HOUSE OF REPRESENTATIVES
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NINETEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)

HOUSE OF REPRESENTATIVES

Introduced by Representative Rufus B. Rodriguez,
Representative Maria Angela S. Garcia, and
Representative Anna Victoria Veloso-Tuazon

House Bill No. 10678

EXPLANATORY NOTE

The current setup of food markets and "bagsakans" in the Philippines is characterized by a mix of wholesale and retail operations that often lack clear delineations. Intermediaries buy produce from farmers, which they subsequently sell in a non-standardized and largely unregulated manner. This results in inefficiencies such as low profit margins for farmers and fisher folk, high transaction costs, inconsistent pricing, and increased food prices for consumers. To date, the concept of Bagsakan Centers has not been well-defined nor regulated, leading to a lack of transparency and accountability, making it difficult to ensure the consistent availability, quality, and safety of food products.

The urgent need to address the country's food security issues through the systematic streamlining of its food distribution process has long been evident. Establishing a national food hub will play a crucial role in shortening the supply chain from producer to consumer by effectively transferring market signals and information between parties, thus overcoming the limitations of traditional commodity supply chains. Implementing a food hub model will not only standardize logistics but also ensure the efficient movement of food products, thereby enhancing overall efficiency. International models have already set benchmarks for market efficiency and established protocols and policies for food handling, providing valuable insights for implementation.

Aligned with the President's commitment to food security and inclusivity as articulated in his 8-Point Socioeconomic Agenda, a national food hub will play a pivotal role in addressing these pressing issues. By centralizing food distribution and implementing efficient logistics, a national food hub will contribute to the broader goal of enhancing food security and promoting economic development across the Philippines.

Reaffirming his commitment to food security and inclusivity, the President stated in his Opening Remarks during the World Economic Forum Panel Discussion on Moving Towards Nutrition Security held in Davos, Switzerland in January 18, 2023:

"Food security remains at the forefront of our national agenda. Anchored on our vision for a prosperous, resilient, and secure Philippines by Year 2040, the overarching goals of this administration are to build an inclusive society where no one is hungry; where Filipinos love long and healthy lives; and, where they are provided with an environment built upon trust and security."

This initiative is further reinforced by the Philippine Development Plan 2023–2028, which calls for the modernization of agribusiness and agriculture, digitization, maintenance of low and stable food and overall price points, promotion of a dynamic food innovation system, improvement of connectivity among food trading markets, support for farmers and fisher folk, promotion of sustainable practices, infrastructure investments, and the development of public-private partnerships. Additionally, strategic frameworks such as the Philippine Food Chain

Logistics Masterplan (PFCLM) 2023–2033, the Fisheries Modernization and Industrialization Plan 2021–2030, and the Three-Year Food Logistics Action Agenda 2023–2026 emphasize the government's commitment to implementing effective, modernized, and sustainable nationwide food chain logistics systems to promote economic growth while guaranteeing food accessibility, availability, and affordability for every Filipino.

This further underscores the necessity for a national food hub that will not only serve as a backbone and example of the planned logistics improvement for the country, but will also enhance research and quality control, warehousing, food processing, international shipping, marketing services, and trading for local and foreign markets.

The Clark National Food Hub (Clark NFH) is designed to achieve these objectives for the Filipino people. Additionally, the Clark National Food Hub aims to be the leading source of quality Halal food outside Mindanao, ensuring food inclusivity for Muslim Filipinos and residents nationwide.

The Clark NFH will revolutionize the food distribution system in the Philippines by exploring the establishment of additional food hubs outside of Metro Manila, with Clark, Pampanga identified as a strategic location in North Luzon.

Central Luzon, known as the Rice Granary of the Philippines, is one of the largest producers of the country's food staples, playing a vital role in the Philippine economy. Its accessibility to Metro Manila and consistent ranking among the nation's fastest-growing regions further underscores its substantial contribution to the national GDP.

