



22 May 2019

CUSTOMS MEMORANDUM CIRCULAR
NO. 135 - 2019

To: All Deputy Commissioners
All Directors and Division Chiefs
All District/Port Collectors
And Others Concerned

Subject: Implementing Rules and Regulations of R.A. 11203

Attached is a copy of DA-NEDA-DBM Joint Memorandum Circular No. 01-2019 entitled: The Implementing Rules and Regulations of Republic Act No. 11203, "An Act Liberalizing the Importation, Exportation and Trading of Rice, Lifting for the Purpose the Quantitative Import Restriction on Rice, and for Other Purposes".

For your information and guidance.

For record purposes, please confirm the dissemination of this circular throughout your offices within fifteen (15) days from receipt hereof.

REY LEONARDO B. GUERRERO

Commissioner

MAY 20 2019



BOC-09-01969



DEPARTMENT OF AGRICULTURE
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY
DEPARTMENT OF BUDGET AND MANAGEMENT

Joint Memorandum Circular No. 01-7019
Series of 2019

Subject: The Implementing Rules and Regulations of Republic Act No. 11203, "An Act Liberalizing the Importation, Exportation and Trading of Rice, Lifting for the Purpose the Quantitative Import Restriction on Rice, and for Other Purposes."

Introduction. This Joint Memorandum Circular implements the provisions of Republic Act No. 11203, "An Act Liberalizing the Importation, Exportation and Trading of Rice, Lifting for the Purpose the Quantitative Import Restriction on Rice, and for Other Purposes" pursuant to Section 17 thereof.

**ARTICLE I
DECLARATION OF POLICY**

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.

XXX"

**ARTICLE II
DEFINITION OF TERMS**

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);

"XXX

"(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."

Rule 2.1. Other terms used in this Implementing Rules and Regulations (IRR) are defined as follows:

Rule 2.1 (a). "Optimal Level" is the level of rice inventory that shall be strategically positioned and maintained by the National Food Authority (NFA) at any given time which includes the following:

- i. Level of stocks to be used for emergency situations; and
- ii. Level of stocks needed to sustain disaster relief operations of the government.

Rule 2.1 (b). "Emergency Situations" refer to situations which are unforeseen or sudden occurrence, especially danger, demanding immediate action.

Rule 2.1 (c). "Disaster Relief Programs" refer to programs of the government that help the community or persons at risk from pre or post disasters such as but not limited to earthquakes, tornadoes, massive fire, severe drought, civil disaster, war or armed conflict, tsunami, storm surge, and the like. Disaster relief programs also include:

- i. Disaster Preparedness;
- ii. Disaster Prevention; and
- iii. Disaster Response as provided in Republic Act No. 10121 or the Philippine Disaster Risk Reduction and Management Act of 2010.

Rule 2.1 (d). "Natural calamities" refer to major adverse events or incident resulting from the natural processes of the environment including, but not limited to typhoons, flooding, fire, catastrophic weather events and other fortuitous events which cannot be prevented and cause damage to life and property.

Rule 2.1 (e). "Man-made calamities" refer to critical and disaster situations which are caused by human decisions and activities and may include, but not be limited to, economic sabotage, war, rebellion, or any similar situation.

Rule 2.1 (f). The "Act" refers to Republic Act No. 11203 or *An Act Liberalizing the Importation, Exportation and Trading of Rice, Lifting for the Purpose the Quantitative Import Restriction on Rice, and for Other Purposes.*

ARTICLE III
REMOVAL/TRANSFER OF NFA's REGULATORY POWERS

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:

"XXX

"(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."

Rule 3.1. Effective **March 05, 2019**, the following functions and powers of the National Food Authority (NFA) in Section 6(a) of PD No. 4 of 1972, as amended, are repealed:

- i) To institute the negotiable warehouse receipt or quedan system in palay, corn and other grains not later than two (2) years after the approval of the Act. Pending the institution of said quedan system, however, the Authority shall implement the price support by procuring grains at the announced floor price in such quantities and in such places as may be necessary; provided, That no such grains shall be procured unless they are stored in a bonded warehouse under a bond of not less than thirty-three and one-third (33 1/3) per centum of the value of the stocks of said grains;

Provided, however, that in areas where there are no bonded warehouses or adequate space in bonded warehouses, the Authority shall start to purchase grains at the beginning of every harvest and for this purpose shall send its men and facilities to the places of harvest where the farmers can directly sell the harvested grains; Provided, further, that the Authority shall take measures to expedite the establishment of bonded warehouses in areas where they are needed but do not exist; Provided; finally, that such stocks shall be fully insured against loss due to fire.

- v) To oversee and enforce (Sec. 6 A (v), the provisions of Republic Act numbered Three Thousand Eighteen.
- vi) To inspect palay, rice, corn, corn grits and other grains and their substitutes and or their by-products/end-products (Sec. 6 A (vi), stored by any person, partnership, corporation or association, for purposes of taking inventory and record of such commodities, and to enter the premises thereof by the use of reasonable means.

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- vii) To order the seizure, whenever there is concerning or hoarding, as may be defined by the Authority of rice and/or corn and/or other grains and substitutes and/or their byproducts/end-products thereof, including facilities and equipment (Sec 6 A (vii), used in said concerning hoarding, or whenever there is a scarcity of supply of such commodity in the consumer market and/or an unwarranted increase in the price thereof, of the hoarded commodity and its public sale in such quantity as may be needed to stabilize prices to normal levels.
- xi) To register, license and supervise warehouses, whether bonded or not (Sec. 6 A (XI), and mills; and to prescribe, impose and collect fees, charges, and/or surcharges in licensing and regulating warehouses and mills.
- xii) To establish rules and regulations governing the importation of rice, corn and other grains and their substitutes and/or by-products/end-products and to (Sec. 6 A (xii) license, impose and collect fees and charges for said importation for the purpose of equalizing the selling price of such imported grains and their substitutes and/or their by-products/end-products with the normal prevailing domestic prices

In the exercise of this power, the Council after consultation with the Office of the President shall first certify to a shortage of grains and/or their substitutes that may occur as a result of a shortfall in production, a critical demand-supply gap, a state of calamity or other verified reasons that may warrant the need for importation. The Authority shall undertake the direct importation of grains and/or their substitutes or it may allocate import quotas among certified and licensed importers, and the distribution thereof through cooperatives and other marketing channels, at prices to be determined by the Council regardless of existing floor prices and the subsidy thereof, if any, shall be borne by the National Government.

- xiii) To establish rules and regulations governing the export of rice, corn and other grains and/or their substitutes and their by-products/end-products (Sec. 6 A (xiii) and to collect fees and charges for such exportation at rates to be determined by the Council.

In the exercise of this power the Authority shall directly undertake the exportation of rice, corn and other grains and/or their substitutes and/or by-products/end-products whenever there is an excess in production and/or supply, or it may allocate export quotas among certified and licensed exporters; Provided, however that the Council shall first certify after to such excess production and/or supply after proper consultation with the Office of the President.

