

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
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House Resolution No. 224



Introduced by Honorable Deogracias Victor "DV" B. Savellano

RESOLUTION

DIRECTING THE COMMITTEE ON AGRICULTURE AND FOOD TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE IMPLEMENTATION OF REPUBLIC ACT 11203 OR THE RICE COMPETITIVENESS ENHANCEMENT FUND (RCEF) LAW, TO DETERMINE THE EFFECTIVENESS OF THE IMPLEMENTATION BY THE DESIGNATED GOVERNMENT AGENCIES SO AS TO ENSURE THAT FUNDS ARE ALLOCATED FOR THE PURPOSE ACTUALLY INTENDED

WHEREAS, On February 14, 2019, Republic Act No. 11203 or "An Act Liberalizing the Importation, Exportation and Trading of Rice, Lifting for the Purpose the Quantitative Import Restriction on Rice, and for Other Purposes" mandated the lifting of rice import restrictions, a measure the government hopes that will make our domestic rice to be more competitive vis-à-vis foreign imports of the food staple ;

WHEREAS, the law amended RA No. 8178 or the Agricultural Tariffication Act of 1996 and replaced the quantitative restriction (QR) on rice imports. Rice imports will be charged with corresponding tariffs, the collected amount of which shall be given to farmers to strengthen their productive capacities in the amount of at least ten(10) billion pesos a year, for the next six (6) years, through a fund known as the Rice Competitiveness Enhancement Fund (RCEF);

Imported rice from Southeast Asian countries have to pay a 35% tariff rate, which is the import duty rate commitment of the Philippines for rice importation in the ASEAN Trade in Goods Agreement. For non-ASEAN member states, the tariff is at 50% or the tariff equivalent calculated in accordance with the World Trade Organization agreement on agriculture upon the expiration of the waiver relating to the special treatment for rice of the Philippines, which ever is higher;

WHEREAS, the RCEF will fund programs aimed at increasing the income of Filipino farmers through various forms of assistance such as the development of inbred rice seeds, supplying rice farm equipment, cheap credit with Land Bank and DBP and education and training on skills enhancement. Under this law, the fund would be allocated and disbursed to rice-producing areas;

WHEREAS, the Act's Implementing Rules and Regulations (IRR) provides for a new rice roadmap that will be crafted within 180 days after its effectivity, on or before September 2, 2019. The Department of Agriculture (DA) will be leading the other agencies concerned, such as the National Economic Development Authority (NEDA), Department of Finance (DoF), and the Department of Budget and Management (DBM), in the formulation and adoption of a new rice plan; based on the following principles: sustainable investments, particularly on rice support infrastructure and post-harvest facilities; improved productivity, efficiency, and profitability of small rice farmers and landless farmworkers; strengthened research and development programs; preservation and enhancement of rice production capabilities; provision of accessible, targeted, and technology-oriented support services that cover the entire value chain; setting up of responsible, participatory and effective governance mechanisms; and addressing the impact of income loss due to rice tariffication. This will be implemented through a complementation of DA's rice sector programs which are separately funded by the General Appropriations Act (GAA), on one hand, and the RCEF programs, on the other;

WHEREAS, the DA, NEDA, DBM, DOF and other concerned agencies shall see to it that the Rice Industry Roadmap shall be funded by the GAA, in accordance with the Annual Budget Priorities Framework annually approved by the Development Budget Coordinating Council (DBCC);

WHEREAS, the bulk of the Rice Competitiveness Enhancement Fund (RCEF) will be used to modernize rice farms and support the government's goal of increasing the rice sector's productivity. From the Fund, Php5 billion annually will be used by the government to procure rice farm equipment through the Philippine Center for Postharvest Development and Mechanization (PhilMech). Farm equipment such as tillers, tractors, seeders, threshers, rice planters, harvesters, and irrigation pumps will be given as a grant-in-kind, primarily to eligible rice farmer associations and registered rice cooperatives. As a result, the DA's budget of P1.92 billion in 2018 for rice farm mechanization would now get a boost of an additional P5 billion, specifically for inbred rice seeds production. PhilMech is required to procure from accredited manufacturers whenever feasible to support the business of local manufacturers of farm machinery and equipment. In coordination with the DA's regional offices, LGUs, members of the private sector and farmers' groups, PhilMech is also tasked to formulate the implementing guidelines on rice farm equipment component, consistent with the Rice Industry Roadmap. This will include the eligibility criteria for prospective recipients, modality of selection, mode of implementation, and the accountability system in the procurement and distribution of rice farm equipment;

