

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 691



Introduced by **REP. JAVIER MIGUEL "JAVI" L. BENITEZ**

EXPLANATORY NOTE

Agriculture is the backbone of the Philippine economy, being a major source of employment – 27% of our labor force are working in the sector in 2015.¹ However, the share of agriculture in the country's Gross Domestic Product (GDP) has been declining over the years – from 27.4% in 1974 to just 9.7% in 2016.² Farmers and fisherfolk are also the poorest segments of the population – at 31.6% poverty incidence among farmers in 2018, and 26.2% among fisherfolk.³

Recognizing this, President Ferdinand R. Marcos Jr., in his first State of the Nation Address, committed to strengthen agriculture and pledged higher investments in infrastructure in the agricultural value chain to increase productivity and profits. "Itataas natin ang produksyon ng mga kalakal at produktong pang-agrikultura. At para magawa ito, pagtitibayin natin ang tinatawag na value chain na nagsisimula sa mga magsasaka hanggang sa namimili," President Marcos Jr. said.

This presidential pronouncement signals continuity in government policy to facilitate and enhance access of farmers and fisherfolk to markets. Crafted by the previous administration, the Philippine Development Plan 2017-2022 remains instructive; it outlines the need for efficient transport and logistics systems to link production areas to markets and recommends "the establishment/construction of sufficient and strategically located facilities such as wholesale food terminals and trading centers, warehouses, cold storage and refrigeration facilities, mobile storage, mobile marketplaces, rolling stores,

¹ Briones, Roehlano. 2017. Characterization of Agricultural Workers in the Philippines. Quezon City: Philippine Institute of Development Studies.

² Ibid.

³ Department of Agriculture

foodbanks, and processing facilities that are linked with an interconnected transport system to ensure the continuous flow of A&F goods and services.”

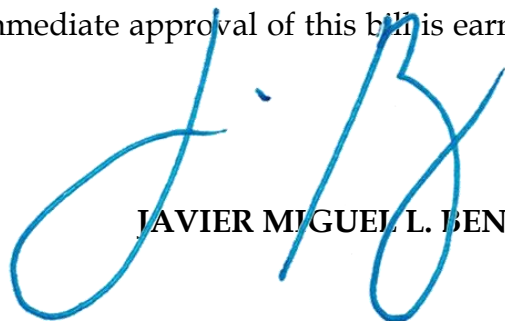
Several studies support this PDP recommendation. A SEARCA study on fruit and vegetable value chains in the Philippines articulates the importance of developing post-harvest, processing and marketing facilities. A DOST-PCAARRD study on post-pandemic agricultural supply chain also suggests re-engineering regional warehousing and cold chains for agricultural produce.

“To support the long haul of agricultural products and reduce wastage from perishables, there should be a system of warehousing and delivery accessible to the farms via different forms of collaboration among the local government, the private sector, and the farmers themselves...This warehouse system will serve as the venue for local farmers and fisherfolk to bring in and store their produce to be delivered to or picked up by wholesalers, retailers, and institutional buyers,” the DOST-PCAARRD study said.

Clearly, we need an integrated system to bring agricultural commodities to wider markets, which requires adequate infrastructure and coordination at different points in the agricultural value chain. This bill introduces the hub-and-spoke model that directly connects producers or aggregators from local food terminals to a single apex location thereby creating agglomeration economies for agricultural commodities.

Considering that the 1987 Constitution mandates the State to provide support to marketing agricultural products (Art. XIII, Sec. 5), it is our duty to craft legislation that will cause the establishment of agricultural trading centers that will serve as terminal markets for agricultural goods, and will contribute to building resilient food systems and ensuring growth of agriculture.

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



JAVIER MIGUEL L. BENITEZ

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Introduced by **REP. JAVIER MIGUEL “JAVI” L. BENITEZ**

AN ACT MANDATING THE ESTABLISHMENT OF AGRICULTURAL
TRADING CENTERS IN EVERY PROVINCE, PROVIDING FUNDS
THEREFOR AND FOR OTHER PURPOSES

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

SECTION 1. Short Title. - This act shall be known as the “Bagsakan ng
Bayan Markets Act”.

SEC. 2. Declaration of Policies. - It is hereby declared the policy of the State
to give aid to farmers by providing venue to promote and market their produce
and giving them access to buyers who can offer competitive prices. Toward this
end, a comprehensive program for the creation, management and operation of
integrated local agricultural trading network is hereby established.