Located at the heart of Central Luzon, the Clark Freeport Zone emerges as the ideal site for the proposed national food hub. Situated within the Clark Civil Aviation Complex, the establishment of the Clark NFH leverages its exceptional connectivity, owing to its close proximity to the newly developed terminal of the Clark International Airport (CRK). It boasts seamless access to major road networks, including the North Luzon Expressway (NLEX) to the south and the Tarlac-Pangasinan-La Union Expressway (TPLEX) to the north. Moreover, its strategic location facilitates efficient transportation via the Subic-Clark-Tarlac Expressway (SCTEX), linking it directly to the Subic seaport. Furthermore, the Clark NFH shows promising potential for connectivity via rail, specifically through the North-South Commuter Railway (NSCR) and the planned Subic-Clark Railway (SCR), thus bolstering its accessibility and logistical capabilities.

Aligned with Clark's vision as the Philippines' next economic center, the Clark NFH will be a key contributor to broader regional development initiatives, solidifying Clark's pivotal role as a catalyst for national growth.

Thus, through this bill, the Clark International Airport Corporation (CIAC) will harness the opportunity presented by establishing a 60-hectare Clark NFH inside the Clark Civil Aviation Complex. This will support the national government's vision to make the Philippines a leading agricultural resource hub in the region and the world.

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

RUFUS B. RODRIGUEZ

MARIA ANGELA S. GARCIA

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AN ACT
ESTABLISHING THE CLARK NATIONAL FOOD HUB, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

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

SECTION 1. ***Short Title***. – This Act shall be known as the "The Clark National Food Hub Act".

SEC. 2. ***Declaration of Policy***. – It is hereby declared the policy of the State to promote food security and inclusivity through the unimpeded trade and flow of agricultural products and agro-food products by facilitating seamless logistics and transport distribution.

The State shall enable farmers, fisher folk, livestock and poultry raisers, producers, and cooperatives to sell their products at a higher profit, and provide wholesalers, institutional buyers, and end consumers access to quality agricultural products and agro-food products at lower prices.

Toward this end, a comprehensive program for the creation, management, and operation of the Clark National Food Hub with a strategic nationwide trading network is hereby established.

Through the Clark National Food Hub, the State shall also facilitate higher mobility of locally produced and available agricultural products and agro-food products across the entire country at a reduced cost, alongside the export of high-value crops to international markets, thereby increasing the profitability and global competitiveness of Filipino farmers.

The establishment of the Clark National Food Hub shall likewise ensure availability of quality, affordable Halal food outside Mindanao for Muslim Filipinos and residents across the country, as well as foreign nationals residing or in transit in the country.

The State shall also provide and allocate resources for efficient research and quality control, compliance with international food safety and regulations, cold storage systems, warehousing, food processing and packaging, international shipping, marketing services and trading for local and foreign markets.

Finally, the State remains firm in its commitment to enhance the institutional and human capacities of key government agencies in enforcing regulations and enhance consumer awareness on the safety and quality of food products sold in the Philippine market.

SEC. 3. ***Definition of Terms***. – As used in this Act,

(a) *Agricultural product* refers to products that result from agricultural activities which can be raw or processed goods that come from farming, livestock, forestry, and fishing, i.e. goods that come from plants, animals, and microorganisms. The term shall be synonymous with and can be used interchangeably with "agricultural commodities", "agricultural produce", "agro products", and "agro produce," and includes crops, livestock, poultry, and dairy.

(b) *Agro-food product* refers to products that belong to a category of agricultural products

that encompass all food items that are made for human and animal consumption, such as animal feed, farmed fish, and honey, and such other food made from agricultural products.

(c) *Assembly market* refers to rural or town markets, normally situated on main highways connecting rural-urban centers and near local transportation interchange points.

(d) *Clark Civil Aviation Complex (CCAC)* refers to the 2,367-hectare property operated, managed and maintained by the Clark International Airport Corporation.

(e) *Clark International Airport Corporation (CIAC)* refers to the wholly-owned subsidiary of the Clark Development Corporation which was incorporated in 1994 and created primarily to develop, operate, manage and maintain the CCAC within the Clark Freeport Zone in the province of Pampanga.

