

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

House Bill No. 1222

Introduced by Representatives
DIOSDADO MACAPAGAL ARROYO and GLORIA MACAPAGAL ARROYO

AN ACT
ESTABLISHING A FARM MACHINERY MANUFACTURING PROGRAM AND
APPROPRIATING FUNDS THEREFOR

EXPLANATORY NOTE

Industrialization is vital to a nation's progress but without a solid foundation in agriculture, it will not be as sustainable as possible and can even result to more harm than good for a country's economy especially like the Philippines. But our road to industrialization will remain far-fetched given our country's lag in terms of production due to lack of modern farm equipment that other agricultural countries have already been using.

Experiences of countries like Taiwan, Korea and Japan provides us with enough incentive that a carefully planned industrial development program along with firm agriculture-based economic fundamentals, the Philippines can become part of the roster of advanced nations belonging to the First World.

A comprehensive program that can introduce mechanized farming to boost agricultural production is therefore imperative. Through the Farm Machinery Manufacturing Program, which this bill seeks to institutionalize, this idea could be achieved by encouraging local manufacturers to enter into a joint venture with foreign companies that will assist and train them, with the view of enabling them to maximize the utilization of local materials in their products.

In view of the foregoing, the immediate passage of this bill is earnestly recommended.


DIOSDADO MACAPAGAL ARROYO
Second District, Camarines Sur


GLORIA MACAPAGAL ARROYO
Second District, Pampanga

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

SECTION 1. This Act shall be known as the "Farm Machinery Manufacturing Program (FMMP) Act of 2010."

SECTION 2. The following are the objectives of the FMMP:

- a) Development of a viable farm machineries manufacturing industry
- b) Technology transfer and development
- c) Employment generation
- d) Provide reasonable consumer price of farm machineries
- e) Foreign exchange savings and earnings

SECTION 3. The Department of Trade and Industry (DTI), through the Board of Investment (BOI), shall be responsible for the effective implementation of this program.

SECTION 4. After the approval of this Act, applications for the Registration as participant in the FMMP, together with the commitment of the applicants, shall be submitted to the BOI within thirty (30) days. The BOI shall decide on the acceptance or rejection of the applications within thirty (30) days from submission, based on commitments which shall form part of the terms and conditions for their continued participation.

Approved participants shall be issued a Certificate of Registration by the BOI and shall not comply with the terms and conditions provided with the Contract.

The Certificate of Registration shall contain the commitments made by the proponents in their proposals.

SECTION 5. Farm machinery models and variants shall be registered and approved by the BOI prior to its manufacture.

The following criteria shall be considered in defining a model:

- a) body configuration
- b) engine family / size
- c) drive line configuration

A change in any two of the criteria from the basic models shall constitute a new basic mode. A variant is delivered from the basic model but the change in any one of the criteria:

The number of basic models and variants that a participant may have shall be maximum of three (3) basic models and two (2) variants for each models unless otherwise decided by the BOI.

The basic models and variants shall be retained by the participants for over a maximum period of five (5) years in the Philippines, unless otherwise authorized by the BOI, taking into account the capability of the local components and parts manufacturing industry.

SECTION 6. Increase use of local components over and above the prescribed local content percentages shall be encouraged by an incentive scheme.

SECTION 7. The BOI shall promulgate the rules and regulations necessary for the effective implementation of this Act.

SECTION 8. All privileges and exemptions mentioned in Republic Act 6135, otherwise known as the Export Incentives Act of 1970, shall be extended to all Program participants.

SECTION 9. The amount necessary for the effective implementation of this Act shall be charged to the appropriations for the Department of Trade and industry under the current General Appropriations Act (GAA). Thereafter, such sum as may be necessary for the continued implementation of this Act shall be included in the annual GAA.

SECTION 10. This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,