WHEREAS, the Philippine Rice Research Institute (PhilRice) will receive 30 percent of the RCEF to develop, propagate and promote inbred rice seeds for rice farmers. Its task is to help the farmers have their own seeds of the best quality to be used next cropping season and eventually become seed growers. The DA regular program on hybrid rice remains and should not be confused with the RCEF Fund for PhilRice;

WHEREAS, the Land Bank of the Philippines and the Development Bank of the Philippines will be given 10 percent of the RCEF for the creation of a credit facility with minimal interest rates and collateral requirements. They are expected to come up with

guidelines and policies that make access to the funds by farmer beneficiaries convenient and not prohibitive;

WHEREAS, the remaining 10 percent of the RCEF will be used for skills training in rice crop production, modern rice farming techniques, seed production, farm mechanization, farm machinery servicing and maintenance and knowledge and technology transfer through farm schools nationwide. This portion will be divided among training providers such as PhilMech (10%), PhilRice (10%), Agriculture Training Institute (ATI) (10%), and the Technical Education and Skills Development Authority (70%). For clarity of functions and extension modality, PhilMech and PhilRice shall provide ATI and TESDA with a harmonized training module and shall conduct Training of Trainor classes. ATI and TESDA will promote the same training modules among farmers, to avoid duplication and ensure proper targeting of trainees, via Farmers Field Schools and TESDA Accredited Farm Schools in identified rice producing municipalities;

WHEREAS, the tariff revenues collected in excess of PhP10 billion will be used for providing direct financial assistance to small farmers, titling of rice lands, expanding crop insurance, and carrying out of crop diversification programs;

WHEREAS, the guidelines that accompany the floor deliberations on and approval of this Act cover the identification of beneficiaries in 947 municipalities in 55 provinces, 14 regions, (excluding the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) and Local Government Units (LGUs) with less than 100 hectares or rice lands) which were further grouped into six clusters to facilitate the deployment of farm equipment over the next six years. Each of these municipalities is required to have farmer organizations or associations, and in their absence, the LGU shall manage and maintain the equipment. The machinery shall be for land preparation, crop establishment, harvesting and threshing, drying, and milling;

WHEREAS, reports are coming in that the amount of P5 billion is now available for the RCEF, and hopefully in the third quarter of this year another P5 billion shall be released to the concerned agencies. The budget for the P10 billion RCEF fund under RA 11203 is included under programmed appropriations in the 2019 General Appropriations Law;

WHEREAS, NEDA has pointed out that the DBM released P5 billion in December 2018 to help the rice farmers, but only P1billion of which has been credited to the farmers' accounts, under the Memorandum of Understanding entered by the Agricultural. Credit Policy Council or ACPC with the Land Bank and the DBP. Meanwhile, the remaining P4 billion of the initial P5 billion allotment is still being threshed out by the NEDA and DA, with the funds being eyed to be provided to agencies connected to the implementation of RA 11203. It should be ensured that kinks like this in the fund release and distribution flow should be ironed out and removed in the implementation of the RCEF law;

WHEREAS, the PhilMech and PhilRice are reported to be not ready yet to come out with their respective guidelines. The guidelines should have been issued 15 days after the IRR publication. The apparent delay in PhilRice's (a DA attached agency) production of its guidelines comes as an irony when it earlier cited that the Duterte administration wants to

raise national average rice yield to 6 metric tons (MT)/ha. and cut production cost to P8/kg. At present, our rice farmers only produce an average of 4 MT/ha. at a cost of P12/kg;

WHEREAS, the issues that have surfaced lately in the rice sector, particularly among the government agencies charged with overseeing the development of the sector, particularly in the implementation of the RCEF law, among several others, are cause for apprehension on whether our rice sector and rice farmers are adequately made ready this early, as envisioned by the RCEF law, to face the regime of rice import liberalization;

WHEREAS, the Agencies involved in the crafting of guidelines and implementing the same should be ready by now. They have by far missed the June to October cropping season this year. The next planting schedule is set in December and will last up to March. There is apprehension that these agencies will still not be ready by then.

NOW THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES, to direct the Committee on Agriculture and Food to conduct an inquiry, in aid of legislation, into the implementation of Republic Act 11203 or the Rice Competitiveness Enhancement Fund (RCEF) Law, which was signed into law on February 14, 2019, to determine the effectiveness in its implementation by the designated government agencies, to ensure that funds allocated for the purpose actually reach the intended beneficiaries.

Adopted,


DEOGRACIAS VICTOR "DV" B. SAVELLANO