



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



TWENTIETH CONGRESS
Second Regular Session
HOUSE BILL NO. 10999

Introduced by Hon. Jonathan Keith T. Flores

EXPLANATORY NOTE

The Philippine agricultural sector continues to face a fundamental paradox: those who produce the country's food remain among its poorest. The latest Philippine Statistics Authority (PSA) data show that in 2023, 27% of farmers and 27.4% of fisherfolk were living below the official poverty threshold¹, placing them among the three basic sectors with the highest poverty incidences in the country. Although this represents an improvement from 30% for farmers and 30.6% for fisherfolk in 2021, their poverty rates remain significantly higher than the national poverty incidence². Food insecurity likewise remains a serious concern. The Social Weather Stations (SWS) reported that involuntary hunger reached 27.2% of Filipino families in March 2025, the highest level since the pandemic period. By June 2026, hunger had declined to 20.3%, but this still meant that approximately one in five Filipino families experienced involuntary hunger³.

The persistence of agricultural poverty reflects structural weaknesses in farmers' access to affordable credit, production inputs, markets, and bargaining power. Small farmers who lack sufficient capital are often dependent on traders, intermediaries, or informal lenders for seeds, fertilizers, and production financing. In some arrangements, the extension of credit is tied to an obligation to sell the farmer's harvest to the creditor or intermediary, creating a captive market in which farmers have limited ability to negotiate prices. This interlinking of credit and crop procurement can suppress farmgate prices, deepen indebtedness, and prevent farmers from receiving a fair share of the value generated by their produce. These vulnerabilities have been particularly evident in the rice sector. In January 2025, the average farmgate price of palay was reported at ₱20.69 per kilogram, reflecting continuing pressure on farmers' incomes⁴ amid volatile rice prices and market conditions.

These conditions underscore the need for legislation that addresses not only agricultural production but also the market practices governing how farmers obtain credit and sell their harvest. The proposed measure seeks to regulate abusive interlinked lending and procurement practices while avoiding unnecessary burdens on genuine micro-scale traders. For this purpose, the ₱3-million annual agricultural procurement threshold provides a practical and administratively defensible benchmark. The threshold is anchored on established Philippine classifications of micro-scale economic activity. Under Revenue

¹Philippine Statistics Authority (PSA), *Poverty Incidence Declined from 2021 to 2023 in Ten Basic Sectors*, 31 March 2025. <https://psa.gov.ph/content/poverty-incidence-declined-2021-2023-ten-basic-sectors>

² Philippine Statistics Authority (PSA), *Percentage of Filipino Families Classified as Poor Declined to 10.9% in 2023*, 22 July 2024. <https://psa.gov.ph/content/percentage-filipino-families-classified-poor-declined-109-percent-2023>

³ Social Weather Stations (SWS), *Hunger falls to 20.3% in June 2026 from 23.2% in March 2026*, 24 August 2026. <https://sws.org.ph/social-weather-report-hunger-falls-to-20-3-in-june-2026-from-23-2-in-march-2026>

⁴ *Manila Bulletin*, "Better rice price monitoring to help unmask manipulators," 4 March 2025. <https://mb.com.ph/2025/3/4/better-rice-price-monitoring-to-help-unmask-manipulators-enverga>

Regulations No. 8-2024 implementing the Ease of Paying Taxes Act (R.A. No. 11976), taxpayers with gross sales of less than ₱3 million are classified as micro taxpayers, while taxpayers with gross sales of ₱3 million to less than ₱20 million are classified as small taxpayers⁵. The ₱3-million benchmark is also consistent with the established asset-based classification of micro enterprises under the Philippine MSME framework. The Department of Trade and Industry maintains the official national MSME statistics and classification framework⁶.

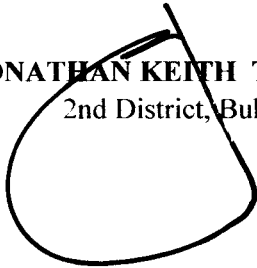
Accordingly, the ₱3-million threshold is intended to distinguish micro-scale traders from commercial intermediaries with greater purchasing capacity and potential market influence. This approach balances the need to protect farmers from exploitative lending and purchasing arrangements with the need to avoid imposing disproportionate compliance costs on genuine micro-scale operators. The threshold is also substantially below the ₱10-million value threshold used under R.A. No. 12022, or the Anti-Agricultural Economic Sabotage Act, for certain agricultural economic sabotage offenses, thereby establishing a preventive regulatory measure distinct from the criminal threshold for economic sabotage⁷.

The bill further establishes an Agricultural Waybill System and an Allowable Trade Margin Framework to improve traceability and transparency throughout the agricultural supply chain. By documenting the movement and transaction of agricultural products and providing a regulatory framework for allowable trade margins, the measure seeks to discourage abusive pricing practices while preserving legitimate commercial activity. It likewise creates the National Council on Fair Agricultural Trade, a Fair Agricultural Trade Compliance Referral System, and an administrative complaint mechanism through which farmers can seek assistance and redress without being required to immediately resort to lengthy and costly judicial proceedings.

The challenge facing the country is not necessarily the absence of laws protecting farmers. Existing legislation, such as R.A. No. 10667, or the Philippine Competition Act, prohibits anti-competitive conduct, while R.A. No. 12022, or the Anti-Agricultural Economic Sabotage Act, penalizes agricultural smuggling, hoarding, profiteering, and cartelization. While these laws provide important safeguards, there remains a regulatory gap in addressing exploitative intermediary practices that arise from the interlinking of agricultural credit and the purchase of farmers’ produce. The proposed measure seeks to fill this gap by establishing specific safeguards against practices that undermine farmers’ bargaining power and perpetuate their dependence on intermediaries for both financing and market access.

By addressing exploitative credit arrangements, forced crop sales, and excessive intermediary margins, the bill seeks to strengthen farmers’ bargaining power, reduce their dependence on exploitative sources of credit, promote fairer farmgate prices, and ensure that a greater share of agricultural value reaches those who produce the nation’s food.

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⁵ Bureau of Internal Revenue, Revenue Regulations No. 8-2024, 11 April 2024, implementing the Ease of Paying Taxes Act (R.A. No. 11976). <https://bir-cdn.bir.gov.ph/BIR/pdf/RR%20No.%208-%202024.pdf>

⁶ Republic Act No. 9501, otherwise known as the **Magna Carta for Micro, Small and Medium Enterprises**. https://www.lawphil.net/statutes/repacts/ra2008/ra_9501_2008.html

⁷ Republic Act No. 12022, otherwise known as the **Anti-Agricultural Economic Sabotage Act**. https://lawphil.net/statutes/repacts/ra2024/ra_12022_2024.html



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AN ACT
REGULATING THE PRACTICES OF AGRICULTURAL INTERMEDIARIES,
PROHIBITING INTERLINKED LENDING AND FORCED CROP SALE,
ESTABLISHING AN AGRICULTURAL WAYBILL SYSTEM AND AN ALLOWABLE
TRADE MARGIN FRAMEWORK, CREATING THE NATIONAL COUNCIL ON FAIR
AGRICULTURAL TRADE AND A FAIR AGRICULTURAL TRADE COMPLIANCE
REFERRAL SYSTEM, PROVIDING FOR AN ADMINISTRATIVE COMPLAINT
MECHANISM FOR FARMERS, 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 “*Agricultural Intermediaries Fair Trade Act.*”

SEC. 2. *Declaration of Policy.* — It is hereby declared the policy of the State to promote a transparent, equitable, and competitive agricultural trading system that enables farmers to secure fair market access and just prices for their produce, and allows consumers to purchase agricultural products at reasonable prices, consistent with the constitutional mandate to protect the welfare of farmers and promote social justice under Article II, Sections 9 and 21, the equitable diffusion of wealth under Art. XII, Sec. 1, and the agrarian and natural-resource justice under Art. XIII, Secs. 5 and 6 of the 1987 Constitution.

