

**[ REPUBLIC ACT NO. 11203, February 14, 2019 ]**

**AN ACT LIBERALIZING THE IMPORTATION, EXPORTATION AND TRADING OF RICE, LIFTING FOR THE PURPOSE THE QUANTITATIVE IMPORT RESTRICTION ON RICE, AND FOR OTHER PURPOSES**

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

SECTION 1. Section 2 of Republic Act (R. A.) No. 8178, as amended, is hereby further amended to read as follows:

"SEC. 2. Declaration of Policy. - It is the policy of the State to ensure food security and to make the country's agricultural sector viable, efficient and globally competitive. The State adopts the use of tariffs in lieu of non-tariff import restrictions to protect local producers of agricultural products.

x x x."

SEC. 2. Section 3 of R. A. No. 8178, as amended is hereby further amended to read as follows:

"SEC. 3. Definition of Terms. - The following definitions apply to the terms used in this Act:

"(a) 'Agricultural products' shall refer to specific commodities classified under Chapters 1-24 of the Harmonized Commodity Description and Coding System (HS) adopted and used in Section 1611 of R. A. No. 10863, otherwise known as the "Customs Modernization and Tariff Act" (CMTA);

"x x x

"(c) 'ATIGA Rate' refers to tariff rate commitments under the ASEAN Trade in Goods Agreement (ATIGA) applicable to importations originating from Association of Southeast Asian Nations (ASEAN) member States;

"(d) 'Bound rate' refers to the agreed maximum tariffs on products committed by the Philippines to the World Trade Organization (WTO) under the Uruguay Round Final Act, and under the ATIGA, in accordance with its tariff schedule (Annex 2: Tariffs under the ASEAN Trade in Goods Agreement (ATIGA)- PHILIPPINES);

"(e) 'Buffer Stock' refers to the optimal level of rice inventory that shall be maintained at any given time to be used for emergency situations and to sustain the disaster relief programs of the government during natural or man-made calamities;

"(f) 'In-Quota Tariff Rate' refers to the tariff rates for minimum access volumes committed by the Philippines to the WTO under the Uruguay Round Final Act:

"(g) 'Out-Quota Tariff Rate' refers to the higher rate of customs duty that is levied on the quantities of an imported agricultural product in excess of its minimum access volume (MAV);

"(h) 'Minimum Access Volume' refers to the volume of a specific agricultural product that is allowed to be imported with a lower tariff as committed by the Philippines to the WTO under the Uruguay Round Final Act;

"(i) 'Most Favoured Nation (MFN) Rate' refers to Philippine tariff rates that are applicable to imports from all sources as prescribed in the CMTA:

"(j) 'Quantitative Import Restrictions' refer to non-tariff restrictions used to limit the amount of imported commodities, including, but not limited to, discretionary import licensing and import quotas, whether qualified or absolute;

"(k) 'Rice' refers to all products classified under the Harmonized Commodity Description and Coding System (HS) heading 10.06;

"(l) 'Rice Shortage' is a situation where the quantity available or the supply of the commodity in a market falls short of the quantity demanded or required at a given time;

"(m) 'Tariff' refers to a tax levied on a commodity imported from another country. It earns revenues for the government and regarded as instruments to promote local industries by taxing their competitors. The benefit is accorded to the local producers by the maintenance of a domestic price at a level equal to the world price plus the tariff;

"(n) 'Tariff Equivalent' refers to the rate of tariff that provides comparable protection under existing quantitative import restrictions, reflected by the average price gap between domestic prices and world prices; and

"(o) 'Tariffication' refers to the lifting of all existing quantitative restrictions such as import quotas or prohibitions, imposed on agricultural products, and replacing these restrictions with tariffs."