- xiv) To register, license and supervise persons, natural or juridical, who shall engage (Sec. 6 A (xiv) in the business of providing goods and services in support of the different activities involved in the production,

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processing, transporting, marketing and trading of grains and/or their substitutes and to prescribe, impose and collect fees, charges and/or surcharges in licensing and regulating the operations of such persons.

xv) To register, license and supervise persons, natural or juridical, engaged in the wholesale and/or retail business of rice, corn and other grains and their substitutes and/or their by-products/end-products (Sec. 6A, XV) and to impose and collect fees to be determined by the Council.

xvi) To register, license and supervise persons, natural or juridical, engaged in the processing or manufacture of goods where rice, corn and other grains and/or their substitutes (Sec. 6A, xvi) are used as ingredients in the manufacture of starch, oil and animal feeds and/or other similar commodities and/or by-products/end-products (Sec. 6A, xvi) in which case it shall impose the nominal fees to be determined by the Council.

xvii) To provide for the enforcement of the provisions of this Decree or any Letter of Instructions, General Orders or Rules and Regulations issued or which may hereafter be issued pursuant thereto, or any other Decree, Letter of Instructions, General Order, the implementation and enforcement of which is vested with the Authority, and for violation thereto, to authorize the Administrator or his duly authorized representatives to impose administrative fines and penalties, to conduct investigations and to require by subpoena and/or subpoena duces tecum the attendance and testimony of witnesses, the production of books, papers, documents, exhibits, records, evidence; to administer oath by himself or his duly authorized representative, and to make arrests. Any case of contumacy shall be dealt with in accordance with the provisions of Section five hundred eighty of the Revised Administrative Code. Any fine imposed and collected under this paragraph shall form part of the Authority's corporate funds, (Sec. 6 A, xvii).

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xviii) Whenever the Authority determines that to accomplish its production, processing, marketing and other incidental functions, it is necessary to contract indebtedness, it shall be a resolution, stating the purpose for which the indebtedness is to be incurred and citing the project study designed for the purpose, so declare and authorized the Authority's execution or issuance of, and establish the terms and conditions to be contained in such bonds, loan agreements, other evidences of indebtedness necessary thereof, such resolution shall become valid and effective upon approval by the President of the Philippines, and upon prior recommendation of the Secretary of Finance.

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With respect to domestic indebtedness to be incurred by the Authority, the bonds or other evidence of indebtedness issued for the purpose

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shall contain such terms, conditions, privileges, exemptions and guarantees as are specified below (Sec. 3 (A) P.D. 699).

- 1) Such bonds or other evidences of indebtedness; a) shall be registered with and transferable at the Central Bank of the Philippines; b) shall not be sold at less than par; c) shall be payable ten years or more from date of issue, as may be determined by the Secretary of Finance before their issuance, but shall be redeemable, upon the election of the Council, after five years from such date of issue; and d) shall bear interest at an annual rate to be determined before their issuance by the Secretary of Finance. The interest may be payable quarterly, semiannually or annually, as determined by the Secretary of Finance in consultation with the Monetary Board of the Central Bank of the Philippines before the date of issuance, and both the principal and interest shall be payable in legal tender of the Philippines (Sec. 3(A) P.D. 699).

- 2) The Bonds or other evidences of indebtedness shall be exempt from the payment of all taxes by the Republic of the Philippines, or by any authority, branch, division or political subdivision thereof which fact shall be stated upon their faces; and by virtue of this Decree are hereby made securities in which all public offices, political subdivisions, commercial banks, insurance companies and associations, investment houses, financing companies, savings banks and savings institutions, including savings and loan associations, executors, administrators, guardians, trustees and fiduciaries in the Philippines may properly and legally invest their own funds or the funds within their control, and the same shall be receivable as collateral in any transaction with the government, its agencies and instrumentalities, including government-owned or controlled corporations and government banking and financial institutions in which such collateral is required. Said instruments may be made payable both as to principal and interest in the Philippine currency or any readily convertible currency.

- 3) A sinking fund shall be established by the National Grains Authority in such manner that the total annual contribution thereto, accrued to such rate of interest as may be determined by the Secretary of Finance in consultation with the Monetary Board, shall be sufficient to redeem at maturity the bonds issued under this subsection. A sinking fund shall be under the custody of the Central Bank of the Philippines, which shall invest the same, subject to the approval of the Council and the Secretary of Finance in consultation with the Monetary Board; provided, that, the proceeds thereof shall accrue to the Authority. (Sec. 3 (A) P.D. 699).

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- 4) The Republic of the Philippines hereby guarantees the payment by the Authority of both the principal and the interest in case the Authority fails to do so; and there are hereby appropriated out of general funds in the National Treasury not otherwise appropriated the sum necessary to make the payments so guaranteed; provided, that, the Authority, to assure such refunding, shall establish reserves or sinking funds and comply with such other restrictions and conditions as the Secretary of Finance may be prescribe and establish that purpose.

With respect to foreign indebtedness to be incurred by the Authority, such may be contracted, in the form of loans, credits convertible foreign currencies, or other forms of indebtedness from foreign governments or any international financial institution or fund sources, including foreign private lenders, the total outstanding amount of such indebtedness, exclusive of interest, shall not exceed five hundred million United States dollars (US\$500m) or the equivalent thereof in other currencies. The President of the Philippines, by himself or through his duly authorized representative, is hereby authorized to negotiate and to so contract with foreign governments or any international financial institution or fund source in the name and on behalf of the Authority; and is further authorized to guarantee, absolutely and unconditionally, as primary obligor and not merely as a surety, in the name and in behalf of the Republic of the Philippines, as the payment thereon of any due interest charge, up to the limited amount authorized by the foregoing, which shall be over and above the amounts which the President is authorized to guarantee under Republic Act No. 6124, and also to guarantee the performance of all or any of the obligations undertaken by the Authority in the territory of the Republic of the Philippines pursuant to loan agreements entered into pursuant to this paragraph. Any indebtedness contracted under this paragraph and the payment of the principal thereof and of any interest or other charges thereon, as well as the importation of machinery, equipment, materials, supplies and contracted indebtedness, shall also be exempt from direct and indirect taxes, fees imposts, other charges and restrictions, by the Republic of the Philippines, or by any authority, branch, division, or political subdivision thereof.

Investment in bonds, promissory notes, debentures and other evidences of indebtedness of the Authority acquired by financial institutions, subject to the provisions of Republic Act No. 6389, as amended, including its implementing regulations, shall be considered sufficient compliance with the requirements of said Act and its implementing regulations. All funds so acquired and realized by virtue of this power to contract indebtedness, interests and other income incidental thereto and income from other operations, projects or activities of the Authority shall be

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administered by it except such other funds the administration of which specifically provided for by other provisions of Presidential Decree No. 4.

- xix) To purchase, lease or otherwise acquire lands, whether public or private, for the cultivation and production of rice, corn and other grains.

In the exercise of this power, the Authority shall have the authority to engage and retain any person, firm or corporation, private or public, to render technical services in the developments, cultivation or operations of such lands as it may have acquired by purchase, lease or other means. Moreover, the Authority shall have also the power to effect the advance payment of the stipulated fees.

