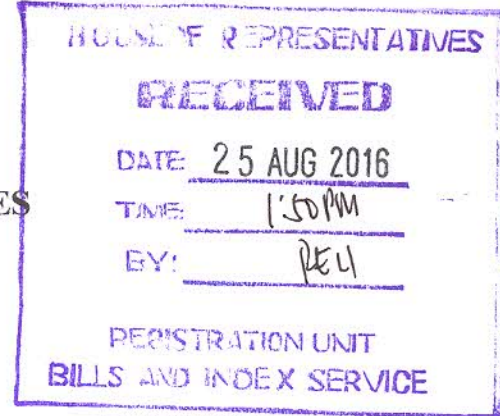


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Seventeenth Congress
First Regular Session

HOUSE BILL NO. 3329



Introduced by Honorable Michelle M. Antonio

EXPLANATORY NOTE

Food security is our investment in the future. With the changing world food markets and climate, food is too important to be left to elements beyond our reasonable control. We must pursue our national goal of food staples-sufficiency in ways that make a positive impact on the lives of our food producers.

Philippine agriculture has been the subject of voluminous studies and grand plans, but the government can do a whole lot more in addressing hunger through food self-sufficiency. Self-sufficiency in food staples means that the country must produce the national food requirement while also maintaining a buffer stock to be used in times of need, according to the Philippine Rice Research Institute (Philrice). In 2012, the World Rice Statistics and the Food and Agriculture Organization reported that the Philippines, despite being the 8th largest rice producer in 2008 (16.8 million tons), was also the world's top rice importer (1.8 million tons).

This bill intends to address the food self-sufficiency problem by allowing private companies to engage in corporate farming. This will encourage the private sector to engage in agricultural production by adopting a corporate farming scheme, with rice and corn as the primary crops. It will also help eliminate the chain of middlemen, thereby allowing the producers and processors to converse face-to-face. In effect, there will be better product distribution, higher private investment in agriculture, and higher outputs, income, and exports.

Through this bill, the government will link up farmers and companies. While farmers tend to the farm, the companies will be providing them funds and

technology to boost production. This bill will instill some social responsibility on the part of the companies instead of them just thinking about profits. The private sector will take steps to help the government in addressing our food self-sufficiency and other agricultural issues. After all, food sufficiency is a concern for everybody and not just the government.

In view of the foregoing, approval of this bill is highly recommended.



MICHELLE M. ANTONIO

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

Seventeenth Congress
First Regular Session

HOUSE BILL NO. 3329

Introduced by Honorable Michelle M. Antonio

**AN ACT PROMOTING CORPORATE FARMING AND PROVIDING
INCENTIVES THEREFOR**

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

SEC. 1. Participating Domestic Corporations and Partnerships. For the purpose of this Act, domestic corporations and partnerships shall refer to all corporations and partnerships organized and existing under Philippine laws, operating for profit, and with reported earnings over the last four (4) years that will allow them to engage in the production of rice/corn for their employees' requirements without adversely affecting their financial viability. Appropriate guidelines shall be issued to determine the corporations and partnerships that are to be covered by this Act.

SEC. 2. Corporate Farming Arrangements. Participation in the Corporate Farming Program shall be on a voluntary basis. For the purpose of this Act, the following are the corporate farming schemes that corporations and partnerships may engage in:

- a. Corporations and partnerships with existing landholdings that are suitable for rice and corn production and which are subject for distribution under the

Comprehensive Agrarian Reform Program may enter into management contracts or joint venture arrangements with the agrarian reform beneficiaries, their associations or cooperatives for the production of rice and corn;

- b. Corporations and partnerships may lease private agricultural land suitable for rice and corn production by entering into contractual or joint venture arrangements with landowners, farmers' organizations and agrarian reform communities (ARCs).

Conversion of agricultural lands leased for the purpose is strictly subject to the rules on land conversion, as provided for by RA 6657 as amended by RA 9700, otherwise known as the Comprehensive Agrarian Reform Program, and its implementing rules guidelines. Fifty percent (50%) of the land should have been developed within a period of three (3) years, and ninety percent (90%) within a period of five (5) years; and

- c. Corporations and partnerships may enter into contractual arrangements with farmers' organizations and agrarian reform communities whereby the corporations and partnerships shall provide the production inputs and technical and related services, then buy the produce resulting from the farming contract.