The State further declares its policy to protect the integrity of the agricultural supply chain by addressing exploitative practices of agricultural intermediaries, particularly the interlinking of

credit and crop purchase that forces farmers to sell at below-market prices to repay loans. It is the policy of the State to distinguish between legitimate intermediaries who facilitate market access and predatory intermediaries who exploit the information and power asymmetry between farmers and buyers.

Towards this end, the State shall establish a regulatory framework that targets large-scale commercial intermediaries while exempting small-scale traders whose operations do not materially affect market prices. The State shall strengthen the agricultural sector's contribution to national development by ensuring that farmers receive a just share of the value of their produce, and shall promote transparency, accountability, and fair competition in agricultural markets, consistent with the policy of the State under Republic Act No. 10667, otherwise known as the "Philippine Competition Act," and R.A. No. 12022, otherwise known as the "Anti-Agricultural Economic Sabotage Act of 2024."

For these intents, the State shall:

1. Prohibit the interlinking of agricultural credit and crop purchase, where an agricultural intermediary conditions the extension of credit on the farmer's agreement to sell their produce exclusively to that intermediary at a price determined by the intermediary;
2. Develop indicative, non-binding trade-margin reference for agricultural intermediaries based on verifiable farmgate prices and legitimate costs of transportation, handling, storage, and a reasonable profit margin to serve as a monitoring tool;
3. Create a transparent reporting mechanism requiring covered intermediaries to disclose all agricultural transactions, disaggregated by farmer characteristics, to enable monitoring of farmgate prices and detection of exploitative practices.
4. Provide farmers with accessible and affordable remedies, including an administrative complaint mechanism, to enforce their rights under this Act;
5. Strengthen inter-agency coordination and referral mechanisms to ensure that reported irregularities or potential violations are properly assessed and transmitted to the appropriate competent authorities for action under existing laws; and
6. Protect the income and welfare of smallholder farmers, particularly subsistence farmers who are most vulnerable to exploitative intermediary practices.

SEC. 3. *Definition of Terms.* — As used in this Act the following terms shall mean:

1. **"Agricultural cycle"** refers to the period from planting to harvest of a particular crop, which varies by crop type and region but shall not exceed twelve (12) months for annual crops and shall be determined by the Department of Agriculture (DA) for perennial crops.

2. **“Agricultural intermediary”** refers to any entity, natural or juridical, who purchases agricultural products from a farmer for the purpose of resale, aggregation, processing, or distribution, and who meets any of the coverage criteria under Sec. 4 of this Act.
3. **“Agricultural market”** refers to any venue where agricultural goods are sold, including wet markets, cooperatives, and wholesale hubs.
4. **“Allowable trade margin”** refers to the difference between the farmgate price paid by an agricultural intermediary to a farmer and the resale price charged by the same intermediary to the next commercial buyer, expressed as a percentage of the farmgate price. The allowable trade margin shall be determined by the National Council on Fair Agricultural Trade (NCFAT), in coordination with the DA, the Department of Trade and Industry (DTI), and the Philippine Competition Commission (PCC), per crop and per region, and shall be reviewed every cropping season.
5. **“Commercial buyer”** refers to any entity that purchases agricultural products for the purpose of trade or profit.
6. **“Covered intermediary”** refers to an agricultural intermediary that meets the coverage requirements under this Act and is therefore subject to reporting, monitoring, and compliance obligations.
7. **“Farmer”** refers to any natural person who is actively engaged in the cultivation of crops, livestock, poultry, or aquaculture for livelihood purposes, regardless of land tenure status, including whether they are an owner, tenant, lessee, sharecropper, steward, amortizing owner, or member of an indigenous people or cultural community practicing traditional agriculture. The term does not include persons whose primary income is derived from trading or processing rather than production.
8. **“Farmer cooperative”** refers to an association or corporation duly registered with appropriate government agencies and which is composed primarily of small agricultural producers, farmers, farmworkers, and other agrarian reform beneficiaries who voluntarily join together for the purpose of pooling land, manpower, technological, financial or other economic resources, and operate on the principle of “one member, one vote.”
9. **“Farmgate price”** refers to the price of agricultural produce at the point of first sale, before any transportation, handling, storage, or processing costs are added.
10. **“Interlinked lending”** refers to the provision of credit, advances, seeds, fertilizers, or other

agricultural inputs to a farmer on the condition, whether explicit or implicit, that the farmer sells their harvest exclusively to the same intermediary. A rebuttable presumption of interlinked lending arises when: (1) a covered intermediary provides credit to a farmer within the same agricultural cycle; and (2) the same intermediary purchases agricultural products from that farmer at a price below eighty percent (80%) of the regional average farmgate price as published by the Philippine Statistics Authority (PSA). Upon establishment of these facts, the intermediary shall have the burden of proving, by substantial evidence, that the price was justified by legitimate factors such as quality differentials, transportation costs, or mutual agreement without coercion.

11. **“Itinerant trader”** refers to a trader who travels from one area to another to purchase agricultural products directly from farmers for resale, aggregation, or distribution. For purposes of determining coverage under Sec. 4 of this Act, an itinerant trader shall be classified based on the number of transport vehicles operated, the combined gross vehicle weight rating of such vehicles, and the annual procurement value from farmers, as provided under Sec. 4(g) and (i) of this Act.
12. **“Municipal Agricultural Officer (MAO)”** refers to the chief agricultural officer of a municipality or city, as provided under Sec. 482 of R.A. No. 7160, otherwise known as the “Local Government Code of 1991,” or any successor official with similar functions.
13. **“Registry System for Basic Sectors in Agriculture (RSBSA)”** refers to the database of farmers, farm workers, and fisherfolk maintained by the DA pursuant to R.A. No. 8435.
14. **“Retaliatory Acts”** refers to any adverse action taken by a covered intermediary against a farmer who exercises the right to sell to a buyer of their own choosing. Retaliatory acts include, but are not limited to:
 1. Withdrawal, reduction, or denial of credit or other agricultural inputs;
 2. Coordination with other intermediaries or traders to exclude the farmer from the market;
 3. Blacklisting the farmer from access to credit or markets; and
 4. Any other act that penalizes the farmer for exercising free market choice.
15. **“Small/Subsistence farmer”** refers to a farmer whose landholding does not exceed two (2) hectares, or whose total annual gross sales from agricultural production does not exceed Two Hundred Thousand Pesos (₱200,000.00), or who is classified as a subsistence farmer under the RSBSA or other applicable government classifications. In the absence of such classification, the farmer shall be presumed a small farmer unless the intermediary proves

otherwise.

16. **“Unfair Agricultural Trade Practice”** refers to any act by a covered intermediary that results in exploitative, deceptive, coercive, or anti-competitive treatment of farmers, including but not limited to forced crop sale, unreasonable price manipulation, retaliation, or abuse of credit dependence. For the specific application of this term to the Allowable Trade Margin Framework, its definition is expanded and operationalized under Sec. 9 of this Act.
17. **“Provincial Agricultural Officer (PAO)”** refers to the provincial agriculturist referred to under Sec. 484 of R.A. No. 7160, or any successor official with similar functions; and “City Agricultural Officer” refers to the corresponding chief agricultural officer of a city. Where a city is independent of a province, the functions assigned to the Provincial Agricultural Officer under this Act shall be exercised by the Department of Agriculture Regional Director having jurisdiction.

