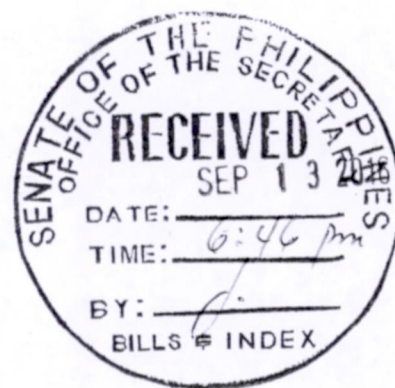


SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE

P. S. Res. No. 146

Introduced by Senator Ralph G. Recto

A RESOLUTION

DIRECTING THE SENATE COMMITTEE ON AGRICULTURE AND FOOD TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE PROPOSED RESCISSION OF THE QUANTITATIVE IMPORT RESTRICTIONS ON RICE, WITH THE END IN VIEW OF ENSURING ACCESSIBLE RICE SUPPLY IN THE COUNTRY AND PROTECTING THE INTERESTS AND WELFARE OF FILIPINO RICE FARMERS

WHEREAS, rice plays a crucial role in Philippine society and accounts for a significant portion of the Philippine economy, given its impact on rice consumers as well as those engaged in its cultivation, production, processing, distribution and retail;

WHEREAS, each Filipino consumed an average of 114.27 kilograms of rice in 2012, with those in the lower and extremely lower socio-economic classes consuming 113.70 kilograms and 109.53 kilograms, respectively¹;

WHEREAS, palay is cultivated in about 4.67 million hectares of land, constituting about 35.55% of the total agricultural lands in the Philippines in 2015;²

WHEREAS, the Philippine rice industry serves as the source of income and livelihood for at least 1,228,138 farmers who depend solely on palay cultivation³, and millions more engaged in the rice trade;

WHEREAS, the Philippines produces an annual average of 15.125 million metric tons of rice since 1998, with an average year-on-year growth of 3.12%⁴;

WHEREAS, domestic palay production contributed P298.53 billion to the Philippine economy in 2015, constituting about 25.53% of gross value added (GVA) of the agriculture, fisheries and hunting sector, and more than 2.24% of the Philippine gross domestic product (GDP)⁵.

WHEREAS, the Philippine rice industry, particularly the small rice farmers, incessantly faces a wide spectrum of risks, from adverse weather conditions to uneven global trade;

WHEREAS, the Filipino rice farmers are protected from such risks through the regulation of rice imports, imposition of high import tariff rates, and appropriation of public funds for rice-specific programs and subsidies;

WHEREAS, Republic Act No. 2207 prohibits the importation of rice by any person, association, corporation or government agency into any point in the Philippines, except when there is an existing or imminent shortage in local rice supply of such gravity as to constitute a national emergency;

WHEREAS, Republic Act No. 3018, as amended, restricted the right to engage in the culture, milling, warehousing, transporting, exportation, importation, handling the retail or wholesale distribution, or the acquisition for the purpose of trade of rice and by-products thereof to citizens of the Philippines, or association, partnership or corporation, the capital or capital stock of which is wholly-owned by citizens of the Philippines;

WHEREAS, Republic Act No. 7607, otherwise known as the “Magna Carta for Small Farmers” provided blanket restriction for importing agricultural products that are produced locally in sufficient quantity;

WHEREAS, Republic Act No. 3018 and Republic Act No. 7607 have been repealed and/or modified by the passage of measures such as Republic Act No. 8762, otherwise known as the “Retail Trade Liberalization Act of 2000,” and Republic Act No. 8178, as amended, otherwise known as the “Agricultural Tariffication Act”, and by the accession of the Philippines to the World Trade Organization (WTO) in 1994;

WHEREAS, the Philippines’ accession to WTO was made with the belief that such action would bring about economic benefits through increased efficiency of industries required by exposure to global competition⁶;

WHEREAS, Republic Act No. 8178, as amended, provides for the repeal of laws imposing import restrictions and providing the authority to impose such regulations on agricultural products with the exception of rice;