- xxii) In order to immediately implement the program envisioned in this Decrees, an initial sum of ten million pesos (P10,000, 000.00) is hereby set aside from the Authority's corporate funds and for this purpose, the Administrator is hereby authorized to dispose the said amount as he may deem fit, subject to the usual accounting and auditing requirements.

- xxiii) To promulgate such rules and regulations as may be necessary to carry out the provisions of the Act. Such rules and regulations shall take effect fifteen (15) days following their publication once in at least one daily newspaper of national circulation (Sec. 6A (xxiii)).

- xxv) To create and establish subsidiary corporations to undertake the related and integrated business operations of Authority (Sec. 6A (xxv)).

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Rule 3.2. All permits, licences, registrations shall cease to be given by NFA to importers, traders, warehouse operators, wholesalers, retailers, among others, starting **March 5, 2019** pursuant to Rule 3.1 of this IRR. All other government agencies, such as Bureau of Customs (BOC), Department of Agriculture (DA), Bureau of Plant Industry (BPI), among others, shall cease to include the NFA permit, license, or registration as part of the requirement for trade and importation/exportation of rice.

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Rule 3.3. The DA shall issue a department order/circular on the conduct of local and international rice trade within the transition period provided in Rule 3.4 of this IRR. Provided, further, that the said DA issuance shall be consistent with the provisions of this IRR.

Rule 3.4. A transition period of at most sixty (60) days, after the effectivity of this IRR, shall be provided to allow the NFA to restructure in order to perform its function under the Act.

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Rule. 3.4.1. The NFA shall, within thirty (30) days from effectivity of this IRR, submit to the Governance Commission for GOCCs (GCG) the NFA's Restructuring or Reorganization Plan, for its review and approval within

thirty (30) days. During this period, NFA shall conduct due consultation with the GCG, Department of Budget and Management (DBM), and other relevant agencies on the NFA's Restructuring or Reorganization Plan. The NFA's Restructuring or Reorganization Plan shall include the applicable retirement and separation benefits in accordance with existing laws, rules, and regulations.

Rule 3.4.1.1. The NFA shall propose to the GCG a new corporate structure of the NFA, including all positions in its plantilla, staffing patterns for its officers and employees in a way that is responsive to the requirements of the NFA to execute its key function of managing the buffer stocks and ensuring its financial stability.

Rule 3.4.1.2. The NFA's Reorganization Plan shall include the following: (i) a recommendation as to the compensation package for those employees who shall be considered redundant, (ii) a workforce plan for those positions that will be created or retained by virtue of the reorganization, (iii) a job matching exercise which will entail a retooling of the personnel, (iv) a re-learning and capacity building program, and (v) other institutional systems developed/developed to suit the transformed role of NFA on managing the buffer stocking and an open market player in the rice industry.

The compensation package under this Rule for affected officials and personnel of NFA is subject to the approval of the President. Affected officials and personnel of the NFA, whether regular or casual/contractual personnel, may avail of the following separation benefits in addition to retirement benefits allowed under existing laws:

Years in Service	Rates
First 20 years	1.00 x MBS* x No. of Years
20 years and 1 day to 30 years	1.25 x MBS x No. of Years
30 years and 1 day and above	1.50 x MBS x No. of Years

** Monthly Basic Salary*

Funding for the separation benefits of affected officials and personnel of the NFA shall be sourced from NFA's corporate funds and from the National Government (NG). Provided that, the use of NG funds for the purpose shall be the last recourse.

Rule 3.4.2. The Department of Agriculture (DA) and NFA shall formulate the guidelines and organizational modification plan on the transfer of the Food Development Center (FDC) from NFA to the DA within fifteen (15) days upon the effectivity of the IRR for submission to the Department of Budget and Management (DBM). The FDC is the department of NFA in charge of providing scientific support on food safety particularly on testing, research, and training. The DBM shall, within fifteen (15) days upon the submission of DA of the organizational modification plan, issue the corresponding Notice of Organization Staffing and Compensation Action (NOSCA) for the creation of the positions under the DA-Office of the Secretary (DA-OSEC). Should the NOSCA take longer than the prescribed 15-day period, the relevant NFA Staff shall be seconded to the DA, pursuant to existing CSC rules and regulations, to ensure the FDC to remain functional and operational. The funding for the initial operations and existing transactions of the FDC shall be sourced from the NFA funds until the end of 2019 subject to the usual budgeting, accounting, and auditing rules and regulations. The budgetary requirements for the ensuing year shall be provided in the succeeding annual budget of the DA-OSEC.

Rule 3.5. The NFA shall continue to perform its Commercial Rice Stocks Survey (CSS) until December 31, 2019. During this period of transition, the Philippine Statistics Authority (PSA) will be closely coordinating with NFA to prepare PSA personnel and systems with the CSS instrument, survey coverage, sampling design, and others, and for possible adjustments of CSS to conform with PSA quality data collection and standards. By the first quarter of 2020, the PSA and NFA shall jointly undertake the CSS. The final turnover of the CSS from the NFA to PSA shall be on July 1, 2020. In 2019, PSA will prepare the budgetary requirements and action plan for the implementation of CSS in 2020. Preparatory work by PSA for this undertaking in 2019 shall be charged to the budget of PSA and to other appropriate funding sources as the DBM may identify, subject to the usual budgeting, accounting, and auditing rules and regulations. The budgetary requirements for the ensuing year shall be provided in the succeeding annual budget of the PSA.

ARTICLE IV
ISSUANCE OF SANITARY AND PHYTOSANITARY IMPORT CLEARANCE FOR RICE

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."

Rule 4.1. Importation of rice shall comply with the provisions of all existing laws, rules and regulations on Sanitary and Phytosanitary (SPS) measures and food safety, as well as relevant provisions of international agreements to which the Philippines is a signatory.

Rule 4.2. All importations of rice for purposes of donation during calamities and other emergency situations shall comply with SPS and food safety requirements. In the case of private entities, the same shall be treated as first and last importation. The recipient agency/office/organization or the private

entities, the same shall be treated as first and last importation. The recipient agency/office/organization or the private entities if they are based in the country, shall apply and secure the needed Sanitary and Phytosanitary Import Clearance (SPSIC).

Rule 4.3. The DA shall, within 15 days upon the effectivity of this IRR, review and revise appropriate guidelines, rules and regulations on the issuance of SPSIC for imported rice taking into account the relevant provisions of this IRR, including, but not limited to, the following:

Rule 4.3.1. All importers of rice shall register with the BPI and be part of the DA Trade System for purposes of application and issuance of SPSIC. The application form for importer registration (BPI "Q" Form No. 1c) shall also be reviewed by the DA consistent with the timelines in Rule 4.3 to streamline the documentary requirements to ensure all eligible traders are able to participate.

Rule 4.3.2. The application for the issuance of the SPSIC shall be online following the revised guidelines in Rule 4.3 and shall be acted upon within seven (7) calendar days from submission of the complete requirements under applicable rules and regulations. Incomplete application or non-compliance to SPSIC requirements shall be communicated online by the BPI through the account of the applicant in the Data Trade System (DTS) before the end of the seven-day period; failure to do so shall mean automatic approval of the application for SPSIC which shall also be made available/communicated online through the same account of the applicant in the DTS. Provided, that the clearance shall not provide for import volume and timing restrictions. Provided further, that the imported rice should arrive before the expiration of the SPSIC from the BPI.

