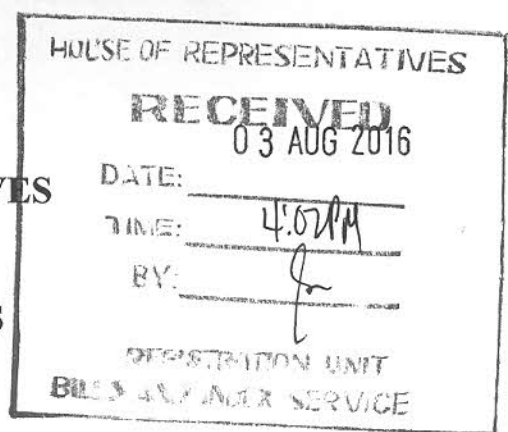


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 2453



Introduced by REPRESENTATIVE ARTHUR C. YAP

EXPLANATORY NOTE

Corn is the second most important crop in the Philippines. About 14 million Filipinos prefer white corn as their main staple and yellow corn accounts for about 50% of livestock mixed feeds. Some 600,000 farm households depend on corn as a major source of livelihood. This does not include transport services, traders, processors and agricultural input suppliers who directly benefit from corn production, processing, marketing and distribution. Corn is also processed into high value products, such as corn starch, corn syrups, corn oil, gluten and snack foods.

However, according to the National Corn Program of the Department of Agriculture (DA), on a national average, the corn production in the Philippines is inefficient compared to Thailand, Argentina, United States, and other major corn-producing countries. The Philippines lags behind with its average corn productivity of 3.21 metric tons/hectare (mt/ha) as recorded by DA. Despite the increasing demand for corn, (white corn consumed as staple by around 12 million Filipinos and yellow corn wherein approximately 70 percent is used as feeds for livestock), overall production is low and inefficient.

Several factors affect this low-productivity of the corn industry in the Philippines.

Government extension offices from the Department of Agriculture (DA) play a vital role in technology information dissemination to corn farmers in rural villages. However, many corn producing areas in remote rural villages are hardly serviced by government agriculturists and technicians. Seed company field technicians also provide information to corn farmers, but it is generally limited to the product they are selling. There is little or no extension service provided by agricultural state universities or colleges (SUCs), while non-government organizations (NGOs) and international agricultural research centers have not yet reached many of the corn producing areas in the country.

Then there is the problem of credit extension and services. The majority of corn farmers lack sufficient capital for their farm operations and have to borrow from private moneylenders on a charge-to-crop scheme with a 10-20% interest rate. Corn farmers with loans from trader-financiers have to sell their grains to the financiers despite the low prices they often get. While formal credit programs and facilities were available from some government and private banks, very few farmers used these sources because they found the paper work too tedious and the requirements (especially collateral) too stiff. Farmers also noted that financial institutions only extend agricultural loans to farmer associations, not to individual farmers.

The lack of appropriate and sufficient infrastructural support also contributes significantly to the aggravation of the problem. While road networks in the municipalities may be accessible by all kinds of land transportation, most villages, particularly the interior ones, are not accessible to motor vehicles, especially during the rainy season. Farmers in these villages use animal drawn carts to haul their products to the nearest market. Trucking services (transportation costs) are often charged or shouldered by the farmers. Moreover, many lands planted to corn have no major irrigation projects or facilities, and farmers depend largely on rainfall as the source of water for their crops. A few areas with irrigation, obtain most of their water from springs and rivers, but save it for high value crops like rice or vegetables rather than corn. Post-harvest facilities are limited to solar dryers (usually cement pavement), mechanical shellers, and mills. Since most grains are sold immediately after drying, storage facilities do not receive high priority as a post-harvest requirement. In other corn producing areas, storage facilities do not exist.

Most corn farmers tend to have small farms of up to 2.0 ha only. They also characteristically earn most of their income from corn production and other agricultural enterprises (usually as hired labor in other farms) rather than from non-agricultural or non-farm activities. Thus, their lives and their families depend heavily on the conditions of the corn industry.

To increase productivity and incomes of corn farmers, this bill aims to establish productivity improvement programs, provide the needed infrastructure support, enhance research and development on product diversification, provide human resource development and extension services, and provide financial assistance to small corn farmers and farm workers.

The programs seek to develop the country's corn sector into one that is farmer-focused and agribusiness-oriented, and transform corn farmers and farm workers into agri-entrepreneurs through productivity enhancement projects and human resource development activities. They include mechanization of corn-based farming systems, corn variety development, corn production optimization, and farmers are more assured with financial and technical assistance. Most importantly, these projects provide opportunities for the sector in building and strengthening their network and linkages, making production more productive and efficient.

