

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 10012



**Introduced by Representative Paolo Henry M. Marcoleta and
Representative Gloria Macapagal Arroyo**

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 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 to do away with the possibility and practice of aliens of creating artificial shortages of rice and corn by hoarding these commodities or cornering the market, to enable them to dictate prices.

Thirteen (13) years later, R.A. No. 3018 succeeded in transferring the rice and corn industry in all its aspects to Filipinos and Filipino-owned entities. However, said law, in restraining competition and foreign investment, created artificial restraints in the national effort to develop the rice and corn industry.

To liberalize the rice and corn industry, Presidential Decree 194 was passed in 1973 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.

However, PD 194 gave the National Grains Authority, now National Food

Authority, the authority to promulgate rules for the implementation of the law. In May 1998, the NFA prescribed that foreign companies must divest 60% of their equity participation after 30 years of operations to Filipino citizens. This served as a barrier to the entry of new investors and discouraged foreign companies who have already invested in these sectors to sustain and expand their investment. It is also an artificial restraint that exists only for foreign investors in the rice and corn sector.

The repeal of RA 3018 and PD 194 will encourage the entry of foreign investments in these capital-starved sectors hence, developing the whole value chain of the rice and corn sector including culture, production, warehousing, milling, processing, trading, and transport. Foreign investors can bring in new technologies such a biotech seeds, augment the lacking infrastructure like post-harvest facilities, and boost the productivity of these commodities, for which they also serve as ready markets.

Additional and expanded foreign investment in these sectors will lead to greater agricultural productivity which will lead to: a) greater income for Filipino farmers; and b) increased production of the necessary supply of raw materials for value-added products such as livestock feeds and cereal, as well as the high value products such as rice bran oil and corn syrup.

This bill seeks to fulfill P.D. No. 194's original vision of a truly liberalized rice and corn industry by repealing the aforementioned divestment requirement, rationalizing the definition of the rice and/or corn industry and reiterating the promotion of productive foreign investments in agriculture as a key to national and rural development.



PAOLO HENRY M. MARCOLETA
Representative, SAGIP Party-List



GLORIA MACAPAGAL-ARROYO
Representative, 2nd District of Pampanga

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**AN ACT TO INCREASE INVESTMENTS IN 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, 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 "Increasing Investments in the Rice and Corn Industry of 2025."

SECTION 2. Declaration of Policy. - The State recognizes the importance of attracting, promoting, and facilitating productive investments in the rice and corn industry as a means to develop the rice and corn value chain, reduce consumer prices, generate employment, stabilize the supply of staple food commodities, and support technology transfer. 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 the by-products thereof, are intended for direct consumption or are utilized as raw materials in the manufacture or processing of 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 in all its aspects, except for retailing.

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, or otherwise, rice and/or corn and/or 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, warehousing, milling, processing, trading, and transport of rice and/or corn.

SECTION 5. Repealing Clause. - Republic Act No. 3018, as amended, is hereby repealed. Sections 3, 4, 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 are 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.