SEC. 4. Coverage. — This Act shall apply to the following agricultural intermediaries, hereinafter referred to as “covered intermediaries”:

1. Commercial buyers – any natural or juridical entity whose total annual agricultural procurement value exceeds Three Million Pesos (₱3,000,000.00), or whose annual procurement combined with that of any affiliate or subsidiary under common control exceeds Three Million Pesos (₱3,000,000.00);
2. Trade-lenders – any natural or juridical entity who provides loans, advances, seeds, fertilizers, or other forms of credit to a farmer, and who also purchases agricultural products from the same farmer within the same agricultural cycle, regardless of the volume of such purchases;
3. Storage operators – any person or corporation who purchases and stores post-harvest agricultural commodities in quantities exceeding one hundred (100) metric tons for grains or fifty (50) metric tons for perishables for the purpose of resale;
4. Corporate procurement entities – any corporation, partnership, or juridical entity that contracts with at least fifty (50) farmer-households annually for the supply of agricultural products, regardless of aggregate procurement value;
5. Vertically integrated entities – any person or entity that operates at two or more levels of the agricultural supply chain, including importation, wholesaling, milling, retailing, or

storage, where such integration creates buyer power that may depress farmgate prices;

6. Farmer cooperatives – only insofar as they engage in commercial agricultural transactions with non-members or engage in profit-oriented resale beyond the distribution of goods to their members; and
7. Itinerant traders – who operate at least three (3) transport vehicles with a combined gross vehicle weight rating exceeding thirteen thousand five hundred (P13,500) kilograms, or whose annual procurement from farmers exceeds Three Million Pesos (P3,000,000.00).

This Act shall also explicitly exempt the following entities from its coverage:

8. Small-scale traders - whose annual agricultural procurement is less than Three Million Pesos (P3,000,000.00) and who do not meet any of the criteria in subsection (a) to (g) of this section;
9. Itinerant traders – who own or operate transport vehicles with a combined gross vehicle weight rating of less than 13,500 kilograms and whose annual procurement does not exceed Three Million Pesos (P3,000,000.00);
10. Micro-scale operators – including sari-sari stores, wet market vendors, home-based family enterprises, and certified barangay micro-business enterprises with assets below Three Million Pesos (P3,000,000.00);
11. Farmer cooperatives – that exclusively distribute goods to their members, do not engage in profit-oriented resale, and do not exercise control over pricing or trade decisions beyond what is necessary for cooperative operations; and
12. Farmers – selling their own produce directly to consumers, wet markets, or other end-users, without the involvement of any intermediary.

Anti-Circumvention. — For purposes of determining coverage under this Section, the annual agricultural procurement value, volume, vehicle, and farmer-household thresholds shall be computed on an aggregate basis across a person and its affiliates, subsidiaries, and other entities under common ownership or control, or persons acting in concert or through dummies. Any deliberate splitting, structuring, or arrangement of operations among related or nominal persons for the purpose of evading coverage under this Act shall itself constitute an Unfair Agricultural Trade Practice, and the persons so structured shall be treated as a single covered intermediary.

SEC. 5. Responsible Agencies and Offices. — The implementation of this Act shall be assumed

by the following agencies and bodies:

1. Department of Agriculture (DA) – shall provide technical expertise on agricultural production, marketing systems, farmgate pricing, farmer welfare, and agricultural value chains;
2. Department of Trade and Industry (DTI) – shall provide expertise on trade practices, market conduct, commercial transactions, and market transparency;
3. Department of the Interior and Local Government (DILG) – shall facilitate coordination with local government units (LGUs) and assist in the implementation of local compliance, reporting, and monitoring mechanisms under this Act;
4. Department of Justice (DOJ) – shall provide legal and policy guidance on matters relating to the interpretation of this Act and the referral of possible violations to competent authorities;
5. Philippine National Police (PNP) – shall provide assistance in the enforcement of this Act strictly within the bounds of its mandate under R.A. No. 6975, as amended, including assistance in the execution of cease-and-desist orders and other lawful enforcement orders issued by competent authorities under this Act, and maintenance of peace and order in connection with the implementation of this Act, particularly in areas where farmer-complainants face threats or intimidation;
6. Philippine Competition Commission (PCC) – shall provide expertise on market competition, market concentration, abuse of market power, and other competition-related concerns affecting agricultural intermediary systems. The PCC may deploy its investigative and enforcement powers under R.A. No. 10667 to investigate potential anti-competitive conduct by covered intermediaries;
7. Philippine Statistics Authority (PSA) – shall provide statistical expertise and relevant agricultural, price, and socioeconomic data to support the monitoring and analytical functions of this Act;
8. National Bureau of Investigation (NBI) – may be called upon by the NCFAT or by Congress to investigate potential violations of this Act that may constitute economic sabotage or profiteering under existing laws;

9. Senate Committee on Agriculture, Food and Agrarian Reform – shall participate as part of their legislative oversight capacity and receive the NCFAT’s annual report, without exercising executive, operational, enforcement, or advisory functions within the Council; and
10. House Committee on Agriculture and Food – shall participate as part of their legislative oversight capacity and receive the NCFAT’s annual report, without exercising executive, operational, enforcement, or advisory functions within the Council.

SEC. 6. *National Council on Fair Agricultural Trade.* — There is hereby established a National Council on Fair Agricultural Trade, hereinafter referred to as the “Council” or as the “NCFAT.”

1. Creation and Composition – The Council shall be a multi-sectoral inter-agency body comprised of the heads of following:
 1. The DA, who shall serve as Co-Chairperson;
 2. The DTI, who shall serve as Co-Chairperson;
 3. The DILG;
 4. The DOJ;
 5. The PCC;
 6. The PNP;
 7. The PSA, who shall serve as an ex-officio member with technical functions;
 8. Three (3) farmer representatives, one each from Luzon, Visayas, and Mindanao, who shall be nominated by farmers’ organizations; and
 9. Three (3) representatives from civil society organizations engaged in agriculture and food security advocacy, who shall be nominated by civil society organizations.
2. Mandate and Distinction from Anti-Agricultural Economic Sabotage (AAES) Council – The NCFAT is operationally and functionally distinct from the AAES Council. The AAESC, comprised of the DA, DOJ, Department of Finance, DILG, Department of Transportation, DTI, Anti-Money Laundering Council, PCC, PNP, Philippine Coast Guard, and Bureau of Investigation, created under R.A. No. 12022, serves as a prosecutory body that is mandated to protect the agricultural sector and its actors from large-scale smugglers, hoarders, profiteers, and cartels, through investigation, prosecution, and the imposition of appropriate penalties under existing laws.

In contrast, the Council shall serve as a system-wide monitoring, coordination, data consolidation, and policy review body focused on agricultural intermediary systems. It

shall be strictly non-investigatory and non-prosecutory in nature and shall not exercise independent investigative or prosecutorial authority. The Council may, however, impose administrative penalties as expressly provided under Sec. 14 of this Act.

