

FIFTEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
H.B. No. 843

INTRODUCED BY THE HONORABLE ANGELO PALMONES

EXPLANATORY NOTE

Production in the agriculture, forestry, agro-forestry and fisheries sectors requires the use tools and machineries to reduce production costs in terms of savings in labor and in time. Presently the Philippines still rely on imported machineries that are often expensive and at time do not function well in the local setting. The local production of these tools and machineries not only benefit local manufacturers through the establishment of enterprises but also from the generation of local employment. In addition repair and maintenance of these machineries would be less costly since the manufacturers are local companies.

There is presently a nascent industry in the manufacture of tools and machineries for agriculture, fisheries, forestry and agro-forestry. The Department of Science and Technology has been assisting these manufacturers through the Metals Industries Research and Development Center (MIRDC) which has been developing proto-type machines and tools for testing and piloting by the industries.

One of the strategies that have been adapted by the R & D sector and also by private manufacturers is what is termed as "reversed engineering". A machine of interest is purchased from abroad and copied by local manufacturers. One such machine is the bamboo veneer tiles that the Forest Products Research and Development Institute (FPRDI) of the DOST through a local manufacturer successfully reverse-engineered and is not being tested by bamboo-products manufacturers.

One important requirement for establishing locally manufactured tools and machines is the establishment of performance standards. This is to ensure that the performance of these machines and tools are within acceptable limits.

It is the purpose of this Act to lay the foundation for the establishment of local tools and machineries industries in order to wean the agriculture, fisheries, agro-forestry and forestry sectors from dependency on imported products, generate employment, reduce out-flow of foreign currency and provide a reliable source of tools and machines that meet international standards. It is also the aim of this Act to enable local manufacturers to be competitive in the foreign markets for these products.



FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)

HOUSE OF REPRESENTATIVES

House Bill No. 843

AN ACT
PROMOTING THE MECHANIZATION
DEVELOPMENT IN THE COUNTRY FOR AGRICULTURE, FISHERIES, AGRO-
FORESTRY AND FOREST INDUSTRIES

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

SECTION 1. Title. This Act shall be known as the Mechanization Development for Agriculture, Fisheries, Agro-Forestry and Forest Industries (AFFMech) Law.

ARTICLE I
DECLARATION OF POLICY,
DEFINITION OF TERMS AND COVERAGE

SECTION 2. Declaration of Policy. It shall be the policy of the State to:

- a) promote the development and adoption of modern, appropriate and cost effective and environmentally safe agricultural, fisheries, agro-forestry and forest industries machinery and equipment to enhance productivity and efficiency in order to achieve food security and safety and improve farmers income;
- b) provide a conducive environment to the local assembling and manufacturing of engines, machinery and equipment for agricultural, fisheries, agro-forestry and forest industries production, processing and marketing;
- c. ensure the quality and safety of machineries and equipment locally manufactured or imported by strengthening regulation through the development and enforcement of machinery and machine performance standards, regular testing and evaluation, registration and the accreditation and classification of suppliers, assemblers and manufacturers to ensure compliance to prescribed quality standards;
- d strengthen support services like credit facilities, research, training and extension programs, rural infrastructures, post harvest facilities and marketing services;

- e. unify, rationalize and strengthen the implementation, coordination activities and mechanisms on agricultural, fisheries, agro-forestry and forest industries mechanization programs and projects; and
- f. deliver integrated support services to farmers, fisherfolk and other stakeholders, and assist them to be able to viably operate and manage their agricultural, fisheries, agro-forestry and forest industries mechanization projects.

SECTION 3. *Definition of Terms:*

- a. *Agricultural, Fisheries, Agro-Forestry and Forest Industries Machinery* - refers to machinery and equipment for the production, harvesting, processing, storage, manufacture, preserving, transporting and distribution of agricultural, fisheries, agro-forest and wood and non-wood forest products. It includes but is not limited to tractors and their attachments, power tillers, seeders, transplanters, windmills, harvesting machines, crop protection and maintenance equipment, irrigation equipment and accessories, greenhouses and other thermal conditioning equipment, livestock equipment, fishery equipment, slaughtering equipment, meat/fishery and crop processing equipment, post harvest machines such as milling machines, dryer, threshers, grain and other strippers, agricultural transport machinery and storage facilities including cold storage, reefer vans, slaughter houses and fishing boats of three (3) gross tons or less, sawmills, lumber dryers, veneer lathe, wood working machines and accessories and other wood processing equipment. Now agricultural, fishery, agro-forest and forest industries machinery includes newly imported as well as one that has not been used since its date of manufacture;
- b. *Agricultural, Fisheries, Agro-forest and Forest-based Industries Mechanization* - is the development, adoption, assembly, manufacture and application of appropriate, location-specific and cost-effective agricultural, fisheries, agro-forestry and wood industries machinery using human, animal, mechanical, electrical, renewable and other nonconventional sources of energy for agricultural production and postharvest/postproduction operations consistent with agronomic conditions and for efficient and economic farm and fishery management towards modernization of agriculture and fisheries;
- c. *Agro-industrial Processing* - shall include local activity or series of activities to maintain or raise the quality or change the form or characteristics of agricultural, fisheries, agro-forestry and wood industry products. It also includes but not limited to cleaning, sorting, grading, mixing, milling, canning, dressing, slaughtering, freezing, pasteurizing, conditioning, packaging, repacking and transporting of said products;
- d. *Fishing Boat* - any boat, ship or other watercraft of three (3) gross tons or less, equipped to be used for taking of fishery species or aiding or assisting one (1) or