(f) *Clark National Food Hub* refers to the agricultural product and agro-food terminal and trading hub or the facility in the CCAC where farmers, first and second-level cooperatives, from rural areas or directly from farms, can offer their products for sale directly to wholesalers and direct customers, including interested foreign buyers and importers, in the food industry like hotels, restaurants, and catering services, thus eliminating any middleman in the sale of agricultural and agro-food products.

(g) *Cold storage* refers to an insulated facility designed to maintain an artificially generated temperature or range of temperatures used to store temperature-sensitive and perishable agricultural commodities or food items to preserve food quality, ensure food safety, and prevent deterioration or decay.

(h) *Halal food* refers to any food products that are lawful or permissible to consume under Shari'ah law and as defined in the Quran. Also refers to food and non-food products that are lawful consumption in accordance to Shari'ah law.

(i) *Hub-and-spoke* refers to a system of distribution comprised of interrelated units (*spokes)* converging into a main central point (*hub).* The main hub, such as the Clark National Food Hub, is where the goods are stocked, stored, sold, packaged, or traded, and the spokes represent the various distribution and logistics centers that facilitate the transportation, handling, and delivery of goods from the suppliers to end users.

(j) *Intermodal transportation hub* refers to a place or facility used in the transportation of goods and persons using two or more modes of transportation such as truck, rail, sea, and air.

(k) *Non-perishable agricultural commodities* refer to food products that are processed or packaged for prolonged storage.

(l) *Pass-through fees* refer to taxes, fees, charges, and other impositions upon goods carried into or out of, or passing through the territorial jurisdiction of local government units in the guise of a toll, charges for wharfage, or other taxes, fees, or charges in any form upon agricultural products, goods, or merchandise.

(m) *Perishable agricultural commodities* refer to agricultural products that, because of their inherent quantities or dependence upon conditions of soil or weather, mature, decompose, decay, or deteriorate and undergo material changes of form and quality that render them unsuitable for the use for which they were produced. May also refer to any food that may spoil or otherwise become unfit for human consumption because of its nature, type or physical condition.

(n) *Public-Private Partnership (PPP)* refers to a contractual arrangement between a government implementing agency and a private partner to finance, design, construct, operate, and maintain, or any combination or variation thereof, infrastructure or development projects and services which are typically provided by the public sector, where each party shares in the associated risks, and where the investment recovery of the Private Partner is linked to performance.

(o) *Ripening room* refers to a facility where environmental conditions, such as temperature, relative humidity, and concentration of ethylene, oxygen, and carbon dioxide, may be modified to control the ripening process of fruits and vegetables.

(p) *Sorting and grading line refers* to a manual, mechanical, or fully-automated system used to determine the quality and to sort food products into categories on the basis of weight, size, shape, surface, color, firmness, and other qualities.

(q) *Throughput capacity* refers to the volume of cargo discharged and loaded at a Clark National Food Hub over a given period.

SEC. 4. *Establishment of the Clark National Food Hub*. – The Clark International Airport Corporation (CIAC), as the lead implementing agency and governing body, shall establish, manage, and operate the Clark National Food Hub, consistent with the following policies, guidelines, and standards:

(a) The Clark National Food Hub shall be built on a property with total area of approximately sixty (60) hectares with an expansion site of approximately twelve (12) hectares within the Clark Civil Aviation Complex (CCAC). It shall be developed into and operated as a self-sustaining, commercial, industrial, trading, agro-industrial, and logistics hub which provides among others, aviation-related logistics activities within the CCAC in order to promote food security, contribute to national economic growth, and effectively encourage and attract legitimate and productive foreign and local investments and market transactions;

(b) The Clark National Food Hub shall provide adequate facilities and support infrastructure such as an intermodal transportation hub, parking space, warehouse, ripening room, cold storage, sorting and grading line, or similar facilities;

(c) The Clark National Food Hub shall be fully integrated into the transportation and mobility system of the CCAC and the greater Luzon area;

(d) To contribute to the development of special trading markets for Halal food production pursuant to Republic Act No. 10817, or the "Philippine Halal Export Development and Promotion Act of 2016", the Clark National Food Hub shall be the primary trade hub catering to Halal food producers and investors outside Mindanao, making Halal food more accessible to the Muslim population residing in the rest of the Philippines.

