

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Thirteenth Congress
First Regular Session

HOUSE BILL NO. 3146

Introduced by HONORABLE LUIS R. VILLAFUERTE

EXPLANATORY NOTE

Republic Act No. 8178 replaced with tariffs the quantitative import restrictions on agricultural products except rice which will continue to have quantitative import restrictions.

In order to assist the agricultural sector to compete globally, the government envisions a program to raise farm productivity levels by providing the necessary support services such as, but not limited to, irrigation, farm-to-market roads, post-harvest equipment and facilities, credit, research and development, extension services, other market infrastructure and market information.

To implement the policy enunciated in Republic Act No. 8178, the Agricultural Competitiveness Enhancement Fund (ACEF) was created from out of the proceeds of the minimum access volume of importation of agricultural products subject to the tariffication policy.

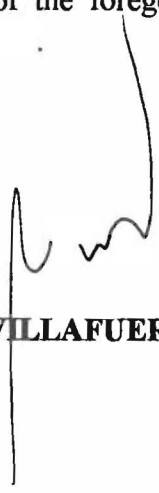
The duration for said fund is nine (9) years, which means that the law enacted in 1996 would lapse in 2005, which is next year. This duration is inadequate for the purposes, RA 8178 was enacted. There is a lot of work yet to be done throughout the country, and our agricultural sector is still very much in need of the development and benefits that the fund allows for. Irrigation, farm-to-market roads, post-harvest equipment and facilities, credit, and research and development are all still pressing needs in our nation's countryside. There are in fact other pressing needs of our agricultural, aquacultural and/or fisheries sectors that must be addressed and should also be given priority.

The duration of the ACEF needs to be extended, as many of our farmers have yet to benefit in more meaningful ways from the projects and services it finances. This bill proposes an extension of the effective period of this fund that allows for an extended time for the availment of the benefits therefrom. Furthermore, this bill intends to ensure that the most deserving only of the benefits of ACEF will avail of it by making the preferred lending to micro-, small-, and medium-scale enterprises (MSME) in the agricultural and aquacultural sectors including technology transfer assistance, and limiting the lending to large-scale entities in these sectors to not more than 15% of the ACEF.

Thus, this bill proposes the extension of the ACEF to 2010, for an addition of six (6) more years, for a total duration of fifteen (15) years from the original start-up date of the fund. This extension will provide a necessary lifeline for our agriculture, aquaculture and/or fisheries sector at the crucial period of adjustment to a more competitive international environment, and may well prove to be the very instrument that ensures levels of global competitiveness of our agriculture, aquaculture and/or fisheries sector.

To finance the ACEF, this bill also amends Section 6 of RA 8178, allowing the President of the Philippines to impose the tariffs provided in said Act from 2004 to 2010. The original tariffs, as provided, were to be imposed by the President only from 1996 to 2000. It would not work as effectively to extend the life of the ACEF for the purposes merely of allowing the use of its remaining funds, but more importantly, additional funding source must be provided by an extension of the power to impose the allowable tariff on the importation of the minimum access volumes indicated in RA 8178.

In this era of globalization, we must, as a nation, take the necessary steps to make our sectors and industries viable, stable, and competitive. In light of the foregoing purposes, the immediate enactment of this bill is highly recommended.



LUIS R. VILLAFUERTE

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AN ACT
EXTENDING THE APPLICABLE PERIOD OF THE AGRICULTURAL
COMPETITIVENESS ENHANCEMENT FUND FROM NINE (9) YEARS TO
FIFTEEN (15) YEARS, AND ALLOWING FOR THE PRESIDENT OF THE
PHILIPPINES TO SET TARIFFS FROM 2004 UP TO 2010
AMENDING FOR THE PURPOSE SECTION 8, AND SECTION 6 OF
REPUBLIC ACT NO 8178 OTHERWISE KNOWN AS THE AGRICULTURAL
TARIFFICATION ACT

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

SECTION 1. Section 8 of RA No. 8178, otherwise known as the Agricultural Tariffication Act is hereby amended to read as follows:

SECTION. 8. *Agricultural Competitiveness Enhancement Fund.* – To implement the policy enunciated in this Act, there is hereby created the Agricultural Competitiveness Enhancement Fund, hereinafter referred to as the [Fund] ACEF. The proceeds of the importation of minimum access volume shall accrue to the [general fund] ACEF and shall be deposited with the National Treasury.