more vessels in the performance of any activity relating to fishing, including but not limited to, preservation, supply, storage, refrigeration, transportation and/ or processing;

- e. *Program* - refers to the National Agri-fishery, Agro-forest and Forest Industries Mechanization Program;
- f. *DA* - refers to the Department of Agriculture;
- g. *DAR* - refers to the Department of Agrarian Reform;
- h. *DENR* - refers to the Department of Environment and Natural Resources
- i. *DOLE* - refers to the Department of Labor and Employment;
- j. *DOST* - refers to the Department of Science and Technology;
- k. *DTI* - refers to Department of Trade and Industry;
- m) *AMTEC* - refers to the Agricultural Machinery Testing and Evaluation Center in the University of the Philippines Los Banos;
- n) *BAFPS* - refers to the Bureau of Agriculture and Fisheries Products Standards.
- o) *BAR* - refers to the Bureau of Agricultural Research, Department of Agriculture;
- p) *BPRE* - refers to the Bureau of Post Harvest Research and Extension;
- q) *MIRDC* - refers to the Metals Industries Research and Development Center
- r) *NAFC* - refers to the National Agricultural and Fishery Council;
- s) *PCARRD* - refers to the Philippine Council for Agriculture, Forestry and Natural Resources Research and Development
- t) *PCIERD* - refers to the Philippine Council for Industry and Energy Research and Development
- u) *TESDA* - refers to the Technical Education and Skills Development Authority;
- v) *CHED* - refers to the Commission on Higher Education;
- w) *BoAE* - refers to the Board of Agricultural Engineering of the Professional Regulation Commission;
- x) *UPLB* - refers to the University of the Philippines Los Banos.

y) *Wood processing machines* – refers to any and all machines used in the processing wood and non-wood forest products into saleable finished products

SECTION 4. *Scope and Application.* The provisions of this Act shall apply to the research, development and extension, promotion, distribution, supply, assembling, manufacturing, regulation, use, operation, maintenance and project implementation of agricultural, fisheries, agro-forestry and forest industry machineries and equipment.

ARTICLE II

THE NATIONAL AGRI-FISHERY, AGRO-FORESTRY AND FOREST INDUSTRIES MECHANIZATION PROGRAM

SECTION 5. *The National Agri-fishery, Agro-forestry and Forest Industries Mechanization Program.* There shall be formulated a National Agri-fishery, Agro-forestry and Forest Industries Mechanization Program with the following objectives:

- a) promote and support through the provision of research grants, credit, transparent and predictable regulation the local development and manufacture of agricultural, fisheries, agro-forestry and forest industries machinery by the private sector;
- b) unify, lead and support the efforts of various institutions in the research, design and development of agricultural, fisheries, agro-forestry and forest industries machinery;
- c) establish quality, safety and performance standards for agricultural, fisheries, agro-forestry and forest industries machinery;
- d) support the establishment of quality, safety and performance testing centers for the certification of agricultural, fisheries, agro-forestry and forest industries machinery in strategic localities in the country;
- e) establish guidelines for the registration of ownership of agricultural, fisheries, agro-forestry and forest industries machinery; and
- f) promote the adoption of certified agricultural, fisheries, agro-forestry and forest industries machinery for improving agriculture, fishery, agro-forestry and forest industries productivity.

SECTION 6. *Program Implementation.* The over-all implementation of the National Agri-fishery, Agro-Forestry and Forest Industries Mechanization Program shall be coordinated by National Agri-fishery and Forestry Mechanization Council composed of the Departments of Agriculture, Environment and Natural Resources, Agrarian Reform, Science and Technology and Trade and Industry and the University

of the Philippines Los Banos. The Council shall be co-chaired by the Department of Agriculture and the Department of Science and Technology. The Metals Research and Industries Development Center (MIRDC) of the DOST shall serve as the Secretariat of the Council.

The Council shall have the following duties and responsibilities:

- 1) conduct the formulation and review of 5-year National Agri-fishery and Forestry Mechanization Program;
- 2) provide leadership in the formulation of guidelines for the registration of ownership of agricultural, fisheries, agro-forestry and forest industries machinery;
- 3) ensure the formulation of quality, safety and performance standards for agricultural, fisheries, agro-forestry and forest industries machinery;
- 4) ensure the formulation of accreditation guidelines for testing centers for agricultural, fisheries, agro-forest and forest industries machinery;
- 5) formulate and enforce guidelines for the credit program to include but not limited to access, disbursement and repayment;
- 6) oversee the implementation of the National Agri-fishery and Forestry Mechanization Program by the various units of the Department; and
- 7) coordinate with other government agencies and LGUs in the implementation of measures provided for in this Act.