3. Functions of the NCFAT – The Council shall have the following functions:

1. Ensure the proper and effective implementation of the provisions of this Act, particularly the prohibition on interlinked lending, the Agricultural Waybill Requirement, and the Allowable Trade Margin Framework;
2. Coordinate the preparation of appropriate and effective measures to prevent and suppress exploitative practices by agricultural intermediaries, including interlinked lending, forced crop sale, and retaliation against farmers;
3. Establish a mechanism for information-sharing among concerned agencies, including the DA, DTI, DILG, DOJ, PCC, PNP, NBI, and PSA: Provided, That confidential information shall be retained within the Council to protect the integrity of its operations and the privacy of complainants;
4. Establish and operate a Fair Agricultural Trade Compliance Referral System, serving as the central inter-agency mechanism for receiving, assessing, and routing reports and compliance outputs under this Act to the appropriate agencies with legal authority to handle the cases;
5. Establish a comprehensive tracking and tracing system for agricultural transactions through the Agricultural Waybill Requirement, and collect and report real-time data on farmgate prices, volumes traded, and supply chain movements;
6. Monitor compliance with the provisions of this Act through the review of submitted reports and other documentary requirements, without conducting independent field investigations;
7. Coordinate and enlist the assistance of any branch, department, bureau, office, agency, or instrumentality of government, including government-owned and -controlled corporations, and LGUs, as well as the business sector, farmer organizations, and non-government organizations, in the implementation of this Act;
8. Conduct regular inter-agency meetings and stakeholder consultations among relevant government agencies, LGUs, farmers' organizations, cooperatives, traders, commercial buyers, and other stakeholders to address issues affecting agricultural intermediary systems and market transparency;
9. Through the Secretariat, exercise visitation and inspection powers by issuing Letters of Authority authorizing any member or a combination of members of the Secretariat to verify compliance with this Act and other relevant laws concerning

the purchase, storage, and sale of agricultural commodities, subject to the following limitations:

1. Such visitation and inspection shall be limited to verifying the accuracy of Agricultural Waybill declarations, storage records, and transaction reports;
 2. The Secretariat shall not conduct searches, seizures, or arrests, which shall remain within the exclusive authority of law enforcement agencies;
 3. Any evidence obtained during visitation and inspection shall be transmitted to the appropriate law enforcement agency for action;
 4. Visitation and inspection shall be conducted during reasonable business hours, between 8:00 AM and 5:00 PM, Monday through Friday, except in cases where the Council determines that exigent circumstances require immediate inspection;
 5. The Secretariat shall provide reasonable written notice of at least three (3) working days to the covered intermediary before conducting a visitation or inspection, except where the Council determines that prior notice would defeat the purpose of the inspection;
 6. The Letter of Authority shall specify the scope, purpose, and duration of the visitation or inspection, and shall be presented to the covered intermediary or the person in charge of the premises before the inspection commences;
 7. The covered intermediary shall have the right to be present during the visitation or inspection and may designate a representative to accompany the Secretariat; and
 8. The Secretariat shall prepare a written report of the visitation or inspection findings and provide a copy to the covered intermediary within fifteen (15) working days of the inspection.
10. Notwithstanding existing laws to the contrary, authorize, supervise, and direct the visitation and inspection by any member or a combination of members of the Secretariat of areas where agricultural commodities are stored or kept, for the limited purpose of verifying compliance with this Act;
 11. Facilitate international cooperation on intelligence, investigation, training, and capacity-building related to fair agricultural trade practices and the prevention of exploitative intermediary conduct;
 12. Prepare and submit annual reports to the President of the Philippines and Congress on the implementation of this Act, including findings on market conditions, intermediary practices, compliance trends, policy gaps, and recommendations for legislative or executive action;
 13. Formulate and recommend measures to Congress and the President to strengthen farmer protection, market transparency, and fair agricultural practices;

14. Create and oversee a permanent Secretariat, define its functions, constitute its staff complement, and set their salaries and other emoluments: Provided, That the majority of the staff shall be selected from the different member agencies of the Council with individual expertise appropriate to the needs of the Council, consistent with civil service laws, rules and regulations; and
 15. Perform all other powers and functions related to the efficient and effective implementation of this Act.
4. Secretariat – There is hereby created a permanent Secretariat to serve as the administrative and technical support arm of the Council. The Secretariat shall be headed by an Executive Director, who shall be appointed by the Council and shall possess relevant expertise in agricultural economics, law, public policy, or data science. The Secretariat shall be composed of the following divisions, at minimum:
1. Policy Research and Analysis Division – responsible for conducting technical studies, data synthesis, and analysis of agricultural market conditions;
 2. Compliance Monitoring and Referral Division – responsible for receiving, assessing, and routing reports through the Fair Agricultural Trade Compliance Referral System;
 3. Administrative and Finance Division – responsible for budget management, human resources, records management, and administrative support; and
 4. Information Technology and Data Management Division – responsible for the maintenance and security of the case tracking system, digital reporting platforms, and data infrastructure.

The Secretariat shall have dedicated plantilla positions, the number and salary grades of which shall be determined by the NCFAT, subject to the approval of the Department of Budget and Management. The Secretariat shall not be funded through reallocation from existing DA programs to avoid competing priorities. The Council may engage consultants and technical experts as necessary, subject to existing laws, rules, and regulations.

The Secretariat shall, in coordination with the DA and DILG, conduct capacity-building programs for Municipal Agricultural Officers and other Local Government Unit personnel involved in the implementation of this Act, including but not limited to training on complaint handling, mediation, investigation, waybill administration, and the use of digital reporting systems. The Secretariat shall allocate at least ten percent (10%) of its annual budget for such capacity-building programs.

5. Administrative Attachment – The Council shall be attached to the DA for administrative and budgetary purposes. The DA shall provide the Council with office space, equipment, and administrative support necessary for the performance of its functions. The Council’s budget shall be submitted directly to the Department of Budget and Management as a separate line item in the annual General Appropriations Act.
6. Rules of Procedure – The Council shall adopt its own rules of procedure, subject to the provisions of this Act, within ninety (90) days from its organization.

SEC. 7. Prohibition of Interlinked Lending and Forced Crop Sale. — No covered intermediary shall enter into, enforce, or benefit from any interlinked lending arrangement, as defined under Sec. 3 of this Act.

The simultaneous holding of a lending relationship and a crop-purchase relationship over the same farmer by the same covered intermediary within the same agricultural cycle constitutes a per se violation of this Act, regardless of whether the farmer formally consented to the arrangement. This prohibition covers the arrangement itself, without requiring proof that the farmer received below-market prices: Provided, That where the farmer also establishes the elements of the rebuttable presumption under Sec. 3 of this Act, such shall constitute *prima facie* evidence of exploitation and shall entitle the farmer to an enhanced award of damages equivalent to the full difference between the price received and one hundred twenty percent (120%) of the regional average farmgate price: Provided, further, That the intermediary may rebut the presumption by proving, by substantial evidence, that the deviation was justified by legitimate factors such as quality differentials, transportation costs, or mutual agreement without coercion.

1. Cash Repayment Mandate – All obligations and debts arising from agricultural lending between a covered intermediary and a farmer shall be repaid exclusively in cash or its functional monetary equivalent. Any provision in a contract, whether written or oral, requiring repayment in the form of crops or produce is hereby declared void *ab initio*. No covered intermediary may invoke such an agreement in any proceeding before any judicial or administrative forum.
2. Separation of Credit and Purchase – No covered intermediary who holds an active credit or lending relationship with a farmer shall act as the buyer of the same farmer’s produce for the duration of the outstanding loan. Any transaction conducted in violation of this separation shall be a per se violation of this Act, regardless of whether the farmer formally consented to the arrangement.

