

S. No. 2779
H. No. 10381

Republic of the Philippines
Congress of the Philippines

Metro Manila

Nineteenth Congress

Third Regular Session

Begun and held in Metro Manila, on Monday, the twenty-second day of July, two thousand twenty-four.

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[REPUBLIC ACT NO. 12078]

AN ACT AMENDING REPUBLIC ACT NO. 8178 OR THE
“AGRICULTURAL TARIFFICATION ACT”, AS AMENDED
BY REPUBLIC ACT NO. 11203

*Be it enacted by the Senate and House of Representatives of the
Philippines in Congress assembled:*

SECTION 1. Section 3(e) of Republic Act No. 8178 or the
“Agricultural Tariffication Act”, as amended by Republic Act
No. 11203, 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) 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. 2. New Sections 5 and 6 are hereby inserted after Section 4 of Republic Act No. 8178, as amended by Republic Act No. 11203, to read as follows:

“SEC. 5. *Strengthening the Regulatory Function of the Department of Agriculture (DA).* – The DA, through the Bureau of Plant Industry (BPI), 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 inspection of grain warehouses and agricultural facilities to ensure compliance with palay and rice quality and supply standards and regulations; and

(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.

SEC. 6. *Powers of the DA on Rice Price Stabilization and Supply Regulation.* – The DA Secretary, upon the recommendation of the National Price Coordinating Council (NPCC), shall declare a food security emergency on rice due to supply shortage or extraordinary increase in prices.

The NPCC shall devise a formula for determining the existence of a rice supply shortage or an extraordinary increase in rice prices. When such conditions occur, the DA may:

(a) Sell existing NFA rice buffer stock in areas where there is rice supply shortage or an extraordinary increase in rice prices: *Provided*, That notwithstanding existing laws, rules, and regulations, the sale shall be made only to:

(1) Government agencies or entities such as: the Department of Social Welfare and Development, Office of Civil Defense-National Disaster Risk Reduction and Management Council, and LGUs; and

(2) The public through KADIWA outlets;

(b) Replenish the used NFA rice buffer stock with locally produced rice from farmers or farmers cooperatives and associations; or

(c) Import rice when the available supply of locally produced rice is inadequate. The DA Secretary is authorized to designate the importing entity within the DA, with the exception of the NFA: *Provided*, That the designated importing entity shall import rice at the least cost available among government-to-government options, which shall include direct contracts between the Philippine government and a foreign government, including instrumentalities and State-owned enterprises of such foreign government.

The DA shall maintain a buffer fund for food security emergencies on rice. For this purpose, the amount of Five billion pesos (P5,000,000,000.00) from any current unutilized portion of the DA budget shall not revert to the National Treasury but shall instead be credited to the buffer fund: *Provided*, That any excess in the annual tariff collection from the importation of rice not exceeding Two billion pesos (P2,000,000,000.00) shall be credited to the buffer fund: *Provided, further*, That the proceeds of the sale under paragraph (a) of this section shall revert to the DA buffer fund.”

SEC. 3. Section 7 of Republic Act No. 8178, as amended by Republic Act No. 11203, is hereby further amended as follows:

“SEC. 9. *Powers of the President.* – x x x

x x x

(b) In the event of any imminent or forecasted shortage, or any other situation requiring government intervention, the President is empowered for a limited period and/or a specified volume, to authorize the importation at a lower applied tariff rate to address the situation. Such order shall take effect immediately and can only be issued when Congress is not in session.

When there is an excessive supply of imported or locally produced rice resulting in an extraordinary decrease in local rice prices, the President may suspend or prohibit further importation for a limited period and/or a specified volume until both rice supply and prices stabilize; and

(c) In case the calculated out-quota tariff rate referred to under Section 8(c) of this Act exceeds one hundred percent (100%), the provision of Paragraph 1, Section 1608(a) of the CMTA shall also not apply.”

SEC. 4. Section 8 of Republic Act No. 8178, as amended by Republic Act No. 11203, is hereby further amended as follows:

“SEC. 11. *Maintenance and Disposal of Rice Buffer Stock.* – The NFA shall, in accordance with rules, regulations, and procedures, maintain an optimal rice buffer stock to be sourced exclusively from local farmers.