ARTICLE III RESEARCH, EXTENSION AND HUMAN RESOURCE DEVELOPMENT

SECTION 7. *Unified National R&D and Extension Agenda.* A unified National Agricultural, Fisheries, and Forest Industries Mechanization R&D and Extension (RDE) Agenda shall be formulated and implemented by the Departments, of Agriculture, Agrarian Reform, Environment and Natural Resources, Science and Technology; University of the Philippines Los Banos, state colleges and universities *Provided that* the Department of Science and Technology through the MIRDC as Secretariat, shall integrate and unify all agricultural, fisheries, agro-forestry and forestry industries mechanization R&D and extension programs and projects of all concerned national government agencies, local government units, state colleges and universities which shall be geared towards development of machineries and equipment, job generation, address market and industry demands and help accelerate agricultural, fisheries, agro-forestry and forest industries modernization in the countryside.

The National Agricultural, Fisheries, Agro-Forestry and Forest Industries Mechanization RDE Agenda shall include but not be limited to the following:

- 1) development, pilot-testing and commercialization of appropriate, location-specific and cost-effective agricultural, fisheries, agro-forestry and forest industries machinery and equipment in support to efficient farming and processing;
- 2) design and testing of new machineries and equipment for agriculture, fisheries, agro-forestry and forest industries;
- 3) local manufacture and assembly of agricultural, fisheries, agro-forestry and forest industries machineries, tools and equipment;
- 4) development and utilization of renewable and non-conventional energy resources such as wind, biomass, hydro, solar and bio-fuels for agricultural, fisheries, agro-forestry and forest industries equipment and machineries;
- 5) development of efficient production and postproduction mechanization systems;
- 6) continuous development of technical standards and testing procedures for quality machineries and components;
- 7) training of farmers, fisherfolk, manufacturers, extension workers, agricultural engineers, technicians, and operators engaged in the agricultural, fisheries, agro-forestry and forest industries mechanization;
- 8) promotion of technologies through agricultural and industrial extension activities and techno-demo centers;
- 9) development of prototype and fabrication of agricultural, fisheries, agro-forestry and forest industries machinery and equipment; and
- 10) development and conduct of commercialization strategies involving all sectors representing the demand and supply sides of agricultural, fisheries, agro-forestry and forest industries mechanization technologies.

SECTION 8. Agri-Fisheries and Forestry Mechanization RDE Network. An Agricultural, Fisheries, Agro-Forestry and Forest Industries Mechanization Research, Development and Extension (RDE) network is hereby organized composed of research and educational institutions, Local Government Units, non-government organizations and the recognized and well established associations of agricultural, fisheries, agro-forestry and forest industries machinery assemblers, manufacturers and distributors, agricultural engineers, farmers and fisherfolk. The Agricultural, Fisheries, Agro-Forestry and Forest Industries Mechanization Research, Development and Extension (RDE) network is responsible for the formulation and implementation of the National Agricultural, Fisheries and Forestry Mechanization

RDE Agenda. The MIRDC shall be responsible for organizing the Network and shall serve as Secretariat to the Network. The Network shall be chaired by the Executive Director of MIRDC.

Section 9. Agri-Fisheries and Forestry Machinery and Equipment Service Centers- The concerned government agencies and the LGUs shall encourage and support the private sector and other rural entrepreneurs to establish and operate Agricultural, Fishery and Forestry Machinery and Equipment Service Centers in the Strategic Agricultural and Fishery Development Zones (SAFDZs) and Agrarian Reform Communities as well as in Community-based Forest Management (CBFM) areas. The Agri-Fisheries and Forestry Machinery and Equipment Service Centers shall be operated as business enterprises that will provide the following services:

- a) after-sales service and warranty to their respective clients;
- b) custom plowing, harrowing, harvesting, drying, milling and other farm mechanization services in agriculture areas and drying, milling and product processing in forestry areas;
- c) repair and troubleshooting services of agricultural, fishery, agro-forestry and forest industries machinery and equipment; and
- d) training of maintenance and proper use of machineries and equipment.

However, ownership and operation of Agricultural, Fishery and Forestry Machinery and Equipment Service Centers, shall not be the exclusive domain of equipment and machineries suppliers. These may be owned and operated by registered cooperatives or SEC/ DTI registered businesses.

