

CONGRESS OF THE PHILIPPINES
SIXTEENTH CONGRESS
First Regular Session

HOUSE OF REPRESENTATIVES
House Bill No. 785



Introduced by Representatives
GLORIA MACAPAGAL ARROYO and DIOSDADO MACAPAGAL ARROYO

**AN ACT PROMOTING AND DEVELOPING AGRICULTURAL AND FISHERIES
MECHANIZATION IN THE PHILIPPINES**

EXPLANATORY NOTE

The Philippine agriculture and fisheries sectors have huge labor and livelihood generating potentials, particularly in the areas of agricultural and fisheries products and by-products processing, intensification and diversification of agricultural and fishery production systems. To fully harness these, appropriate and efficient agricultural and fisheries machinery for the on-farm and off-farm operations covering all types of crops, livestock and fisheries are needed.

Unfortunately, the present level of agricultural and fisheries mechanization in the Philippines is quite dismal when benchmarked with its Asian neighbors such as Korea. The country's low level of mechanization is highly attributed to the various technical and socio-economic constraints such as lack of investment in research and development, inadequate training and extension, poor manufacturing technology, lack of credit and low farming income. Other problems include the inadequacy of after sales service, supply of substandard agricultural and fishery machinery particularly in the government procurement program and the sporadic, fragmented and disorganized implementation of agricultural and fishery mechanization. To rectify this, the Bill seeks to establish a system of accreditation and classification of agriculture and fisheries machinery suppliers and manufacturers, state of the art testing and evaluation, continued standards development and enforcement and responsive and adequate support services.

Moreover, to ensure national planning, distribution of and investment in agricultural and fishery machinery, there is also a need for an updated and reliable database and information system. The development and implementation of a nationwide registration system on agricultural and fishery machinery is thus seen as a viable solution to this concern.

In view of the foregoing, a law must be passed to consolidate, integrate and strengthen all existing policies and programs in order to realize the country's efforts towards agriculture and fisheries mechanization. Because of the paramount significance of this Bill, we urge our colleagues to support its approval.



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**AN ACT PROMOTING AND DEVELOPING AGRICUTURAL AND FISHERIES
MECHANIZATION IN THE PHILIPPINES**

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 "Agricultural and Fisheries Mechanization Act of 2013".

CHAPTER I

DECLARATION OF POLICY, DEFINITION OF TERMS AND COVERAGE

SECTION 2. *Declaration of Policy.* - It is hereby declared to be the policy of the State to:

- a. Promote the development and adoption of modern, appropriate, cost-effective and environmentally safe agricultural and fisheries machinery and equipment in support of land consolidation and machinery pooling;
- b. Encourage local manufacturing of engines, machinery and equipment for agricultural and fisheries production, processing and marketing;
- c. Develop and enforce machinery and machine performance standards, regular testing and evaluation, registration and the

accreditation and classification of suppliers and manufacturers to ensure compliance to prescribed quality standards of locally manufactured and imported agricultural and fisheries machinery and equipment;

- d. Make available support services like credit facilities, research, training and extension programs, rural infrastructures and marketing services to agricultural and fish workers;
- e. Unify, rationalize and strengthen the implementation, coordination activities and mechanism on agricultural and fishery mechanization programs and projects; and
- f. Deliver integrated support services to farmers, fishermen and other stakeholders, and assist them in viably operating and managing their agricultural and fisheries machinery projects.

SECTION 3. *Definition of Terms.* - As used in this Act, the following terms shall be construed to mean as follows:

- a. *Agricultural and Fisheries Machinery and Equipment* – refers to machinery and equipment for producing, harvesting, processing, storing, manufacturing, preserving, transporting and distributing agricultural and fishery products. It includes but is not limited to tractors and their attachments, power tillers, seeders, transplanters, windmill, slaughtering equipment, harvesting machines, crop protection and maintenance equipment, irrigation equipment and accessories, greenhouse 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, strippers, agricultural transport machinery and storage facilities including cold storage, reefer vans, slaughter houses and fishing vessels;
- b. *Agricultural and Fisheries Mechanization.* - refers to the development, adoption, manufacture and application of appropriate, location-specific and cost-effective agricultural and fishery technology using human, animal, mechanical, electrical and other non-conventional sources of energy for agricultural production and postharvest/post production operations consistent with agronomic conditions and efficient and economic

farm and fishery management towards the modernization of agriculture and fisheries sectors;

- c. *Agro-Industrial Processing* - includes local activity or series of activities intended to maintain or raise the quality or change the form or characteristics of agricultural, fishery and forestry products. The same includes cleaning, sorting, grading, mixing, milling, canning, dressing, slaughtering, freezing, pasteurizing, conditioning, packaging, repacking and transporting;
- d. *Fishing Vessel* - any boat, ship or other watercraft equipped for taking fishery species or aiding or assisting one (1) or more vessel in the performance of any activity relating to fishing, such as preservation, supply, storage, refrigeration, transportation and/or processing of fisheries products;
- e. *Department* - refers to the Department of Agriculture; and
- f. *Secretary* - refers to the Secretary of Agriculture.

