



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 6161



Introduced by Representative Sharon S. Garin

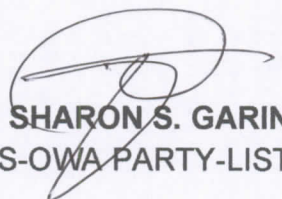
EXPLANATORY NOTE

On August 2, 1960, Congress passed Republic Act No. 3018, otherwise known as "AN ACT LIMITING THE RIGHT TO ENGAGE IN THE RICE AND CORN INDUSTRY TO CITIZENS OF THE PHILIPPINES, AND FOR OTHER PURPOSES". The Rice and Corn Nationalization Law absolutely prohibited non-Filipinos from engaging in the rice and/or corn industry, which the law defined as "the culture, milling, warehousing, transporting, exportation, importation, handling the distribution, either in wholesale or retail, the provisions of Republic Act Numbered Eleven hundred and eighty to contrary notwithstanding, or acquisition for the purpose of trade of rice (husked or unhusked) or corn and the by-products thereof." The purpose of the law was to transfer the rice and corn industry to Filipinos and Filipino-owned entities and to do away with the possibility and practice of aliens creating artificial shortages of rice and corn by hoarding these commodities, or cornering the market therefor, so as to enable them to dictate prices thereof.

Thirteen (13) years later, R.A. No. 3018 had succeeded in transferring the rice and corn industry in all its aspects to Filipinos and Filipino-owned entities. However, said law, in restraining competition and foreign investment, created artificial restraints in the national effort to develop the rice and corn industry. To lift the prohibitions, especially in cases where grains, including rice and corn and/or by-products thereof, are used for direct consumption or as raw materials and to encourage foreign investments on a large scale to develop virgin lands for rice and corn, Presidential Decree No. 194, was issued to liberalize the rice and corn industry. While the aim of the Decree was laudable, Section 5 thereof – which imposes upon foreign-owned corporations, partnerships, and associations, the eventual divestment of 60% of its foreign equity participation to Filipino

citizens – created another unnecessary restraint upon foreign investment and the foreign investors that use rice and/or corn as raw materials in their manufacturing operations, such as feed mills. Besides creating numerous jobs and supporting technology transfer in such industries, foreign participation has also caused improved competition and efficiency in said markets while supporting growing downstream industries such as livestock and protein markets as well as various food products and consumer goods.

This Bill seeks to fulfill P.D. No. 194's original vision of a truly liberalized rice and corn industry by repealing the aforementioned divestment requirement, rationalizing the definition of rice and/or corn industry and to reiterate the promotion of productive foreign investments in agriculture as a key to national and rural development.



SHARON S. GARIN
AAMBIS-OWA PARTY-LIST



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**AN ACT FURTHER LIBERALIZING THE RICE AND CORN INDUSTRY,
REPEALING FOR SUCH PURPOSE REPUBLIC ACT NO. 3018, OTHERWISE
KNOWN AS "AN ACT LIMITING THE RIGHT TO ENGAGE IN THE RICE AND
CORN INDUSTRY TO CITIZENS OF THE PHILIPPINES, AND FOR OTHER
PURPOSES" AND AMENDING PRESIDENTIAL DECREE NO. 194
AUTHORIZING ALIENS, AS WELL AS ASSOCIATIONS, CORPORATIONS OR
PARTNERSHIPS OWNED IN WHOLE OR IN PART BY FOREIGNERS TO
ENGAGE IN THE RICE AND CORN INDUSTRY, AND FOR OTHER PURPOSES**

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

SECTION 1. *Title.* – This Act shall be known as the "Rice and Corn Industry
Liberalization Act of 2019."

SECTION 2. *Declaration of Policy.* – The State recognizes the importance of
attracting, promoting and welcoming productive investments in the rice and corn
industry that will bring down prices for the Filipino consumer, create more jobs,
stimulate economic growth, stabilize food supply, enable technology transfer, and
enable Philippine goods and services to become globally competitive. The State,
therefore, adopts the policy of removing artificial restraints upon the effort to develop
the rice and corn industry, especially in cases where grains, including rice and corn
and/or by-products thereof, are used for direct consumption or as raw materials in the
manufacture or processing of their finished products.

1 SECTION 3. An alien, association, partnership or corporation, owned in whole
2 or in part by foreigners, may engage in the rice and/or corn industry in all its aspects.
3

4 SECTION 4. *Definition.* – As used in this Act, the term “rice and/or corn
5 industry” shall include the following activities:
6

- 7 a. Acquiring by barter, purchase, importation, or otherwise, rice and/or corn
8 and/or by-products thereof, to the extent of their raw material requirements
9 when these are used as raw materials in the manufacture or processing of
10 their finished products.
11
12 b. Engaging in the culture, production, warehousing, milling, processing, trading,
13 transport, and retailing of rice and/or corn.
14

15 SECTION 5. *Repealing Clause.* – Republic Act No. 3018, as amended, is hereby
16 repealed. Sections 3, 4, 5, 7, 8, and 9 of Presidential Decree No. 194 are likewise
17 repealed and all other laws, executive orders, rules and regulations or parts thereof
18 inconsistent with this Act are repealed or modified accordingly.
19

20 SECTION 6. *Separability Clause.* – If any provisions of this Act is declared invalid,
21 the other provisions not affected thereby shall remain valid.
22

23 SECTION 7. *Effectivity.* – This Act shall take effect fifteen (15) days after its
24 complete publication in two (2) national newspapers of general circulation.
25

26 Approved.