The entire proceeds shall be set aside and earmarked for irrigation, farm-to-market roads, post-harvest equipment and facilities, [credit] TECHNOLOGY research and development, other marketing infrastructure, provision of market information, TRAINING, retraining, extension services, and other forms of assistance and support to the agriculture, AQUACULTURE AND/OR FISHERIES SECTORS

INCLUDING THE PRIORITY ASSISTANCE PROGRAMS STATED IN THE SUCCEEDING PARAGRAPHS, TO WIT:

- (A) FOR PURPOSES OF ACHIEVING THE OBJECTIVES OF THE EXTENSION OF THE UTILIZATION PERIOD OF THE ACEF, PRIORITY ASSISTANCE SHALL BE ACCORDED TO MICRO-, SMALL-, AND MEDIUM-SCALE ENTERPRISES (MSME) IN AGRICULTURE, AQUACULTURE, AND/OR FISHERY SECTORS. SPECIAL PROGRAMS SHALL ALSO BE FORMULATED AND IMPLEMENTED FOR YOUNG ENTREPRENEURS; FOR OUT-OF-SCHOOL YOUTH; AND FOR GRADUATES OF AGRICULTURE, HORTICULTURE, LIVESTOCK DEVELOPMENT AS WELL AS IN AQUACULTURE, FISHERIES AND MARINE RESOURCES DEVELOPMENT; FOR COOPERATIVES OF FARMERS AND FISHERFOLK. LOCAL GOVERNMENT UNITS THAT MAY ENGAGE IN ECONOMIC ENTERPRISES FOR INCOME GENERATING PROJECTS SHALL ALSO BE ALLOWED ACCESS TO ACEF.
- (B) IN ORDER TO FURTHER ASSURE AND ENHANCE THE COMPETITIVENESS OF THE AGRICULTURE, AQUACULTURE AND/OR FISHERIES SECTORS, PROCEEDS FROM THE ACEF NOT EXCEEDING FIVE PERCENT (5%) OF THE FUNDS THEREOF, SHALL BE USED FOR PROJECT FEASIBILITY STUDIES TO PROMOTE VIABLE AND SUSTAINABLE ENTERPRISES AND LIVELIHOOD OPPORTUNITIES IN RURAL COMMUNITIES; FOR RESEARCH AND DEVELOPMENT OF NEW AND IMPROVED TECHNOLOGIES THAT SHALL BE DISSEMINATED; AND FOR IDENTIFYING AND/OR DEVELOPING NEW, INNOVATIVE, AND/OR PIONEERING VENTURES, PRODUCTS OR SERVICES IN THE AGRICULTURE, AQUACULTURE, AND FISHERIES SECTORS.

PROVIDED, THAT UP TO TWENTY PERCENT (20%) OF THE ACEF MAY BE LENT TO LARGE-SCALE ENTERPRISES IN THE AGRICULTURE, AQUACULTURE AND/OR FISHERIES SECTORS.

The Committees on Agriculture, AQUACULTURE AND FISHERIES RESOURCES DEVELOPMENT, Appropriations and Finance of both the Senate and the House of Representatives shall conduct a periodic review of the use of the [Fund] ACEF. The [Fund] ACEF shall have a life of [nine (9) years] FIFTEEN (15) YEARS TO FURTHER ENHANCE THE DEVELOPMENT AND COMPETITIVENESS OF THE AGRICULTURAL, AQUACULTURAL AND/OR FISHERIES SECTORS.

SECTION. 2. Section 6 of RA No. 8178, otherwise known as the Agricultural Tariffication Act is hereby amended to read as follows:

Tariffication. – In lieu of quantitative restrictions, the maximum bound rates committed under the Uruguay Round Final Act shall be imposed on the agricultural products whose quantitative restrictions are repealed by this Act. The President shall issue the corresponding tariffs beginning 1996 [up to year 2000] UP TO YEAR 2010.

SECTION 3. *Implementing Rules and Regulations.* – The Department of Agriculture (DA), in consultation with all the concerned stakeholder groups in agriculture, aquaculture and/or fisheries sectors shall promulgate within a period of (60) days from the effectivity of this Act, the implementing rules and regulations on the ACEF. Taking into consideration the principle of transparency, simplified approval of projects submitted for assistance and the adoption of the policy of less discretion taking into consideration the analytical review of the projects and proponents, the implementing rules and regulations shall be assessed and reviewed by the Committee on Agriculture and Food of both Houses of Congress before its effectivity.

SECTION 4. *Separability Clause.* – The provisions of this Act are hereby declared to be separable, and in the event one or more of such provisions are held unconstitutional, the validity of the other provisions shall not be affected thereby.

SECTION 5. *Repealing Clause.* - All laws, decrees, executive orders, rules and regulations or parts thereof, which are inconsistent with this Act, are hereby repealed, amended or modified accordingly.

SECTION 6. *Effectivity.* – This Act shall take effect fifteen (15) days following its publication in the *Official Gazette* or in two (2) newspapers of general circulation, whichever comes earlier.

APPROVED.