

Republic of the Philippines)
HOUSE OF REPRESENTATIVES)
16th Congress)
Second Regular Session)



House Bill No. **4896**

Introduced by HON. AGAPITO H. GUANLAO

EXPLANATORY NOTE

Republic Act No. 8178 entitled AN ACT REPLACING QUANTITATIVE IMPORT RESTRICTIONS ON AGRICULTURAL PRODUCTS, EXCEPT RICE, WITH TARIFFS, CREATING THE AGRICULTURAL COMPETITIVENESS ENHANCEMENT FUND, AND FOR OTHER PURPOSES was enacted in March 28, 1996. This law was intended to focus and address the concerns of marginalized farmers and the Philippine agricultural sector, particularly on the effects of the Philippine Senate's ratification of the General Agreement on Tariffs and Trade.

The ACEF was implemented from 2000 but due to the Commission on Audit's assertion that substantial portions of the fund was not actually utilized for the program, plagued by problems on loan repayments, and that funds are granted without collateral to the disadvantage of the government and a host of others led to the suspension of the program by the Department of Budget and Management (DBM) in February 2011. As a result, a sizeable amount in approved projects and loan application by small and medium enterprises of cooperatives remain unreleased.

On June 2011, the Department of Agriculture issued Administrative Order No. 18, the Revised Implementation Guidelines on the Utilization of the Agricultural Competitiveness Enhancement Fund, with a provision that the Congressional Oversight Committee on Agriculture and Fisheries Modernization (COCAFAM) coordinate congressional initiatives, complement and enhance the programs and activities of the Department in the implementation of the Agriculture and Fisheries Modernization Program (AFMP).

In the meantime, the nations within the ASEAN region anticipate competition, as a result of elimination of trade barriers towards liberalized economies necessary for the integration of regional economies in the ASEAN. This has implications in each of the country's food security and agricultural productivity and trade in an environment that often, the weak are pit - against stronger economies.

Preparedness and developing competitiveness has long before been the rhetoric in confronting the rearrangement and reorganization of trade. Thus, the ACEF becomes necessary.

As the law provides, the ACEF's life shall end on 2015. However, with the still needed push and support for Philippine agriculture, and with unused funds still available, the extension of the ACEF up to 2020 is imperative.

Likewise, this law also provides that the proceeds of the Minimum Access Volume of rice imports shall augment the ACEF.

Thus, immediate enactment of a law that extends the life of the ACEF is earnestly sought.



AGAPITO H. GUANLAO

Republic of the Philippines)
HOUSE OF REPRESENTATIVES)
16th Congress)
Second Regular Session)

House Bill No. **4896**

Introduced by HON. AGAPITO H. GUANLAO

AN ACT
EXTENDING THE PERIOD OF IMPLEMENTATION OF THE AGRICULTURAL
COMPETITIVENESS ENHANCEMENT FUND (ACEF) IN THE LIGHT OF PROVIDING MORE
ASSISTANCE FOR MARGINALIZED FARMERS, AND AMENDING CERTAIN PROVISIONS OF
REPUBLIC ACT NO. 8178 ENTITLED AN ACT REPLACING QUANTITATIVE IMPORT
RESTRICTIONS ON AGRICULTURAL PRODUCTS, EXCEPT RICE, WITH TARIFFS,
CREATING THE AGRICULTURAL COMPETITIVENESS ENHANCEMENT FUND, AND FOR
OTHER PURPOSES

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

SECTION 1. Section 2 of Republic Act 8178 (Declaration of Policy) is hereby amended
to read as:

“It is the policy of the State to make the country’s agricultural sector viable,
efficient and globally competitive. The State adopts the use of tariffs in lieu of
non-tariff import restrictions to protect local producers of RICE and agricultural
products, [except in the case of rice], which will continue to have quantitative
import restrictions.”

SECTION 2. Section 8 of Republic Act 8178 is hereby amended as:

After the sentence that begins with the phrase “To implement the policy
enunciated in this Act, there is hereby created the Agricultural
Competitiveness Enhancement Fund, hereinafter referred to as the Fund.....,
insert a new sentence that reads as follows:

PROCEEDS FROM THE TARIFF COLLECTED ON THE MINIMUM ACCESS VOLUME OF
RICE IMPORTS SHALL ALSO BE DEPOSITED IN THE NATIONAL TREASURY AND
SHALL AUGMENT THE AGRICULTURAL COMPETITIVENESS ENHANCEMENT FUND
(ACEF).

SECTION 3. Paragraph 3 under Section 8 of the same law shall be amended to read as
follows:

The Committees on Agriculture and Food, Appropriations and Finance of both
the Senate and the House of Representatives shall conduct a periodic review of
the use of the Fund. WHILE THE REVIEW IS BEING CONDUCTED, The PERIOD OF
THE USAGE OF THE FUND SHALL BE EXTENDED TO FIVE (5) YEARS, after which
all remaining balances shall revert to the General Fund.

SECTION 4. *Repealing Clause.* - All laws, decrees, executive issuances, rules and
regulations inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 5. *Separability Clause.* - The provisions of this Act are hereby declared to be separable, and in the event one or more of such provisions are held unconstitutional, the validity of the other provisions shall not be affected thereby.

SECTION 6. *Effectivity.* - This Act shall take effect thirty (30) days from the date of its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.