

Philippines evaluates 'Rice Tariffication Law' to optimize farming and agribusiness potential

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Agriculture Secretary Francisco P. Tiu Laurel, Jr. supports the proposed extension of the Rice Tariffication Law subject to modifications that will ensure optimum impact on modernizing agriculture, enhancing farm productivity and improving rice farmers' competitiveness and income.

The agri chief said one of the adjustments he wants is the allocation of funds exceeding P10 billion to be set aside for farm and other inputs. Last year, total tariff collection reached P29 billion, he noted.

The DA chief said the allocation for improving farmers' competitiveness should be increased. Projects to be funded should include postharvest facilities that could significantly increase rice recovery for every kilo of palay by as much as 15 percent. This is also envisioned to lower import volumes, he added.

Republic Act 11203, or the Rice Tariffication Act, effectively deregulated the rice industry by removing the power of the National Food Authority to trade in the national food staple. It also limited its function to ensure buffer stocks for calamities and disasters.

The law, however, appropriated tariffs paid by private rice importers to the Rice Competitiveness Enhancement Fund, or Rice Fund, with P10 billion set aside for mechanization and farm input support. The balance is distributed to small rice farmers as financial assistance that expires next year.

The US Department of Agriculture has lowered the estimated rice import of the Philippines this year to 3.9 million metric tons, down from the initial 4.1 million project, after the Philippine Statistics Authority forecasted higher rice output in the first quarter.

Aside from a higher Rice Fund budget for mechanization and postharvest facilities, the agri chief said the new law should allow for annual review on fund allocation to maximize farm productivity. In earlier discussions with DA officials, Sec. Tiu Laurel also noted the need to allow DA or NFA to regain its ability to influence rice prices in the market and not be limited to buying rice from local farmers for buffer stocking.

Until the passage of the law in 2019, the NFA is allowed to import rice and sells them through authorized dealers to influence the market price of rice—a commodity that weighs heavily in the consumer basket that determines inflation. High prices of rice has kept inflation elevated and officials expect the situation to linger until July, keeping the Bangko Sentral ng Pilipinas from lowering interest rates