3. Legitimate Financing and Marketing Arrangements. – The prohibitions under this Section shall not apply to bona fide financing-and-marketing arrangements that do not exploit the farmer, namely: (1) transactions between a farmer cooperative and its own members; (2) credit or input-financing programs of government financial institutions, the Department of Agriculture, the Agricultural Credit Policy Council, local government units, or their accredited conduits; and (3) contract-growing or agricultural value-chain arrangements duly registered with or accredited by the Department of Agriculture: Provided, That in every case (i) the farmer's participation is voluntary and documented in plain language; (ii) the farmgate price paid is not below the regional average farmgate price published by the PSA, or is otherwise fairly determined by a transparent, pre-agreed formula; (iii) the farmer retains the right to sell any produce not covered by a specific pre-harvest volume commitment to a buyer of their own choosing; (iv) any input advances are settled in cash or by deduction from the cash proceeds of the sale, and never through compelled in-kind repayment prohibited under this Section; and (v) no retaliatory act is committed against the farmer. The burden of proving entitlement to this exception rests upon the intermediary.
4. Prohibition on Retaliation– No covered intermediary shall retaliate against a farmer who exercises the right to sell to a buyer of their own choosing. Any retaliatory act as defined in Sec. 3(n) of this Act shall be a violation of this Act.
5. Presumption of Retaliation – A farmer filing a retaliation complaint shall establish:
 1. That they sold their produce to a buyer other than the intermediary complained against; and
 2. That the intermediary thereafter took an adverse action considered against the farmer as a retaliatory act.

Upon establishment of these facts, it shall be presumed that the adverse action was taken in retaliation for the farmer's exercise of free market choice. The intermediary shall then have the burden of proving, by substantial evidence, that the adverse action was taken for a legitimate commercial reason entirely unrelated to the farmer's choice of buyer.

6. Enforcement and Penalties – Violations of this section shall be subject to the penalties provided under Sec. 14 of this Act. The NCFAT shall refer violations of this section to the appropriate agency with enforcement authority:
 1. The PCC, for violations involving anti-competitive conduct or abuse of market power;

2. The DOJ, for violations that may constitute criminal offenses under existing laws;
and
 3. The DA, for administrative enforcement and imposition of penalties under Sec. 14.
7. Prescriptive Period – Actions arising from violations of this section shall prescribe in five (5) years from the date of the commission of the violation, or from the date of discovery if the violation was concealed by the intermediary.

SEC. 8. *Agricultural Waybill Requirement.* — The Agricultural Waybill is a standardized transaction documentation system that creates a verifiable record of agricultural product movement from farmgate to final commercial resale, ensuring traceability, transparency, and consistency in agricultural market transactions.

Every covered intermediary transporting agricultural crops purchased from farmers for commercial resale shall carry, at all times during transport, a mandatory Agricultural Waybill for each transaction.

1. Contents of Waybill – The Agricultural Waybill shall declare the following:

1. The farmer's name and barangay;
2. Crop type and variety;
3. Volume purchased;
4. The farmgate price paid per kilo or unit; and
5. The date and place of transaction,

which shall be attested to by the farmer or their designated representative at the time of sale. For farmers unable to read or write, the Municipal Agricultural Officer or a barangay official may witness and attest to the transaction in lieu of the farmer's signature.

2. Filing and Submission – The Agricultural Waybill shall be issued in three (3) copies:
 1. One copy retained by the farmer-seller as proof of transaction;
 2. One copy carried by the covered intermediary during transport; and
 3. One copy submitted by the covered intermediary to the Municipal Agricultural Officer of the municipality where the transaction occurred, or to the DA's designated online reporting system, within fifteen (15) working days from the end of each calendar month.

The Municipal Agricultural Officer shall receive and maintain submitted Agricultural Waybills and transmit copies or encoded summaries to the Referral System through the NCFAT Secretariat in accordance with prescribed protocols.

3. Data Integration – All Agricultural Waybill data shall form part of the inputs to the Fair Agricultural Trade Compliance Referral System, and may be used as basis for the generation of referrals in cases where irregularities, inconsistencies, or potential indicators of unfair trade practices are identified.
4. NCFAT Data Functions – The Council shall consolidate, synthesize, and analyze Agricultural Waybill data, together with relevant datasets from the DA, DTI, and PSA, for the following purposes:
 1. Identifying price movements and margin patterns;
 2. Detecting potential indicators of unfair agricultural trade practices; and
 3. Generating appropriate referrals to competent authorities through the Referral System.
5. Language Requirement – The Agricultural Waybill form shall be made available in Filipino and in the dominant regional language of the area of transaction.
6. Provision of Forms. – The DA shall make the Agricultural Waybill forms available free of charge to farmers and covered intermediaries, in both physical and digital formats, and shall ensure that the designated online reporting system is accessible at no cost. No fee shall be charged to a farmer for the issuance, attestation, or retrieval of an Agricultural Waybill.
7. Data Privacy and Security – All Agricultural Waybill data submitted to the Municipal Agricultural Officer and the Council shall be subject to the Data Privacy Act of 2012 (R.A. No. 10173). The Municipal Agricultural Officer shall transmit to the Council only anonymized data, with farmer names replaced by unique identifiers in accordance with NPC-prescribed data anonymization standards. The Council shall not retain personally identifiable information for more than five (5) years from the date of transaction, unless required for an ongoing investigation or legal proceeding, consistent with the prescriptive period for administrative actions under Sec. 14(f) of this Act.. Any intermediary found to have used Waybill data to retaliate against a farmer shall be subject to the penalties under Sec. 14 of this Act, in addition to any liability under R.A. No. 10173.
8. Penalties for Non-Issuance and Falsification
 1. Any covered intermediary who fails to issue or carry an Agricultural Waybill as required under this section shall, upon conviction, be subject to the penalties

provided under Sec. 14 of this Act.

2. Any covered intermediary who falsifies, alters, or makes any false statement in an Agricultural Waybill shall, upon conviction, be subject to the penalties for falsification under the Revised Penal Code, in addition to the penalties under Sec. 14 of this Act.
3. Any covered intermediary who fails to submit the required Waybill within the prescribed period shall be subject to a fine of Five Thousand Pesos (₱5,000.00) per day of delay, not to exceed Fifty Thousand Pesos (₱50,000.00) per transaction.

SEC. 9. Allowable Trade Margin Framework. — The NCFAT shall develop and recommend to the DA and DTI a methodology for estimating indicative trade margins per crop and per region, based on verifiable intermediary cost components including transportation, fuel, handling, packaging, storage, post-harvest losses, shrinkage, and a reasonable return, consistent with the pricing structure applied by the DA in its price stabilization and market monitoring functions.

1. Standards for Determination – The methodology for estimating indicative trade margins shall be based on:

1. Verifiable cost components, including but not limited to:

1. Transportation and fuel costs, calculated based on distance from production areas to major markets, prevailing fuel prices, and vehicle capacity utilization;
2. Handling, packaging, and storage costs, including labor, materials, and facility rental or maintenance expenses;
3. Post-harvest losses and shrinkage, based on industry standards for the specific crop and region, as published by the PSA or the DA;
4. Spoilage and quality deterioration, based on the perishability of the crop and prevailing storage conditions;
5. Labor and administrative costs, including wages, salaries, and overhead expenses directly attributable to the intermediary's operations; and
6. A reasonable return, defined as a profit margin not exceeding fifteen percent (15%) of the total verifiable cost components under items (1) to (5) of this subsection, as determined by the DA in consultation with the PCC, taking into account prevailing industry benchmarks, the need to prevent excessive pricing, and the protection of consumer welfare; Provided, That the fifteen percent (15%) limit may be adjusted by the DA, upon recommendation of the Council, every three (3) years based on inflation, changes in industry benchmarks, and other relevant economic indicators.