The NFA shall dispose of its rice buffer stock one (1) month before the aging period starts, following the first in, first out method.

The aging process begins three (3) months from storage for rice and six (6) months from storage for palay.

In both cases, disposal through sale shall be through public auction.”

SEC. 5. Section 13 of Republic Act No. 8178, as amended by Republic Act No. 11203, is hereby further amended as follows:

“SEC. 16. *Rice Competitiveness Enhancement Fund (RCEF).* – There is hereby created a Rice Competitiveness Enhancement Fund, which shall be sourced from all tariffs collected from the importation of rice. The RCEF shall consist of an annual appropriation of Thirty billion pesos (P30,000,000,000.00) until the year 2031, following the approval of this Act, and shall be automatically credited to a Special Account in the General Fund of the National Treasury which shall be established within ninety (90) days from the effectivity of this Act.

x x x

The amount allocated shall be released directly to the implementing agencies as provided in this Act based on the objectives and plans of the rice industry roadmap: *Provided*, That the unutilized portion of the RCEF allocated to the implementing agencies and collections from repayments by loan beneficiaries including interests, if any, shall not revert to the General Fund: *Provided, further*, That any excess in the annual tariff collection of Thirty billion pesos (P30,000,000,000.00) shall be added to the RCEF and allocated and disbursed to the implementing agencies following the allocation provided in this section: *Provided, finally*, That if the annual tariff collection from imported rice falls below Thirty billion pesos (P30,000,000,000.00), the deficiency shall be sourced from the DA budget as provided in the General Appropriations Act, subject to the guidelines issued by the Department of Finance (DOF). Fund releases charged against the RCEF shall not be subject to any ceiling by the Department of Budget and Management (DBM).

x x x

Subject to the usual accounting and auditing rules and regulations, the RCEF shall be allocated and disbursed to rice-producing areas, as follows:

(a) Rice Farm Machineries and Equipment – Nine billion pesos (P9,000,000,000.00) of the RCEF shall be released to and implemented by the Philippine Center for Postharvest Development and Mechanization (PHilMech) as grant in kind to eligible farmers associations, registered rice cooperatives, and LGUs, according to their choice, in the form of rice farm equipment, such as tillers, tractors, seeders, threshers, rice planters, harvesters, irrigation pumps, small solar irrigation, reapers, dryers, millers, and postharvest and processing facilities such as warehouses, grain storage facilities, and drying facilities: *Provided*, That the PHilMech shall procure from accredited manufacturers and local machine fabricators to spur the establishment of farm-level fabrication, repair, and maintenance of farm implements and equipment and to assist in the promotion of locally manufactured farm machineries and equipment and ensure their maximum utilization:

Provided, further, That Four hundred twenty-five million pesos (P425,000,000.00) of the allocation for rice farm machineries and equipment under this subparagraph shall be allotted for the promotion, establishment, support, and development of Fabrication, Repair, and Maintenance Centers (FARM-Cs) of farm machinery, equipment, and tools, including grants to be given every year to at least two (2) FARM-Cs in each RCEF rice-producing province. The PHilMech shall continuously collaborate with existing and emerging FARM-Cs nationwide. For this purpose, FARM-Cs shall set up machine shops and fabrication hubs in rural areas which will repair the existing agricultural equipment of farmers cooperatives, associations, and LGUs given under the RCEF.

(b) Rice Seed Development, Propagation, and Promotion – Six billion pesos (P6,000,000,000.00) of the RCEF shall be released to and implemented by the Philippine Rice Research Institute (PhilRice) and used for the development, propagation, distribution, and promotion of high quality inbred rice seeds to rice farmers and the organization of rice farmers into

seed growers associations and/or cooperatives engaged in seed production and trade.