In view of the foregoing, the immediate consideration and approval of the bill is earnestly urged.

A handwritten signature in black ink, appearing to be 'A. Yap', with a stylized, looping flourish at the end.

ARTHUR C. YAP
Representative

Republic of the Philippines
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Introduced by REPRESENTATIVE ARTHUR C. YAP

AN ACT
PROMOTING AND SUPPORTING THE
DEVELOPMENT OF THE CORN INDUSTRY AND FOR
OTHER PURPOSES

*Be it enacted by the Senate and House of Representatives of the Philippines
in Congress assembled.*

1 **SECTION 1. *Short Title.*** - This Act shall be known as the ‘Corn
2 Industry Development Act of 2016.’

3 **SECTION 2. *Declaration of Policy.*** - It is hereby declared the
4 policy of the State to promote and support the development of the corn
5 industry, increase the incomes of corn farmers and farm workers through
6 improved productivity, product diversification and employment generation.

7 For these purposes, the State shall establish productivity improvement
8 programs, provide the needed infrastructure support, enhance research and
9 development on product diversification, provide human resource
10 development and extension services, and provide financial assistance to
11 small corn farmers and farm workers.

1 **SECTION 3. *Productivity Improvement Programs.*** - To boost the

2 production of corn, and increase the incomes of corn farmers and farm
3 workers, the following Productivity Improvement Programs shall be
4 implemented:

5 a) ***Farm Support Program*** - The Department of Agriculture (DA) shall
6 make available a support program which shall include, among others,
7 the provision of socialized credit, and a farm management and technical
8 assistance services.

9 (i) *Socialized credit* shall be made available, through the Land Bank of
10 the Philippines (LBP), for the acquisition of farm inputs, farm
11 machineries and implements necessary for the continuous production
12 of corn: *Provided*, that the loans shall be made available to corn
13 farmers duly registered with the DA: *Provided, further*, that the
14 lender shall have a lien on the harvest of farmers who obtained the
15 loan until the crop loan is fully paid: *Provided, finally*, that farmer-
16 borrowers cannot be granted another loan until existing loans are
17 fully paid.

18 (ii) *Farm Management and Technical Assistance Services* - The DA,
19 the Department of Labor and Employment (DOLE), the Technical
20 Education and Skills Development Authority (TESDA), state
21 universities and colleges (SUCs), and other concerned private and
22 non-government organizations (NGOs), shall formulate and
23 implement a deployment program of agricultural engineers,
24 agriculturists and farm technicians for the provision of farm
25 management and technical assistance services to corn farmers.

1 b) ***Farm Mechanization Program*** - Corn farmers and farm workers shall
2 be encouraged and trained to utilize appropriate agricultural machineries
3 and equipment necessary for the efficient planting, cultivation, care and
4 maintenance, harvesting and handling of and corn and its by-products.

5 The DA, in partnership with local government units (LGUs),
6 consistent with the provisions of Republic Act No. 10601, otherwise
7 known as the 'Agricultural and Fisheries Mechanization Law', shall:

8 (i) Introduce and expand the use of machineries for the different stages
9 of and corn farming; and,

10 (ii) Formulate and implement a Corn Farm Mechanization Program at
11 the barangay level.

12 To develop and deploy appropriate machineries and equipment, the
13 DA, through its research centers, in collaboration with the Philippine
14 Center for Post-Harvest Development and Mechanization, the Bureau of
15 Agricultural Research, SUCs, other concerned government agencies, and
16 industry stakeholders, shall formulate and conduct research development
17 and extension programs for corn farm mechanization and engineering.

18 **SECTION 4. *Research and Development.*** - The DA, in coordination
19 with the Department of Science and Technology (DOST), as well as relevant
20 SUCs, and government research and development institutions, and the
21 private sector, shall intensify researches on high yielding or flood resistant
22 corn varieties; pest control and prevention; latest farming and harvesting
23 technologies; soil analysis and fertility mapping of corn areas; weather
24 monitoring and climate change adaptation measures; and other viable
25 products that can be derived from corn.

1 **SECTION 5. *Extension Services.*** - Extension services that can be
2 provided shall include, but not limited to, provision of technical assistance
3 and advice, conduct of tests, propagation, and dissemination of high yielding
4 varieties, and operation of demonstration farms.