2. Regional variations, based on:

1. Distance from production areas to major markets;
 2. Availability and cost of transportation infrastructure;
 3. Seasonal variations in supply and demand;
 4. Regional differences in labor and input costs; and
 5. Such other factors as may be determined by the Council after consultation with stakeholders.
 3. Crop-specific factors, including but not limited to:
 1. Perishability and shelf life;
 2. Storage requirements;
 3. Processing requirements;
 4. Market demand characteristics; and
 5. Such other factors as may be determined by the Council after consultation with stakeholders.
2. Consultation Requirement – The Council shall conduct public consultations with farmers’ organizations, cooperatives, traders, consumer groups, and other stakeholders before finalizing the methodology under subsection (a) and before each periodic review of the Allowable Trade Margin Reference Table. The consultations shall be conducted in accessible formats and in the dominant regional languages of the areas where the consultations are held.
3. Publication and Review – The Allowable Trade Margin Reference Table shall be:
1. Published on the official websites of the DA, DTI, and the PSA;
 2. Made available in print form upon request, free of charge, to farmers’ organizations, cooperatives, and LGUs;
 3. Reviewed every cropping season;
 4. Subject to public comment for a period of thirty (30) days before issuance of any revision; and
 5. Made available in Filipino and in the dominant regional languages.

The Council shall also conduct technical studies and data analysis for the development of an Allowable Trade Margin Reference Table per crop and per region.

4. Issuance – The Allowable Trade Margin Reference Table shall be jointly issued by the DA and DTI and shall be subject to periodic review every cropping season.
5. Nature as Analytical Tool – The Allowable Trade Margin Reference Table shall serve strictly as an analytical and monitoring tool for assessing agricultural trade practices and

identifying potential market distortions, and shall not be construed as a price control, price ceiling, or mandatory pricing mechanism.

6. **Definition of Unfair Agricultural Trade Practice for Purposes of this Section** – For purposes of the Allowable Trade Margin Framework under this section, the definition of “Unfair Agricultural Trade Practice” under Sec. 3 of this Act shall be further elaborated to include any act or conduct by a covered intermediary that:
 1. Results in a significant deviation between the farmgate price paid to farmers and the resale price charged to the next commercial buyer, without legitimate justification based on verifiable cost components;
 2. Exploits the information or power asymmetry between the intermediary and the farmer to depress farmgate prices below fair market value;
 3. Constitutes an abuse of dominant position or anti-competitive conduct under R.A. No. 10667, otherwise known as the “Philippine Competition Act,” including but not limited to:
 1. Directly or indirectly imposing unfairly low purchase prices for the goods or services of marginalized agricultural producers, as defined under Sec. 15 of the Philippine Competition Act;
 2. Imposing barriers to entry or committing acts that prevent competitors from growing within the market in an anti-competitive manner; or
 3. Engaging in anti-competitive agreements such as market allocation, price fixing, or exchange of sensitive business information that substantially prevents, restricts, or lessens competition; or
 4. Otherwise constitutes price manipulation, profiteering, hoarding, or cartel conduct as defined under R.A. No. 7581, otherwise known as the “Price Act,” and R.A. No. 12022, otherwise known as the “Anti-Agricultural Economic Sabotage Act.”
7. **Significant Deviation as Rebuttable Presumption** – Any deviation exceeding twenty percent (20%) between the resale price and the farmgate price declared in the Agricultural Waybill, relative to the applicable indicative trade margin in the Allowable Trade Margin Reference Table, shall create a rebuttable presumption that the intermediary has engaged in an Unfair Agricultural Trade Practice. The intermediary shall have the burden of proving, by substantial evidence, that the deviation was justified by legitimate factors such as:
 1. Quality differentials (e.g., grade, variety, moisture content);
 2. Transportation or logistics costs exceeding the standard estimates;
 3. Storage or handling costs incurred between purchase and resale;
 4. Spoilage or shrinkage; or

5. Market conditions beyond the intermediary's control.
8. No Liability by Itself – The rebuttable presumption under subsection (d) shall not, by itself, give rise to administrative or criminal liability. Such liability shall be determined exclusively by the appropriate regulatory or enforcement agency with jurisdiction over the specific violation, after due investigation and hearing.
9. Exclusive Jurisdiction of Enforcement Agencies – The determination of violations, imposition of penalties, and enforcement actions shall remain exclusively within the jurisdiction of the appropriate regulatory and enforcement agencies under existing laws.
10. Referral for Investigation – Upon the establishment of the rebuttable presumption under subsection (d), the Council shall refer the matter through the Fair Agricultural Trade Compliance Referral System to the appropriate competent authority:
 1. The PCC – for violations involving anti-competitive agreements, abuse of dominant position, or market allocation under R.A. No. 10667;
 2. The DA – for violations involving profiteering, hoarding, or price manipulation under R.A. No. 7581 (Price Act) and R.A. No. 12022 (Anti-Agricultural Economic Sabotage Act);
 3. The DTI – for violations involving unfair trade practices falling outside the jurisdiction of the PCC or DA; and
 4. The DOJ – for violations that may constitute criminal offenses under existing laws.

SEC. 10. *Fair Agricultural Trade Compliance Referral System.* — There is hereby established a Fair Agricultural Trade Compliance Referral System, hereinafter referred to as the “Referral System,” which shall serve as the central inter-agency mechanism for receiving, assessing, documenting, and routing reports, complaints, and compliance outputs under this Act.

The Referral System shall be non-adjudicatory and non-prosecutory in nature, and shall function solely as a coordination and case management mechanism to ensure that cases are transmitted to the appropriate agencies with legal authority to act.

1. Covered Reports and Concerns – The Referral System shall receive reports and concerns including, but not limited to:
 1. Alleged violations of the provisions of this Act;
 2. Unfair or exploitative agricultural intermediary practices;
 3. Interlinked lending, forced crop sale, and retaliation complaints;
 4. Irregularities identified through Agricultural Waybills, reports, or disclosures; and

5. Other concerns affecting market transparency and farmer welfare.
2. Accessible Reporting Channels – The Council shall establish accessible reporting channels, including digital platforms, physical reporting desks at LGUs, and endorsed submissions from partner agencies, farmer organizations, and civil society groups.
3. Secretariat Duties – The Council Secretariat shall:
 1. Record and assign a case reference number to each report;
 2. Conduct preliminary assessment and classification of cases; and
 3. Determine the appropriate agency or agencies with jurisdiction.
4. Referral Protocols – The Council shall develop and implement standardized referral and case transmission protocols, including:
 1. Uniform documentation formats;
 2. Defined timelines for referral not exceeding fifteen (15) working days from initial assessment;
 3. Clear jurisdictional guidelines; and
 4. Secure transmission of case records.
5. Routing of Cases – The Referral System shall route cases to appropriate agencies, including but not limited to the DA, DTI, DOJ, PCC, PNP, NBI, LGUs, and other competent authorities.
6. Feedback Mechanism – Recipient agencies shall provide periodic feedback to the Council on the status, actions taken, and disposition of referred cases within thirty (30) working days of receipt.
7. Case Tracking System – The Council shall establish a centralized case tracking system to monitor referrals, identify patterns of violations, and support compliance monitoring and policy development.
8. Confidentiality and Anti-Retaliation – The Council shall ensure confidentiality of complainants and adopt safeguards against retaliation, consistent with existing laws. Whistleblowers and farmer-complainants shall be protected under R.A. No. 6713, otherwise known as the “Code of Conduct and Ethical Standards for Public Officials and Employees,” and R.A. No. 4200, otherwise known as the “Anti-Wiretapping Law,” as applicable.