(c) Other Priority Programs, Activities, and Projects – Notwithstanding any law to the contrary, the President is hereby authorized to allocate the amount of Fifteen billion pesos (P15,000,000,000.00) to programs, activities, and projects that will most effectively promote farmers' productivity, supply resiliency, and address food security emergency situations on rice due to supply shortage or extraordinary increase in prices, in the following order of priority:

(1) Rice training and extension services provided by PHilMech, PhilRice, the Agricultural Training Institute (ATI), and the Technical Education and Skills Development Authority (TESDA);

(2) Financial assistance to rice farmers tilling up to two (2) hectares of rice land which shall be released to the DA-Office of the Secretary (DA-OSEC) for direct cash distribution to qualified farmers. The DA-OSEC shall devise a mechanism for the distribution of cash assistance which will ensure that all farmers tilling up to two (2) hectares of rice land listed in the Registry System for Basic Sectors in Agriculture (RSBSA) shall directly receive the cash assistance. The BOC is hereby mandated to directly remit the said funds to the DA;

(3) Expanded Rice Credit Assistance which shall be made available in the form of credit facility with minimal interest rates and with minimum collateral requirements to rice farmers and cooperatives, to be managed equally by the Land Bank of the Philippines (LBP) and the Development Bank of the Philippines (DBP).

The credit assistance component of the RCEF shall operate as a revolving fund, with the principal and interest payments on loans made from the fund re-deposited into the fund and made available for new loans to eligible beneficiaries, in accordance with budgeting, accounting, auditing, and pertinent laws, rules, and regulations;

(4) Composting facilities for biodegradable wastes which shall be used to address the micronutrient deficiencies in the soil;

(5) Pest and disease management;

(6) Solar-powered water irrigation or water impounding irrigation project;

(7) Soil health improvement; and

(8) Farming support programs of the DA and the National Irrigation Administration (NIA) on contract farming program.

The BOC and the DA shall, at the end of each year, submit separate reports on the annual remittance and disbursement of funds to the Senate Committee on Agriculture, Food and Agrarian Reform and the House Committee on Agriculture and Food: *Provided*, That the amounts herein allocated shall be reviewed on the third year of the effectivity of this Act for possible revisions should intervention priorities change: *Provided, further*, That preferential attention should be given to rice farmers, cooperatives, and associations adversely affected by the tariffication of the quantitative import restriction on rice in accordance with the thrust and priorities of Republic Act No. 8435, otherwise known as the "Agriculture and Fisheries Modernization Act of 1997", as amended, and the Philippine Development Plan (PDP). The increase or decrease of farmers' incomes shall be the primary benchmark in granting these interventions.

The Congressional Oversight Committee on Agricultural and Fisheries Modernization (COCAFAM) shall conduct a periodic review of the use of the RCEF.

The Philippine Institute for Development Studies (PIDS) shall conduct an independent baseline study, as well as mid-term and end-term evaluation of this Act, which shall be submitted to the COCAFAM."

SEC. 6. Section 14 of Republic Act No. 8178, as amended by Republic Act No. 11203, is hereby further amended as follows:

"SEC. 17. *Beneficiaries of the RCEF*. – The beneficiaries of the RCEF shall be those farmers and farmworkers listed in the RSBSA and rice cooperatives and associations accredited by the DA. Within one hundred eighty (180) days from the effectivity of this Act and every year thereafter, the DA, in consultation with farmers' cooperatives and organizations and LGUs, shall validate and update the master list of eligible beneficiaries to ensure that those listed are legitimate farmers, farmworkers, and rice cooperatives and associations.

x x x."

SEC. 7. *Separability Clause*. – If any provision of this Act is declared unconstitutional, the remainder thereof not otherwise affected shall remain in full force and effect.

SEC. 8. *Repealing Clause*. – All laws, presidential decrees, executive orders, letters of instruction, proclamations, or administrative regulations that are inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.


SEC. 9. *Effectivity*. – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,


FERDINAND MARTIN G. ROMUALDEZ
Speaker of the House
of Representatives


FRANCIS "CHIZ" G. ESCUDERO
President of the Senate

This Act, which is a consolidation of Senate Bill No. 2779 and House Bill No. 10381, was passed by the Senate of the Philippines and the House of Representatives on September 25, 2024.


REGINALD S. VELASCO
Secretary General
House of Representatives

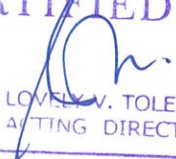

RENATO N. BANTUG JR.
Secretary of the Senate

Approved: DEC 06 2024


FERDINAND ROMUALDEZ MARCOS JR.
President of the Philippines



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ACTING DIRECTOR IV
8-12-24-2024