

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



'22 JUL -7 P2:50

SENATE

S. No. 120

RECEIVED BY:

Introduced by **Senator Cynthia A. Villar**

**AN ACT
TO DEVELOP AND PROMOTE THE YELLOW CORN INDUSTRY, TO ENHANCE
THE AVAILABILITY OF AFFORDABLE AND QUALITY FEEDS, TO PROVIDE
FOR A CORN COMPETITIVENESS ENHANCEMENT FUND, AND FOR OTHER
PURPOSES**

EXPLANATORY NOTE

Yellow corn is one of the main agricultural crops in the Philippines. It is a rainfed crop, requires simple land preparation, and can be grown in upland, even in sloping areas. It is usually harvestable after 55 – 75 days. It is mainly used for livestock and poultry feeds.

Yellow corn is preferred for feeds because of high carotene content and is very important in poultry, especially the egg-laying type (layers). For hogs, corn can be substituted by feed wheat or cassava.

The Philippine Statistics Authority (PSA) data provides that the country yellow corn production of the country since 2017 has been in upward trend.

YELLOW CORN PRODUCTION (2017-2021)				
2017	2018	2019	2020	2021
5,810,707.50	5,626,612.30	5,907,957.06	6,011,046.45	6,057,783.01

However, while the PSA data also shows that yellow corn production has increased over the years, this is not sufficient to cover the needs of the livestock and poultry sector to satisfy the demand of the country which is 8.8M Tons.

To cope with the demand, the country continues to import corn, feeds and other feeds components, which greatly affects the income and welfare of our corn farmers.

Average income reported by corn farmers, as measured in an indicator called net returns, fell 15.5% to P16,598 per hectare in 2019, while the average cost of

corn production rose 2.5% to P24,740 per hectare in 2019 according to the Philippine Statistics Authority (PSA).

While drafting the Livestock, Poultry, Dairy Development and Competitiveness Bill, the importance of corn as ingredient to feeds of livestock, poultry and aquaculture became more apparent. Yellow corn accounts for about 50% of the component of feeds. However, high cost of inputs, weather patterns, and pests and diseases are some of the major challenges in the corn industry. The major contributors in the cost of corn are seeds, fertilizer and labor.

The National Corn Program, a banner program of the Department of Agriculture, is the government's response to these challenges. It also aims to address food security, poverty alleviation, and sustainable growth through increased farm income and productivity. Still, the development of corn industry has been left behind despite being a major input to the livestock and poultry industry.

Our corn farmers are still dealing with these issues even if there has been sufficient budget given to the program through the years, to wit:

NATIONAL CORN PROGRAM BUDGET 2017 - 2021				
2017	2018	2019	2020	2021
P 2,826,854	P 2,986,993	P 1,560,099	P 1,371,428	P 1,517,020

Hence, developing and strengthening the corn industry redounds to better livestock, poultry and dairy industries.

This Senate bill will enable the development and competitiveness of the corn industry, and encourage increase in production of corn and affordable feeds for the livestock and poultry sector by institutionalizing mechanization, hybrid seeds propagation and distribution, credit, extension and training, provision of insurance, marketing, organization of farmers, among others.

The approval of this bill is urgently requested.


CYNTHIA A. VILLAR

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

1 Section 1. *Title.* – This Act shall be known as the "Yellow Corn Industry
2 Development Act of 2022".

3 Sec. 2. *Declaration of Policies.* – It is the declared policy of the State to
4 promote the development and competitiveness of the yellow corn industry,
5 particularly the small-hold farmers, in order to increase the supply of yellow corn,
6 and to enhance the availability and affordability of feeds, as support to the livestock,
7 poultry and dairy industry. It is likewise the policy of the State to increase the
8 income of farmers and farm workers, and to alleviate rural poverty through
9 improved productivity and competitiveness, enhanced production efficiency, and
10 protection of the yellow corn industry from pests and diseases through
11 mechanization, extension and training support programs.

12 Towards this end, the State shall nurture an enabling environment and
13 establish responsive government policies and support programs for the small-hold

1 yellow corn farmers and give prime focus to the development of the yellow corn
2 industry, in support of the livestock, poultry and dairy industries, in the country.

3 The State recognizes the vital role of the private sector as partners in the
4 various facets of the yellow corn industry, and the organization of yellow corn
5 farmers to be more competitive, and shall provide incentives and needed support to
6 encourage stronger partnership and consolidation.

7 *Sec. 3. Definition of Terms.* – As used in this Act, the following terms and
8 phrases shall mean as follows:

9 a) *Corn* refers to yellow corn which is largely utilized for animal feed in the
10 country;

11 b) *Department* refers to the Department of Agriculture (DA);

12 c) *Feeds* refers to animal food for livestock, poultry and dairy producing
13 animals which includes, but not limited to yellow corn, forages, feed
14 wheats. It also refers to the mixture of different products such as bran,
15 sharps and other residues, other cereals, and leguminous plants such as
16 beans, soybeans, peas, peanuts; residue of starch manufacture like
17 manioc (cassava or sago), beet pulp, sugarcane pulp (bagasse) and
18 brewing and distilling dregs and wastes; oil seeds (oil cakes) and other
19 residues like ground nuts, cotton seeds, linseed, sunflower seeds, rape
20 or colza seeds, coconut or copra, palm nuts or kernels and maize;
21 vegetable materials and vegetable waste; and preparations used for
22 animal feeding.