SECTION 10. Agri-Fisheries and Forestry Mechanization and Engineering Resource Network. The existing agricultural, fishery and forestry machinery information and data base of BPRE and the MIRDC shall be strengthened into Agri-Fishery and Forestry Mechanization and Engineering Resource Network. It shall serve as a network of information system and data bank on agri-fisheries and forestry mechanization and engineering activities. It will also be used or tapped as a facility for the on-line registration of agri-fisheries and forestry machinery and equipment, and monitoring of agri-fisheries and forestry mechanization and infrastructure projects. This network shall be linked to other existing information and data base networks of the Department, Agricultural Machinery Information Network of DOST, Agricultural Mechanization Development Program of UPLB and of other government agencies.

SECTION 11. Research Grants. To enhance research and technological development on agricultural and fisheries mechanization, the government through

the BAR, DOST and CHED shall provide competitive research grants to members of the Network to undertake needs oriented research as well as institutional development and upgrading of laboratory facilities and equipment.

SECTION 12. *Training and Scholarship Program.* The DA, DENR, DOST in partnership with the State Colleges and Universities and the private sector shall train the agricultural and forestry extension workers of the Local Government Units who in turn shall train the farmers and fisherfolks on agricultural fisheries and forestry mechanization technologies and practices. The DOLE and TESDA shall be responsible in the training of agricultural and fisheries machinery technicians and operators while the DOST and the DENR shall be responsible for training upland farmers as well as forest products processors. Furthermore, scholarships for graduate and undergraduate degree on agricultural engineering and trade/vocational courses on agricultural, fisheries and forestry mechanization shall be given priority by the DA, DENR, CHED and DOST.

SECTION 13. *Manpower Complement.* All agricultural, fisheries and forestry machinery pools and service centers including sales and distribution outlets and manufacturing establishments either public or private shall have the required manpower complement of licensed agricultural engineers and certified technicians and operators in accordance with the guidelines and standards to be promulgated by the BoAE and DOLE to ensure efficient operation and maintenance and good management practices.

SECTION 14. *Skills Certification of Agricultural, Fisheries and Forestry Machinery Technicians and Operators.* The TESDA in collaboration with the DA, DENR, DOST, BoAE, NAMDAC and the national associations of agricultural engineers and agricultural machinery assemblers, manufacturers and distributors shall undertake skills certification and accreditation systems for agricultural, fishery and forestry machinery operators and technicians.

ARTICLE IV LOCAL ASSEMBLY, MANUFACTURE, SUPPLY AND AFTER SALES SERVICE

Section 15. *Local Assembling and Manufacturing* - Production of locally made engines and other machinery, tools and equipment for agricultural, fisheries, agro-forestry and forest industries purposes shall be promoted and encouraged by the DA, DENR, DOST and DTI in partnership with the private sector, and through joint venture agreement. For this purpose, the MIRDG in partnership with the recognized national organization of agricultural machinery assemblers, manufacturers and distributors, agricultural engineers shall undertake the feasibility study and R & D for the local assembly and manufacture of agricultural engines/prime mover, and other agricultural and forestry machinery and equipment.

SECTION 16. Incentives for local manufacturers and assemblers of agri-fisheries machinery. Ventures in local manufacture, fabrication and assembly of agri-fisheries and forestry machinery and equipment shall be eligible for loans under the ACEF. These businesses shall be classified as non-VAT business and shall be granted automatically tax holiday in the first few years of operation commensurate to the number of jobs created by the business. They shall be eligible to apply for research grants from the BAR and PCIERD to support testing and certification. Patents shall be accepted as equity or collateral for loans. The BAR and PCIERD shall within six months from the enactment of this Act support the conduct a study on how patents shall be valued.

Section 17. Exemption from Import Duties- To support the local agricultural, fisheries and forest industries assembling and manufacturing industries, they are hereby exempted from the payment of import duties and VAT arising from importation of raw materials and components, engine and mechanical parts required for the assembly, manufacture and fabrication of agricultural, fisheries and forest industries machinery and equipment. Whole goods which are not commercially available as certified by BAFPS shall also be exempt from taxes, duties and VAT. The MIRDC shall within six months after the enactment of this Act formulate and publish the guidelines for this certification function.

SECTION 18. Supply of Agricultural, Fisheries and Forestry Machinery in Government Procurement Program. Only assemblers, manufacturers, importers, suppliers, distributors and dealers accredited by the National Agricultural and Fisheries Machinery Manufacturers, Importers, Distributors, and Dealers Accreditation and Classification Board (NAMDAC) shall be eligible to supply government procurement requirements on agricultural, fisheries and forestry machinery and equipment based on their classification rating. Only agricultural, fishery and forestry machinery tested by AMTEC and MIRDC shall be procured.

SECTION 19. After-Sales Service. All agricultural, fisheries and forestry machinery assemblers, manufacturers, importers, suppliers, distributors and dealers are required to provide after-sales service and warranty to their respective clients which shall be monitored by CAFEO.