SECTION 4. *Scope and Application.* - The provisions of this Act shall apply to the research, development and extension, promotion, distribution, supply and manufacture, regulation, use, operation and maintenance of agricultural and fisheries machinery and equipment.

CHAPTER II

RESEARCH, DEVELOPMENT AND EXTENSION

SECTION 5. *Unified National Research and Development and Extension Agenda.* - The Department, through the Central Agricultural and Fishery Engineering Office (CAFEO), Bureau of Agricultural Research (BAR), Agricultural Training Institute (ATI), Bureau of Fisheries and Aquatic Resource (BFAR), and National Fisheries Research and Development Institute (NFRDI), shall formulate and implement a unified National Agricultural and Fisheries Mechanization Research and Development and Extension (RDE) Agenda and integrate all agricultural and fisheries mechanization RDE programs and projects of all concerned national government agencies, local government units, state colleges and universities with the view of generating jobs, addressing market and industry demands and accelerating agricultural and fisheries modernization in the countryside.

The National Agriculture and Fisheries Mechanization RDE Agenda shall embody but will not be limited to the following:

- a. Developing, pilot testing and commercializing appropriate, location specific and cost-effective agricultural and fisheries machinery and equipment;
- b. Local manufacture of agricultural engines and equipment;
- c. Development and utilization of renewable sources of energy such as bio-fuels;
- d. Development of efficient production and post-production mechanization systems;
- e. Development of technical standards and testing procedures for quality agricultural machinery and components;
- f. Training of farmers, fisherfolk, manufacturers, extension workers, agricultural engineers, technicians and operators engaged in agricultural and fisheries machinery;
- g. Promotion of technologies through agricultural and industrial extension activities and techno-demo centers;
- h. Development of prototype and fabrication of agricultural machinery and equipment; and
- i. Development and conduct of commercialization strategies involving all sectors representing the demand and supply sides of agriculture and fisheries mechanization technologies.

SECTION 6. *Agri-Fisheries Mechanization RDE Network.* - An Agricultural and Fisheries Mechanization RDE network is hereby organized, composed of research and education institutions, local government units, non-government agencies and recognized associations of agricultural and fishery machinery manufacturers and distributors, agricultural engineers and farmers and fisherfolk organizations.

SECTION 7. *Agri-Fisheries Machinery and Equipment Service Centers.* - The Department, in coordination with the various local government units shall establish an Agricultural and Fishery Machinery Service Center in the Strategic Agricultural and Fishery Development Zones (SAFDZs), and at least one (1) in each municipality and/or barangay, if applicable and feasible, in order to accelerate agricultural and fishery modernization in the countryside; *provided*, that the foregoing shall form part of the major basic services of local government units in the barangays, municipality/city and provincial levels.

SECTION 8. *Agricultural and Fisheries Machinery Information Network.* - An Agricultural Machinery Information Network (AgMachIN) shall be organized to function

as a network of information system and data bank on agricultural and fisheries machinery and equipment, and a facility for the on-line registration of agricultural and fishery machinery.

SECTION 9. *Skills Certification of Agricultural Machinery Technicians and Operators.* - The Technical Education and Skills Development Authority (TESDA) in collaboration with the Department, the Philippine Society of Agricultural Engineers (PSAE) and the Board of Agricultural Engineering of the Professional Regulation Commission (BOAE-PRC) shall provide skills certification and accreditation systems for agricultural and fishery machinery operators and technicians.

CHAPTER III

SUPPLY, LOCAL MANUFACTURE AND AFTER SALES SERVICE

SECTION 10. *Local Manufacturing.* - Production of locally made engines and other machinery for agricultural and fisheries purposes shall be promoted and encouraged. For the purpose, the Department, in partnership with the Metal Working Industry Association of the Philippines (MIAP), Society of Aquaculture Engineers of the Philippines (SAEP), Philippine Society of Agriculture Engineers (PSAE) and DOST-PCARRD, among others, shall undertake the feasibility study and R & D for the local manufacture of agricultural engines/prime mover, and other agricultural machinery and equipment.

