

**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City**

**SEVENTEENTH CONGRESS
First Regular Session**

House Bill No. 4454



INTRODUCED BY REPRESENTATIVE ARTHUR C. YAP

EXPLANATORY NOTE

On August 2, 1960, Congress passed Republic Act No. 3018, otherwise known as "AN ACT LIMITING THE RIGHT TO ENGAGE IN THE RICE AND CORN INDUSTRY TO CITIZENS OF THE PHILIPPINES, AND FOR OTHER PURPOSES". The Rice and Corn Nationalization Law absolutely prohibited non-Filipinos from engaging in the rice and/or corn industry, which the law defined as "the culture, milling, warehousing, transporting, exportation, importation, handling the distribution, either in wholesale or retail, the provisions of Republic Act Numbered Eleven hundred and eighty to contrary notwithstanding, or the acquisition for the purpose of trade of rice (husked or unhusked) or corn and the by-products thereof." The purpose of the law was to transfer the rice and corn industry to Filipinos and Filipino-owned entities and, as shown in the explanatory note to the original bill, to do away with the possibility and practice of aliens creating artificial shortages of rice and corn by hoarding these commodities, or cornering the market therefor, so as to enable them to dictate prices thereof.

Thirteen (13) years later, R.A. No. 3018 had succeeded in transferring the rice and corn industry in all its aspects to Filipinos and Filipino-owned entities. How, said law, in restraining competition and foreign investment, created artificial restraints in the national effort to develop the rice and corn industry. To lift the prohibitions especially in cases where grains, including rice and corn and/or by-products thereof, are used for direct consumption or as raw materials and to encourage foreign investments on a large scale to develop virgin lands for rice and corn, Presidential Decree No. 194, was issued to liberalize the rice and/or corn industry. While the aim of the Decree were laudable, Section 5 thereof, which imposes upon foreign-owned corporations, partnerships, and associations, the eventual divestment of 60% of its foreign equity participation to Filipino citizens provided another unnecessary restraint upon foreign investment and the foreign investors in manufacturing concerns that use rice and/or corn as raw materials such as feed mills that provide countless employment opportunities to Filipinos in the countryside.

This Bill seeks to fulfill P.D. No. 914's vision of a liberalized rice and corn industry by repealing the aforementioned divestment requirement, rationalizing the definition of rice and/or corn industry and to reiterate the promotion of productive foreign investments in agriculture as a key to national development.

A handwritten signature in black ink, consisting of a stylized 'A' followed by a series of loops and a long horizontal stroke extending to the right.

ATTY. ARTHUR C. YAP
Representative

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AN ACT FURTHER LIBERALIZING THE RICE AND CORN INDUSTRY, REPEALING FOR SUCH PURPOSE REPUBLIC ACT NO. 3018, OTHERWISE KNOWN AS "AN ACT LIMITING THE RIGHT TO ENGAGE IN THE RICE AND CORN INDUSTRY TO CITIZENS OF THE PHILIPPINES, AND FOR OTHER PURPOSES" AND AMENDING PRESIDENTIAL DECREE NO. 194 AUTHORIZING ALIENS, AS WELL, AS ASSOCIATIONS, CORPORATIONS OR PARTNERSHIPS OWNED IN WHOLE OR IN PART BY FOREIGNERS TO ENGAGE IN THE RICE AND CORN INDUSTRY, AND FOR OTHER PURPOSES.

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 "Rice and/or Corn Industry Liberalization Act of 2009."

SECTION 2. *Declaration of Policy.* – The State recognizes the importance of attracting, promoting and welcoming productive investments in the rice and corn industry that will bring down prices for the Filipino consumer, create more jobs, stimulate economic growth, stabilize food supply, and enable Philippine goods and services to become globally competitive. The State, therefore, adopts the policy of removing artificial restraints upon the effort to develop the rice and corn industry especially in cases where grains, including rice and corn and/or by-products thereof, are used for direct consumption or as raw materials in the manufacture or processing of their finished products.

SECTION 3. An alien, association, partnership or corporation, owned in whole or in part by foreigners, may engage in the rice and/or corn industry.

SECTION 4. *Definition.* – As used in this Act, the term "rice and/or corn industry" shall include the following activities:

- a. Acquiring by barter, purchase, importation, or otherwise, rice and/or corn and/or the by-products thereof, to the extent of their raw material requirements when these are used as raw materials in the manufacture or processing of their finished products.
- b. Engaging in the culture, production, milling, processing, trading, transport, and retailing or rice and/or corn.

SECTION 5. *Repealing Clause* – Republic Act No. 3018, as amended, is hereby repealed. Sections 5,7,8, and 9 of Presidential Decree No. 194 are likewise repealed and all other laws, executive orders, rules and regulations or parts thereof inconsistent with this Act are repealed or modified accordingly.

SECTION 6. *Separability Clause* – If any provisions of this Act is declared invalid, the other provisions not affected thereby shall remain valid.

SECTION 7. *Effectivity*. – This Act shall take effect fifteen (15) days after its complete publication in two (2) national newspapers of general circulation.

Approved.