5 **SECTION 6. *Human Resources Development.*** - The DOLE, in
6 collaboration with the DA, the Commission of Higher Education (CHED),
7 the TESDA, the Professional Regulation Commission (PRC), and the private
8 sector, shall formulate and implement a Human Resources Development
9 (HRD) Master Plan for the corn industry which shall include, but not
10 limited to, the following:

- 11 a) Capacity-building, skills trainings, institutional strengthening of corn
12 industry workers and small farmers and their organizations to actively
13 contribute in productivity and competitiveness;
- 14 b) Conduct of capability trainings or attendance to local or international
15 trainings and seminars by corn farmers and farm workers on the latest
16 technologies related to corn farming and production of other products
17 from corn;
- 18 c) Formulation and implementation of competency standards and training
19 regulations for technical vocational education and training for the corn
20 industry by the TESDA;
- 21 d) Scholarship programs for the underprivileged but deserving college and
22 post-graduate students who are taking up courses in relevant fields of
23 discipline in SUCs which have programs in agriculture, agricultural
24 engineering and mechanics, and chemical engineering; and for

1 vocational courses and skills development for farmers and farm
2 technicians and skilled corn farm workers; and,

- 3 e) Upgrading of facilities, faculty development and strengthening of the
4 on-the-job training programs for agri-based higher education institutions
5 in corn areas towards the production of highly employable and globally
6 competitive graduates needed by the corn industry.

7 **SECTION 7. *Infrastructure Support.*** - To facilitate the transport,
8 marketing and export of corn produce and other products derived therefrom,
9 and complement productivity improvement measures in this Act, transport
10 infrastructures, farm-to-market roads and irrigation facilities shall be
11 provided.

- 12 a) *Transport Infrastructures* - The National Economic Development
13 Authority (NEDA), the Department of Transportation and
14 Communications (DOTC), the Department of Public Works and
15 Highways (DPWH), and the Philippine Ports Authority (PPA), shall
16 include in their annual Development Plans and Priority Investment
17 Programs the immediate construction and/or improvement of existing
18 transloading ports for coast-wide transport, sale or export of corn
19 products in key corn producing areas.

- 20 b) *Farm-to-Market Roads* - The NEDA, the DA, the DPWH, and
21 concerned local government units (LGUs), shall include in their annual
22 Priority Investment Programs the immediate construction and/or
23 rehabilitation of farm-to-market roads in key corn producing areas.

- 24 c) *Irrigation* - The National Irrigation Administration (NIA), the Bureau
25 of Soils and Water Management (BSWM), and concerned LGUs, in

1 coordination with the DA, shall construct appropriate, efficient and cost-
2 effective irrigation facilities, pump and other pressurized irrigation
3 systems, rain capture and water impounding facilities in corn producing
4 areas. The DA and NIA shall include in its annual budget the item or
5 provision on construction and rehabilitation of irrigation facilities, rain
6 capture and water impounding facilities in corn producing areas.

7 **SECTION 8. *Classification and Regulation of Supply of Corn.* -**

8 The DA, in the exercise of its regulatory authority, shall classify imported
9 corn according to their appropriate classification when imported at a time
10 that domestic productions are sufficient to meet domestic requirements. The
11 Bureau of Customs (BOC) shall require importers or consignees to secure
12 from the DA the classification of the imported corn prior to its release.

13 **SECTION 9. *Appropriation.* -** In the succeeding years from the
14 effectivity of this Act, the amount of Two billion pesos (P 2,000,000,000.00)
15 shall be appropriated annually and to be allocated as follows :

- 16 a) Twenty percent (20%) for socialized credit under the Farm Support and
17 farm Mechanization Programs;
- 18 b) Fifteen percent (15%) for research and development, capability-building
19 and technology transfer activities under Research and Development,
20 Extension Services and Human Resources Development;
- 21 c) Fifteen percent (15%) for scholarship grants to be provided under
22 paragraph (d) of Section 6 of this Act; and,
- 23 d) Fifty percent (50%) for infrastructure support programs.

24 In the identification and prioritization of specific programs and
25 projects, the DA shall conduct prior consultations with corn farmers and

1 farm workers, and producers of corn by-products. The Department shall
2 issue the necessary guidelines for this purpose.

3 **SECTION 10. *Implementing Rules and Regulations.*** - The DA, in
4 consultation with concerned government agencies and corn industry
5 stakeholders, shall issue the implementing rules and regulations of this Act
6 within ninety (90) days from the effectivity of this Act.

7 **SECTION 11. *Separability Clause.*** - If any provision of this Act is
8 declared unconstitutional, the validity of the remaining provisions hereof
9 shall remain in full force and effect.

10 **SECTION 12. *Repealing Clause.*** - All laws, decrees, executive
11 orders and rules and regulations or parts thereof inconsistent with any
12 provision of this Act are hereby repealed, modified or amended accordingly.

13 **SECTION 13. *Effectivity Clause.*** - This Act shall take effect after
14 fifteen (15) days from its publication in the Official Gazette or in at least two
15 (2) newspapers of general circulation.

Approved.