

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS

First Regular Session

House Bill No. **2049**



Introduced by Hon. Delphine Gan Lee

EXPLANATORY NOTE

To provide funding to agricultural development programs is critical in achieving the Millennium Development Goals. Programs that are focused on farmers and are knowledge-and-science-based must be pursued so that the full potential of farmers, both men and women, including small-holder and commercial farmers, can be harnessed in pursuing food security and sustainable development a reality.

State intervention in rural markets must address the urgent need for institutionalizing the ways of packaging factor inputs in agriculture in order to bring about innovative, efficient and competitive modes of production and marketing. This bill rationalizes and restructures the existing government organizations in order to establish harmony and coordination between policymaking and implementation, and market-development programs geared towards supporting the farmer as he transforms himself into an entrepreneur. This bill also creates several attached agencies to serve as proprietary roles in market development and intervention. This bill provides for market development. It also establishes terminal markets all over the country and maintains the country's buffer stocks of food grain and other food commodities. Lastly, it will also provide credit assistance and guarantee cover on project loans and inventory financing for commodities.


HON. DELPHINE GAN LEE
Representative, AGRI Party-List

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AN ACT
PROMOTING THE AGRICULTURAL SECTOR, STABILIZING PRICES OF
AGRICULTURAL PRODUCTS AND ENHANCING FOOD SECURITY
THROUGH THE EFFECTIVE PRODUCTION, PROCESSING, MARKETING
AND DISTRIBUTION OF AGRICULTURAL PRODUCTS, RATIONALIZING AND
RESTRUCTURING ALL EXISTING GOVERNMENT RESOURCES IN
AGRICULTURAL PRODUCTION, DISTRIBUTION, AND MARKETING

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

1 SECTION. 1. *Title.* - This Act shall be known as the "Integrated Agricultural
2 Marketing Development Act of 2013."

3 SEC. 2. *Declaration of Policy.* - The State recognizes that the agriculture and fisheries
4 sector provides food and vital raw materials for the rest of the economy;

5 The State also recognizes that rising productivity and efficiency in the sector are
6 critical in maintaining the affordability of food and purchasing power, especially among the
7 poor;

8 It is hereby declared to be the policy of the State to ensure the general welfare of
9 farmers, who constitute a majority of the national population, and are key to the production of
10 sufficient food supplies all over the country. It shall also be the policy of the state to ensure
11 the attainment of food security at all times as an essential element of national security and a
12 critical element of national development. For purposes of this Act, "food security" shall be
13 defined as the availability and stability of food supply in a manner accessible to every
14 Filipino of any economic and social standing, given any change in the country's climatic,
15 social, political and economic condition. The State recognizes that the goal of food security is

1 best served through the operation of competitive markets that will provide sufficient
2 incentives to farmers and producers to increase the productivity levels of their farms.

3 For the above purposes, the state hereby rationalizes and restructures existing
4 government structures and programs on the production, processing, marketing and
5 distribution of agricultural products.

6 SEC. 3. *Creation of the National Agricultural Marketing Council.* - There is hereby
7 created a policy-making and implementing body corporate called the National Agricultural
8 Marketing Council, which shall have the general powers and attributes of a corporation as set
9 forth in the Corporation Law and the particular mandate to perform the following functions,
10 powers and responsibilities:

11 (a) To formulate policies, plans and programs on food production, post-harvest
12 handling, storage, milling, distribution and credit support, including the coordination of its
13 implementation among the various agencies and institutions of the government and the
14 private sector;

15 (b) To ensure the best administration of market development programs for agricultural
16 commodities and food products;

17 (c) To ensure an adequate flow of these products to consumers as well as a fair return
18 to producers and prevent inefficient and wasteful methods of distribution;

19 (d) To foster the empowerment of agricultural producers into effective associations or
20 corporations under their own control for greater unity of effort in marketing;

21 (e) To promote the establishment and financing of a farm marketing systems of
22 producer- owned and producer-controlled cooperative associations and other agencies;

23 (f) To set and review annually the government's buffer grain stock requirements at the
24 national and local levels and to ensure that these requirements are achieved;