ARTICLE V TESTING AND EVALUATION, REGISTRATION, STANDARDIZATION AND ACCREDITATION

Section 20. Testing and Evaluation - Agricultural, fisheries and forestry machinery and equipment to be sold in the market shall pass through testing and evaluation by AMTEC or MIRDC in accordance with the national policies and guidelines to be promulgated by the Council. Specifically, before it can be assembled, manufactured and commercially sold in the market, the model of the

machine and any modification thereof should be tested by AMTEC or MIRDC and should pass the prescribed quality and performance standards. The regular testing and evaluation of machinery sold shall be undertaken by AMTEC or MIRDC on new models and design. Field tests shall likewise be undertaken by AMTEC or MIRDC to ensure consistent quality of test units as well as on the commercial units. The BAFPS shall maintain a certification registry of equipment and machinery as well as a registry of those denied certification.

SECTION 21. *Registration of Ownership of Agricultural and Fishery Machinery and Equipment.* All owners of agricultural and fishery machinery and equipment must register their property with the Agricultural Engineering Office of Municipal and City Government Units.

The Agricultural Engineering Office of the Local Government Units shall establish and maintain a registry of agricultural and fishery machinery at the municipal, city and provincial levels. The DA Regional Agricultural Engineering Division shall maintain a registry of agricultural and fishery machinery at the regional office whereas the BAFPS shall maintain a national database of all registered agricultural and fishery machinery. Each office shall ensure that these registries and databases are available through the internet.

The Secretary shall promulgate national guidelines and procedures for the registration of agricultural and fisheries machinery by the LGUs including the collection of registration fees in accordance with the Local Government Code.

SECTION 22. *Registration of manufacturers, fabricators, assemblers and importers.* Within six months upon the enactment of this Act, all manufacturers, fabricators, assemblers and importers must register with the MIRDC, the Secretariat of the Council.

Three years upon the enactment of this Act, registrants must provide certification by an accredited certifying body of all products that they have in the market or intend to market and withdraw all products that have no certification. One year after the enactment of this Act, the registrants must submit to the BAFPS the list of equipment/machinery manufactured/ fabricated/assembled/ imported.

SECTION 23. *Standards Development and Enforcement.* The Council through the MIRDC in coordination with the DTI, DOST, BoAE and AMTEC and in consultation with the accredited associations of farmers and fisherfolk, agricultural machinery assemblers, manufacturers and distributors and agricultural engineers shall develop standards specifications and test procedures of agricultural, fishery and forest industries machinery. These standards should be in conformity with the International Standards Organization (ISO) and shall be part of the existing Philippine Agricultural Engineering Standards.

Thereafter, the Council and LGUs and in through the MIRDC shall enforce the above standards on the manufacture, sale and distribution on agriculture, fisheries and forest industries machinery and equipment, and its accreditation system for agricultural, fisheries and forestry industries facilities and establishments.

The Council shall deputize the agricultural engineering offices of the LGUs to monitor the implementation of regulation concerning certification, registration of manufacturers, assemblers, dealers or importers and accreditation of agricultural and fishery machinery testing centers.

SECTION 24. Classification and Accreditation of Assemblers, Manufacturers, Importers, Suppliers, Distributors and Dealers- Agricultural, fisheries and forest industries, assemblers, manufacturers, importers and suppliers, distributors and dealers shall be classified into small, medium and large, and shall be encouraged to have their manufacturing/service facility build-up; *Provided that* agricultural, fisheries and forest industries machinery assemblers, manufacturers, importers, suppliers, distributors and dealers shall be classified and accredited based on their organizational strengths and track records, area of operation, marketing and distribution network, after sales service and manufacturing capabilities.

SECTION 25. Organization of the NAMDAC Board. The National Agricultural and Fisheries Machinery Assemblers, Manufacturers, Importers, Distributors and Dealers Accreditation and Classification (NAMDAC) Board is hereby organized as a private sector-led national accreditation and classifying body on agricultural and fisheries machinery and shall perform the following functions:

- a) Establishment of an updated and accurate data base on their sector;
- b) Formulate policies, guidelines and criteria for accreditation and classification on manufacturers of agricultural and fisheries machinery;
- c) Encourage self regulation in the sector by delegating the task of accrediting and classifying manufacturers/dealers/ distributors and approval of the quality and safety of their products to their respective associations;

SECTION 26. Composition of NAMDAC- The NAMDAC shall be composed of the heads of CAFEO, BPPE, AFMIC, AMTEC, MIRDC and representatives from the recognized and well established national association of assemblers, manufacturer, importers, suppliers and distributors of agricultural, fisheries and forest industry machinery and equipment, and agricultural engineers.

The MIRDC, which is the Secretariat of the Council shall provide the necessary technical and administrative support to the NAMDAC.

ARTICLE VI INSTITUTIONS

SECTION 27. Bureau of Postharvest Research and Extension - The Bureau of Postharvest Research and Extension (BPRE) is hereby strengthened and restructured into Philippine Center for Postharvest Development and Mechanization (PhMech). Its existing research, extension and postharvest development services functions on postproduction is hereby expanded to include mechanization concerns. Likewise, its manpower complement shall be augmented to assume the additional responsibilities. Specifically, the BPRE shall coordinate, plan and execute agricultural and fishery mechanization and post harvest R and D and extension programs and projects of the Department.