Rule 4.3.3. The BPI shall regularly publish and update in its website the list of accredited importers issued with SPSIC, including the volume of imports.

Rule 4.4. The food safety regulatory agency for imported and domestic rice, corn, and other grains for purposes of the implementation of RA 10611 or the Food Safety Act of 2013 shall be the BPI. The DA shall submit the resulting organization and staffing modification of the BPI to the DBM for its review and approval within fifteen (15) days upon the effectivity of this IRR. The creation of positions in the BPI shall be at the barest minimum. The DBM shall, within fifteen (15) days upon submission by the DA, issue the corresponding NOSCA for the creation of the positions under the BPI. The funding shall be sourced from existing appropriation of the BPI and such other appropriate funding sources as the DBM may identify, subject to the usual budgeting, accounting and auditing rules and regulations. The budgetary requirements for the ensuing year shall be provided in the succeeding annual budget of the BPI.

Rule 4.5. For purposes of ensuring the efficient and immediate transfer and implementation of the food safety function of the NFA to BPI pursuant to Section 4 of RA No. 11203, the NFA is directed to coordinate, advise, and

assist BPI in the implementation of food safety regulations pending the issuance of the NOSCA for the creation of positions under the BPI.

ARTICLE V TARIFFICATION

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. XXX.

"XXX

"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."

Rule 5.1. 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 rice imports originating from ASEAN member states, the import duty rate under the ATIGA shall apply;
- (b) For rice imports originating from non-ASEAN WTO member states, the bound 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; and

(c) The tariff equivalent referred to under para (b) above shall be determined by the Tariff Commission and approved by the National Economic and Development Authority (NEDA) Board within forty-five (45) days after the effectivity of the Act.

Rule 5.2. 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.

Rule 5.3. The applied rate on rice shall be as indicated under Section 1611 of the Customs Modernization and Tariff Act (CMTA), unless otherwise amended in accordance with Section 1608 of the CMTA and Section 7 of the Act. In the case of rice for sowing, a review of the modification of its preferential rate under ATIGA shall be undertaken immediately upon the effectivity of this IRR. Availment of preferential rates under the ATIGA shall be subject to the submission of the appropriate Certificate of Origin.

Rule 5.4. In case the calculated out-quota tariff rate referred to under Section 6(c) of R.A. No. 8178, as amended by the Act, exceeds one hundred percent (100%), the provision of Paragraph 1, Section 1608(a) of the CMTA shall not apply.

**ARTICLE VI
THE POWERS OF THE PRESIDENT**

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."

Rule 6.1. The President, upon the recommendation of the NEDA Board, as may be advised by the NFA Council, 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.

Rule 6.2. In the event of any imminent or forecasted shortage, or such other situation requiring government intervention, upon the recommendation of the NEDA Board, as may be advised by the NFA Council, 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. For the purposes of this IRR, the lower applied tariff rate shall apply for a period no more than ninety (90) days or when the shortage ceases to exist, whichever comes first. This period may be extended for a similar period upon the recommendation of NEDA Board, as may be advised by the NFA Council.

Rule 6.3. The NFA Council may create a Technical Working Group (TWG) tasked to provide the relevant information.

Rule 6.4. In the event of rice supply shortage, the President may direct the Secretary of Trade and Industry and the Philippine International Trading Corporation (PITC) to expeditiously participate in the rice industry thru contracts with private traders that would purchase the needed rice supplies from domestic and foreign sources to enhance market competition and stabilize rice prices.

**ARTICLE VII
TRADE NEGOTIATION AUTHORITY**

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."

Rule 7.1. In accordance with Section 1609 of the CMTA, the NEDA Board Committee on Tariff and Related Matters (CTRM) shall determine the need for negotiation and renegotiation of international trade agreements/commitments for rice and recommend to the President the Philippine position and tariff modification, as necessary.

These trade commitments consist of but are not limited to the following:

- a. WTO Agreements;
- b. ASEAN Trade in Goods Agreement (ATIGA);
- c. ASEAN Plus trade agreements: to date these cover ASEAN-China FTA, ASEAN-Japan FTA, ASEAN-Republic of Korea FTA, ASEAN-India FTA, ASEAN-Australia-New Zealand FTA.
- d. Bilateral and regional agreements, i.e. Philippines Japan Comprehensive Economic Partnership Agreement and European Free Trade Association-Philippines Free Trade Agreement
- e. Agreement on ASEAN Plus Three Emergency Rice Reserve (APTERR), and ASEAN Food Security Reserve (AFSR) Agreement.

**ARTICLE VIII
MAINTENANCE OF RICE BUFFER STOCK**

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."



Rule 8.1. The NFA shall continue to perform its role in ensuring food security by maintenance of buffer stock sourced from local farmers as provided in the Act.

Rule 8.2. The NFA Council shall promulgate rules, regulations and procedures involving the acquisition, maintenance and distribution of buffer stocks.

Rule 8.2.1 No later than **December 31, 2019 or earlier**, the NFA Council shall promulgate rules, regulations, and procedures involving the acquisition, maintenance, and distribution of buffer stocks. NFA Council shall commission an independent study to inform and accordingly revise these rules, regulations, and procedures. The study shall cover, among others:

- The optimal level of rice inventory to be held as national buffer stocks;
- The rules and procedures for procurement, composition, storage, processing, rotation or replenishment, and release of rice stocks;
- The locations and amounts of prepositioned stocks in anticipation of emergency and disaster; and


- The transaction flow and procedures for the release of rice stocks to government agencies as emergency response and disaster relief.

Rule 8.3. Prior to the approval and adoption by NFA Council of the results and recommendations of the independent study in Rule 8.2.1 by December 31, 2019 or earlier, the NFA shall implement the following rules, regulations, and procedures involving the acquisition, maintenance, and operations of buffer stocks:


Rule 8.3.1. NFA adopts an optimal level of rice inventory equivalent to 15 to 30 days of national rice consumption. NFA shall acquire the optimal level under its current palay procurement program sourced only from local farmers. Procurement shall be funded by its 2019 appropriations for palay procurement.


Any borrowings by NFA, if any, for its buffer stocking requirements, to supplement the 2019 appropriations for palay procurement shall be accounted for separately. Proceeds from such borrowings shall form part of the revolving fund for NFA's buffer stocking.

Rule 8.3.2. NFA shall maintain the optimal level of buffer stocks at all times, except to make releases in response to emergencies, in support of disaster relief programs of the government, or to dispose stocks, as necessary before the quality of rice deteriorates/become unacceptable/unsafe. Storage, sale, and distribution of stocks shall be done in accordance within existing guidelines, provided these guidelines are consistent with Rule 8.3.1.

 **Rule 8.4.** The NFA shall submit a monthly report to the NFA Council on the actual buffer stock level as compared to the optimal level.

Rule 8.5. The NFA shall issue a pre-determined volume of palay to be purchased every year with respect to their bufferstocking function for compliance with the Philippines' obligation on market price support under the WTO Agreement on Agriculture.

