORTING, MARKETING AND TRADING OF RICE, CORN AND OTHER GRAINS OR THEIR SUBSTITUTES;**
 - iii. PERSONS, NATURAL OR JURIDICAL, ENGAGED OR INTENDING TO ENGAGE IN THE WHOLESALE AND/OR RETAIL BUSINESS OF RICE, CORN AND OTHER GRAINS OR THEIR SUBSTITUTES; AND**
 - iv. PERSONS, NATURAL OR JUDICIAL, ENGAGED IN THE PROCESSING OR MANUFACTURE OF GOODS WHERE RICE, CORN OR OTHER GRAINS OR THEIR SUBSTITUTES ARE USED AS INGREDIENTS IN THE MANUFACTURE OF STARCH, OIL AND ANIMAL FEEDS OR OTHER SIMILAR COMMODITIES AND THEIR BY-PRODUCTS OR END-PRODUCTS.**
- (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."

SECTION 5. Section 6 (c) of RA 8178, as amended, is further amended to read 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 OF rice TO BE DETERMINED BY THE SECRETARY** at the least cost available among government-to-government options, which shall include direct contracts between the Philippine government and foreign governments, including instrumentalities and enterprises of such foreign governments.

SECTION 6. Section 1 of RA 8178, as amended, is further amended to read as follows:

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

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

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

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

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

- (b) SALE TO GOVERNMENT AGENCIES OR ENTITIES SUCH AS THE FOOD TERMINAL, INC. (FTI) AND LGUS, THE PUBLIC THROUGH KADIWA OUTLETS, FARMERS AND FARMER COOPERATIVES AND ASSOCIATIONS WHO SOLD THEIR PALAY TO NFA, AND ACCREDITED NEA RICE RETAILERS;
- (c) SALE BY PUBLIC AUCTION; OR
- (d) SUCH OTHER MEANS OF DISPOSITION ALLOWED UNDER OTHER LAWS ENSURING TRANSPARENCY, COMPETITIVENESS, ACCOUNTABILITY, AND PUBLIC MONITORING.

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

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

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

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

THE NEA SHALL UTILIZE ITS REINSTATED REGULATORY FUNCTION TO ACHIEVE THESE OBJECTIVES."

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

- i) REVOCATION OR SUSPENSION OF LICENSE, TRADING PERMIT, OR ACCREDITATION; AND
- ii) A FINE NOT EXCEEDING P2,000,000.00 OR IMPRISONMENT OF NOT MORE THAN TWO (2) YEARS, OR BOTH, AT THE DISCRETION OF THE COURT

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

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

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

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

SECTION 9. *Repealing Clause.* – All laws, decrees, orders and rules and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

SECTION 10. *Separability Clause.* – If any portion of the provisions of this Act is held unconstitutional or invalid, all other provisions not affected shall remain.

SECTION 11. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,