

FIFTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
FIRST REGULAR SESSION)

HOUSE OF REPRESENTATIVES
HOUSE BILL No. 1775

Introduced by the HONORABLE AGAPITO H. GUANLAO

EXPLANATORY NOTE

The continuing decline in the support price for paddy rice (*palay*) in the past has pushed some farmers to explore the possibility of shifting to other crops so they can improve their profitability. It was observed that many of them tried planting fruit crops with a hit-and-miss system. Some relied on other farmers to teach them how to propagate Philippine fruits without necessarily ascertaining their market potential.

It was observed that even government has a very lax policy on fruits production and processing. This can be the reason why we have a hard time competing in the world market. Many of our farmers do not know how. They just rely on traders to tell them what fruits are in demand not only in the country but most of all in the export market.

This bill, therefore, seeks to consolidate the efforts of government and the private , sector in developing the Philippine fruits industry and trade so that its full potential can be realized. There is no question as to the dollar-earning potential of Philippine fruits in the export market. Big commercial growers of Philippine fruits abound in Mindanao. It is unfortunate, however, that small farmers/growers, especially in Luzon and the Visayas, do not benefit much from this industry.

Indeed, Filipinos boast about the abundance of Philippine fruits, particularly in summer months. It is just lamentable that there are no enough processing plants to convert surplus harvest to other by-products like wine and fruit preserves. It is high time that the State consider the development of the Philippine fruit industry and trade as part of the country's agriculture and fisheries modernization program. With the creation of the Philippine Fruits Industry and Trade Authority or PhilFruits, there will be a single government agency tasked to oversee the Philippine fruits industry and trade. There will be no more reason that production of fruits will be on

a hit-and-miss system. This will be afford a better opportunity for the small farmers/growers, more importantly the agrarian reform beneficiaries in the mountainous areas, to maximize the profitability of their land-holdings by cultivating and producing Philippine fruits.

Definitely, the improved income of Philippine fruits farmers/growers will translate to a better life for them. Concomitant with this will be other corollary economic benefits to the nation. Thus, the approval of this bill is earnestly solicited.



HON. AGAPITO H. GUANLAO

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AN ACT
CREATING THE
PHILIPPINE FRUITS INDUSTRY AND TRADE AUTHORITY,
VESTING IT WITH REGULATORY POWERS AND
APPROPRIATING FUNDS FOR THE PURPOSE

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

SECTION 1. *Title.* – This Act shall be known as the "Philippine Fruits Development Act of 2010."

SECTION 2. *Declaration of Principles and Policy.* – Consistent with the policy of Government on developing and modernizing agriculture and fisheries as the cornerstone of the Philippine economy to attain food security and cognizant of the potential contribution of growing Philippine fruits to food production not only, for domestic consumption but also for the export market, it is hereby declared a policy of the State to develop the industry and trade of Philippine fruits. With this, the State shall safeguard the interest of small farmers/growers of Philippine fruits.

The State shall provide the necessary support to the Philippine fruit industry development through appropriate services in production, research, extension and training, financial assistance and other support services. It shall prescribe and strictly enforce regulations and quality control standards needed to safeguard the interest of Philippine fruit farmers/growers.'

The State shall fully exploit the industry's potentials to increase the farmers' income, promote the export market and generate foreign exchange revenues.

SECTION 3. *Creation of the Philippine Fruits Industry and Trade Authority* – There is hereby created a government corporate body that shall henceforth be known as the Philippine Fruits Industry and Trade Authority or PhilFruits.

SECTION 4. Objectives. — The PhilFruits shall have the following objectives:

1. To improve the quality of life of Filipino farmers through the growing, production and processing of Philippine fruits in suitable areas;
2. To ensure the profitability of Philippine fruit farmers through their adoption of proven farm practices and technology; and
3. To promote the trade of Philippine fruits not only in the country but also in the export market.

SECTION 5. Powers – The PhilFruits shall have the following powers:

1. To administer and regulate the Philippine fruit industry in the country;
2. To incur any obligation or enter into contract with any person, material or juridical, domestic or foreign, essential to the proper administration of its affairs and the accomplishment of its purposes and objectives.
3. To own, purchase, lease., mortgage, encumber or otherwise dispose of real and personal property in accordance with its purposes and objectives;
4. To accept and receive financial and other support from private and other sources for the development and promotion of the Philippine fruit industry;
5. To promulgate and enforce rules and regulations on the production of Philippine fruits;
6. To impose administrative sanctions and/or penalties for violation of the rules and regulations it issued;
7. To establish, operate and maintain testing and experimental stations on Philippine fruits, including the identification and preservation/conservation of endangered species;
8. To register and accredit farmers/growers, processors, traders/exporters their associations/confederations and other associations involved with the Philippine fruits industry and trade; and
9. To undertake measures to ensure that small farmers receive a fair price for their produce.