 **Rule 8.6.** The budgetary requirements for the acquisition, maintenance, and operations of buffer stock shall be generated via NFA corporate receipts and supplemented by the national government, including but not limited to the General Appropriations Act (GAA), subject to the usual budgeting, accounting, and auditing guidelines.

 **Rule 8.7.** The NFA shall engage the DSWD and LGUs in distributing the buffer stock during emergency situations. In lieu of cash subsidy for the purchase of rice, the NFA through DSWD, may distribute actual rice to intended beneficiaries in areas where it is logistically efficient to do so. This option shall be considered in the independent study indicated in Rule 8.2.1.

**ARTICLE IX
LIFTING OF QUANTITATIVE EXPORT RESTRICTIONS ON RICE**

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."

Rule 9.1. 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, and shall not be restricted in volume.

**ARTICLE X
SPECIAL RICE SAFEGUARD**

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."

Rule 10.1. The DA shall impose a special rice safeguard duty in accordance with Chapter III of R.A. No. 8800 or the Safeguards Measure Act and its implementing rules and regulations. For this purpose, the DA shall monitor the quantity and prices of imported rice in any given year.

Rule 10.2. All tariff lines under the heading 10.06 in the AHTN shall be added in the Annex of the IRR of RA 8800 on the list reflecting the agricultural products eligible for special safeguard (SSG) imposition.

**ARTICLE XI
MECHANISM FOR THE IMPLEMENTATION OF MINIMUM ACCESS VOLUME
(MAV)**

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."

Rule 11.1. The MAV Management Committee (MMC) created pursuant to Section 7 of RA 8178, shall revise its existing guidelines thru the amendment of Administrative Order (AO) No. 8, series of 1997, as amended, to include the allocation of the MAV for rice through auction consistent with the provisions of the Act. The Bureau of the Treasury (BTr) and the Landbank of the Philippines (LBP) shall implement the rice MAV auction in accordance with the revised guidelines formulated by the MMC. The said revised guidelines shall also provide that the MMC, if it deems appropriate, shall recommend to the President revisions, modification or adjustment of the MAV for rice in case of shortages or abnormal price increases, within fifteen (15) days from the receipt of confirmation from the DA on the existence of shortage and the size of the additional MAV required to address such shortage. The MMC shall amend AO No. 8 of 1997, as amended, within fifteen (15) days upon the effectivity of this IRR.

ARTICLE XII

AGRICULTURAL COMPETITIVENESS ENHANCEMENT FUND (ACEF)

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).

XXX"

Rule 12.1. The Bureau of Customs (BOC) shall upon the effectivity of the Act exclude from the ACEF tariff revenue or customs duties, the revenue accruing from the importation of rice.

Rule 12.2. The existing guidelines in the implementation and utilization of the ACEF shall be valid and remain in force and the new guidelines to be formulated by the MMC mentioned in Rule 11.1 must be harmonized with the existing ACEF guidelines, except for the use of tariff revenues or customs duties from the importation of rice.

ARTICLE XIII
RICE COMPETITIVENESS ENHANCEMENT FUND (RCEF)

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.

Rule 13.1. The DBM shall include in the annual National Expenditure Program (NEP) the amount of Ten Billion Pesos (P10,000,000,000.00) under the budget of the DA-Office of the Secretary-Central Office for the next six (6) years. The said amount shall constitute the Rice Competitiveness Enhancement Fund (RCEF), which, upon the effectivity of the Annual Appropriations Act, shall be transferred as a Special Account in the General Fund (SAGF-RCEF), to the concerned implementing agencies (IAs) (includes national government agencies and government corporations). The SAGF-RCEF shall be in place within ninety (90) days upon the effectivity of the Act.

Rule 13.2. The DBM shall release the corresponding Special Allotment Release Order (SARO) and Notice of Cash Allocation (NCA) chargeable against the SAGF-RCEF, directly to the IAs, in accordance with the allocation provided in the Act and consistent with the respective special provision of the IAs concerned under the Annual Appropriations Act.

Rule 13.3. The DBM shall create a Fund Code under the Unified Accounts Code Structure (UACS) for the SAGF-RCEF. The same UACS Fund Code shall be used in all financial transactions related to SAGF-RCEF by all the IAs identified in the Act. The IAs shall open their respective Modified Disbursement System (MDS) sub-account with their servicing banks copy furnished the DBM.

Rule 13.4. The DBM shall transfer the appropriations from the annual programmed appropriations under the General Fund to the SAGF-RCEF through a SARO, copy furnished the DA, Bureau of the Treasury (BTr) and the Commission on Audit (COA).

Rule 13.5. The BTr, upon receipt of SARO, shall issue a Journal Entry Voucher (JEV) recognizing the appropriated amounts as SAGF-RCEF of the IAs, and furnish the IAs, DA, DBM and the COA a copy thereof. The IAs shall, within thirty (30) days after the end of each quarter, submit to the BTr the quarterly

utilization reports and statement of accounts using the forms prescribed by the BTr, and conduct periodic reconciliation with the BTr. The IAs shall furnish the COA Auditors concerned and the DA copies of the quarterly utilization reports and statement of accounts duly reconciled with the BTr.

Rule 13.6. The usual budgeting and accounting procedures in the incurrence and payment of obligations shall be followed.

Rule 13.7. The COA shall prescribe the appropriate accounting entries and the financial reporting requirements for the purpose.

Rule 13.8. The IAs shall submit to the DBM and COA the required budget and financial accountability reports on SAGF-RCEF pursuant to DBM-COA Joint Circular No. 2014-1 dated July 2, 2014, and other applicable COA and DBM issuances.

Rule 13.9. The DA shall submit consolidated annual financial statements and other financial reports on SAGF-RCEF to the Government Accountancy Sector, COA on or before March 31 of each year.

"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 the effectiveness of the interventions under the program and its possible extension.

Rule 13.10. The Rice-Based Farm Household Survey (RBFHS) 2016-2017 conducted by Philippine Rice Research Institute (PhilRice) may be used as a source of baseline information for the evaluation. A similar survey may be conducted for provinces not covered in the RBFHS by the DA/PhilRice. Increase in income shall be measured in terms of income of rice farming household.

"The Secretary of Agriculture shall be accountable and responsible for the Rice Fund in coordination with other government agencies concerned.

Rule 13.11. A Program Steering Committee (PSC) shall be established to oversee and provide policy directions on the integrated implementation of the programs funded by the Rice Fund, in accordance with the Philippine Rice Industry Roadmap. The PSC shall be chaired by the Secretary of Agriculture, and co-chaired by the Secretary of Socioeconomic Planning with heads of implementing agencies as members. The PSC shall be supported by the DA – Field Operations Service (DA-FOS) as its Secretariat. The Secretary of Agriculture through the Undersecretary for Operations shall coordinate joint planning and integrated implementation of the programs under the Act and the Rice Industry Roadmap including the mobilization of DA Regional Field Offices (DA-RFOs), National Irrigation Administration (NIA), NFA, concerned LGUs and other entities.