(e) The CIAC is hereby authorized to transfer the management and operation of the Clark National Food Hub to a qualified member of the private sector through any of, but not limited to, the following modes:

i. Design, Build, Finance, Operate, and Maintain (DBFOM) arrangement, where the infrastructure or facilities shall be designed, constructed, financed operated and maintained by a private entity which shall be entitled to remuneration for a specified period from the end users of the project through fares or tolls, or from the CIAC in the form of availability payments. At the end of the period, operating control is transferred back to the CIAC.

ii. Hybrid Public-Private Partnership (PPP), where the infrastructure or facilities shall be constructed by the CIAC through public funding, while the private entity shall undertake the operation and maintenance thereof;

iii. Joint Venture between the private entity and the CIAC, where the private entity shall possess and control majority ownership of the infrastructure or facilities; or

iv. Any other PPP mode as defined and allowed under existing Philippine laws, rules, and regulations.

SEC. 5. ***Implementing Agency***. – The CIAC shall implement, operate, and manage the Clark National Food Hub.

As the implementing agency, CIAC shall:

(a) Secure the necessary funding and support for the implementation of the projects of the Clark National Food Hub;

(b) Regulate the use by logistics providers, suppliers, and food producers of the Clark National Food Hub and issue the permit therefor. The CIAC is thus authorized to collect a permit fee for such authority to do business in the Clark National Food Hub;

(c) Ensure adherence in the implementation of the project with all relevant and applicable national and international standards and best practices for the optimum operation of the Clark National Food Hub;

(d) Implement policies on food transport and logistics within the Clark National Food Hub Project to ensure safe, economical, and efficient air travel;

(e) Perform such other related functions as may be authorized by the President of the Philippines in the development and operation of the Clark National Food Hub at every stage of its implementation.

SEC. 6. ***Nationwide Hub-and-Spoke Trading Network***. – The Department of Agriculture (DA) and the Department of Trade and Industry (DTI) shall establish backward and forward linkages with the Clark National Food Hub through the creation of an integrated nationwide hub-and-spoke trading network, with the Clark National Food Hub as the hub or central point. This network will facilitate the movement of food products from assembly markets of agricultural and agro-food commodities to end users, including exporters, food processing plants, wholesalers, traders, retail markets, and restaurants.

SEC. 7. ***Food Safety and Quality Standards***. – To strengthen the implementation of measures in managing risks and addressing food safety and quality standards, including product uniformity, packaging and handling, the Clark National Food Hub shall pioneer the promotion of food labeling and world-class food safety measures in the country, and shall ensure mandatory and strict compliance to existing national policies and standards in food handling, storage, and trading, as determined by the appropriate regulatory agencies.

These measures shall include the traceability of products to support targeted regulations and regulatory actions to specific sources of risks, and initiatives to harmonize and streamline regulatory services and strictly impose quality standards to ensure safe and quality products, facilitate trade, and promote ease of doing business.

Primarily, these objectives shall be achieved through:

(a) The establishment of first border inspection facilities, laboratories, and container yards for purposes of inspection and examination of containerized poultry, animal products, fish, and other agricultural commodities, ensuring the safety and quality standards of the products preventing the proliferation of agricultural smuggling and reducing the risk of the agricultural commodities from pests, other infestations, and contamination; and

(b) The creation of cold storage facilities that enable the preservation of examined and inspected poultry, animal products, fish, and other agricultural commodities that have passed the quality assurance and quality control procedures ensuring food safety and quality standards prior to shipping or distribution.

SEC. 8. ***Green Energy and Waste Management.*** – The CIAC shall promote the use of green energy, characterized as any energy type that is generated from natural resources, such as sunlight, wind or water, for the Clark National Food Hub and other facilities that will support the hub.

Moreover, the CIAC shall ensure that proper waste management, including but not limited to reduction, conversion and proper disposal of waste, to address environmental sustainability.