SEC. 3. Section 4 of R. A. No. 8178, as amended, is hereby further amended to read as follows:

"SEC. 4. Repeal. - The following laws and all other laws or provisions of law prescribing quantitative import restrictions or granting government agencies the power to impose such restrictions on agricultural products or hindering the liberalization of the importation, exportation and trading of rice are hereby repealed:

"x x x

"(8) Subparagraphs i, v, vi, vii, xi, xii, xiii, xiv, xv, xvi, xvii, xviii, xix.. xxii, xxiii, and xxv of Section 6(a) of Presidential Decree (P.D.) No. 4, as amended."

SEC. 4. A new Section 5 is hereby inserted after Section 4 of R. A. No. 8178, as amended, to read as follows:

"SEC. 5. Issuance of Sanitary and Phytosanitary Import Clearance for Rice for the Sole Purpose of Ensuring Food Safety. - All importers of rice are required to secure a Sanitary and Phytosanitary Import Clearance (SPSIC) from the Bureau of Plant Industry (BPI) prior to importation in accordance with existing laws, rules and regulations: Provided, That the clearance shall not provide for import volume and timing restrictions: Provided, further, That failure on the part of the BPI to release the SPSIC without informing the rice importer of any error, deficiency, omission, or additional documentary requirement shall mean automatic approval of the SPSIC applied for within seven (7) days after submission of the complete requirements.

"The imported rice should arrive before the expiration of the SPSIC from the BPI.

"The food safety regulatory function of the NFA under Item (i), Section 16 of R. A. No. 10611, otherwise known as the 'Food Safety Act of 2013', is hereby transferred to the BPI."

SEC. 5. Section 6 of R. A. No. 8178> as amended, is hereby further amended to read as follows:

"SEC. 6. Tariffication. - In lieu of quantitative import restrictions, the maximum bound rates committed under the Uruguay Round Final Act shall be imposed on the agricultural products whose quantitative import restrictions are repealed by this Act.  
x x x

"x x x

"For the tariff equivalent of the quantitative import restrictions on rice, the bound rate shall be as notified by the Philippines to the WTO as follows:

"(a) For the minimum access volume committed by the Philippines to WTO, the in-quota tariff rate indicated in the applicable provisions of the WTO Agreement on Agriculture shall apply;

"(b) For rice imports originating from ASEAN member states, the import duty rate under the ATIGA shall apply; and

"(c) For rice imports originating from non-ASEAN WTO member states, the out-quota tariff rate is one hundred eighty percent (180%) or the tariff equivalent calculated in accordance with Paragraph 10 of Annex 5, Section b, of the WTO Agreement on Agriculture upon the expiration of the waiver relating to the special treatment for rice of the Philippines, whichever is higher, shall apply.

"The calculated tariff equivalent shall be determined by the Tariff Commission and approved by the National Economic Development Authority (NEDA) Board within forty-five (45) days upon the effectivity of this Act."

SEC. 6. A new Section 7 is hereby inserted after Section 6 of R. A. No. 8178, as amended, to read as follows:

"SEC. 7. Powers of the President. - Consistent with the Philippine national interest and the objective of safeguarding Filipino farmers and consumers, the President is hereby empowered to act with full delegated authority subject to the provisions of the CMTA. in the following circumstances;

"(a) The President may increase, reduce, revise, or adjust existing rates of import duty up to the bound rate committed by the Philippines under the WTO Agreement on Agriculture and under the ATIGA, including any necessary change in classification applicable to the importation of rice: Provided, That the power herein delegated to the President shall only be exercised when Congress is not in session: Provided, further, That any order issued by the President adjusting the applied tariff rates shall take effect fifteen (15) days after publication;

"(b) In the event of any imminent or forecasted shortage, or such other situation requiring government intervention, the President is empowered for a limited period and/or a specified volume, to allow 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; and

"(c) In case the calculated out-quota tariff rate referred to under Section 6(c) of this Act exceeds one hundred percent (100%), the provision of Paragraph 1, Section 1608(a) of the CMTA shall also not apply.

