

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**TWENTIETH CONGRESS**  
First Regular Session

**HOUSE BILL NO. 3230**



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**Introduced by REP. EMILIO BERNARDINO L. YULO**

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### **EXPLANATORY NOTE**

Rice is a staple food for the Filipino people and a central pillar of national food security. As such, the rice industry plays a crucial role not only in ensuring the country's food self-sufficiency but also in promoting the welfare of millions of Filipino farmers and safeguarding consumer interests. However, the liberalization of the rice market through Republic Act No. 11203 and the underlying provisions of Republic Act No. 8178, or the "Agricultural Tariffication Act," while intended to modernize trade policy, has faced serious challenges, including price volatility, inadequate regulatory control, limited buffer stock capacity, and continued vulnerability of both consumers and farmers to market abuse.

This proposed measure seeks to address these deficiencies by amending Republic Act No. 8178 to strengthen the regulatory functions of the National Food Authority (NFA) and reinforce the State's role in ensuring a stable, transparent, and equitable rice market.

One of the proposed amendments is the reestablishment of NFA's regulatory powers over the rice supply chain, from warehousing and storage to pricing and distribution. The bill authorizes the NFA to maintain a buffer stock for a minimum of nine (9) days to respond to food emergencies and disaster relief, sourced primarily from local farmers, cooperatives, and local government unit (LGU) rice mills. The proposal emphasizes domestic sourcing to support local production and reduce reliance on rice imports.

The measure also empowers the NFA to inspect warehouses, regulate and license industry participants, and take decisive action against hoarding, profiteering, and cornering of rice and related products. Through powers of seizure, administrative penalties, and subpoena, the NFA is positioned to ensure supply stability and to prevent artificial price manipulation that adversely affects the public.

To promote fair farmgate prices and economic viability for local farmers, the bill institutionalizes a flexible floor price mechanism for palay, determined by the

Department of Agriculture (DA) based on cost of production, regional market conditions, and farmer welfare. Violations of the floor price policy and other regulatory breaches shall be penalized accordingly, with sanctions ranging from fines and imprisonment to deportation of foreign violators and disqualification of complicit public officials.

The proposed bill also ensures responsible and transparent buffer stock disposal through multiple methods, including sales to accredited retailers, LGUs, KADIWA outlets, and public auctions. The NFA is mandated to observe best practices in warehouse and stock management to prevent spoilage and wastage.

This measure is a timely and necessary legislative response to the evolving challenges of the rice sector and is designed to restore the State's capacity to respond effectively to supply disruptions, stabilize market conditions, and secure affordable rice for all Filipinos.

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

A handwritten signature in black ink, appearing to read 'Emilio B. Yulo', written in a cursive style.

**REP. EMILIO BERNARDINO L. YULO**

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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**

*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*”.

**SEC. 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.

**SEC. 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.”

**SEC. 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.”**

**SEC. 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 State-owned enterprises of such foreign governments.

**SEC. 6.** Section 11 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 FAR 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 NFA 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.”**

**SEC. 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 NFA 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 ₱2,000,000.00 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.”**

**SEC. 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.

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

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

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

*Approved,*