SEC. 9. ***Promotion of Agro Processing and Value-Adding Activities within the Clark Freeport Zone (CFZ).*** – The CIAC and the Clark Development Corporation (CDC) shall promote value-adding activities and encourage investments in agro-food processing to complement and support the Clark National Food Hub and food security thrust of the government.

SEC. 10. ***Development of an Agriculture Production Base in Luzon.*** – The DA, in cooperation with agriculture state universities and colleges (ASUCs), shall collaborate in the development of an agriculture production base in Luzon to ensure regular and sustainable supply of agricultural commodities for the Clark National Food Hub.

SEC. 11. ***Work Plan.*** – The CIAC, as the implementing agency, shall develop the following:

(a) A pattern of cooperation and mutual assistance with National Government Agencies such as the DA, DTI, and Department of Transportation (DOTr), non-governmental organizations, cooperatives, traders unions, and the private sector, which shall maximize free market, people empowerment and participatory approaches to program formulation, implementation and monitoring, including a plan for bringing the program down to the farmers, fisher folk, farmer and fisher folk cooperatives, producers, traders, and wholesalers by utilizing available personnel and facilities of the Clark National Food Hub; and

(b) A schedule of short-term, medium-term, and long-term targets on research and development, marketing, trade promotion initiatives, and capacity building, among others.

SEC. 12. ***Whole-of-Nation Approach; Inter-Agency Collaboration.*** – The CIAC, together and in close coordination with key agencies such as the DA, DTI, DOTr, National Economic and Development Authority (NEDA), Department of Health (DOH), Department of Science and Technology (DOST), Department of the Interior and Local Government (DILG), and Public-Private Partnership (PPP) Center shall collaborate in identifying, strengthening, and implementing the strategic and harmonized Work Plan and such other policies, regulations, and standards which may be deemed appropriate under this Act.

Furthermore, the Clark National Food Hub shall be the central hub of agricultural and agro-food commodities that shall establish a link towards several end-users.

SEC. 13. ***The Clark National Food Hub Technical Working Group (CNFH-TWG).*** – There is hereby constituted a Clark National Food Hub Technical Working Group (CNFH-TWG) which shall be composed of the heads of the following agencies or organizations or their duly authorized representatives who shall at least be third-ranking officers thereof:

(a) CIAC;

(b) DA;
(c) DTI;
(d) NEDA;
(e) DOTr;
(f) DOH;
(g) DOST;
(h) DILG;
(i) PPP Center;
(j) One representative from a nationally recognized agricultural product or agri-food product producers organization; and
(k) One representative from a nationally recognized local business and industry association.

The President of the CIAC shall act as the Chairperson of the CNFH-TWG, and the Secretaries of the DA and DTI shall act as the Vice-Chairpersons thereof. The appropriate office of the CIAC, as the latter may designate, shall serve as the Secretariat of the CNFH-TWG.

The CNFH-TWG shall be the primary policy planning and coordinating body of the government in ensuring the proper functioning of the Clark National Food Hub. As such, the CNFH-TWG shall formulate, provide, and prescribe strategic policies in support of the implementation, management, and operations of the Clark National Food Hub.

SEC. 14. ***Stakeholder Consultations***. – The CIAC, in coordination with the rest of the CNFH-TWG, shall conduct regular consultations with and among the project stakeholders and beneficiaries on the planning, implementation, and evaluation of the Clark National Food Hub.

SEC. 15. ***Funding.*** – The amount of Three Billion Pesos (₱3,000,000,000) is hereby appropriated for the initial year of implementation of this Act.

Thereafter, the amount of such sums as may be necessary shall be included in the budget of the CIAC in the annual General Appropriations Act for the implementation and personnel requirements, monitoring and evaluation of the concession agreement, carrying out of capacity building programs, and further sustainability initiatives for this project, including but not limited to, the construction of access roads and utility corridors, materials recovery facility, logistics equipment necessary for the efficient operation of the Clark National Food Hub, development of information and communications technology (ICT) systems that support online or digital transactions, including electronic auctions, and other essential or useful utility infrastructure within and connected to the project site, including access and connectivity to the airport and seaport.