The goal of these centers is to provide an avenue where farmers and
livestock raisers can directly sell their products to institutional buyers and gain
higher profit; moreover, this endeavor for a higher mobility for locally
produced agricultural products to the whole country for cheaper cost of
transportation.

SEC. 3. Definition of Terms. – For purposes of this Act:

- (a) *Agricultural trading center* refers to a site for trading of agricultural
commodities in large quantities, usually at or near transportation

hubs within or near to major cities, supplied by assembly markets in rural areas or directly from farms;

- (b) *Transportation hub* refers to a place that facilitates multimodal transportation, or freight and passenger transfers between transport modes;
- (c) *Perishable agricultural commodities* refer to agricultural products that, because of their inherent qualities 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;
- (d) *Non-perishable food products* refer to food products that are processed or packaged for prolonged storage;
- (e) *Comparative advantage* refers to the ability to produce a good for a lower opportunity cost;
- (f) *Assembly market* refers to rural or town markets, normally situated on main highways connecting rural-urban centers and near to local transport interchange points;
- (g) *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;
- (h) *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;
- (i) *Sorting and grading line* refers to a manual or mechanical system used to sort agricultural products into categories on the basis of weight, size, shape, surface color, firmness, and other qualities;
- (j) *Throughput capacity* refers to the volume of cargo discharged and loaded at an Agricultural Trading Center over a given period.

SEC. 4. *Establishment of Agricultural Trading Centers.* - The Department of Agriculture, in coordination with local government units, shall establish, manage and operate at least one (1) Agricultural Trading Center in every

province to be called Bagsakan ng Bayan Markets, subject to the following standards:

- (a) The Agricultural Trading Center shall be adjacent to a transportation hub within the jurisdiction of the province concerned;
- (b) The commodities to be traded in the Agricultural Trading Center shall be limited to perishable agricultural commodities, *inter alia*, fruits, vegetables, flowers, spices, herbs, medicinal plants, meat products, poultry products, dairy products, and fish and marine products; *Provided*, That non-perishable food products may also be traded in the Agricultural Trading Center but the volume of the same shall not exceed 30% of the throughput capacity of the Agricultural Trading Center; *Provided, further*, That the Agricultural Trading Center shall prioritize and specialize in trading agricultural commodities produced with comparative advantage in the province;
- (c) The Agricultural Trading Center shall provide adequate facilities and support infrastructure such as parking space, warehouse, ripening room, cold storage, sorting and grading line, or similar facilities;
- (d) The Department of Agriculture shall transfer the management and operation of the Agricultural Trading Center to the Provincial Government within two (2) years after its construction through a Memorandum of Agreement;

SEC. 5. *Province-wide Hub-and-Spoke Trading Network.* - The Department of Agriculture and local government units shall establish backward and forward linkages with the Agricultural Trading Center through an integrated province-wide hub-and-spoke trading network with the Agricultural Trading Center as the central point, and Barangay Food Terminals and Municipal Food Terminals as assembly markets of agricultural commodities, and exporters, food processing plants, retail markets, restaurants and households as end users.

SEC. 6. *Work Plan.* - In line with this Act, the Department of Agriculture shall develop the following:

- (a) A plan of bringing the program down to the grassroots, utilizing available personnel and facilities on the local level and those of LGUs;

- (b) A pattern of cooperation and mutual assistance with LGUs, Peoples Organizations and Non-Governmental Organizations, which will maximize people empowerment and participatory approaches to program formulation, implementation and monitoring; and
- (c) A schedule of short-term, medium-term and long-term targets on research and development, marketing, trade promotion/initiatives, capacity building, among others.

SEC. 7. *Funding.* - The amount of Twenty-Five billion pesos (P25,000,000,000) is hereby appropriated for the initial year of implementation of this act, thereafter, the amount of Ten billion pesos (P10,000,000,000) shall be included in the budget of the Department for implementation and continued expansion of this program. In addition, the establishment and operation of terminals and centers will be made with the available participatory funding from the national government with adequate equity from the Local Government Units.

SEC. 8. *Implementing Rules and Regulations* - Within thirty (30) days from the effectivity of this Act, the Secretary of Agriculture and the Secretary of Interior and Local Government, in consultation with appropriate government agencies and other stakeholders, shall promulgate the necessary rules and regulations to implement this Act.

SEC. 9. *Separability Clause.* - If any provision of this Act is held invalid or unconstitutional, the same shall not affect the validity and effectivity of the other provisions hereof

SEC. 10. *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. 11. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,