

Gov't Urged to Subsidize NFA Rice Procurement from VAT Earnings - MabuhayRadio

Written by Senator Pimentel's Press Office

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Senate Minority Leader Aquilino Q. Pimentel, Jr. (PDP-Laban) today urged President Gloria Macapagal-Arroyo to grant additional subsidy to the National Food Authority (NFA) to boost rice production instead of allowing it to incur more borrowings.

Senator Pimentel said the additional subsidy can be taken from the increased collection of the 12-percent Value Added Tax (VAT) on petroleum products resulting from the successive hikes in the prices of the imported fuel.

The NFA has a current total debt of P35-billion but it plans to borrow P8-billion more this year to fund its ballooning deficit resulting from its practice of selling imported rice at a loss.

Last year, the NFA posted a P2.6-billion deficit. In the first quarter of the current year alone, the agency suffered a P4-billion deficit.

Senator Pimentel said the national government usually ends up absorbing the losses and borrowings incurred by NFA and ultimately these are shouldered by the people in the form of higher taxes.

“The NFA should be spared from incurring more borrowings. The President should help fund NFA operations during these times of emergency. If she can grant subsidies by the billions to the small consumers of power and the transport sector, why can't she do the same for the NFA?” he said.

Senator Pimentel also lamented that the NFA is bent on importing more rice, instead of scaling down the same as the government steps up efforts to raise rice production.

What is disturbing about the new rice-importation deal, Senator Pimentel says is the allegation of overpricing.

Last week, the NFA announced that it has sealed a deal with Vietnam for the sale of 600,000 metric tons of rice at an average price of \$940 per ton. Agriculture Secretary Arthur Yap, NFA chairman, said the additional supply of Vietnamese rice is a government-to-government transaction which is intended to augment the country's buffer stock in preparation for the lean months from July to September.

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Reports said that the world prices of rice are gradually going down, with the current market rates placed at \$750 to \$795 per metric ton.

If these figures are accurate, Pimentel said the NFA owe the public an explanation why it agreed to purchase rice from Vietnam at \$940 per MT. He said the NFA should also explain the price difference of \$145 to \$197 between the agreed purchase price and the prevailing price in the international grains market. # # #

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