SECTION 11. *Exemption from Import Duties.* - To support the local agricultural manufacturing industry, the latter is hereby exempted from the payment of import duties arising from the importation of raw materials required for their manufacture and fabrication of agricultural and fisheries machinery and equipment.

SECTION 12. *Classification and Accreditation of Manufacturers, Importers, Suppliers, Distributors and Dealers.* - Agricultural and fisheries 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 and fisheries machinery 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 13. *Supply of Agricultural and Fisheries Machinery in Government Procurement Program.* - Only manufacturers, importers, suppliers, distributors and dealers duly accredited pursuant to Section 9 hereof shall be eligible to supply

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government procurement requirements on agricultural and fisheries machinery and equipment on the basis of their classification rating.

SECTION 14. *After-Sales Service.* - All agricultural and fisheries machinery manufacturers, importers, suppliers, distributors and dealers are required to provide after-sales service and warranty to their respective clients including insurance coverage for "wear and tear" during the warranty period.

CHAPTER IV

REGISTRATION, LICENSING AND STANDARDIZATION

SECTION 15. *Testing and Evaluation.* - Agricultural and fisheries machinery and equipment to be sold in the market shall pass through testing, and evaluation by the Agricultural Machinery Testing and Evaluation Center (AMTEC) in accordance with the national policies and guidelines to be promulgated by the Secretary. Specifically, before agricultural and fisheries machinery can be manufactured and commercially sold, a model of the machine and any modification thereof will be tested by the AMTEC and should pass required quality and performance standards specified under Section 17 of this Act. The regular testing and evaluation of machinery sold shall be undertaken every five (5) years by AMTEC.

SECTION 16. *Registration of Agricultural and Fishery Machinery.*

- a. All agricultural and fisheries machinery shall be registered in all municipal and city local government units through the Office of the City/Municipal Agricultural Engineer;
- b. The registration information shall include the engine serial number, name and address of the owner, technical specifications, date of acquisition and acquisition value of the agricultural and fishery machinery being registered;
- c. The Provincial Agricultural Engineering Groups of the local government units shall establish and maintain a provincial data on all agricultural and fishery machinery being registered, with the DA Regional Agricultural Engineering Division being responsible for the regional data and the DA Central Agricultural Engineering Group, for the national data using the facilities of the AgMachIN; and
- d. The Secretary in consultation with the private sector and local government units shall promulgate national guidelines and procedures in the registration of agricultural and fishery machinery by the local government units including the collection of registration fees. The

amount collected should be utilized to fund the operation of the service centers established by this Act.

SECTION 17. *Standards Development and Enforcement.* - The Department, in coordination with the Department of Trade and Industry (DTI) and Science and Technology (DOST), Board of Agricultural Engineering of the Professional Regulation Commission (BOAE-PRC), Agricultural Machinery Testing and Evaluation Center (AMTEC) and in consultation with the accredited associations of farmers and fisherfolk, agricultural machinery manufacturers and distributors and agricultural engineers shall develop standards specifications and test procedures of agricultural and fishery machinery. These standards should be in conformity with the International Standards Organization (ISO).

Thereafter, the Department shall enforce the said standards on the manufacture, sale and distribution on agriculture and fisheries machinery and equipment.

CHAPTER V

INSTITUTIONS

SECTION 18. *Agricultural and Fisheries Mechanization Committee.* - The existing Agricultural and Fisheries Mechanization Committee (AFMeC) under the National Agricultural and Fishery Council (NAFC) is hereby reorganized to act as an advisory body to ensure the success of the programs and activities of the Department concerning agricultural mechanization.

SECTION 19. *Strengthening the DA Agricultural Engineering Groups.* - An Agricultural and Fisheries Mechanization and Infrastructure Service is hereby created under the Department which shall be headed by an Executive Director to coordinate, oversee, plan, implement and monitor agricultural and fishery mechanization and other infrastructure programs and projects which the Department is mandated to implement under Sections 46-59 of the Agriculture and Fisheries Modernization Act; *provided*, that the Regional Agricultural Engineering Divisions of the Department Regional Field Units are hereby institutionalized to carry out the field implementation of the agricultural and fishery mechanization and infrastructure programs; *provided* further, that all activities and services of the Department involving agricultural and fishery mechanization and infrastructure are transferred and integrated into the CAFEO.