WHEREAS, the Philippines was granted by the WTO with an exemption from the removal of quantitative import restrictions provided under the 1995 WTO Agreement on Agriculture;

WHEREAS, the Philippines was thrice able to secure WTO approval to postpone the implementation of the WTO Agreement on rice import restriction, pushing the rescission of quantitative import restrictions on rice to June 2017;

WHEREAS, after more than two decades since the first WTO approval to postpone the rescission of quantitative import restriction, the Philippine rice industry has yet to achieve a level of competitiveness that would match those of other rice-producing countries;

WHEREAS, the contribution of palay production in the 2015 Philippine GDP actually contracted by 17.65% from P362.51 billion in 2014⁷ in spite of increased productivity of the rice industry;

WHEREAS, the year-on-year average palay yield per hectare grew only by an average of 3.52% or 2.3 cavans per hectare⁸, even with the appropriation of more than P43.83 billion pesos on the National Rice Program from 2010 to 2016⁹;

WHEREAS, only 56.57% of the total irrigable area in the country have existing irrigation systems¹⁰ despite P85.19 billion appropriated for the National Irrigation Administration (NIA) from FY 2011 to FY 2014 to construct, maintain, repair, rehabilitate and upgrade irrigation facilities in the country¹¹;

WHEREAS, more than 65% of all agricultural workers and over 87% of all lands devoted to rice production remain uninsured, even with the provision of more than P126.73 billion agricultural insurance coverage and the extension of P6.75 billion worth of subsidized insurance premium payment to qualified farmers and fisherfolk from 2011 to 2015¹²;

WHEREAS, notwithstanding the 132.95% increase in farmgate prices of palay from 2002 to 2014, the average farmer belonging to a five-member household still has to cultivate at least 3.5 hectares of rice land just to satisfy their household’s most basic food and non-food requirements¹³;

WHEREAS, the access of the average Filipino rice farmer to financial instruments and agricultural technology is constrained, given that (i) the average rice farmer is about 58 years old; (ii) they received less than eight years of formal education¹⁴; (iii) about 38.3% of them are mired in poverty¹⁵; (iv) almost all farms/holdings were operated by individuals or households with farm/holding size of only about 1.29 hectares¹⁶; and (v) their production cost is inflated by high interest payments and irrigation fees;

WHEREAS, notwithstanding the deficiencies in the Philippine rice industry, the Director-General of the National Economic Development Authority (NEDA) said that the economic team of the Philippine Cabinet is in favor of lifting the quantitative import restriction on rice¹⁷, arguing further that competition is needed because farmer protection tends to make farmers complacent¹⁸;

WHEREAS, the Secretary of Agriculture opined initially that the plan to remove quantitative restrictions on rice imports would be disastrous to local farmers, and that Filipino rice farmers are not ready to compete with neighboring rice-producing nations should the plan be implemented¹⁹;

WHEREAS, while lifting import restriction will reduce rice prices by as much as 27.3%, it will also erode the income of rice farmers by 29.2%²⁰, which is especially devastating for agricultural workers who could barely make both ends meet;

WHEREAS, liberalization of rice trade without ample and appropriate financial and technical support from the government would not result to improved competitiveness of Filipino rice farmers;

WHEREAS, the ramifications of the rice trade liberalization warrant a measured deliberation to ensure that its purported benefits are realized and the welfare of our farmers and agricultural workers are protected;

NOW THEREFORE, BE IT RESOLVED, by the Philippine Senate, to direct the Senate Committee on Agriculture and Food to conduct an inquiry, in aid of legislation, on the proposed rescission of the quantitative import restrictions on rice, with the end in view of ensuring accessible rice supply in the country and protecting the interests and welfare of Filipino rice farmers.

Adopted,


RAUL B. RECTO

mdg

¹ Department of Agriculture (2016). CountrySTAT Philippines. Accessed on 11 September 2016 at <http://countrystat.psa.gov.ph>.

