

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 6454



Introduced by REP. JOHNNY T. PIMENTEL

EXPLANATORY NOTE

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

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14 Thirteen (13) years later, R.A. No. 3018 had succeeded in transferring the rice and corn industry
15 in all its aspects to Filipinos and Filipino-owned entities. However, said law, in restraining
16 competition and foreign investment, created artificial restraints in the national effort to develop
17 the rice and corn industry. To lift the prohibitions, especially in cases where grains, including
18 rice and corn and/or by-products thereof, are used for direct consumption or as raw materials
19 and to encourage foreign investments on a large scale to develop virgin lands for rice and corn,
20 Presidential Decree No. 194, was issued to liberalize the rice and corn industry. While the aim
21 of the Decree was laudable, Section 5 thereof – which imposes upon foreign-owned
22 corporations, partnerships, and associations, the eventual divestment of 60% of its foreign
23 equity participation to Filipino citizens – created another unnecessary restraint upon foreign
24 investment and the foreign investors that use rice and/or corn as raw materials in their
25 manufacturing operations, such as feed mills. Besides creating numerous jobs and supporting
26 technology transfer in such industries, foreign participation has also caused improved
27 competition and efficiency in said markets while supporting growing downstream industries
28 such as livestock and protein markets as well as various food products and consumer goods.

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

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

10
 11 *Be it enacted by the Senate and House of Representatives of the Philippines in*
 12 *Congress assembled:*

13
 14 SECTION 1. *Title.* – This Act shall be known as the “Rice and Corn Industry
 15 Liberalization Act of 2019.”

16
 17 SECTION 2. *Declaration of Policy.* – The State recognizes the importance of
 18 attracting, promoting and welcoming productive investments in the rice and corn industry
 19 that will bring down prices for the Filipino consumer, create more jobs, stimulate
 20 economic growth, stabilize food supply, enable technology transfer, and enable Philippine
 21 goods and services to become globally competitive. The State, therefore, adopts the policy
 22 of removing artificial restraints upon the effort to develop the rice and corn industry,
 23 especially in cases where grains, including rice and corn and/or by-products thereof, are
 24 used for direct consumption or as raw materials in the manufacture or processing of their
 25 finished products.

26
 27 SECTION 3. An alien, association, partnership or corporation, owned in whole or
 28 in part by foreigners, may engage in the rice and/or corn industry in all its aspects.

29
 30 SECTION 4. *Definition.* – As used in this Act, the term “rice and/or corn industry”
 31 shall include the following activities:
 32

- 1 a. Acquiring by barter, purchase, importation, or otherwise, rice and/or corn and/or
2 by-products thereof, to the extent of their raw material requirements when these
3 are used as raw materials in the manufacture or processing of their finished
4 products.
5
6 b. Engaging in the culture, production, warehousing, milling, processing, trading,
7 transport, and retailing of rice and/or corn.
8

9 SECTION 5. *Repealing Clause.* – Republic Act No. 3018, as amended, is hereby
10 repealed. Sections 3, 4, 5, 7, 8, and 9 of Presidential Decree No. 194 are likewise repealed
11 and all other laws, executive orders, rules and regulations or parts thereof inconsistent with
12 this Act are repealed or modified accordingly.
13

14 SECTION 6. *Separability Clause.* – If any provisions of this Act is declared invalid,
15 the other provisions not affected thereby shall remain valid.
16

17 SECTION 7. *Effectivity.* – This Act shall take effect fifteen (15) days after its complete
18 publication in two (2) national newspapers of general circulation.
19

20 Approved.