SEC. 11. *Administrative Complaint Mechanism for Farmers.* — Any farmer who believes that a covered intermediary has violated any provision of this Act may file a verified complaint before the Municipal Agricultural Officer of the municipality where the transaction occurred or where the farmer resides.

1. No Filing Fee – No filing fee shall be collected from farmer-complainants.
2. Simplified Complaint Form – The Municipal Agricultural Officer shall provide a simplified complaint form in Filipino and the dominant regional language. The farmer may also file an oral complaint, which the Municipal Agricultural Officer shall reduce to writing.
3. Assistance to Farmers – The Municipal Agricultural Officer shall provide reasonable assistance to farmers in preparing and filing complaints, including but not limited to explaining the process, identifying respondent intermediaries, and gathering supporting documents.
4. Preliminary Assessment – Within ten (10) working days of receipt of a complaint, the Municipal Agricultural Officer shall determine whether the complaint is sufficient in form and substance. If insufficient, the Municipal Agricultural Officer shall notify the farmer and allow fifteen (15) working days to amend.
5. Mediation – If the Municipal Agricultural Officer finds the complaint sufficient, the Municipal Agricultural Officer shall attempt to mediate the dispute within fifteen (15) working days. Mediation proceedings shall be confidential and shall not be admissible in any subsequent proceeding.
6. Formal Investigation – If mediation fails, the Municipal Agricultural Officer shall conduct a formal investigation, giving both parties notice and an opportunity to be heard, to be completed within thirty (30) working days from the termination of mediation.
7. Standard of Proof – The farmer-complainant shall bear the burden of proving the violation by substantial evidence.
8. Decision – Within fifteen (15) working days of the conclusion of the investigation, the Municipal Agricultural Officer shall issue a written decision stating the findings of fact and conclusions of law. If the Municipal Agricultural Officer finds a violation, the Municipal Agricultural Officer may:

1. Order the intermediary to cease the prohibited practice;
 2. Order the intermediary to pay the farmer the difference between the price paid and the regional average farmgate price; and
 3. Refer the case to the Council for imposition of administrative penalties under Sec. 14.
9. Appeal – Either party may appeal the Municipal Agricultural Officer’s decision to the Provincial Agricultural Officer within fifteen (15) working days of receipt. The Provincial Agricultural Officer shall decide the appeal within thirty (30) working days. The decision of the Provincial Agricultural Officer may be appealed to the Court of Appeals under Rule 43 of the Rules of Court. Provided, That where the complaint was filed before a City Agricultural Officer, or where no Provincial Agricultural Officer has jurisdiction over the municipality or city concerned, the appeal shall be taken to the Department of Agriculture Regional Director having jurisdiction, whose decision may in turn be appealed to the Court of Appeals under Rule 43 of the Rules of Court.
10. Protection of Complainants – No intermediary shall retaliate against a farmer for filing a complaint under this section. Retaliation shall be a separate violation of this Act and shall be referred to the appropriate agency for investigation and prosecution.

SEC. 12. *Crisis Response Protocols.* — The Council may recommend to the DA and DTI the activation of enhanced monitoring and reporting protocols during designated periods of systemic market risk, including:

1. Natural disasters affecting agricultural production;
2. Public health emergencies affecting supply chains;
3. Periods of significant price volatility affecting basic agricultural commodities; and
4. Such other periods as the Council may determine upon consultation with relevant stakeholders.

During such periods, covered intermediaries shall provide more frequent reporting of farmgate prices and transaction volumes, as may be prescribed by the implementing rules and regulations.

SEC. 13. *Offenses.* — The following acts shall constitute offenses under this Act:

1. Interlinked Lending – Any covered intermediary who enters into, enforces, or benefits from

any interlinked lending arrangement, as defined under Sec. 3 of this Act, shall be liable for the offense of interlinked lending. The simultaneous holding of a lending relationship and a crop-purchase relationship over the same farmer by the same covered intermediary within the same agricultural cycle constitutes a per se violation of this Act, regardless of whether the farmer formally consented to the arrangement.

2. **Forced Crop Sale** – Any covered intermediary who conditions the extension of credit, advances, seeds, fertilizers, or other agricultural inputs on the farmer's obligation to sell their produce exclusively to that same intermediary, or at a price set unilaterally by that intermediary, shall be liable for the offense of forced crop sale.
3. **In-Kind Repayment** – Any covered intermediary who requires, accepts, or enforces repayment of agricultural debt in the form of crops or produce, or who includes such a provision in any contract, whether written or oral, shall be liable for the offense of in-kind repayment. Any provision in a contract requiring repayment in the form of crops or produce is hereby declared void *ab initio*.
4. **Failure to Issue or Carry Agricultural Waybill** – Any covered intermediary who fails to issue or carry a mandatory Agricultural Waybill for each transaction, as required under Sec. 8 of this Act, shall be liable for the offense of failure to issue or carry Agricultural Waybill.
5. **Falsification of Agricultural Waybill** – Any covered intermediary who falsifies, alters, or makes any false statement in an Agricultural Waybill shall be liable for the offense of falsification of Agricultural Waybill, without prejudice to criminal liability under the Revised Penal Code.
6. **Failure to Submit Agricultural Waybill** – Any covered intermediary who fails to submit the required Agricultural Waybill to the Municipal Agricultural Officer or to the DA's designated online reporting system within the prescribed period shall be liable for the offense of failure to submit Agricultural Waybill.
7. **False Reporting** – Any covered intermediary who submits false, misleading, or incomplete information in any report required under this Act shall be liable for the offense of false reporting.
8. **Obstruction of Visitation and Inspection** – Any covered intermediary who refuses, hinders, or obstructs any duly authorized visitation and inspection by the Secretariat of the NCFAT

shall be liable for the offense of obstruction of visitation and inspection.

9. Aiding and Abetting – Any person who knowingly aids, abets, or facilitates the commission of any offense under this Act shall be liable as principal.
10. Attempted Violation – Any attempt to commit any offense under this Act shall be punishable as a violation of this Act.
11. Continuing Violation – Each day that a violation under this section continues shall constitute a separate and distinct offense.

SEC. 14. Penalties. — The following penalties shall be imposed for offenses under this Act:

1. Administrative Penalties – The NCFAT may impose the following administrative penalties:
 1. For grave offenses, which include interlinked lending, forced crop sale, retaliation, and falsification of the Agricultural Waybill, the following penalties shall apply:
 1. Upon first offense, a fine of Five Hundred Thousand Pesos (₱500,000.00).
 2. Upon second offense, a fine of One Million Pesos (₱1,000,000.00).
 3. Upon third and subsequent offenses, a fine of Two Million Pesos (₱2,000,000.00).

In addition, for interlinked lending and forced crop sale, the intermediary shall be blacklisted from engaging in agricultural transactions with farmers. For retaliation, the intermediary shall, upon second offense, suffer suspension of business permit, and upon third offense, revocation of business permit and referral for criminal prosecution. For falsification of the Agricultural Waybill, the intermediary shall, upon third offense, suffer revocation of business permit. The blacklisting under this subsection shall be imposed only after due notice and hearing, shall specify a definite period of not less than one (1) year nor more than five (5) years commensurate to the gravity and frequency of the offense, and shall be published and maintained by the NCFAT. A blacklisted intermediary may apply for delisting upon the lapse of the imposed period and a showing of full compliance with this Act and satisfaction of any adjudged civil liability to affected farmers.