25 (g) To effect, with the Regional Agricultural Marketing Councils and/or other
26 government entities as implementing agents, the domestic procurement of the government's
27 buffer grain stock through purchases of warehouse receipts or quedans of grain deposits in
28 government, farmer-cooperatives and private warehouses and/or by buying grain produce
29 directly from farmer cooperatives;

30 (h) To cause the direct importation of rice and allocation of import quotas among
31 private entities, especially certified and licensed farmer cooperatives;

1 (i) To promulgate the government's "stabilization price" for grains to assure farmers
2 with a reasonable mark-up on their production cost and participation in the profits that may
3 be realized from the sale of the government's buffer grain stock;

4 (j) To reorient the country's food production policies, plans and programs in such a
5 way that the thrust of increasing the productivity of farmers is not only in terms of yield per
6 unit area but more so in the aggregate income from farming enterprises;

7 (k) To promote and coordinate plans and programs of assistance to producers through
8 input supplies, purchases, payments and other operations, including low or no interest loans
9 in partnership with available financial sources or institutions;

10 (l) To institutionalize and actively promote the adoption of sustainable agricultural
11 practices at all farm levels so that steady production of various food commodities to cope
12 with the demands of a growing population is achieved in a way that maintains the
13 productivity of the soil and diminishes any adverse impact to the immediate environment;
14 and

15 (m) To undertake other tasks and activities as may be necessary to ensure the
16 attainment of efficient agricultural marketing systems and food security.

17 SEC. 4. *Governing Council.* - The powers, functions and affairs of the Council shall
18 be exercised and directed by a governing council to be chaired by the Secretary of
19 Agriculture and with the following members:

20 (a) The Secretary of the Department of Agrarian Reform;

21 (b) The Secretary of the Department of Finance;

22 (c) The Secretary of the Department of Trade and Industry;

23 (d) The Secretary of the Department of Public Works and Highways;

24 (e) The Secretary of the Department of the Interior and Local
25 Government;

26 (f) The Secretary of the Department of Budget Management;

27 (g) The Secretary of the Department of Social Welfare and Development;

28 (h) The Secretary of the Department of Transportation and Communications; and

29 (i) The Secretary of the Department of Environment and Natural Resources.

30 The governing council shall meet regularly at least every month on any date to be
31 determined by the Chair; Provided, that the Chair may convene special meetings to discuss
32 urgent matters needing immediate resolution. The council members shall be entitled to per

1 diem for every meeting actually attended by them and other remunerations as may be
2 determined by them. It shall prescribe the rules and regulations to govern its deliberations and
3 other official actions.

4 SEC. 5. *Organization and Staff.* - The management of the day-today operations of the
5 Council shall be vested in an executive director who shall be appointed with the rank of an
6 undersecretary by the President of the Philippines. The Council shall set up the
7 organizational structure, staffing pattern, qualification standard, compensation scale,
8 functions and authorities of their officers and employees pursuant to pertinent laws, rules and
9 regulations being implemented by the Civil Service Commission and the Department of
10 Budget and Management.

11 SEC. 6. *Regional Agricultural Marketing Councils.* - To operate and serve as the
12 branch offices of the National Agricultural Marketing Council at the regional level, there are
13 hereby instituted Regional Agricultural Marketing Councils in all administrative regions of
14 the country.

15 The Regional Agricultural Marketing Councils shall be under the administrative
16 supervision and control of the National Agricultural Marketing Council and shall implement
17 in the region the policies, plans and programs of the latter.

18 SEC. 7. *Composition of the Regional Agricultural Marketing Council.* - The Regional
19 Agricultural Marketing Council shall be composed of:

- 20 (a) All the provincial governors of the region;
21 (b) The regional directors of the Department of Agriculture;
22 (c) A representative from the farming/fisheries sector;
23 (d) A representative from the agricultural marketing and trading sector; and
24 (e) A representative from the consumer sector

25 All provincial governors with the Department of Agriculture Regional Director shall
26 by majority vote choose the sectoral representatives from among nominees respectively
27 submitted by recognized sectoral associations in the region. Thereafter, the council members
28 shall elect their Chair, Vice-Chair and other officers.

