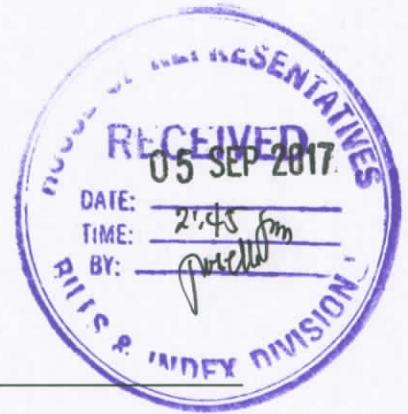


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Seventeenth Congress
Second Regular Session

HOUSE BILL NO. **6328**



Introduced by Representative Sharon S. Garin

EXPLANATORY NOTE

Food sufficiency should be the duty of everyone and not just the government. With this in mind, it is only proper that we seek to entice the private sector, particularly large and considerable corporations and partnerships to enter into agricultural production to augment the country's food needs and contribute to the challenge of food security and sustainability.

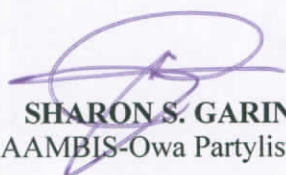
It can't be denied that most of our problems in agriculture can be explained by our small and fragmented farm holdings. A lot of our farmers still rely on subsistence and backyard farming, and though it might be enough to support the farmer's family, such scheme is not productive or efficient enough to address the country's food security needs. Small farms suffer from lack of economy of scale from land preparation all the way to post-harvest handling, processing, domestic marketing, and exports.

This bill aims to introduce a corporate farming program with rice and corn as primary crops, which would give corporations and partnerships incentives to take up farming. The entry of the corporations and partnerships in farming would correct most of the shortcomings of small-scale farms which include lack of capital, shortage of competent business managers, and loose financial controls, to name a few.

The corporation may enter into contractual or joint venture arrangements with landowners, farmers' organizations and agrarian reform communities (ARCs) and provide them with capital, production inputs, technology boost, and other technical and related services. This will result higher levels of productivity compared with small family-managed farms because the corporate farms have better access to inputs, modern technology and markets.

This scheme also assures the farmer of higher income from his land because he partakes of the margins in primary production as well as in the rest of the value chain to which he is normally not entitled in conventional farming.

In view of the forgoing, the passage of this bill is earnestly sought.


SHARON S. GARIN
AAMBIS-Owa Partylist

1 arrangements with the agrarian reform beneficiaries, their associations or cooperatives
2 for the production of rice and corn;

- 3 b. Corporations and partnerships may lease private agricultural land suitable for rice and
4 corn production by entering into contractual or joint venture arrangements with
5 landowners, farmers' organizations and agrarian reform communities (ARCs).
6 Conversion of agricultural lands leased for the purpose is strictly subject to the rules
7 on land conversion, as provided for by RA 6657 as amended by RA 9700, otherwise
8 known as the Comprehensive Agrarian Reform Program, and its implementing rules
9 guidelines. Fifty percent (50%) of the land should have been developed within a
10 period of three (3) years, and ninety percent (90%) within a period of five (5) years;
11 and

- 12 c. Corporations and partnerships may enter into contractual arrangements with farmers'
13 organizations and agrarian reform communities whereby the corporations and
14 partnerships shall provide the production inputs and technical and related services,
15 then buy the produce resulting from the farming contract.

16 Local Government Units (LGUs) shall be required to identify appropriate land areas
17 for corporate farming in consonance with their comprehensive land use plan and
18 ordinances. The LGUs shall require the participating corporations and partnerships to
19 provide livelihood projects/opportunities to families which will not be covered by the
20 corporate farming program.

21 **SEC. 4. *Disposition of Excess Production.*** – Participating corporations and
22 partnerships shall be required to provide a minimum of six hundred (600) kilograms of
23 rice/corn per employee per year or fifty (50) kilograms per employee per month. Production
24 in excess of the employees' consumption requirements may be sold in the local markets,
25 provided that such will be reported to the National Food Authority (NFA).