2. For less grave offenses, which include in-kind repayment, obstruction of visitation and inspection, and false reporting, the following penalties shall apply:
 1. Upon first offense, a fine of One Hundred Thousand Pesos (₱100,000.00) for in-kind repayment, and a fine of Fifty Thousand Pesos (₱50,000.00) for obstruction of visitation and inspection and for false reporting.

2. Upon second offense, a fine of Two Hundred Thousand Pesos (₱200,000.00) for in-kind repayment, and a fine of One Hundred Thousand Pesos (₱100,000.00) for obstruction of visitation and inspection and for false reporting.
 3. Upon third and subsequent offenses, a fine of Five Hundred Thousand Pesos (₱500,000.00) for in-kind repayment, and a fine of Two Hundred Thousand Pesos (₱200,000.00) for obstruction of visitation and inspection and for false reporting.
 3. For light offenses, which include failure to issue or carry the Agricultural Waybill and failure to submit the Agricultural Waybill, the following penalties shall apply:
 1. Upon first offense for failure to issue or carry the Agricultural Waybill, a written warning.
 2. Upon second offense, a fine of Five Thousand Pesos (₱5,000.00).
 3. Upon third and subsequent offenses, a fine of Ten Thousand Pesos (₱10,000.00). For failure to submit the Agricultural Waybill within the prescribed period, a fine of Five Thousand Pesos (₱5,000.00) per day of delay shall be imposed, not to exceed Fifty Thousand Pesos (₱50,000.00) per transaction.
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2. Cease-and-Desist Order – The NCFAT may issue a cease-and-desist order against any covered intermediary found to have committed a grave offense under Sec. 13 of this Act, directing the immediate cessation of the prohibited act or practice pending the final resolution of the case.
 1. Issuance – A cease-and-desist order may be issued ex parte upon a prima facie showing of a violation; provided, that the order shall be effective for a period not exceeding twenty (20) working days from the date of issuance, unless extended by the Council after due notice and hearing.
 2. Notice and Hearing – Within five (5) working days from the issuance of an ex parte cease-and-desist order, the Council shall conduct a summary hearing to determine whether the order should be continued, modified, or lifted. The covered intermediary shall be given notice of the hearing and an opportunity to be heard.
 3. Duration – A cease-and-desist order shall remain in effect only for the duration necessary to prevent irreparable harm to farmers or the agricultural market, and shall not extend beyond the final resolution of the case, unless the Council finds, after notice and hearing, that continued issuance is necessary to prevent ongoing harm.
 4. Modification and Lifting – The covered intermediary may file a motion to modify or lift the cease-and-desist order at any time, supported by evidence that the

conditions justifying the order no longer exist. The Council shall resolve the motion within ten (10) working days from filing.

5. **Bond** – The covered intermediary may post a bond or other security in an amount sufficient to cover potential damages to farmers or the agricultural market, as determined by the Council, as a condition for lifting or modifying the cease-and-desist order.
3. **Criminal Penalties** – If the violation constitutes economic sabotage under R.A. No. 12022, otherwise known as the “Anti-Agricultural Economic Sabotage Act of 2024,” or profiteering under R.A. No. 10667, otherwise known as the “Philippine Competition Act,” the case shall be referred to the DOJ for criminal prosecution. Upon conviction, the penalty shall be that prescribed under the respective Act.
4. **Civil Liability** – Without prejudice to administrative and criminal penalties, any covered intermediary found to have violated this Act shall be civilly liable for damages suffered by the farmer as a result of the violation, including but not limited to: the difference between the price paid and the fair market value of the agricultural produce at the time of transaction; actual damages suffered; and reasonable attorney’s fees and costs of suit.
5. **Liability of Juridical Persons** – Where the offense is committed by a juridical person, the penalties shall be imposed upon its responsible officers, directors, or agents who knowingly participated in or allowed the commission of the offense. The juridical person itself may also be subject to the administrative penalties imposed under this section. The responsible officers, directors, or agents shall be solidarily liable with the juridical person for any civil liability arising from the violation.
6. **Prescription of Administrative Actions** – Administrative actions arising from violations of this Act shall prescribe in five (5) years from the date of the commission of the violation, or from the date of discovery if the violation was concealed by the intermediary. This prescriptive period is consistent with the prescriptive period for economic sabotage under R.A. No. 12022.
7. **Administrative Fine Adjustment** – The NCFAT may recommend to Congress adjustments to the administrative fines every three (3) years based on inflation and the Consumer Price Index as published by the PSA.
8. **Appeal of Council Decisions.** – Any party aggrieved by a decision, order, or resolution of the NCFAT imposing administrative penalties under this Section may file a motion for reconsideration with the Council within fifteen (15) working days from receipt thereof. The

resolution of the Council on the motion may be appealed to the Court of Appeals under Rule 43 of the Rules of Court within fifteen (15) working days from receipt of the resolution. The appeal shall not stay the decision unless the Court of Appeals directs otherwise, and the perfection of an appeal shall not excuse compliance with a cease-and-desist order issued under this Section.

SEC. 15. *Implementing Rules and Regulations (IRR).* — Within ninety (90) days from the effectivity of this Act, the DA and DTI, through the NCFAT and in coordination with the DILG, DOJ, PCC, PSA, and PNP, and in consultation with organized farmers' groups and the private sector, shall promulgate the implementing rules and regulations necessary for the effective implementation of this Act.

The implementing rules and regulations shall include guidelines on coverage, reporting requirements, complaint mechanisms, referral procedures, data protection, and other matters necessary to carry out the purposes of this Act.

SEC. 16. *Appropriations.* — The NCFAT and its Secretariat shall be funded under the budget of the DA and DTI pending their inclusion in the GAA. Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act for the DA, with a separate and distinct budget line for the NCFAT and its Secretariat.

SEC. 17. *Transitory Clause.* — The DA and DTI shall continue to exercise the functions of the NCFAT in a temporary capacity for a period not exceeding one hundred twenty (120) days from the effectivity of the IRR, or until the Council is fully organized and its members are duly appointed.

All ongoing programs, projects, personnel, assets, liabilities, and records related to the implementation of this Act shall be transferred to the appropriate office or agency as may be determined by the IRR.

SEC. 18. *Saving Clause.* — Nothing in this Act shall be construed to diminish vested rights, existing remedies, or obligations accrued prior to the effectivity of this Act. Any pending action or proceeding commenced under existing laws prior to the effectivity of this Act shall continue to be governed by such laws insofar as they are applicable.

SEC. 19. *Repealing Clause.* — Nothing in this Act shall diminish the mandate of existing government agencies or councils created under related agricultural, competition, consumer protection, or economic sabotage laws. This Act shall be construed as supplementary to existing

laws protecting farmers, consumers, and the agricultural supply chain.

Additionally, all laws, decrees, executive orders, rules and regulations, or parts thereof that are inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SEC. 20. *Separability Clause.* — If any provision or part of this Act is declared unconstitutional or invalid, the remaining provisions not affected thereby shall remain in full force and effect.

SEC. 21. *Effectivity Clause.* — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation. Compliance duties requiring reporting, waybill submission, or other administrative obligations shall commence upon the effectiveness of the implementing rules and regulations.