SECTION 28. Bureau of Agriculture and Fisheries Products Standards- The Bureau of Agriculture and Fisheries Products Standards (BAFPS), in addition to its functions under Sections 62 and 63 of R.A. No. 8435 shall:

- 1) Assist the Council develop and implement standards for agricultural and fishery machinery and equipment ;
- 2) Assist the Council formulate and enforce quality, safety and performance standards for agricultural and fisheries machinery
- 3) Assist the Council formulate and enforce accreditation procedures for testing centers for agricultural and fisheries machinery
- 5) Assist the Council formulate guidelines for the registration of ownership of agricultural and fishery machinery
- 6) Assist the Council maintain a national registry of agricultural and fisheries machinery certified by accredited testing centers
- 7) Assist the Council maintain a national registry of testing centers for agricultural and fisheries machinery
- 8) Assist the Council maintain a national registry of owners, manufacturers, fabricators, assemblers and importers of agricultural and fishery machinery and corresponding serial numbers

The BAFPS is hereby renamed into Bureau of Agriculture and Fisheries Standards (BAFS) and authorized to create a new division on agricultural and fisheries machinery regulations. It may call upon experts, professional groups and other government agencies to assist in the performance of its functions.

SECTION 29. *Agricultural Machinery Testing and Evaluation Centers.* The existing Agricultural Machinery Testing and Evaluation Center (AMTEC) of the College of Engineering and Agro-Industrial Technology (CEAT) of UPLB is hereby institutionalized and shall be composed of a Director and technical and administrative personnel. The AMTEC is hereby designated as one of the testing centers in the country, and for purposes of functional coordination and integration, shall closely coordinate its activities with the BAFPS. It shall assist the BAFPS and the MIRDC in the formulation of quality, safety and performance standards of agricultural and fisheries machinery and of accreditation guidelines for testing centers. It shall also provide technical assistance in the establishment of testing centers in other parts of the country.

The Metals Industries Research and Development Center of the DOST shall be the other center for testing of agricultural, fisheries, agro-forestry and forest industries machineries and equipment. It shall coordinate with the AMTEC and the BAFPS in the establishment of standards for machineries and equipment for agriculture, fisheries, agro-forestry and forest industries.

SECTION 30. *Department of Agrarian Reform.* The DAR in coordination with the DA and DENR shall provide assistance to Agrarian Reform Beneficiaries in securing their appropriate and needed agri-fisheries and forestry machinery and equipment and/or the establishment of Agri-Fishery and Forestry Machinery Service Centers as part of the support services in the Agrarian Reform Communities. The DAR shall complement the technical support services of the DA, DENR and the LGUs by pooling and mobilizing its agricultural engineers. In carrying out these tasks, the DAR shall establish or strengthen its agricultural engineering services in its central, regional and provincial offices.

SECTION 31. *Department of Environment and Natural Resources.* The DENR in coordination with the DA, DAR and the LGUs shall provide assistance to community-based forest management communities in securing appropriate and needed agri-fisheries and forestry machineries and equipment.

SECTION 32. *Department of Science and Technology.* The DOST through its appropriate sector Councils particularly the Philippine Council for Industry and Energy Research and Development (PCIERD) and the Philippine Council for Agriculture, Forestry and Natural Resources Research and Development (PCARRD) and Research Institutes shall provide necessary assistance for the implementation of this ACT.

ARTICLE VII RESPONSIBILITIES OF THE LOCAL GOVERNMENT UNITS

SECTION 33. *Implementation by the Local Government Units.* The Local Government Units, pursuant to the provisions of Republic Act No. 7160, otherwise known as the Local Government Code, shall assist in the extension, dispersal,

management and regulation of agricultural, fisheries, agro-forestry and forest industries machinery and equipment.

SECTION 34. Agricultural Engineering Offices of the Local Government Units. The Provincial, City and Municipal Agricultural Engineering Groups/Offices of the Local Government Units (LGUs) organized under Executive Order No. 86, Series of 1999 and Section 46 of R.A. 8435 shall serve as the planning, coordinating, regulating and implementing bodies at the Provincial, City and Municipal levels on agricultural and fisheries engineering, mechanization and infrastructure programs and projects. Specifically, these Agricultural Engineering Offices shall have the following functions and responsibilities:

- 1) provide agricultural engineering services which include engineering survey, preparation and evaluation of plans, designs, technical specifications, feasibility studies and cost estimates/program of work of irrigation, small water impounding, soil conservation and management, farm machinery, slaughterhouses, poultry dressing plants, post harvest facilities, auction markets, farm-to-market roads, bio-gas and other agricultural, fisheries and forestry infrastructure projects of the LGUs;
- 2) administer, supervise and coordinate the construction, operation, maintenance, improvement and management of irrigation, small water impounding, soil and water conservation structures and facilities, farm machinery, post harvest facilities, auction markets, farm-to-market roads and other agricultural, fisheries and forestry infrastructure projects of the LGUs;
- 3) assist the Council undertake the registration of agri-fishery and forestry machinery and facilities, enforcement of the Philippine Agricultural Engineering Standards and other agricultural, fishery and forestry engineering regulatory activities in coordination and collaboration with concerned national government agencies;
- 4) coordinate with concerned national government agencies with regards to the implementation of national government programs and projects on irrigation, farm mechanization, post harvest facilities, farm-to-market roads and agricultural and fisheries infrastructure;
- 5) be in the frontline of the delivery of basic agricultural engineering services;
- 6) provide training and extension activities to farmers and fisherfolks particularly in the installation, operation and maintenance of their irrigation, post harvest facilities, bio-gas facilities, and other agricultural, fishery and forestry machinery projects in coordination with the agriculture, fisheries and forestry extension workers;
- 7) undertake and or coordinate the pilot testing and commercialization of matured agricultural, fisheries and forestry engineering technologies ; and

- 8) exercise such other powers and perform such other duties and functions as maybe prescribed by law or ordinance.

To effectively carry out the above functions and responsibilities, the Provincial, City and Municipal Agricultural Engineering Offices are hereby strengthened, institutionalized or created in the LGUs. The LGUs belonging to first up to third income class which are providing or implementing agricultural and fishery infrastructure, mechanization and engineering projects shall hire at least one agricultural engineer at the provincial, city and municipal levels.

In cases of provincial, city and municipal LGUs belonging to 4th to 6th income class which are not capable to establish its Agricultural Engineering Office due to financial constraints and limitations, the DA through its Regional Agricultural Engineering Divisions shall augment and perform such responsibilities, and as deemed necessary establish its provincial, city and municipal operation units, and shall be allocated and provided with necessary funding and manpower requirements for their operation.

ARTICLE VIII PROHIBITED ACTS, PENALTIES AND SANCTIONS

SECTION 35. *Prohibited Acts.* It is unlawful for any person to :

- 1) sell, mortgage or lease agricultural, fishery and forestry machinery without being registered with the Council;
- 2) sell new agricultural and fishery machinery without warranty or after sales service.
- 3) claim ownership to an agricultural, fishery and forestry machinery that has not been properly registered in his/her name.
- 4) Operate a testing center without proper accreditation.

SECTION 36. *Penalties.* Any person who shall violate any provision of Section 34 of this Act shall upon conviction, be subject to a fine of not less than One thousand pesos (P1,000.00) but not more than Ten thousand pesos (P10,000.00) or imprisonment of not less than two (2) months but not more than one (1) year, or both upon the discretion of the court, and/or other applicable penalties imposed under the Consumer Act of the Philippines.

The purchase of non- certified or substandard agricultural, fishery and forestry machinery for the government shall be dealt with the Corrupt Practices Act.

SECTION 37. Sanctions. This provision shall take effect four years upon the enactment of this law when all regulatory provisions have already been in place. The Council or its duly authorized representative has the power to file before the proper court the:

1. forfeiture proceedings for agricultural, fishery and forestry machinery that is not duly certified, without serial number and without warranty, and is substandard;
2. closure proceedings against business entities not duly registered as manufacturers, assemblers, dealers or importers of agricultural and fishery machinery, or sells new agricultural and fishery machinery not duly certified, without a serial number, or without warranty, without after sales service and substandard; and
3. closure proceedings against testing centers that has not been duly accredited.

Any business that sell new agricultural, fishery and forestry machinery which was not duly certified, without a serial number, without warranty, or without after sales service shall be given one month to refund or replace the sold machinery duly corrected for any deficiency as indicated. Failure to do so shall result to corresponding legal action against the offending party.

ARTICLE IX MISCELLANEOUS PROVISIONS

SECTION 38. Agricultural, Fisheries and Forestry Mechanization Programs at the Local levels. The Local Government Units through an ordinance shall also formulate in consultation with concerned government agencies and implement their respective Provincial, City and Municipal Agricultural, Fishery and Forestry Mechanization Plans as a vital component of their respective local development plans.

SECTION 39. Contiguous Farming. The DA, DENR together with the DAR shall carry out contiguous farming projects in order to effect suitable field shapes and sizes conducive to efficient operation of agricultural and forestry machinery and equipment and likewise to ensure its economies of scale.

The Contiguous Farming Projects shall:

- 1) promote farm land, agro-forestry and forest plantation clustering with a minimum of 50-hectares cluster for synchronized farming operations from land preparation to harvesting in cooperation or contract with agricultural mechanized operation service providers;
- 2) undertake farm development planning; and

- 3) promote the strengthening of farmers cooperatives and associations.