SECTION 6. Functions— The PhilFruits shall have the following functions:

1. To undertake research studies on all aspects of the industry, including pilot studies, and to ensure strong and collective linkages between research and extension;
2. To package and disseminate recommended production technologies to guide farmers/growers in the country;
3. To design and implement a specialized extension program on Philippine fruits production, and other training and communications program for manpower development in the various aspects of industry operations;
4. To promulgate and enforce rules and regulations to govern the production, processing and trade of Philippine fruits, including those on phyto-sanitary practices and other quarantine measures;
5. To identify suitable areas for the growing of Philippine fruits and promote production in such areas;
6. To support efforts of Philippine fruits farmers/growers in organizing themselves into farmer's association/cooperatives, thus, registering and accrediting them;
7. To produce breeder, foundation and registered stocks; set and enforce standards and procedures for seed production and marketing; supervise certified seed production by private growers;
8. To provide assistance to small farmers/growers in the marketing of their produce and in doing so, to come up with a roster of registered processors, traders and other participants in the Philippine fruits industry and trade;
9. To design and implement all industry monitoring and information system;
10. To undertake industry manpower development;
11. To assist farmers in sourcing funds for the production of Philippine fruits;
12. To conduct regular consultations with the Philippine fruit farmers, growers, and all other sectors involved in the industry;
13. To design and administer a package of incentives to promote private sector investments in the Philippine fruits industry;
14. To develop the full potential of the export of Philippine fruits; and

15. In general, to undertake all other functions as may be necessary to ensure the success of the Philippine fruits industry and promote they interests of small farmers/ growers.

SECTION 7. *The Governing Board of the PhilFruits.* — The PhilFruits shall be governed by a Board of Directors composed as follows:

1. Secretary of Agriculture, as ex-officio Chairman;
2. Executive Director, Philippine Fruits Industry and Trade Authority, as ex-officio Vice Chaitman;
3. Secretary of Trade and Industry;
4. Secretary of Environment and Natural Resources;
5. Director, Philippine Council for Agriculture and Resources Research and Development;
6. One (1) representative from among the government financial institutions to be appointed by the President of the Philippines upon the recommendation of the Secretary of Agriculture;
7. One (1) representative from among the rural financial/cooperative institutions to be appointed by the President of the Philippines' upon the recommendation of the Cooperatives Development Authority;
8. One (1) representative from among the Philippine corporations in the fruit industry appointed by the President of the Philippines upon the recommendation of the DTI Secretary; and
9. Three (3) representatives from the Philippine fruits farmers/ growers, one each from Luzon, the Visayas and Mindanao, to be appointed by the President of the Philippines upon the recommendation of farmers associations in each area.

SECTION 8. *Term of Office of the Members of the Governing Board* — Unless sooner removed for cause by their respective associations, appointed members of the governing Board shall hold office for a period of four (4) years from the date of their appointments.

SECTION 9. *Powers and Functions of the Board.* – The Governing Board shall act as the policy making body of PhilFruits to formulate policies, promulgate regulations and prescribe rules to attain PhilFruits' purposes and objectives.

SECTION 10. *Organization.* – An Executive Director who shall be appointed by the President of the Philippines, upon the recommendation of the Secretary of Agriculture shall be the Chief Executive Officer of PhilFruits. He shall be assisted by three (3) Deputy Executive Directors to be appointed by the President upon the recommendation of the Secretary of Agriculture.

The Board shall determine and create the organizational structure of PhilFruits to achieve its objectives and shall appoint all the other officers of PhilFruits.

SECTION 11. *Promulgation of Rules and Regulations.* – The Board of Directors of PhilFruits shall promulgate rules and regulations for the full implementation of this Act within six (6) months of its effectivity. Such rules and regulations shall take effect upon publication in a newspaper of general circulation and shall be amended by the Governing Board from time to time as it may deem appropriate.

SECTION 12. *Penalty Clause.* - The following are prohibited in this Act and shall be penalized accordingly:

1. Punishable by imprisonment of six months and one day to six years and/or fine of one hundred thousand pesos (Php100,000.00);
 - a. Non-registration of farms measuring three hectares or more planted to a single specie of Philippine fruits or three hundred fruit trees of a single specie planted contiguously regardless of the area;
 - b. Illegal importation/smuggling of foreign fruits with a quantity of at least one twenty-footer container van;
2. Punishable by imprisonment of one month and one day to six months and/or fine of fifty thousand pesos (Php50,000.00):
 - a. Non-registration of a fruits processing plant for commercial purpose;
 - b. Illegal importation of breeding stocks/seeds of foreign fruits or foreign varieties of Philippine fruits and illegal export of planting stocks of Philippine fruits
3. Punishable by imprisonment of one day to thirty days and/or fine of twenty thousand pesos (Php20,000.00):

- a. Illegal trade of Philippine fruits;
- b. Illegal cutting of a Philippine fruit tree.

SECTION 13. *Appropriation.* - There is hereby authorized to be appropriated from the Agricultural Competitiveness Enhancement Fund (ACEF) not otherwise appropriated, the sum of Five Hundred Million Pesos (Php500,000,000.00) necessary to carry into effect the provisions of this Act: Provided, that thereafter, the budget for PhilFruits shall be included in the General Appropriations Act.

SECTION 14. *Separability Clause.* - If, for any reason, any section or provision of this Act shall be held unconstitutional, other provisions hereof shall not be affected and shall remain in full force and effect:

SECTION 15. *Suppletory Application of Existing Legislation.* - All existing legislations regarding the Philippine fruits industry and trade not inconsistent with this law shall have suppletory effect.

SECTION 16. *Repealing Clause.* - All laws, issuances, decrees or parts thereof inconsistent with the provisions of this Act are hereby repealed.

SECTION 17. *Effectivity Clause.* — This Act shall take effect upon its approval.

Approved.