

26 September 2019

**SEN. CYNTHIA A. VILLAR**  
Chairperson  
Committee on Agriculture and Food  
Senate of the Philippines  
Pasay City, Philippines

Dear **Senator VILLAR**:

We are pleased to submit the Department's position on Senate Bill No. 1476, entitled:

**Senate Resolution No. 36**

**Directing the Senate Committee on Agriculture and Food to Conduct an Inquiry, In Aid of Legislation, On the Impact of Republic Act No. 11203 or The Rice Tariffication Act on the Rice Farmers and the Local Rice Industry**

**Senate Resolution No. 39**

**Directing the Senate 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, In Light of the Need to Closely Monitor its Implementation by the Designated Government Agencies, As This Law Involves a Very Important and Sensitive Commodity –Rice- For Every Filipino, and to Ensure That Funds are Allocated for the Purpose Actually Intended**

**Senate Resolution No. 57**

**Directing the Appropriate Committee to Conduct an Inquiry, In Aid of Legislation, On the**

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**Impact of the Liberalization of Rice Importation, Exportation and Trade on Production and Farmgate Price of Palay and Retail Price of Rice, With the End in View of Protecting the Interests and Welfare of Filipino Rice Farmers and Consumers**

**Senate Resolution No. 63**

**Directing the Appropriate Senate Committee to Conduct an Inquiry, In Aid of Legislation, On the Reported Slow and Ineffective Implementation of Republic Act No. 11203, or The Rice Tariffication Act, Leading to Plummeting Palay Prices and Industry-wide Losses Gravely Affecting Our Local Agricultural Sector and Farming Communities**


**Senate Resolution No. 70**

**Urging the Senate Committee on Agriculture and Food to Conduct an Inquiry on the Status and Progress of the Implementation of RA 11203 or The Rice Tariffication Law, Particularly with Respect to its Impact on Rice Farmers and the Agricultural Sector, With the End in View of Crafting Legislation to Ensure the Protection of our Domestic Producers and Agricultural Sector**

This is without prejudice to the Department's submission of additional inputs.

With my best regards.

Sincerely,



**SECRETARY RAMON M. LOPEZ**



**DTI Position on**

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The Department supports the intent of the proposed Senate resolutions to monitor closely the impact of the Republic Act No. 11203 or The Rice Tariffication Law on the local rice farmers, consumers, and the agriculture sector as a whole. Since the law's implementation in March 2019, significant decline in retail prices of rice has already been observed, from peak price of PhP45.57 in September 2018 down to PhP37.58 in August 2019 for regular milled rice. Similarly, well milled rice recorded a retail price decrease from PhP48.97 to PhP42.30 during the same period.

The most crucial part in the implementation of the law is the immediate utilization of the Rice Competitiveness Enhancement Fund (RCEF) to benefit rice farmers and local producers to help them increase their income, improve welfare, productivity, and competitiveness of the rice sector by lowering cost of production. Subsequently, close monitoring is essential to ensure that the law is properly and efficiently implemented, and enable adjustments in a timely manner if there are issues that will emerge as rice is a highly sensitive commodity. We suggest effective and timely collection of data that are crucial to address problems such as farmgate price of palay, retail price of rice, volume of imports, and local production across different regions and provinces, among others.

The Philippines has been a net importer of rice for a long time now. From 2014 to 2018, average annual import growth reached 7.69% (Table 1). In 2018, the country imported 2.07 million MT of rice, the highest in five years, due to the limited availability of locally produced rice which resulted in average price surge of PhP40.75 per kilogram in the market.