SECTION 20. *Institutionalization of the NAMDAC Board.* - The National Agricultural and Fisheries Machinery Manufacturers, Importers, Distributors and Dealers Accreditation and Classification (NAMDAC) Board is hereby institutionalized to serve as

the sole national accreditation and classifying body on agricultural and fisheries machinery and shall perform the following functions:

- a. Establish an updated and accurate data base on their sector;
- b. Formulate policies, guidelines and criteria for accreditation and classification on manufacturers of agricultural and fishery 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;
- d. Advocate policies to regulate the importation and exportation of agricultural and fisheries machinery consistent with the GATT-WTO provision; and
- e. Make certain that the manufacturers'/dealers' associations conduct regular inspection of agricultural and fisheries machinery fabrication plants to ensure compliance with accepted processes and products.

SECTION 21. *Composition of NAMDAC.* - The NAMDAC shall be organized by the private sector and shall include representatives from the manufacturers, importers, suppliers and distributors of agricultural machinery and equipment. The heads of CAFEO and AMTEC shall also be members of NAMDAC.

SECTION 22. *Agricultural Machinery Testing and Evaluation Center.* - The existing Agricultural Machinery Testing and Evaluation Center (AMTEC) is hereby institutionalized as a Center under the College of Engineering and Agro-Industrial Technology (CEAT) of UPLB, and for purposes of functional coordination and integration, shall closely coordinate its activities with the CAFEO

ARTICLE VI

RESPONSIBILITIES OF THE LOCAL GOVERNMENT UNITS

SECTION 23. *Implementation by the Local Government Units.* - The various local government units, pursuant to the provisions of Republic Act No. 7160, otherwise known as the Local Government Code, shall undertake applied research, extension, dispersal, management and regulation of agricultural and fisheries machinery and equipment including the collection of fees in accordance with the national policies, procedures, guidelines and rules and regulations as promulgated by the Secretary.

SECTION 24. *Role of the Agricultural and Fishery Engineering Offices of the Local Government Units.* - The Provincial, City and Municipal Agricultural Engineering Offices

of the local government units organized under Section 46 of R.A. 8435, Executive Order No. 86, Series of 1999 are hereby strengthened and shall serve as the coordinating, planning, regulating and implementing body at the provincial, city and municipal levels on agricultural and fishery machinery.

ARTICLE VII

MISCELLANEOUS PROVISIONS

SECTION 25. *Agricultural and Fisheries Mechanization Plan.* - The Department shall formulate a National Agricultural and Fisheries Mechanization and Infrastructure Plan upon approval of this Act.

The local government units through an ordinance shall also formulate and implement their respective Provincial, City and Municipal Agricultural and Fishery Mechanization Plans as a vital component of their respective Agricultural and Fishery Modernization Plans.

SECTION 26. *Implementing Rules and Regulations.* - The Department in consultation with stakeholders shall promulgate the necessary rules and regulations necessary for the effective implementation of this Act.

SECTION 27. *Appropriation.* - The amount necessary to carry out the program shall be incorporated in the General Appropriations Act.

All funds currently allocated for agricultural and fisheries machinery and infrastructure projects under the Agricultural and Fisheries Modernization Program, in particular, the Ginintuang Masaganang Ani (GMA) Programs for rice, corn, livestock, HVCC and fisheries, and other locally or foreign assisted projects of the Department of Agrarian Reform (DAR) and that of the Department of Science and Technology (DOST) shall be integrated to constitute the initial Agricultural and Fisheries Machinery and Infrastructure Program Fund, and thereafter, shall be incorporated as part of the funding appropriation of the Agricultural and Fisheries Modernization Program.

All local government units shall likewise include in their investment plans, as part of the priority appropriations of their 20% Economic Development Fund, the funding support for the implementation of their respective, provincial, city, municipal and barangay agricultural and fisheries mechanization and infrastructure programs.

The Agricultural and Fisheries Machinery and Infrastructure Program Fund shall be used for the following activities:

- a. Training of farmers, fisherfolk, farm workers, agricultural and fisheries machinery operators and technicians and program implementers;

- b. Upgrading of agricultural and fishery mechanization facilities and equipment of the Department of Agriculture and Local Government Units;
- c. Investment and Feasibility studies on agricultural and fisheries machinery and infrastructure projects;
- d. Information campaign;
- e. Testing and evaluation of AMTEC;
- f. Registration of agricultural and fisheries machinery and equipment and other regulatory activities;
- g. Agricultural and Fisheries Machinery Demonstration Centers;
- h. Research and development on the manufacturing of local engines;
- i. Providing grants for young entrepreneurs and agricultural engineers who intend to pursue agricultural and fishery machinery enterprises projects; and
- j. Strengthening the Department and local government units' Agricultural Engineering Groups.

SECTION 28. *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 29. *Repealing Clause.* - All laws, or parts thereof, inconsistent herewith are hereby repealed or modified accordingly.

SECTION 30. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation.

Approved,