"The power herein delegated to the President may be withdrawn or terminated by Congress through a Joint Resolution."

SEC. 7. A new Section 7-A is hereby inserted after the new Section 7 of R. A. No. 8178, as amended, to read as follows:

"SEC. 7-A. Trade Negotiation Authority. - In the interest of the Philippine rice industry and Philippine consumers, and upon the recommendation of the NEDA and the Department of Agriculture (DA), the President may enter into trade negotiations or renegotiations of the Philippine international trade commitments on rice."

SEC. 8. A new Section 8 is hereby inserted after the new Section 7-A of R. A. No. 8178, as amended, to read as follows:

"SEC. 8. Maintenance of Rice Buffer Stock. -The NFA shall, in accordance with the rules, regulations and procedures to be promulgated, maintain sufficient rice buffer stock to be sourced solely from local farmers."

SEC. 9. A new Section 9 is hereby inserted after the new Section 8 of R. A. No. 8178, as amended, to read as follows:

"SEC. 9. Lifting of Quantitative Export Restrictions on Rice. - Any and all laws, rules, regulations, guidelines, and other issuances imposing quantitative export restrictions on rice are hereby repealed. The exportation of rice shall be allowed in accordance with the established rules, regulations and guidelines."

SEC. 10. A new Section 10 is hereby inserted after the new Section 9 of R. A. No. 8178, as amended, to read as follows:

"SEC. 10. Special Rice Safeguard. - In order to protect the Philippine rice industry from sudden or extreme price fluctuations, a special safeguard duty on rice shall be imposed in accordance with R. A. No. 8800, otherwise known as the 'Safeguard Measures Act and its implementing rules and regulations.'

SEC. 11. Section 7 of R. A. No. 8178, as amended, is hereby renumbered as Section 11 and is amended to read as follows:

"SEC. 11. Mechanism for the Implementation of Minimum Access Volume (MAV). - An equitable and transparent mechanism for allocating the MAV of agricultural products whose quantitative restrictions are herein lifted, shall be developed and established, having the least government intervention, addressing the requirements of each geographical area, and without entailing any cost to importers/users of these products to the detriment of local consumers and other end-users.

"In the case of rice, its MAV will revert to its 2012 level at three hundred fifty thousand metric tons (350,000 MT) as indicated in the Philippine commitment to the WTO.

x x x."

SEC. 12. Section 8 of R. A. No. 8178, as amended, is hereby renumbered as Section 12 and is amended to read as follows:

"SEC. 12. Agricultural Competitiveness Enhancement Fund. - To implement the policy enunciated in this Act, there is hereby created the Agricultural Competitiveness Enhancement Fund, herein referred to as the Fund. The Fund shall consist of all duties collected from the importation of agricultural products, except rice, under the MAV mechanism, including unused balances and collections from repayments from loan beneficiaries including interests, if any. The Fund shall be automatically credited to Special Account 183 in the General Fund of the National Treasury: Provided, That fund releases shall not be subject to any ceiling by the Department of Budget and Management (DBM).

"x x x."

SEC. 13. A new Section 13 is hereby inserted after the renumbered Section 12 of R. A. No. 8178, as amended., to read as follows:

"SEC. 13. Rice Competitiveness Enhancement Fund. - There is hereby created a Rice Competitiveness Enhancement Fund, herein referred to as the 'Rice Fund'. The Rice Fund shall consist of an annual appropriation of Ten billion pesos (P10,000,000,000.00) for the next six (6) years 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 in place within ninety (90) days upon the effectivity of this Act.

"At the end of the sixth (6th) year, a mandatory review shall be conducted by the Congressional Oversight Committee on Agricultural and Fisheries Modernization (COCAFAM) to determine whether the Rice Fund and its use as provided for under this Act shall be continued, amended, or terminated. The COCAFAM shall utilize the increase or decrease in farmers' incomes as a primary benchmark in determining