

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Rice Tariffication Guidelines Approved

Report Categories:

Grain and Feed

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Report Highlights:

On March 5, 2019, the Implementing Rules and Regulations (IRRs) of the Rice Tariffication Act were signed, specifying how the Philippines will replace its quantitative restrictions on rice imports with tariffs. The IRRs provide the details to the trade liberalizing law that President Duterte approved on February 14, 2019. Foremost is the National Food Authority's (NFA) drastically reduced role, with NFA import permits no longer required. Traders now only need a Sanitary and Phytosanitary Import Clearance from the Bureau of Plant Industry to import rice. Over the long term, increased rice shipments to the Philippines are expected from Association of Southeast Asian member countries as a result of rice tariffication, although the immediate impact may be muted.

General Information:

On March 5, 2019, the Implementing Rules and Regulations (IRRs) of Republic Act (RA) 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”) was signed. The IRRs are contained in Joint Memorandum Circular (JMC) 01-2019, signed by Department of Agriculture Secretary Emmanuel Piñol, Socioeconomic Planning Secretary Ernesto Pernia, and Acting Budget Secretary Janet Abuel. The IRRs provide guidelines for implementing RA No. 11203, which replaces rice quantitative restrictions with tariffs.

Highlights of the IRRs follow:

Organizational Changes

- There is no longer a requirement for the National Food Authority (NFA) to permit, license, or register trade and importation of rice.
- NFA’s role will concentrate on local paddy procurement and buffer-stocks management.
- The NFA Council (chaired by the Department of Agriculture) will commission a study that will determine the NFA’s optimal buffer stock for emergency and relief purposes.
- The food safety regulatory function of the NFA will be transferred to the Bureau of Plant Industry, which will be responsible for issuing Sanitary and Phytosanitary Import Clearances for rice.
- Once the IRRs take effect (15 days upon publication), NFA is granted a transition period of 60 days to restructure accordingly.

Tariff Details

- The Minimum Access Volume (MAV), or tariff rate quota, for rice will revert to its 2012 level of 350,000 tons.
- The in-quota Most Favored Nation (MFN) rate is 40 percent.
- For out-quota imports, the MFN tariff will be 180 percent or the tariff equivalent based on the WTO Agreement on Agriculture upon the expiration of the waiver of the special treatment for rice, whichever is higher.
- In- and out-quota imports from ASEAN countries will be levied a uniform 35 percent duty.

Additional Changes

- The President may adjust existing duties, including any necessary change in classification, provided Congress is not in session.
- A Rice Competitiveness Enhancement Fund (RCEF) will be created consisting of an annual P10 billion (\$192.3 million) appropriation through the next six years.
 - 50 percent of RCEF will be for postharvest development and mechanization.
 - 10 percent will be for rice seed development, propagation, and promotion.
 - 10 percent will be for expanded rice credit assistance.
 - 10 percent will be rice extension services.
- A special rice safeguard duty may be imposed for the industry’s protection from extreme or sudden price fluctuations.

Attached to this report is the complete text of JMC 01-2019. For background information on the rice tariffication law, please see our previous [GAIN report](#) and [2018 Grain and Feed Annual](#).

