

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS

First Regular Session

House Bill No. **2931**



Introduced by Hon. Delphine Gan Lee

EXPLANATORY NOTE

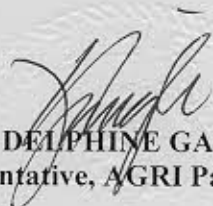
The Constitution, Article 13, Section 5, provides:

Section 5. The State shall recognize the right of farmers, farmworkers, and landowners, as well as cooperatives, and other independent farmers' organizations to participate in the planning, organization, and management of the program, and shall provide support to agriculture through appropriate technology and research, and adequate financial, production, marketing, and other support services.

It is a truism to say that we need to modernize the agricultural and fishery sectors by transforming these sectors from a resource-based to a technology-based industry. The state needs to enhance the profits and incomes in the agricultural and fishery sectors, particularly of the small farmers and fisherfolk by ensuring equitable access to assets, resources and services, and promoting higher-value crops, value-added processing, agribusiness activities, and agro-industrialization.

Section 109 of Republic Act 8435 mandates that all enterprises engaged in agriculture and fishery duly certified by the Department of Agriculture in consultation with the Department of Finance and the Board of Investments (BOI) shall, for five (5) years, be exempted from the payment of tariff duties on all types of imported agricultural and fishery inputs, equipment and machinery including, among others, fertilizers, insecticides, tractors, hybrid seed, farm implements and machinery, packaging machinery and materials, and fishing equipment and parts thereof, so long as the imported agriculture and fishery input, and/or equipment shall be used solely by the importing enterprise. Through Republic Act No. 9281, enacted on 30 March 2004, the duty-free privilege was extended until 31 December

2015. At present, there is still a need to extend this help to our farmers so this bill seeks to lengthen this benefit up to the year 2025 and to increase its budget allocation.



HON. DELPHINE GAN LEE
Representative, AGRI Party-List

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**AN ACT TO STRENGTHEN AGRICULTURE AND FISHERIES MODERNIZATION
IN THE PHILIPPINES BY EXTENDING THE EFFECTIVITY OF TAX
INCENTIVES AND ITS MANDATED FUNDING SUPPORT, AMENDING FOR THIS
PURPOSE SECTIONS 109 AND 112 OF REPUBLIC ACT NO. 8435 AS AMENDED
BY REPUBLIC ACT NO. 9281**

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

1 **SECTION 1.** Section 109 of Republic Act No. 8435, as amended by Republic Act
2 No. 9281, otherwise known as "The Agriculture and Fisheries Modernization Act of 1997" is
3 hereby further amended to read as follows:

4 "SEC. 109. All enterprises engaged in agriculture and fisheries as
5 duly certified by the Department in consultation with the Department of
6 Finance and the Board of Investment, shall, up to the year [2015] 2025, be
7 exempted from the payment of tariff and duties for importation of all types
8 of agriculture and fisheries inputs, equipment and machinery such as, but
9 not limited to, fertilizer, insecticide, pesticide, tractor, trailers, trucks, farm
10 implements and machinery, harvesters, threshers, hybrid seeds, genetic
11 materials, sprayers, packaging machinery and materials, bulk-handling
12 facilities such as conveyors and mini loaders, weighing scales, harvesting
13 equipment, spare parts of all agricultural equipment, fishing equipment
14 and parts thereof, refrigeration equipment, and renewable energy systems
15 such as solar panels: Provided, however, That the imported agricultural
16 and fishery inputs, equipment and machinery shall be for the exclusive use
17 of the importing enterprise.

18 The Department, in consultation with the Department of Finance
19 and the Board of Investment, shall, within ninety (90) days from the
20 effectivity of this Act, formulate the Implementing Rules and Regulations

1 governing the importation of agriculture and fishery inputs, equipment and
2 machinery."

3 **SECTION 2.** Section 112 of Republic Act No. 8435, as amended by Republic Act
4 No. 9281, otherwise known as "The Agriculture and Fisheries Modernization Act of 1997" is
5 hereby further amended to read as follows:

6 "SEC. 112. Continuing Appropriation. - The Department of Budget
7 and Management (DBM) is hereby mandated to include annually up to the
8 year [2015] 2025, in the President's program of expenditures for
9 submission to Congress, and release, an amount not less than [Seventeen
10 billion pesos (P17,000,000,000.00)] TWENTY FIVE BILLION
11 (P25,000,000,000.00), for the implementation of this Act. Such amount
12 shall be in addition to the annual budget of the Department of Agriculture
13 and shall not be subjected to any mandatory reserves that shall be imposed
14 by the executive department.

15 With the continuous implementation of the funding support for
16 agriculture and fisheries modernization, the Department of Agriculture
17 shall formulate, develop and implement programs and services towards the
18 improvement of the quality of life of the farmers, fisherfolks and their
19 families and the people who are directly or indirectly dependent on
20 agriculture for their livelihood.

21 Additional funds over and above congressional appropriations of
22 the Department shall be sourced from twenty percent (20%) of the
23 proceeds of the securitization of government assets, including the Subic,
24 Clark and other special economic zones.

25 Other sources of funds shall be from the following:

26 Fifty percent (50%) of the net earnings of the Public Estates
27 Authority or its successor agency;

28 Loans, grants, bequest, or donations, whether from local or foreign
29 sources;

30 Forty percent (40%) of the TESDA Skills Development Fund:

31 Net proceed from the privatization of the Food Terminal Inc. (FTI),
32 the Bureau of Animal Industry (BAI), the Bureau of Plant Industry (BPI),
33 and other assets of the Department that will be identified by the DA
34 Secretary and recommended to the President for privatization:

35 Proceeds from the Minimum Access Volume (MAV) in accordance
36 with the provisions of Republic Act No. 8178;

1 A portion of the proceeds from the countervailing, anti-dumping
2 and special safeguards duties collected from agricultural imports pursuant
3 to Republic Act Nos. 8751 and 8752, both series of 1999 and Republic Act
4 No. 8800, series of 2000; and

5 Fifty percent (50%) of the Support Facilities and Services Fund
6 under Republic Act No. 6657."

7 **SECTION 3.** This Act shall take effect fifteen (15) days from the date of its
8 publication in the Official Gazette or in at least two (2) newspapers of general circulation,
9 whichever comes earlier.

Approved,