1 SEC. 8. *Support Staff.* - The Regional Agricultural Marketing Council shall appoint,
2 from among its members or qualified outsider, a regional director who shall manage and
3 direct the day-to-day operations of the regional council. The concomitant organizational
4 structure and plantilla of personnel shall be set up by the regional council subject to the
5 approval of the national council.

6 SEC. 9. *Creation of the NATCOR.* - There is hereby created a body corporate to be
7 known as the National Agricultural Trading Corporation (NATCOR) an attached agency to
8 the Council hereinafter referred to as the NATCOR which shall evolve the most efficient,
9 dependable economical and equitable marketing systems for agricultural products.

10 SEC. 10. *General Powers and Functions of the NATCOR.* - The NATCOR shall have
11 the following powers and functions:

12 (a) To formulate a medium term agricultural market development plan which shall be
13 updated every year;

14 (b) To provide farmers and fisher folks an up-to-date market information by the
15 establishment of an integrated and efficient nationwide information access system that will
16 guide producers and other stakeholders to make decisions on what and how much to plant
17 and where and when to market;

18 (c) To gather, analyze and disseminate market information on various foreign
19 countries' food supply, domestic and export demand, local and export prices and other
20 relevant data;

21 (d) To identify markets for Philippine agricultural products and assist in the planning
22 of market centers, marketing channels and distribution networks to reduce marketing costs
23 for producers and ultimately the cost to consumers;

24 (e) To foster and assist in the development of new or expansion of existing domestic
25 and foreign markets through institutional arrangements like contract growing, market
26 matching, market intelligence and other promotional activities for agricultural products;

27 (f) To provide farmers, fisher folks and other persons or firms access to existing
28 public and private researches supporting food market development activities;

29 (g) To disseminate information standardization, and grading system on inspection,
30 classification, for all agricultural products to enhance global competitiveness;

31 (h) To formulate as part of its market development thrust more efficient ways,
32 systems, and facilities for harvesting, threshing or shelling, drying, storage, milling,

1 packaging, post-harvest handling, transportation and/or shipping of agricultural products for
2 purposes of reducing costs and ensuring stable consumer supply;

3 (i) To require as a tool for market information the annual registration and publication
4 of a directory of all persons, natural or juridical, engaged or intending to engage in
5 wholesaling, milling, processing, warehousing and transporting of agricultural products,
6 including byproducts thereof;

7 (j) To coordinate with the Department of Transportation and Communications
8 towards establishing more efficient, regular, adequate, suitable, and economical systems of
9 transporting and/or shipping of food products for purposes of reducing marketing costs and
10 ensuring availability of basic transport which is central to the whole chain of agricultural
11 production and distribution; and

12 (k) To promulgate policies, plans, programs, rules and regulations, sanctions and
13 penalties as may be necessary for the effective exercise of the powers and functions of the
14 NATCOR.

15 SEC. 11. *Strengthening of the Agricultural Marketing Information System.* - For the
16 effective implementation of the policy enunciated in this Act, the Bureau of Agricultural
17 Statistics shall be strengthened as the principal line agency of the Republic of the Philippines
18 for agricultural statistics and marketing information. It shall serve the data requirements of
19 the NATCOR.

20 SEC. 12. *Cooperation with other Government Agencies and Private Business*
21 *Organizations.* - All units and agencies of the government shall support and cooperate with
22 the NATCOR in the implementation of its functions and programs. Likewise, private research
23 organizations, purchasing and consuming organizations, boards of trade, chambers of
24 commerce, other associations of business or trade organizations, transportation and storage
25 agencies and organizations, or other persons or corporations engaged in the production,
26 transportation, storing, processing marketing and distribution of agricultural products shall
27 support the NATCOR in the implementation of its functions.