Local Government Units (LGUs) shall be required to identify appropriate land areas for corporate farming in consonance with their comprehensive land use plan and ordinances. The LGUs shall require the participating corporations and partnerships to provide livelihood projects/opportunities to families which will not be covered by the corporate farming program.

SEC. 3. Disposition of Excess Production. Participating corporations and partnerships shall be required to provide a minimum of six hundred (600) kilograms of rice/corn per employee per year or fifty (50) kilograms per employee per month. Production in excess of the employees' consumption requirements may be sold in the local markets, provided that such will be reported to the National Food Authority (NFA).

SEC. 4. Implementing Agencies. The Department of Agriculture (DA) and the Department of Agrarian Reform (DAR) shall be the lead agencies to institute measures to ensure higher rice and corn productivity through corporate farming schemes. In coordination with the concerned agencies, the DA and DAR shall facilitate the processing of management contracts between corporations and partnerships and the farmers groups, The DA and DAR shall exercise the following functions:

- a. develop eligibility criteria for both corporations and partnerships and farmer groups, including cooperatives and agrarian reform communities, for their accreditation under this Act: Provided, That, the accreditation criteria for the farmers' groups should include management capabilities, technical and production skills critical to the effective operation of the corporate farm;
- b. facilitate and promote grassroots cooperation to access agricultural services such as information, inputs, and technical assistance;
- c. initiate and develop periodic rural and farm assembly markets to provide avenues to showcase their produce;
- d. exercise regulatory functions with respect to the adherence to the provisions of contracts and arrangements entered into by both corporations and partnerships and farmers groups, cooperatives and agrarian reform communities and to develop mechanisms to facilitate negotiations and

- mediate in disputes between stakeholders on matters of contract enforcement;
- e. coordinate with appropriate government agencies to ensure the timely establishment of support services such as credit, infrastructure, extension services and others; and
 - f. facilitate the registration of the participating corporations and partnerships with the National Food Authority (NFA).

SEC. 5. Incentive Package. Corporations and partnerships that will participate in the Corporate Farming, Program shall be entitled to tax incentives in all aspects germane to the corporate farming activities. These incentives include:

- a. exemption from the payment of customs duties for the importation of all types of agricultural inputs particularly seeds, fertilizers, agricultural machinery, and other agricultural implements as provided under RA 5435, as amended by RA 9281, or the Agricultural and Fisheries and Modernization Act; and
- b. exemption from the Value Added Tax (VAT) on the importation of agricultural inputs particularly fertilizers, seeds and seedlings in accordance with Section 109 of the National Internal Revenue Code as amended.

SEC. 6. Other Incentives. Loans extended by government and private banks to participating corporations and partnerships shall be treated as compliance to RA 10000, or the *Agri-Agra Reform Credit Act of 2009*.

SEC. 7. Duration. Participating corporations and partnerships may lease private agricultural lands for a period of seven (7) years which may be renewed for another seven (7) years, subject to the consent of the farmers, their associations and cooperatives.

SEC. 8. Automatic Review. The Department of Agriculture and the Department of Agrarian Reform, being the lead government agencies in the Corporate Farming Program, shall submit periodic reports to both Houses of Congress on the accomplishment of the Program. A review on the viability of the program shall be made by the concerned agencies after five (5) years of its implementation.

SEC. 9. Implementing Rules and Regulations (IRR). The Department of Agriculture (DA) and the Department of Agrarian Reform (DAR), in consultation with other concerned government agencies, non-government organizations, private sector and farmer groups involved in rice/corn production, shall within ninety (90) days after the effectivity of this Act, formulate the rules and regulations for its effective implementation.

SEC. 10. Separability Clause. The provisions of this Act are hereby declared to be separable, and in the event one or more such provisions are held unconstitutional, the validity of the other provisions shall not be affected thereby.

SEC. 11. Repealing Clause. All laws, decrees, executive orders, rules and regulations, issuances or parts thereof inconsistent with the provision of this Act are hereby repealed or modified accordingly.

SEC. 12. Effectivity. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a national newspaper of general circulation.

Approved,