1 **SEC. 5. *Corporate Farming Committee*** – The Corporate Farming Committee,
2 hereinafter referred to as the Committee, shall be constituted under the Office of the
3 President, and shall institute measures to ensure higher rice and corn productivity through
4 corporate farming schemes. It shall be composed of the following:

- 5 a. Secretary of the Department of Agriculture (DA);
- 6 b. Secretary of the Department of Agrarian Reform (DAR);
- 7 c. Commissioner of the Bureau of Customs (BOC);
- 8 d. Commissioner of the Bureau of Internal Revenue (BIR);
- 9 e. Secretary of the Department of the Interior and Local Government (DILG);
- 10 f. Representative of the National Food Authority (NFA);
- 11 g. Representative of Participating Corporations and Partnerships; and
- 12 h. Representative of farmers' organizations and agrarian reform communities (ARC);

13 **SEC. 6. *Duties of the Corporate Farming Committee.*** – In coordination with the
14 concerned agencies, the Committee shall facilitate the processing of management contracts
15 between corporations and partnerships and the farmers groups. The Committee shall exercise
16 the following functions:

- 17 a. Develop eligibility criteria for both corporations and partnerships and farmer groups,
18 including cooperatives and agrarian reform communities, for their accreditation under
19 this Act. Provided that, the accreditation criteria for the farmers' groups should
20 include management capabilities, technical and production skills critical to the
21 effective operation of the corporate farm;
- 22 b. Facilitate and promote grassroots cooperation to access agricultural services such as
23 information, inputs, and technical assistance,
- 24 c. Initiate and develop periodic rural and farm assembly markets to provide avenues to
25 showcase their produce;

- 1 d. Exercise regulatory functions with respect to the adherence to the provisions of
2 contracts and arrangements entered into by both corporations and partnerships and
3 farmers groups, cooperatives and agrarian reform communities and to develop
4 mechanisms to facilitate negotiations and mediate in disputes between stakeholders on
5 matters of contract enforcement,
- 6 e. Coordinate with appropriate government agencies to ensure the timely establishment
7 of support services such as credit, infrastructure, extension services and others, and
- 8 f. Facilitate the registration of the participating corporations and partnerships with the
9 National Food Authority (NFA).

10 **SEC. 7. Incentive Package.** – Corporations and partnerships that will participate in
11 the Corporate Farming Program shall be entitled to tax incentives in all aspects germane to
12 the corporate farming activities. These incentives include:

- 13 a. Exemption from the payment of customs duties for the importation of all types of
14 agricultural inputs particularly seeds, fertilizers, agricultural machinery, and other
15 agricultural implements as provided under RA 5435, as amended by RA 9281, or the
16 Agricultural and Fisheries and Modernization Act, and
- 17 b. Exemption from the Value Added Tax (VAT) on the importation of agricultural
18 inputs particularly fertilizers, seeds and seedlings in accordance with Section 109 of
19 the National Internal Revenue Code as amended.

20 **SEC. 8. Other Incentives.** – Loans extended by government and private banks to
21 participating corporations and partnerships shall be treated as compliance to RA 10000, or the
22 *Agri-Agra Reform Credit Act of 2009*.

23 **SEC. 9. Duration.** – Participating corporations and partnerships may lease private
24 agricultural lands for a period of seven (7) years which may be renewed for another seven (7)
25 years, subject to the consent of the farmers, their associations and cooperatives.

1 **SEC. 10. *Automatic Review.*** – The Committee shall submit periodic reports to both
2 Houses of Congress on the accomplishment of the Program. A review on the viability of the
3 program shall be made by the concerned agencies after five (5) years of its implementation.

4 **SEC. 11. *Implementing Rules and Regulations (IRR).*** – The Committee, in
5 consultation with other concerned government agencies, non-government organizations,
6 private sector and farmer groups involved in rice/corn production, shall within ninety (90)
7 days after the effectivity of this Act, formulate the rules and regulations for its effective
8 implementation.

9 **SEC. 12. *Separability Clause.*** – The provisions of this Act are hereby declared to be
10 separable, and in the event one or more such provisions are held unconstitutional, the validity
11 of the other provisions shall not be affected thereby.

12 **SEC. 13. *Repealing Clause.*** – All laws, decrees, executive orders, rules and
13 regulations, issuances or parts thereof inconsistent with the provision of this Act are hereby
14 repealed or modified accordingly.

15 **SEC. 14. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication
16 in the Official Gazette or in a national newspaper of general circulation.

17 *Approved,*