² Department of Agriculture (2016). CountrySTAT Philippines. Accessed on 11 September 2016 at <http://countrystat.psa.gov.ph>.

³ Department of Agriculture (2016). 2015 Annual Report: Magandang Ani, Magandang Buhay. Quezon City: Department of Agriculture.

⁴ Department of Agriculture (2016). CountrySTAT Philippines. Accessed on 11 September 2016 at <http://countrystat.psa.gov.ph>.

⁵ Philippine Statistical Authority. (2016 August). National Accounts – Latest Estimates. Accessed on 11 September 2016 at <http://psa.gov.ph/nap-press-release/data-charts>.

-
- ⁶ Donah Sharon Baracol. (2005) Philippines: Stakeholder Participation in Agricultural Policy Formation. In Gallagher P, Low P, and Stoler AL (eds.) *Managing the Challenges of WTO Participation: 45 Case Studies*. New York: Cambridge University Press.
- ⁷ Philippine Statistical Authority. (2016 August). National Accounts – Latest Estimates. Accessed on 11 September 2016 at <http://psa.gov.ph/nap-press-release/data-charts>.
- ⁸ Department of Agriculture (2016). CountrySTAT Philippines. Accessed on 11 September 2016 at <http://countrystat.psa.gov.ph>.
- ⁹ Data from General Appropriations Act for FY 2010-2016. Figures only include appropriations made under the Ginintuang Masaganang Ani Program for Rice in FY 2010 and the National Rice Program from FY 2011-2014.
- ¹⁰ Department of Agriculture (2016). CountrySTAT Philippines. Accessed on 11 September 2016 at <http://countrystat.psa.gov.ph>.
- ¹¹ Department of Agriculture (2016). 2015 Annual Report: Magandang Ani, Magandang Buhay. Quezon City: Department of Agriculture.
- ¹² Department of Agriculture (2016). 2015 Annual Report: Magandang Ani, Magandang Buhay. Quezon City: Department of Agriculture.
- ¹³ The annual average net return per hectare of rice land is P31,375 or about P2,615 a month. The average monthly poverty threshold based on the 2012 Annual Poverty Indicators Survey is P9,140.
- ¹⁴ Flordeliza H. Bordey, et. Al. (2016). Profile of an Asian Rice Farmer. In Bordey FH, Moya PF, Beltran JC, Dawe DC (eds.) *Competitiveness of Philippine Rice in Asia*. Science City of Muñoz (Philippines): Philippine Rice Research Institute and Manila (Philippines): International Rice Research Institute.
- ¹⁵ Philippine Statistics Authority. (2014 July). Fishermen, Farmers and Children remain the poorest basic sectors. Accessed on 12 September 2016 at <https://psa.gov.ph/content/fishermen-farmers-and-children-remain-poorest-basic-sectors-0>.
- ¹⁶ Department of Agriculture. (2012). Census of Agriculture and Fisheries. Quezon City: Department of Agriculture.
- ¹⁷ Gabrielle H. Binaday (2016 September). Cabinet agrees to lift rice protection. *Manila Standard*. Accessed on 12 September 2016 at <http://www.thestandard.com.ph/business/215499/cabinet-agrees-to-lift-rice-protection.html>.
- ¹⁸ Mayvelin U. Caraballo. (2016 September). Duterte economic team seeks higher rice import. *The Manila Times*. Accessed on 12 September 2016 at <http://www.manilatimes.net/duterte-economic-team-seeks-higher-rice-import/284608/>.
- ¹⁹ Louise Maureen Simeon. (2016 September). DA chief: Lifting QR on rice disastrous for local farmers. *Philippine Star*. Accessed on 12 September 2016 at <http://www.philstar.com/business/2016/09/08/1621445/da-chief-lifting-qr-rice-disastrous-local-farmers>.
- ²⁰ Aileen C. Litonjua and FH Bordey (2014 September). How can rice trade liberalization affect producers and consumers? *Rice Science for Decision Maker*. Science City of Muñoz (Philippines): Philippine Rice Research Institute.