Rule 13.12. Within 30 days upon the effectivity of this IRR, the Secretary of the DA, upon consultation with the PSC, shall prepare an over-all plan for the integrated utilization of the RCEF and the fund in excess of PhP 10 billion tariff revenue as provided for in the Act, as well as the regular budget of the DA's National Rice Program to show their impact on the implementation of the Philippine Rice Industry Roadmap and how they shall improve and sustain farm productivity and farmers' incomes despite climate change and the periodic occurrence of natural disasters. It shall include putting in place a system to ensure transparency and accountability of transactions especially the procurement system and ensuring that COA audits are used to guide proper procurement and disbursement of the Fund. It shall include a system of structuring award of grants to ensure beneficiaries utilize grants properly and achieve economies of scale as applicable. It shall also include a results based monitoring system to better evaluate the use and allocation of the fund. It shall provide for TWGs for each component of the Rice Fund, as itemized in Section 13 of RA 11203, comprised of experts external to the DA.

Rule 13.13. To facilitate monitoring, the DA shall create a website to inform the public on the Plan mentioned in Rule 13.12, the progress of each components, information and means to participate. To provide a solid empirical basis in determining the impact of the Rice Fund, the DA shall set up a "Rice Fund Impact Monitoring System" within one (1) year after the issuance of this IRR. The Rice Fund Impact Monitoring System shall include impact on income taking into consideration from RBHFS and other relevant surveys. The Rice Fund Impact Monitoring System shall also consider broad range of variables central to understanding the impact of the Rice Fund on farmers' welfare.

"The amount allocated shall be released directly to the implementing agencies as provided for in this Act based on the objectives and plans of the rice industry roadmap: *Provided*, That the unutilized portion of the Rice Fund allocated to the implementing agencies shall not revert to the General Fund but shall continue to be used for the purpose for which it was set aside. Fund releases charged against the Rice Fund shall not be subject to any ceiling by the Department of Budget and Management (DBM).

Rule 13.14. The PhilRice and the Philippine Center for Postharvest Development and Mechanization (PHilMech) shall prepare the organizational modification, if necessary, to effectively implement their expanded functions under the Act to be submitted to the DBM for review and evaluation within fifteen (15) days upon the effectivity of the IRR. The creation of new positions in PhilRice and PhilMech shall be at its barest minimum. In the case of PHilMech, the DBM shall issue the corresponding NOSCA to PhilMech for the creation of new positions within thirty (30) days upon the receipt of the submission. For PhilRice, the DBM shall issue the approved plantilla positions based on the submitted proposal on the organizational modification within thirty (30) days upon the receipt of the submission. The funding shall be sourced from existing appropriation of the IAs and such other appropriate funding sources as the DBM may identify, subject to the existing budgeting, accounting and auditing rules and regulations. The budgetary requirements for the ensuing year shall be provided in the succeeding annual budget of the IA's.

"Any program undertaken in accordance with this Act shall only be deemed complementary and supplementary to and shall not be a replacement of any existing programs for rice and rice farmers already implemented by the DA and other agencies concerned.

Rule 13.15. The DA, in consultation with DBM, shall ensure that the RCEF shall be complementary and supplementary to and shall not be a replacement fund for any existing programs for rice and rice farmers already implemented by the DA and other agencies concerned.

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

"(a) Rice Farm Machineries and Equipment – fifty percent (50%) of the Rice Fund 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 local government units (LGUs), in the form of rice farm equipment, such as tillers, tractors, seeders, threshers, rice planters, harvesters, irrigation pumps, small solar irrigation, reapers, driers, millers, and the like, for purposes of improving farm mechanization: *Provided*, That the PHilMech shall, whenever feasible, procure from accredited local manufacturers to assist in the promotion of locally manufactured farm machineries and equipment;

Rule 13.16. The 50% of the RCEF shall be released to the PHilMech for the implementation of the component on Rice Farm Machineries and Equipment.

Rule 13.16.1. The PHilMech, in coordination with DA-RFOs, LGUs, private sector and farmers' groups, shall, within sixty (60) days, formulate the implementing guidelines on Rice Farm Machineries and Equipment consistent with the Rice Industry Roadmap which shall include, but not be limited to, the following:

- (a) eligibility criteria for prospective recipients;
- (b) modality of selection; and
- (c) mode of implementation and the accountability system as to how the grant in kind rice farm equipment will be procured and distributed.

The Implementing Guidelines shall be reviewed by the PSC and shall be approved by the Secretary of the DA.

Rule 13.16.2. The program shall give priority to eligible farmers, farmer-members of associations and farmer associations and registered rice cooperatives over LGUs. The PHilMech together with the DA-RFOs and other relevant DA agencies shall conduct the necessary needs assessment and screening of the proposed recipients in consultation with the concerned LGUs and shall identify the eligible recipients based on the established criteria.

Rule 13.16.3. The PHilMech shall conduct or cause the procurement of the rice farm machineries and equipment for the identified recipients in accordance with the Government Procurement Act (RA No. 9184). Farm Machineries and equipment that will be procured shall comply with the Philippine Agricultural Engineering Standards (PAES), or in the absence of PAES, the equivalent international standards as determined by the PhilMech.

Rule 13.16.4. The procurement of locally manufactured farm machineries and equipment shall be given priority, whenever feasible, in consultation with the DTI and provided that these machineries and equipment pass the PAES.

Rule 13.16.5. The PHilMech shall establish an RCEF Program Management Office (PMO), if necessary, for the effective implementation of its responsibilities in the Rice Mechanization Program. Appropriate monitoring, transparency, and accountability systems shall be put in place.

“(b) Rice Seed Development, Propagation and Promotion – Thirty percent (30%) of the Rice Fund shall be released to and implemented by the Philippine Rice Research Institute (PhilRice) and shall be used for the development, propagation and promotion of 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;

Rule 13.17. PhilRice, in consultation with relevant agencies, LGUs, DA-RFOs, private sector and farmers' groups, shall, within sixty (60) days, develop the implementing guidelines for rice seed development, propagation, and promotion consistent with the Rice Industry Roadmap, including, but not limited to the following:

- (a) eligibility criteria for prospective recipients;
- (b) modality of selection; and
- (c) mode of implementation

The Implementing Guidelines shall be reviewed by the PSC and shall be approved by the Secretary of the DA.

Rule 13.17.1. PhilRice shall establish an RCEF PMO, if necessary, that will spearhead the seed component program management, planning, implementation, and monitoring. Appropriate transparency and accountability systems shall be set up in the RCEF PMO. The PMO shall be PhilRice's coordinating arm with other implementing agencies to ensure complementation of various program interventions.

Rule 13.17.2. PhilRice shall allocate the Rice Fund-seed component to the following: (i) Research and development; (ii) Propagation of nucleus, breeder, foundation, registered, and certified seeds; (iii) Promotion and distribution of seeds and associated crop management technology; and other similar activities necessary to implement the program.

“(c) Expanded Rice Credit Assistance – Ten percent (10%) of the Rice Fund 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); and

Rule 13.18. Land Bank of the Philippines (LBP) and the Development Bank of the Philippines (DBP), in consultation with the Bangko Sentral ng Pilipinas (BSP), and concerned agencies shall, within sixty (60) days, formulate implementing guidelines consistent with the Rice Industry Roadmap, subject for approval of the PSC. The new guidelines shall enable beneficiaries to access the fund subject to minimum requirements.

