WHEREAS, the Philippine government succumbed to the pressure of the World Trade Organization (WTO) to lift the quantitative restriction on the importation of rice and increased the tariff on rice imports. Senator Cynthia Villar, the primary author of RA 11203, known as the Rice Liberalization Law, claims that passing the law will ensure the supply of rice in the Philippine market and that the farmers will benefit from the measure through the Rice Competitiveness Enhancement Fund (RCEF);

WHEREAS, the Philippines has topped China in terms of importing rice in the world market, making it the world’s biggest rice importer in 2019. The country unprecedentedly recorded three million metric tons of rice imports from 800,000 metric tons in 2016, representing 7% of total global imports. Compared to China’s 2.5 million rice imports, Philippine rice imports is very high considering that China’s population is 1.4 billion and Philippines’s population is just 110 million;

WHEREAS, the Rice Liberalization law flooded Philippine domestic market of imported rice, which further worsen the current status of the domestic rice industry. In Pampanga, the farmgate price of palay went down to P9-12 per kilo, while in other parts of Central Luzon and Bataan, it went down as low as P7 per kilo. Last August 2019, Senate reported that at least 200,000 rice farmers stopped planting and at least 4,000 out of 10,000 rice mills nationwide stopped their operations due to the influx of cheap rice imports. Also, Philippine Rice Research Institute (PhilRice) Vice President Flor delis Bordey claims that 53 or 65 percent of the rice producing provinces will not survive, which is translated to 40% of Filipino farmers suffering, under the low 35% tariff under the said measure;

WHEREAS, the Philippine Chamber of Agriculture and Food Inc. said that the Rice Liberalization Law stripped farmers of P95 billion in income as the influx of cheap rice imports has pulled down rice prices;

1 www.philstar.com/business/2019/05/25/1920605/rice-import-liberalization-strips-p95-b-farmers#XJeZFDs8bH1Qmk6o.99
WHEREAS, in a press conference last Sept. 4, 2019, President Rodrigo Duterte, as a short-term solution to the disaster caused by the Rice Liberalization Law, ordered the National Food Authority (NFA) to buy all palay from the Filipino farmers in reasonable price;

WHEREAS, on an aired interview last Nov. 17, 2019, President Duterte apologized to farmers due to government shortcomings on the agriculture sector. Even though he did not seek the repeal of the Rice Liberalization Law, he admitted that it hurt the livelihood of Filipino farmers;

WHEREAS, to counter the ill effect on farmers, the Department of Agriculture (DA) Secretary claims that the following 23 provincial governments are now buying wet palay from local farmers:

- Kalinga
- Mt. Province
- Pangasinan
- Ilocos Sur
- La Union
- Ilocos Norte
- Cagayan
- Isabela
- Nueva Vizcaya
- Quirino
- Nueva Ecija
- Bataan
- Bulacan
- Tarlac
- Pampanga
- Marinduque
- Iloilo
- Capiz
- Bohol
- Biliran
- Zamboanga Sibugay
- Sarangani Province
- Agusan del Norte

WHEREAS, RA 11203 annually appropriated P10 billion to the RCEF for six years, which may be extended or terminated in accordance to the review to be made by the Congressional Oversight Committee on Agricultural and Fisheries Modernization (COCAFM). RCEF will be used as follows:

- Rice Farm Machineries and Equipment (RFME) – 50%
- Rice Seed Development, Propagation and Promotion (RSDPP) – 30%
- Expanded Rice Credit Assistance (ERCA) – 10%
- Rice Extension Services (RES) – 10%

WHEREAS, as of Sept. 29, 2019, the Department of Budget and Management (DBM) released P2.46 billion out of P10-billion RCEF, wherein under RSDPP, PhilRice received P2.038 billion to promote, acquire and distribute seeds. According to the DA, funds for mechanization and extension services programs will be soon released, following the DBM issuance of Special Allotment Release Order to Philippine Center for Postharvest Development and Mechanization (PhilMech), Agricultural Training Institute (ATI), and Technical Skills Development Authority (TESDA);

WHEREAS, government agencies, particularly DA, have a history of corruption in delivering the intended programs to support farmers such as fertilizer scams, defective and inappropriate machineries;

