

Comments on Senate Bill No. 332: “ANTI-RICE OR CORN HOARDING AND PROFITEERING ACT AN ACT CONSIDERING RICE OR CORN HOARDING AND PROFITEERING DURING OR ON THE OCCASION OF ANY CALAMITY OR EMERGENCY DECLARED AS SUCH BY THE PRESIDENT AS EQUIVALENT TO ECONOMIC SABOTAGE, PARTLY AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7581, OTHERWISE KNOWN AS THE PRICE ACT, AND FOR OTHER PURPOSES” (Introduced by SENATOR JOSEPH VICTOR G. EJERCITO)

Prepared by: Roehlano M. Briones, PhD¹

19 September 2018

First, I welcome the creation of committee for the monitoring of stocks at the warehouse level (Section 4), something that was missing in the Price Act, and which enforces transparency and information in the rice and corn market.

Second, I welcome the repeal of the application of the price manipulation provision on rice and corn, given the frequency and amplitude of price variation common in the grains market.

I do however raise concern about the criminalization of hoarding as such, in terms of keeping stocks in excess of 50 percent from the previous month's inventory. Stockholding is a complex decision influenced by many factors, of which price manipulation is but one motivation. Care must be taken not to throw the baby out of the bathwater, as it were. By criminalizing hoarding (as defined in the Bill), we may discourage working and fixed capital investments in grains storage, which is a key infrastructure towards price stability in the grains market.

Instead I favor linking price manipulation to anti-competitive behavior, based on the idea that price manipulation will only work when there are few suppliers, or there exist combinations in restraint of trade. Rather than directly criminalizing hoarding, it is better to establish a system where stock monitoring data is conveyed in real time to the Philippine Competition Commission, the authority with the mandate for competition policy and enforcement in the Philippines. This provides a more stable investment climate for the grains business.

¹ Senior Research Fellow, Philippine Institute for Development Studies