Rule 13.19. Upon effectivity of the Act, the LBP, DBP and BTr shall enter into a Memorandum of Agreement (MOA), on the utilization and operations of the expanded rice credit assistance of the RCEF. This MOA shall contain, among others, the fees to be charged by the LBP and DBP and all cost related issues.

Rule 13.20. Credit assistance shall be over and above the regular credit programs of LBP and DBP for rice farming.

“(d) Rice Extension Services – Ten percent (10%) of the Rice Fund shall be made available for the extension services provided by PhilMech, PhilRice, Agricultural Training Institute (ATI) and Technical Education and Skills Development Authority (TESDA) for teaching skills on rice crop production, modern rice farming techniques, seed production, farm mechanization, and knowledge/technology transfer through farm schools nationwide as follows: seventy percent (70%) to TESDA, ten percent (10%) each to ATI, PhilRice and PhilMech.

Rule 13.21. A TWG to be led by the ATI shall be established for the formulation of a relevant Rice Extension Services Program and the corresponding implementing guidelines, within sixty (60) days consistent with the Rice Industry Roadmap. The TWG shall consist of the PhilMech, PhilRice, BPI, ATI and TESDA. The Implementing Guidelines shall be reviewed and approved by the PSC. The TWG shall prepare the Guidelines in close coordination with the DA RFOs.

Rule 13.22. Each agency shall formulate their respective plans for their component extension services based on the approved Rice Extension Services Program by issuing a Joint Memorandum Circular.

Rule 13.23. ATI, Philrice, PhilMech and TESDA shall closely coordinate with the relevant DA agencies, NIA, other government agencies, and LGUs in the implementation of their respective component extension services.

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Rule 13.23.1. In the implementation of the ATI's allocation of the Rice Extension Service Fund, it shall:

Rule 13.23.1.1 Conduct benchmarking of Agricultural Extension Workers (AEW) and farmer beneficiaries;

Rule 13.23.1.2 Develop the RCEF Extension Tool Kit and training modules;

Rule 13.23.1.3 Implement IEC activities;

Rule 13.23.1.4 Conduct training and capacity building activities of AEW and farmer beneficiaries;

Rule 13.23.1.5 Establishment and enhancement of rice-based Learning Sites;

Rule 13.23.1.6 Conduct monitoring and evaluation of the program; and

Rule 13.23.1.7 The ATI shall also establish a Program Management Office (PMO), if necessary, that shall spearhead the planning, implementation, monitoring, and evaluation of programs under RCEF.

Rule 13.24. TESDA shall also recognize/accredit the training modules developed under the program for its trainees to be eligible for TESDA scholarship grant.

Provided, That the percentage allocation be reviewed on the third year of the effectivity of this Act for possible revisions should intervention priorities change.

Rule 13.25. On the third year, the PSC shall engage a third party to conduct an evaluation of the efficiency and effectiveness of the percentage allocation of the Php 10 billion RCEF in terms of its contribution in achieving the objectives and plans of the Rice Industry Roadmap, and to inform the Secretary of the DA on the challenges and possible solution to improve its implementation. Funding for the study shall be charged against the regular budget of the DA.

Rule 13.26. The results of the review shall be submitted to the COCAFm for possible revision or amendment of the percentage allocation.

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 R. A. No. 8435, as amended, otherwise known as the "Agriculture and Fisheries Modernization Act" and the Philippine Development Plan (PDP). The increase or decrease of farmers' incomes shall be the primary benchmark in granting these interventions.

Rule 13.27. DA, together with other relevant government agencies, shall formulate guidelines and criteria in identifying the adversely affected farmers, cooperatives and associations. The criteria identified in the guidelines shall be

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used as inputs in updating and expanding the Registry System for Basic Sectors in Agriculture (RSBSA), and in the provision of specific interventions to target beneficiaries.

“Provided, furthermore, That if the annual tariff revenues from rice importation exceeds Ten billion pesos (P10,000,000,000.00) in any given year within the six (6) year period following the effectivity of this Act, the excess tariff revenues shall be earmarked by Congress and included in the General Appropriations Act (GAA) of the following year:

Rule 13.28. The BOC shall issue a certification, not later than April 15 of every fiscal year, on the total annual tariff revenue from rice importation of the preceding year to the DBM, copy furnished the DA, DOF and BTr, commencing upon the effectivity of the Act. This certification shall likewise include the amount in excess of Ten Billion Pesos (P10,000,000,000.00), if any, from the tariff revenue from rice importation of the preceding year.

Revenue arising from the issuance of tax expenditure subsidy, that maybe required by government agencies, GOCCs, or government instrumentalities for the importation of rice in special circumstances, shall not be included in the determination of the tariff revenue from rice importation.

“(a) Rice Farmer Financial Assistance – A portion of the excess rice tariff revenues shall be released to the DA and shall be used for providing direct financial assistance to rice farmers who are farming two (2) hectares and below regardless of whether they continue farming rice or not as compensation for the projected reduction or loss of farm income arising from the tariffication of the quantitative import restrictions on rice;

“(b) Titling of Agricultural Rice Lands – A portion of the excess rice tariff revenues shall be released to the Department of Agrarian Reform (DAR), Department of Environment and Natural Resources (DENR) and Land Registration Authority (LRA), and shall be used for the subdivision and titling of agricultural rice lands or parts thereof awarded to farmer-beneficiaries under the Comprehensive Agrarian Reform Program (CARP) and other similar programs of the government;

“(c) Expanded Crop Insurance Program on Rice – A portion of the excess tariff revenues shall be released to the Philippine Crop Insurance Corporation (PCIC) and shall be used for the provision of crop insurance to qualified rice farmer-beneficiaries under its existing agricultural insurance programs; and

“(d) Crop Diversification Program – A portion of the excess tariff revenues shall be released to the DA and shall be used for productivity-enhancement programs for rice farmers seeking to diversify production towards other crops.

Rule 13.29. The DA, DENR, DAR, LRA, and PCIC shall prepare and submit their respective proposal for the purpose of allocating the fund equivalent to the amount of excess tariff collection for consideration and approval of the PSC. The PSC, through the DA-OSEC, shall submit the proposals to DBM for review and subsequent recommendation for inclusion in the NEP, limited to the amount of revenue in excess of the P10 Billion.

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

Rule 13.30. The PSC shall submit to the COCAFAM a yearly report on the usage of the Rice Fund and the excess tariff collection including their impact.

**ARTICLE XIV
BENEFICIARIES OF THE RICE FUND**

SEC. 14. A new Section 14 is hereby inserted after the new Section 13 of R. A. No. 8178, as amended, to read as follows:

"**SEC. 14. Beneficiaries of the Rice Fund.** – The beneficiaries of the Rice Fund shall be those farmers and farmworkers and their dependents listed in the Registry System for Basic Sectors in Agriculture (RSBSA), and rice cooperatives and associations accredited by the DA. Within one hundred eighty (180) days from the effectivity of this Act, the DA, in consultation with farmers' cooperatives and organizations and LGUs, shall validate and update the masterlist of eligible beneficiaries to ensure that those listed are legitimate farmers, farmworkers and rice cooperatives and associations.