28 SEC. 13. *Creation of the Public Warehousing Corporation.* - There is hereby created
29 a government-owned corporation to be known as the Public Warehousing Corporation,
30 hereinafter called the Corporation, which shall be attached to the Council and have the
31 following functions, powers and responsibilities:

1 (a) To establish and maintain warehouses and post-harvest facilities for foods, grain
2 and other agricultural products in all areas of production in the country;

3 (b) To provide warehousing/storage services and post-harvest facility assistance for
4 the farmers' grain and food agricultural stocks/inventories;

5 (c) To issue, pursuant to existing laws and regulations, corresponding warehouse
6 receipts or quedan for the farmers' grain and food inventory deposits;

7 (d) To store and safe-keep the government's food or grain buffer security stocks as
8 directed by the Council;

9 (e) To lease out, sell, build, and transfer warehouses and/or post-harvest facilities to
10 farmer-cooperatives and federations, subject to the approval of the Council;

11 (f) To establish and operate Commodity Exchange Centers (CEC); and

12 (g) To exercise the general powers and attributes of a corporation as set forth in the
13 Corporation Law.

14 SEC. 14. *Authorized Capital Stock of the Corporation.* - The authorized capital stock
15 of the Corporation shall be SIX BILLION PESOS (P6,000,000,000) divided into six million
16 (6,000,000) common shares of stock which shall be subscribed and paid for by the national
17 government and government institutions.

18 SEC. 15. *Governing Board.* - The powers, functions and affairs of the Corporation
19 shall be exercised and directed by a governing board composed of the following:

20 (a) Executive Director of the Council as Chair;

21 (b) General Manager of the Corporation as Vice-Chair;

22 (c) President of AGCRECOR as member;

23 (d) Director of NATCOR as member; and

24 (e) Director of the Bureau of Agricultural Statistics as member.

25 The Board shall meet regularly at least every month and convene special meetings to
26 discuss urgent matters. The Board members shall receive per diem for each meeting actually
27 officiated and other remuneration as may be determined by the Board. It shall prescribe the
28 rules and regulations to govern its deliberations and other official actions.

29 SEC. 16. *Organization and Staff.* - The management of the day-to-day operations of
30 the Corporation shall be vested in a general manager who shall be appointed by the Council.

1 The governing board shall set up the organizational structure, staffing pattern,
2 qualification standard, compensation scale, functions and authorities of their officers and
3 employees pursuant to pertinent laws, rules and regulations being implemented by the Civil
4 Service Commission and the Department of Budget and Management.

5 SEC. 17. *Commodity Exchange Centers (CEC).* - The Corporation shall establish at
6 all terminal markets in the country, especially in Metro Manila and cities in Luzon, Visayas
7 and Mindanao, Commodity Exchange Centers which shall serve as central trading facilities
8 for grains in the regions to provide ready market for farmers' produce and promote efficiency
9 of grain distribution to consumers under a transparent marketing system which enhances the
10 interest of farmers and consumers alike. Strategically located warehouses of the National
11 Food Authority (NFA) shall be the sites and business officers of the Commodity Exchange
12 Centers. NFA personnel, because of their expertise in warehousing and grain classification
13 and grading, shall serve as the core staff for the operation of the CECs.

14 Initially, daily public bidding of grains shall be on the basis of "on the spot"
15 commodity. Bidding shall later be on the basis of quedans or warehouse receipts for grain
16 inventories deposited in the warehouses of the Corporation, the CECs or private bonded
17 warehouses. Trading on agricultural commodity "futures" shall be the final phase that the
18 CECs shall work for to achieve. Similarly, the CECs shall initially cover grains only and later
19 include other food and agricultural commodities.

20 SEC. 18. - *Responsibility for Credit Assistance and Guarantee Cover.* - The provision
21 of credit assistance and guarantee cover on project loans and inventory financing for
22 commodities owned and deposited by farmers, consumers, and traders in the warehouses of
23 the Public Warehouse Corporations and franchised private bonded warehouses shall be the
24 primordial responsibility of the Quedan and Rural Credit Guarantee Corporation, which is
25 hereby attached to the Council and renamed as the Agricultural Credit and Guarantee
26 Corporation of the Philippines, hereinafter referred to as AGCRECOR.