WHEREAS, former Agriculture Undersecretary Jocelyn Bolante was tagged as the mastermind of the P728-million fertilizer fund scam, which directed the funds for the 2004 campaign of the former President Gloria Macapagal-Arroyo;

WHEREAS, in 2006, COA reported that DA spent a total of P266 million in the purchase of fertilizers through transfer of funds to non-government organizations during the year, P172 million of which was sourced from Priority Development Assistance Fund (PDAF) and P94 million from GMA rice and Corn Program fund, but did not improve farmer's yield;
WHEREAS, the following are just some cases of defective and/or inappropriate equipment procured and distributed under DA’s Rice Mechanization and Post-Harvest Development Program to farmers and farmer organizations or cooperatives without consultation. Particularly in Region VIII, farmers were forced to modify some machineries received from the agency in order for it to be useful:

- Alangalan, Leyte – defective mobile rice mill worth P800,000;
- Alangalan, Leyte – defective rice thresher worth P130,000;
- Sitio Bunga, Alangalan, Leyte – defective rice thresher worth P130,000;
- Buraen, Leyte – defective floating tiller worth P130,000;
- Buraen, Leyte – defective hand tractor worth P130,000;
- Buraen, Leyte – inappropriate mobile rice thresher;
- San Roque, Sta. Fe, Leyte – inappropriate rice reaper worth P140,000;

WHEREAS, the DA, under former Secretary Emmanuel Pino, procured 33 recirculating grain dryers with biomass furnaces and generators worth P88.15 million (P2.73-P3.5 million per dryer) and remains unutilized in NFA warehouses in Region II, VI and Caraga due to not having a clear mode of transfer or disposition and conveyance. According to Atty. Judy Dansal, NFA administrator, the agency did not request for procurement and the sudden distribution required the NFA to allocate its limited budget for electricity and hiring of workers. It is noted that some of the mechanical dryers are lacking parts;

WHEREAS, Raul Montemayor, National Manager of Free Farmers Federation, claims that many of the equipment are underutilized. He also claims that sometimes, the one who won the bidding process can’t deliver the best machinery or equipment. The farmer associations or cooperatives still avail the substandard equipment because it is free even though it will breakdown after a few months;

WHEREAS, based on the video documentary hosted by Ted Failon entitled Wakas ng Pagpapasa, DA Secretary William Dar said that they receive reports and that they currently have an audit team investigating the cases of substandard machineries delivered to the farmer beneficiaries;²

WHEREAS, it is the primordial duty of the Congress, in exercise of its legislative and oversight functions, to ensure that the people’s money was utilized for the benefit of the Filipino people and was not wasted due to government inefficiency and corruption. As legislators, it is one of our duties to look into the causes and results of successful and unsuccessful projects and programs implemented by the executive and to help the government learn from its mistakes in pursuance to efficient service delivery for the people;

² Part 1.1: https://www.youtube.com/watch?v=d8MUubj3N3Q
Part 1.2: https://www.youtube.com/watch?v=4X0v2yFLrGE
Part 1.3: https://www.youtube.com/watch?v=7RiERUks2-o
Part 1.4: https://www.youtube.com/watch?v=KTiiHy3DIIFnQ
Part 1.5: https://www.youtube.com/watch?v=Z8MnaAbuYLk
Part 2.1: https://www.youtube.com/watch?v=NzStcFFqaw
Part 2.2: https://www.youtube.com/watch?v=6uNhJmzZBH0
Part 2.3: https://www.youtube.com/watch?v=40DaT7s5HKe
Part 2.4: https://www.youtube.com/watch?v=KTiiHy3DIIFnQ
Part 2.5: https://www.youtube.com/watch?v=qfHurnnt34gU
programs implemented by the executive and to help the government learn from its mistakes in
pursuance to efficient service delivery for the people;

NOW, THEREFORE BE IT RESOLVED, that the House of Representatives, through its
Committee on Agriculture and Foods and Committee on Good Governance and Public
Accountability, to jointly investigate, in aid of legislation, the procurement and distribution of
farming machineries of the Department of Agriculture (DA).

Approved,

REP. CARLOS ISAGANI T. ZARATE
Bayan Muna Partylist

REP. FERDINAND R. GAITE
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