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SENATE OF THE PHILIPPINES
P.S. Res. No. 608

RECEIVED

Introduced by Senator Cynthia A. Villar

RESOLUTION
DIRECTING THE PROPER SENATE COMMITTEES TO CONDUCT AN INQUIRY IN AID
OF LEGISLATION ON THE STATUS OF THE NATIONAL FOOD AUTHORITY'S ROLE
IN ENSURING THE STABILITY OF SUPPLY AND PRICE OF RICE

WHEREAS, the National Food Authority is charge with ensuring the food security of the country and the stability of supply and price of the staple grain-rice. It performs these functions through various activities and strategies, which include procurement of paddy from individual farmers and their organizations, buffer stocking, processing activities, dispersal of paddy and milled rice to strategic locations and distribution of the staple grain to various marketing outlets at appropriate times of the year.

WHEREAS, on May 5, 2014, Executive Order No. 165 reassigned the National Food Authority and three other agencies to the Office of the President. On July 4, 2016, under Executive Order No. 1 issued by President Rodrigo Roa Duterte, the NFA was reassigned to the Office of the Cabinet Secretary.

WHEREAS, the National Food Authority policymaking body determines the rice importation program, including placing caps on imports to ensure fair trade.

WHEREAS, in June 2017, the Philippines' quantitative restriction (QR) on rice, which allows the government to limit the volume of rice that could be imported each year expired. As such, local rice producers are expected to suffer from the adverse effects of cheap rice imports. The QR on rice imports shall be converted into tariffs. The National Economic Development Authority (NEDA) and the Philippine Institute for Development

Studies (PIDS) both recommend the adoption of tariffication, with revenues earmarked as safety net for rice farmers. Both suggest a 35-percent tariff rate as the appropriate tariff equivalent. (<https://www.pids.gov.ph/publications/5790>)

WHEREAS, the Philippine Government unilaterally extended the Minimum Access Volume (MAV) commitment of 805,200 MT and corresponding tariff concessions to maintain special treatment through Executive Order no. 23 (EO23). The MAV and tariff concessions will remain in place until December 31, 2020 or until an amendment to the Agricultural Tariffication Act (which exempts rice) is passed. The legislative amendment required to move to a tariff-based-system and end the QR is still to be completed.

WHEREAS, according to the NFA Memorandum Circular No. AO-2017-08-002 dated August 4, 2017, the Minimum Access Volume Country Specific Quota (MAV-CSQ) and the Minimum Access Volume Omnibus Origin (MAV-OMB) for the year 2017 by the Private Sector is 805,200 MT. (www.nfa.gov.ph)

WHEREAS, the country's rice supply scenario is thirty percent (30%) household, thirty percent (30%) commercial rice traders and thirty percent (30%) NFA, which the latter use for buffer stocking and making rice affordable and available to the consuming public.

WHEREAS, NFA for buffer stocking has as of October 6, 2017, posted that its importation of 250,000 MT, 25% broken, well milled long grain white rice 98% has arrived. (<http://nfa.gov.ph/images/files/statistics/vessel.pdf>)

WHEREAS, the total approved volume of rice import in 2017 was at 250,000 MT for NFA and 805,200 MT for the private sector under the MAV or a total of 1,055,200 MT.

WHEREAS, according to NFA spokesperson Rebecca Olarte, the National Food Authority-accredited rice retailers will not be able to sell NFA rice for the time being. In a statement issued Sunday afternoon, confirmed that the NFA has decided to temporarily discontinue issuing NFA rice to accredited retailers due to low supply. (<http://www.gmanetwork.com/news/money/economy/642121/distribution-of-nfa-rice-suspended-due-to-low-buffer-stock/story/>.)

WHEREAS, this scenario of low buffer stock happened also in March 2017 and in July 2017. Can this occurrence not be predicted and policy decisions made to prevent low supply of NFA rice in the market. NFA is required to keep a fifteen day buffer stock at any given time mandate given to it by the Legislative-Executive Development Advisory Council. (<http://thestandard.com.ph/news/top-stories/230848/rice-shortage-feared.html>), (<http://www.journal.com.ph/news/provincial/nfa-halts-supplying-rice-to-bicol-public-markets>)

WHEREAS, of late, NFA is requesting for an authority to import an additional 250,000 MT to ensure rice availability in times of natural calamities and minimize the soar of NFA rice prices in the market.

WHEREAS, the present NFA's mandate to ensure food sufficiency should be looked into for the purpose of rationalizing its functions in the advent of the need to impose tariff on rice importation. It should be responsible to respond to natural and artificial shortages of rice or buffer stocking.

WHEREAS, there is a need to look into the supply of NFA rice for the consuming public and NFA in fulfilling its administrative capabilities to respond to the need of the people.

BE IT RESOLVED, AS IT IS HEREBY RESOLVED, to direct the proper Senate Committees to conduct and inquiry, in aid of legislation, on the status the NFA rice supply, with the end in view of introducing new policies and rationalizing its mandate in face of the lifting of the Quantitative Restriction and making it responsive to the general public, among others.



SEN. CYNTHIA A. VILLAR