27 SEC. 19. *Operating Guidelines.* - The AGCRECOR shall adhere to the following
28 operating guidelines:

29 (a) Provide production loans to farmers/fisherfolk through their primary cooperatives
30 or federations by direct lending, co-financing schemes, providing lending banks with especial

1 time deposit, rediscounting lending banks' production loan receivables and similar
2 mechanisms so as to reach out to as many rural clients as possible;

3 (b) Encourage lending institutions to extend project loans for production, warehouses,
4 post-harvest machineries and equipment, land transportation and shipping, bulk and the like,
5 by providing" a guarantee cover on such loans;

6 (c) Provide guarantee cover on inventory loans for grain or food commodities owned
7 and deposited by farmers, consumers and traders in the PWC warehouses, Commodity
8 Exchange Centers and franchised private bonded warehouses;

9 (d) Extend loans directly for the aforementioned projects and food inventory when
10 and where no lending banks are available or willing to provide the loans;

11 (e) Endeavor to provide soft-term loans by sourcing and coordinating grants, no-
12 interest and low interest funds and blending them with commercially sourced funds;

13 (f) Submit for the Council's approval and funding, a credit plan and budget for the
14 undertakings envisioned in paragraphs (a) and (d) above, detailing therein the per region loan
15 volume targets, expected beneficiaries, repayments, arrearages and defaults on previous
16 loans. Likewise, a separate plan shall be submitted in regard to the guarantee operation; and

17 (g) Remit back to the Council all repayments for current loans and recoveries on past
18 due loans funded by the said Council.

19 SEC. 20. *Increase in Fund Base.* - To achieve the vital credit assistance and guarantee
20 cover envisioned in this Act, the authorized capital stock of AGCRECOR is hereby increased
21 to Five billion pesos (P5,000,000,000.00) divided into common shares of stock of the same
22 par value and with the same government-private sector ownership structure spelled out under
23 Republic Act No. 7393. At the start of the year and upon the endorsement of the Council, the
24 Department of Budget and Management and the Department of Finance shall program and
25 execute the national government's and government institutions' (LBP, DBP, SSS, GSIS,
26 PAGCOR, PCSO, etc.) subscriptions and payment thereof for the government portion of the
27 authorized capital stock of AGCRECOR until such government portion is fully completed
28 within five (5) years.

29 Furthermore, to enhance credit assistance to farmers/ fisherfolk,
30 cooperatives/federations and other food enterprises envisioned in this Act, the national
31 government through the Secretary of Finance shall guarantee the AGCRECOR's borrowings,
32 duly approved and endorsed by the Council, from government or private, domestic or foreign,
33 financial institutions.

1 SEC. 21. *Incentives for Banks' Credit Support.* - The guarantee obligation of
2 AGCRECOR shall be "sovereign" in nature and deemed as the obligation of the national
3 government in order to entice much greater credit support from the banking sector since such
4 guaranteed loan receivables shall be considered as compliance with the Agri-Agra Law, have
5 access to the rediscounting window of Bangko Sentral ng Pilipinas and exempted from the
6 "single-borrower limit" and "risk asset ratio requirements".

7 SEC. 22. *Compliance with Agri-Agra Law.* - All banking institutions are hereby
8 mandated to allocate at least fifteen percent (15%) of their loanable funds to the agricultural
9 sector. Furthermore, the provisions of the Agri-Agra Law, Presidential Decree No. 717, as
10 amended on substantial compliance through the purchase of government securities, are
11 hereby repealed. Bank loans extended for grain inventories deposited in the warehouses of
12 the Corporation, Commodities Exchange Centers and franchised private bonded warehouse
13 operators shall be deemed as compliance with the Agri-Agra Law.

14 SEC. 23. *Devolution of the Agribusiness Group, the National Agribusiness*
15 *Corporation and the Agricultural Credit Policy Council.* - The Agribusiness Group of the
16 Department of Agriculture, the National Agribusiness Corporation and the Agricultural
17 Credit Policy Council are hereby devolved as follows:

18 (a) The records of the Agribusiness Group shall be transferred to the NATCOR;

19 (b) The records, researches and reference materials of the Agricultural Credit Policy
20 Council shall likewise be turned over to the NATCOR;

21 (c) All other properties, assets and unexpended appropriations or corporate operating
22 budget of the National Agribusiness Corporation and the Agricultural Credit Policy Council
23 shall be transferred to the Council;

24 (d) The Comprehensive Agricultural Loan Fund created under Executive Order No.
25 113, dated 24 December 1986 is hereby transferred to the Council; and

26 (e) Officials and employees of the said group and agencies shall be devolved into the
27 NATCOR on the basis of merit and qualification.