In addition, the establishment and operation of the terminal and trading centers will be made with the available participatory funding from the national government.

SEC. 16. ***Tax Incentives***. The provisions of existing laws, rules, and regulations to the contrary notwithstanding, no national and local taxes shall be imposed on registered and/or accredited logistics providers, business enterprises, traders, and investors within the Clark National Food Hub.

In lieu of said taxes, a five percent (5%) tax on gross income earned shall be paid by all registered and/or accredited logistics providers, business enterprises, traders, and investors within the Clark National Food Hub and shall be directly remitted as follows: three percent (3%) to the National Government; one percent (1%) to the Treasurer's Office of the Municipality of Mabalacat, Province of Pampanga; and one percent (1%) to the CIAC.

To ensure free flow or movement of goods and capital equipment within, into, and exported out of the Clark National Food Hub, tax and duty-free importation of raw materials and capital equipment shall be provided to registered and/or accredited logistics providers, business enterprises, traders, and investors involved in and operating within the Clark National Food Hub.

However, the exportation or removal of goods from the territory of the Clark National Food Hub to the other parts of the Philippine territory, except to Subic Bay Freeport Zone, shall be subject to customs duties and taxes under the Republic Act No. 10863, or the "Customs Modernization and Tariff Act (CMTA)", and other relevant tax laws of the Philippines.

The governing body, implementing agency, and principal investment promotion agency (IPA) of the Clark National Food Hub shall be the CIAC. The CDC shall be the IPA for purposes of the grant and administration of fiscal incentives only.

SEC. 17. ***Regulation and Accreditation of Logistic Providers, Suppliers, and Food Producers.*** – Consistent with the authority of CIAC to authorize and enter into contracts with private corporations, associations, or entities to operate or manage other businesses and activities inside the CCAC, the nationwide trading network supporting the Clark National Food Hub shall be exclusively comprised of logistics providers, suppliers, assembly markets, wholesalers and importers, food traders, buyers, including retailers, food processors, importers, farmers, fisher folk, and cooperatives registered with and accredited by the CIAC, through appropriate public-private partnership arrangements and investment schemes, as capable of servicing the operational requirements, or compliant with the food security and safety standards implemented in the Clark National Food Hub.

The CIAC shall likewise ensure that such standards, regulation, and accreditation policies issued by appropriate government agencies are upheld.

SEC. 18. ***Congressional Oversight Committee.*** – A Congressional Oversight Committee, hereinafter referred to as the Clark National Food Hub Congressional Oversight Committee (CNFH-COC), shall be constituted to monitor and ensure the proper implementation of this Act. It shall be composed of five (5) members from the Senate, which shall include the Chairpersons of the Committee on Trade, Commerce and Entrepreneurship; Agriculture, Food and Agrarian Reform; and Finance, and five (5) members from the House of Representatives, which shall include the Chairperson of the Committees on Trade and Industry; Agriculture and Food; and Appropriations.

The Chairpersons of the Senate Committee on Trade, Commerce and Entrepreneurship, and the House of Representatives Committee on Trade and Industry shall jointly chair the CNFH-COC.

The CNFH-COC shall be deactivated after five (5) years from the effectivity of this Act.

SEC. 19. ***Implementing Rules and Regulations.*** – Within one hundred eighty (180) days from the effectivity of this Act, the CIAC, assisted by the CNFH-TWG and upon consultations with relevant stakeholders, shall promulgate the necessary rules and regulations to implement this Act.

SEC. 20. ***Supervision and Control.*** – For purposes of policy direction and coordination, the CIAC shall be under the direct supervision and control of the Office of the President of the Philippines, through the Bases Conversion and Development Authority.

SEC. 21. ***Separability Clause.*** – If any provision of this Act is held invalid or unconstitutional, the same shall not affect the validity and effectivity of other provisions hereof.

SEC. 22. ***Repealing Clause.*** – All laws, decrees, executive orders, rules and regulations, which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 23. ***Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,