SECTION 40. *Use of Renewable Energy.* The use of renewable and non-conventional energy such as wind, solar, hydro, bio-mass and other farm-based energy sources shall be promoted as power sources for the operation and maintenance of agricultural, fisheries and forestry machinery. The DA, DENR coordination with the Department of Energy, DOST and State Colleges and Universities, and the private sector shall undertake research and extension activities to enhance the use renewable and non-conventional energy in agricultural, fisheries and forestry operations.

Section 41- *Infrastructure Support-* The government shall provide priority investment for the infrastructure needs in clustered farm land identified as key agricultural, fishery and forestry production areas to accelerate agricultural, fisheries and forestry mechanization in the countryside and this include irrigation, farm-to-market roads, post harvest, power and communications facilities.

SECTION 42. *Implementing Rules and Regulations.* The DA, DENR, DOST and DAR within six months upon the enactment of this Act and in consultation with the stakeholders and other government agencies shall promulgate the necessary rules and regulations to implement this Act.

SECTION 43. *Funding.* The amount necessary to carry out the program shall be incorporated in the General Appropriations Act.

- 1) All funds currently allocated for agricultural, fisheries and forestry mechanization under the Agricultural and Fisheries Modernization Program, in particular, the Ginintuang Masaganang Ani (GMA) Programs for rice, corn, livestock, high value commercial crops and fisheries, and other locally or foreign assisted projects of the Department of Agriculture, and that of the Agrarian Reform Funds of the Department of Agrarian Reform (DAR) and the Department of Science and Technology (DOST), Technical Education and Skill Development Authority (TESDA) and other concerned national government agencies shall form part as the initial Agricultural, Fisheries and Forestry Mechanization Program Fund, and thereafter, shall be incorporated as part of the funding appropriation of the Annual General Appropriations Act;

The Agricultural, Fisheries and Forestry Mechanization Program Fund shall be used for the following activities :

- a) Training of farmers, fisherfolk, farm workers, agricultural, fisheries and forestry machinery operators and technicians, agricultural engineering extension workers and program implementors;

- b) Upgrading of agricultural, fishery and forestry mechanization facilities and equipment of the DA, DENR, DAR and Local Government Units;
 - c) Information campaign;
 - d) Grants for the young entrepreneurs and agricultural engineers who intend to pursue agricultural, fishery and forestry machinery enterprises projects;
 - e) Strengthening the DA and LGU's Agricultural Engineering Groups.
 - f) Formulation of regulations.
- 2) All Local Government Units shall likewise include in their investment plans, as part of the priority appropriations of their 20% Local Development Fund, the funding support for the implementation of their respective provincial, city, municipal and barangay agricultural, fisheries and forestry mechanization programs;
 - 3) The DA shall set aside at least a total of Php700 Million of the Agriculture Competitiveness Enhancement Funds (ACEF) to support this Act as follows: Php300 Million for loans to local manufacturers, fabricators and assemblers of agricultural and fisheries machinery to establish manufacturing and service center facilities, Php200 Million for loans to small farmers for the purchase of agricultural, fisheries and forestry machinery and Php200 Million for grants to upgrade AMTEC. The DOST shall provide funds for the upgrading of MIRDC equipment and machineries for testing. One testing center in the Visayas and one testing center in Mindanao shall be established. The DA shall formulate guidelines for access, disbursement and repayment for these funds;
 - 4) The BAR, PCARRD and PCIARD shall set aside P 5 million each annually from their regular R&D funds to support patent applications and a research competitive grants program for the testing and certification of locally designed agri-fisheries and forestry equipment and machineries;
 - 5) The CHED shall allocate funds from the Higher Education Development Fund necessary for the upgrading of agri-fishery and forestry mechanization laboratory facilities, of concerned State Colleges and Universities, faculty training program and scholarships;
 - 6) The DAR and DENR shall allocate funds necessary for the provision of appropriate and needed agri-fisheries and forestry machinery and equipment to Agrarian Reform Beneficiaries and CBFM beneficiaries for the establishment of Agri-Fishery and Forestry Machinery Service Centers in the Agrarian Reform Communities and CBFM communities, respectively;

- 7) The TESDA shall allocate funds from its annual appropriations necessary for the skills certification and training program for agri-fishery and forestry machinery technicians and operators.

SECTION 44. Congressional Oversight Committee. The Congressional Oversight Committee on Agricultural and Fisheries Modernization (COCAFM) shall be the congressional oversight committee for purposes of this Act. The COCAFM shall perform the following functions:

- a) Monitor and ensure the proper implementation of this Act;
- a) Review the proper implementation of the National Agri-fishery Mechanization Program and the use of its funds; and
- c) Such other functions it deems necessary.

In this regard, COCAFM shall submit to the President an annual report of Program implementation.

SECTION 45. Separability Clause. The provisions of this Act are hereby declared separable, and if any clause, sentence, provision or section hereof, should be declared invalid, such invalidity shall not affect the other provisions of this Act which can be given force and effect without the provisions which have been declared invalid.

SECTION 46. Repealing Clause. All laws, decrees, executive orders and other administrative issuances and parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 47. Effectivity. This Act shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation.

Approved.