Rule 14.1. The DA shall release protocol and guidelines in updating and expanding the RSBSA and in harmonizing all existing registry in agriculture and fisheries sector. The RSBSA shall be updated regularly by the DA, while maintaining a record of rice farmers and farm workers who exited the sector. The funding shall be sourced from existing appropriation of the DA-OSEC and such other appropriate funding sources as the DBM may identify, subject to existing budgeting, accounting and auditing rules and regulations.

Rule 14.2. The DSWD and DA shall organize a joint task force that will work toward the harmonizing and crossmatching of the RSBSA and Listahanan or the National Household Targeting System for Poverty Reduction (NHTS-PR) of DSWD to identify the poor farmers and to constantly coordinate to ensure that the list of poor farmers in the RSBSA is up to date. The DA and DWSD shall issue a Joint Memorandum Circular to ensure proper coordination of procedures and guidelines between the two agencies. The DA shall share its database (including its interventions database) and/or related systems to other implementing agencies identified in this IRR (e.g. DAR, LRA, PhilRice, PhilMech, TESDA, ATI, PCIC, ACPC, LBP, DBP, etc). Similarly, implementing agencies shall also share their data to DA. Likewise, the DA shall endeavor to also harmonize the RSBSA with other farmer databases, such as those held by Land Bank, PhilRice, PCIC, and similar agencies. A progress report on the results of the database harmonization shall be submitted by DA by the end of 2020 to PSC.

"In order to focus on the targeted rice farmer beneficiaries, cooperatives and associations for the Rice Fund, the list of rice producing provinces and LGUs, as provided for by PhilRice as of 2015-2018, shall be the basis and shall be added to the roadmap as an appendix."

Rule 14.3. PhilRice, in consultation with DA-RFOs, NIA and LGUs, shall validate the list of rice-producing municipalities. Likewise, the DA shall revisit the RSBSA's definition of "farmers" and "farmworkers".

**ARTICLE XV
RICE INDUSTRY ROADMAP**

SEC. 15. A new Section 15 is hereby inserted after the new Section 14 of R. A. No. 8178, as amended, to read as follows:

"SEC. 15. *Rice Industry Roadmap.* – Upon the effectivity of this Act, the DA, together with the NEDA, Department of Finance (DOF), DBM, DAR, National Irrigation Administration (NIA), TESDA, PCIC, National Anti-Poverty Commission (NAPC) Farmer Sectoral Council Representative and other government agencies concerned, including rice farmer representatives, shall be given a maximum of one hundred eighty (180) days to formulate and adopt the rice roadmap to restructure the government's delivery of support services for the agriculture rice sector.

"The following principles shall govern the development and implementation of the roadmap for the rice industry:

- "(a) Raise sustainable investments in the rice industry particularly on rice support infrastructure and post-harvest facilities;
- "(b) Improve the productivity, efficiency and profitability of small rice farmers and landless farmworkers;
- "(c) Strengthen research and development programs that will enhance the resiliency of the rice industry;
- "(d) Preserve and enhance the rice production capabilities of future generations;
- "(e) Provide accessible, targeted and technology-oriented support services that cover the entire value chain;
- "(f) Set up responsible, participatory and effective governance mechanisms; and
- "(g) Address impact of income loss caused by rice tariffication.

"The rice industry roadmap shall be implemented through a complementation of the DA's rice sector programs as funded by the GAA, and the Rice Fund created under this Act."

Rule 15.1. The DA shall lead the crafting of the Rice Industry Roadmap, with NEDA, DOF, DBM, DAR, DTI, NIA, TESDA, PCIC, NAPC Farmer Sectoral Council Representative, and other rice industry stakeholders.

The DA, shall conduct stakeholder consultations with the various rice industry stakeholders towards the formulation of the Rice Industry Roadmap. The DA, together with NEDA, DOF, DBM, DAR, DTI, NIA, TESDA, PCIC, NAPC Farmer Sectoral Council Representative, and other rice industry stakeholders shall adopt the Rice Industry Roadmap on or before **September 05, 2019**.

Rule 15.2. The Rice Industry Roadmap shall include the participatory structure, mechanisms, modalities, platforms and programs/activities for farmers to actively and meaningfully engage in the implementation of the Act. It shall serve as the guidepost in the priority setting of the programs and formulation of the more detailed implementing guidelines of the Implementing Agencies compliant with the principles as set out in Section 15 of the Act. It shall provide the mechanisms and timetable for the formulation and implementation of localized Rice Value Chain Corridor Action Plans. These action plans will substantiate the Rice Industry Roadmap implementation at economic cluster/area specific basis and will reflect the different eco-systems and climate change impacts. The Rice Industry Roadmap will specify, inter alia, the conduct of rapid appraisals of rice and rice-other commodity value chains, the engagement of LGUs and other key stakeholders at local (municipal) levels in planning and decision-making, the investment and institutional requirements, and the implementation and monitoring and evaluation (M&E) arrangements.

Rule 15.3. DA, DBM, NEDA, DOF and other concerned agencies shall ensure that the activities and investments necessary for the effective and efficient implementation of the Rice Industry Roadmap are funded in accordance with the annual Budget Priorities Framework annually approved by the Development Budget Coordinating Council (DBCC) to be covered by National Budget Memorandum issued annually by the DBM in the Budget Preparation of any given budget year.

Rule 15.4. The DA, together with NEDA, DOF, DBM, DAR, DTI, NIA, TESDA, PCIC, NAPC Farmer Sectoral Council Representative, and representatives from the PCAF Committees on Food Staples and Agricultural and Fisheries Mechanization shall conduct periodic review of the Rice Industry Roadmap.

**ARTICLE XVI
NATIONAL SINGLE WINDOW**

SEC. 16. A new Section 16 is hereby inserted after the new Section 15 of R. A. No. 8178, as amended to read as follows:

"SEC. 16. National Single Window Program. – To ensure the accurate collection of tariff as provided in Section 6 of this act, the National Single Window (NSW) program of the Bureau of Customs (BOC) shall be implemented within one hundred eighty (180) days from the effectivity of this Act in accordance with Executive Order No. 482."

Rule 16.1. For the purpose of issuing SPSIC, the BPI trade system procedures shall be operationally linked with the NSW and/or its subsequent version.

**ARTICLE XVII
FINAL PROVISIONS**

SEC. 17. Implementing Rules and Regulations. – These implementing rules and regulations are jointly issued by the DA, NEDA and DBM as mandated by Section 17 of RA no. 11203.

Rule 17.1. The IRR of the Act may be jointly amended and/or updated, if the need arises, by the DA, NEDA, and DBM.


SEC. 18. Separability Clause. – If any provision of these implementing rules and regulations is declared invalid or unconstitutional, the other provisions not affected thereby shall remain in full force and effect.

SEC. 19. Repealing Clause. – All laws, decrees, executive issuances, rules and regulations inconsistent with the provisions of RA no. 11203 and these implementing rules and regulations are hereby repealed, amended or modified accordingly.

SEC. 20. Effectivity. – This IRR shall take effect immediately.

EMMANUEL F. PIÑOL
Secretary, Department of Agriculture

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
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