

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 5421



Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

EXPLANATORY NOTE

Industrialization is a key to a nation's progress. However, it is not only limited to business enterprises and factories, but also to agriculture. Our country, though primarily an agricultural-based economy, is still left behind in terms of production due to lack of modern farm equipment that other agricultural countries have been already using.

The experience of countries that have agriculturally-based economies flourished through planning on a concurrent industrial development program. The strategy has paid-off and catapulted countries like Taiwan, Korea and Japan into the First World.

A comprehensive program that can introduce mechanized farming to boost production is imperative. Through the Farm Machinery Manufacturing Program, this idea could be achieved. With this, local manufacturers will be encouraged to enter into a joint venture with foreign companies that will assist and train them, with the view of enabling them to maximize the utilization of local materials in the products.

In view of the foregoing, this bill is earnestly recommended.


GARY C. ALEJANO

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AN ACT
ESTABLISHING A FARM MACHINERY MANUFACTURING PROGRAM AND
APPROPRIATING FUNDS THEREFOR

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

1 **SECTION 1.** This Act shall be known as the "*Farm Machinery Manufacturing Program*
2 (*FMMP*) *Act of 2017*".

3
4 **SEC. 2.** The following are the objectives of the FMMP:

- 5
6 a) Development of a viable farm machineries manufacturing industry;
7
8 b) Technology transfer and development;
9
10 c) Employment generation;
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12 d) Provide reasonable consumer price of farm machineries; and
13
14 e) Foreign exchange savings and earnings.

15
16 **SEC. 3.** The Department of Trade and Industry (DTI), through the Board of Investment
17 (BOI), shall be responsible for the effective implementation of this program.

18
19 **SEC. 4.** After the approval of this Act, applications for the registration as participant in
20 the FMMP together with the commitment of the applicants shall be submitted to the BOI within
21 thirty (30) days. The BOI shall decide on the acceptance or rejection of the applications with
22 thirty (30) days from submission, based on commitments which shall form part of the terms and
23 conditions for their continued participation.

24
25 Approved participants shall be issued a Certificate of Registration by the BOI and shall
26 not comply with the terms and conditions provided with the Contract.

27
28 The Certificate of Registration shall contain the commitments made by the proponents in
29 their proposals.

30
31 **SEC 5.** Farm machinery models and variants shall be registered and approved by the BOI
32 prior to its manufacture.

33
34 The following criteria shall be considered in defining a model:

- 35
36 a) body configuration;
37

1 b) engine family / size; and

2
3 c) drive line configuration.

4
5 A change in any two of the criteria from the basic models shall constitute a new basic
6 mode. A variant is delivered from the basic model but the change in any one of the criteria:

7
8 The number of basic models and variants that a participant may have shall be maximum
9 of three (3) basic models and two (2) variants for each models unless otherwise decided by the
10 BOI.

11
12 The basic models and variants shall be retained by the participants for over a maximum
13 period of five (5) years in the Philippines, unless otherwise authorized by the BOI, taking into
14 account the capability of the local components and parts manufacturing industry.

15
16 **SEC. 6.** Increase use of local components over and above the prescribed local content
17 percentages shall be encouraged by an incentive scheme.

18
19 **SEC. 7.** The BOI shall promulgate the rules and regulations necessary for the effective
20 implementation of this Act.

21
22 **SEC. 8.** All privileges and exemptions mentioned in Republic Act 6135 otherwise known
23 as the Export Incentives Act of 1970 shall be extended to all Program participants.

24
25 **SEC. 9.** The amount necessary for the effective implementation of this Act shall be
26 charged to the appropriations for the Department of Trade and Industry under the current General
27 Appropriations Act (GAA). Thereafter, such sum as may be necessary for the continued
28 implementation of this Act shall be included in the annual GAA.

29
30 **SEC. 10.** This Act shall take effect fifteen (15) days after its complete publication in at
31 least two (2) national newspapers of general circulation.

Approved,