**Table 1. Volume of Palay Production, Rice Imports, and Retail Price, 2014-2019 (Jan-Jun)**

Year	Volume of Palay Production (in Million MT)	Volume of Import (in Million MT)	Average Retail Price (PhP/Kg)*
2014	18.97	1.09	38.93
2015	18.15	1.53	37.06
2016	17.63	0.62	36.67
2017	19.28	0.89	37.15
2018	19.07	2.07	40.75
Jan-Jun 2019**	8.27	1.82	38.97

Source: PSA

\*Regular Milled Rice

\*\*Latest available data for Volume of Palay Production and Volume of Import

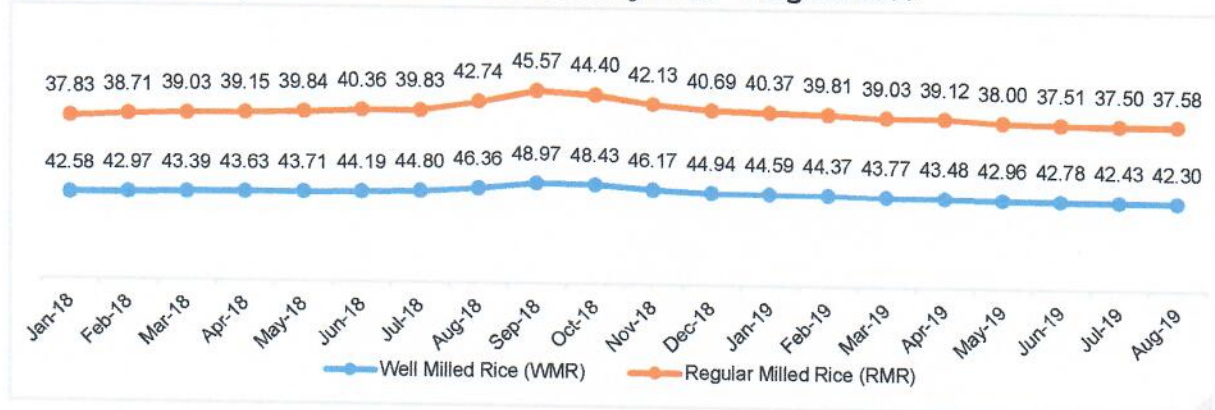


**Department of Trade and Industry**

Domestic production registered an average annual growth of 0.71% from 2014 to 2018. However, a decrease in production was noted in 2016 when it dropped to 17.63 million MT, the lowest in the last five years. In the same year, rice imports decreased to 0.62 million MT with an average retail price at PhP36.67 per kilogram. In Jan-Jun 2019, rice imports already reached 1.82 million MT and is expected to surpass the import volume in 2018. This is coupled with a lower retail price of regular milled rice at PhP38.97 per kilogram.

One of the objectives of the law is to provide the Filipino consumers with better choices and higher quality goods at affordable prices. In 2018, inflation rate reached 5.2%, the highest in nine years, which was attributed to rapid increase in the prices of basic commodities that included rice, the staple food of Filipinos. Figure 1 shows the increasing retail prices of well milled rice and regular milled rice during the period before the implementation of RA No. 11203. Shortly after the tariffication, the retail prices slowly went to reach its lowest retail prices in August 2019 for regular milled and well milled rice at PhP37.58 and PhP42.30 per kilogram, respectively.

**Figure 1. Monthly Retail Price of Rice, January 2018 – August 2019<sup>p</sup>**



Source: PSA p – preliminary data

Rice tariffication serves as a replacement for the protection provided before by the quantitative restriction (QR). Among ASEAN countries, the Philippines has the highest tariff rate for rice at 35% for ASEAN-member states and 40% for non-ASEAN countries. The DTI would like to reiterate the need to strengthen the implementation of the Rice Competitiveness Enhancement Fund (RCEF) to guarantee that all revenues earned from rice imports are channeled efficiently to initiatives that will genuinely benefit the rice farmers. This can be done through the provision of support and development programs, safeguard mechanisms, and the application of technology, research and development, and innovation with the end in view of increasing agricultural productivity and overall competitiveness.

  
**Bureau of Trade and Industrial Policy Research**  
**26 September 2019**  
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