28 SEC. 24. *Devolution of the Personnel, Properties, Assets, Records, and Unexpended*
29 *Appropriation of the National Food Authority (NFA).* - The present warehouses, post-harvest
30 facilities and equipment, trucks, and utility vehicles of the National Food Authority shall be

1 transferred as the initial government equity to the Public Warehousing Corporation. All
2 personnel attendant to the said grain facilities shall likewise be transferred to the Corporation.

3 All other personnel, properties, assets, records and unexpended appropriations of the
4 National Food Authority are transferred to the National Agricultural Marketing Council and
5 National Agricultural Trading Corporation in a manner that the said Council shall decide.
6 This shall include imported rice and corn already in the country and such other stocks that
7 may arrive pursuant to the current importation thereof. Said stocks shall be disposed of in
8 accordance with the new policy of the Council.

9 SEC. 25. *Outstanding Obligations of the NFA.* - All obligations of the National Food
10 Authority upon the approval of this Act shall be transferred to and absorbed by the national
11 government: Provided, That those incurred in the current importation shall be paid by the
12 Council up to the extent of the rice/corn inventory still on hand and transferred to the
13 Council.

14 SEC. 26. *Options of Devolved Personnel.* - All personnel herein devolved and those
15 otherwise not absorbed may opt to retire, if qualified for retirement, or be laid off and gratuity
16 shall be given as follows:

17 (a) Not more than 20 years of service, 1.5 months gross pay per year of service; and

18 (b) More than 20 years of service, 2 months gross pay per year of service. Those with
19 pending administrative and/or criminal cases shall be paid only after exoneration, otherwise
20 they shall forfeit whatever benefits are due to them.

21 SEC. 27. *Appropriations for the National Agricultural Marketing Council.* - The sum
22 needed for the operation and maintenance of the Council, including the credit funds to
23 support food production and other undertakings, shall form part of the appropriations, in the
24 annual General Appropriations Act.

25 SEC. 28. *Appropriation for the National Agricultural Trading Corporation.* - For the
26 initial operation of the NATCOR, the amount of Two Hundred Million Pesos (P200,000,000)
27 is hereby appropriated from the current appropriations of the Department of Agriculture or
28 the National Food Authority.

1 Thereafter, such sum as may be needed for its operations and maintenance, including
2 the amount needed for strengthening the Bureau of Agricultural Statistics, shall be included
3 as part of the appropriations in the annual General Appropriations Act.

4 SEC. 29. *Appropriations for the Public Warehousing Corporation.* - For its initial
5 operation, the, amount of Five Hundred Million Pesos (P500,000,000) is hereby appropriated
6 for the Corporation from the current appropriations of the Department of Agriculture or the
7 National Food Authority.

8 Thereafter, such amount needed for their continuous operation and maintenance shall
9 be included as part of the appropriations in the annual General Appropriations Act.

10 SEC. 30. *Appropriations for the Regional Agricultural Marketing Council.* - The
11 National Agricultural Marketing Council shall, out of its financial resources, appropriate such
12 amount as would be necessary for the start-up and continuous operation of each Regional
13 Agricultural Marketing Councils.

14 SEC. 31. *Separability Clause.* - If any provision of this Act or the application of such
15 provision to any person or circumstance is declared invalid, the remainder of the Act or the
16 application of such provision to other persons or circumstances shall not be affected by such
17 declaration.

18 SEC. 32. *Repealing Clause.* - Any law, presidential decree or issuance, executive
19 order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent
20 with this Act is hereby repealed, modified, or amended accordingly.

21 SEC. 33. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its
22 publication in at least two (2) newspapers of general circulation.

Approved,