23 d) *Small-hold Farmer* refers to a farmer owning or cultivating four (4)
24 hectares or less of farmland;

25 *Sec. 4. National Single Window.* – The Department and the Bureau of
26 Customs (BOC) shall harmonize its efforts towards the implementation of the
27 National Single Window as a reliable institutional platform for interagency
28 collaboration on efficient facilitation of trade.

1 **Sec. 5. *Lifting of Export Restrictions on Corn.*** – All laws, rules, regulations,
2 guidelines, and other issuances imposing export restrictions on corn, except those
3 related to the prevention and spread of plant, animal pests and diseases, are hereby
4 repealed.

5 **SEC. 6. *Lifting of the Authority of the National Food Authority.*** – The authority
6 of the National Food Authority (NFA) on corn under Presidential Decree No. 194 are
7 hereby repealed.

8 The NFA shall liquidate and report the accomplishment of its existing corn
9 marketing assistance program and its corn development fund, enhanced electronic
10 trading system for corn. The remaining funds shall be transferred to the DA-
11 National Corn Program for exclusive allocation to the development of the yellow
12 corn.

13 **Sec. 7. *Powers of the President.*** – Consistent with the Philippine national
14 interest and the objective of safeguarding the corn farmers and consumers, the
15 President is hereby empowered to act with full delegated authority subject to the
16 provisions of the Customs Modernization and Tariff Act (CMTA), in the following
17 circumstances:

18 a) The President may revise or adjust existing rates of customs duties on
19 corn and feed imports up to their respective bound rates committed by
20 the Philippines under the WTO agreement on agriculture and under
21 ASEAN Trade in Goods Agreement (ATIGA), including any necessary
22 change in classification applicable to their importation. *Provided,* that the
23 adjustment is time-bound and that the power herein delegated to the
24 President shall only be exercised when Congress is not in session:
25 *Provided, further,* that any order issued by the President adjusting the
26 applied tariff rates shall take effect fifteen (15) days after publication;

27 b) In the event of any imminent or forecasted shortage, or such other
28 situation requiring government intervention, the President is empowered
29 for a limited period and/or a specified volume, to allow the importation of

1 corn and feed products at a lower applied tariff rate to address the
2 situation. Such order shall take effect immediately and can be issued
3 even when Congress is in session;

4 The power herein delegated to the President may be withdrawn or terminated
5 by Congress through a Joint Resolution.

6 *Sec. 8. Creation of the Corn Competitiveness Enhancement Funds.* – There is
7 hereby created a Corn Competitiveness Enhancement Fund, herein referred to as the
8 ‘CCEF’.

9 The CCEF shall consist of an annual appropriation of two billion and eight-
10 hundred million pesos (₱2,800,000,000.00) sourced from tariff collection on
11 imported corn, feed wheat, feeds, and other products and ingredients for feeds for
12 the next six (6) years following the approval of this Act.

13 *Corn Imports* includes imported products under the following HS headings or
14 AHTN Codes, and Descriptions:

15 **10.05** - Maize (corn).

16 1005.90.90 - - Other

17 1005.90.90A - - - In-Quota

18 1005.90.90B - - - Out-Quota

19 *Feed Wheat Imports* includes imported products under the following HS
20 headings or AHTN Codes, and Descriptions:

21 **10.01** - Wheat and meslin.

22 1001.99.00 - - Seed

23 1001.99.99 - - Other

1 *Feeds and Other Products and Ingredients for Feeds Imports* includes
2 imported products under the following HS headings or AHTN Codes, and
3 Descriptions:

4 **23.02** - Bran, sharps, and other residues, whether or not in the forms
5 of pellets, derived from the sifting, milling or other working of cereals
6 or of leguminous plants.

7 2302.10.00 - Of maize (corn)

8 2302.30 - Of Wheat:

9 2302.30.10 - - Brans and pollards

10 2302.30.90 - - Other

11 2302.40 - Of other cereals:

12 2302.40.10 - Of rice

13 2302.40.90 - Other

14 2302.50.00 - Of leguminous plants

15 **23.03** - Residues of a starch manufacture and similar residues, beet-
16 pulp, bagasse, and other waste of sugar manufacture, brewing or
17 distilling dregs and waste, whether or not in the form of pellets

18 2303.10 - Residues of starch manufacture and similar residues:

19 2303.10.10 - - Of manioc (cassava) or sago

20 2303.20.00 - Beet-pulp, bagasse and other waste of sugar
21 manufacture

22 2303.30.00 - Brewing or distilling dregs and waste

- 1 **23.05** 2305.00.00 - Oil-cake and other solid residues, whether or not
2 ground or in the form of pellets, resulting from the extraction of
3 ground-nut oil.
- 4 **23.06** - Oil-cake and other solid residues, whether or not ground or in
5 the forms of pellets, resulting from the extraction of vegetable fats or
6 oils, other than those of heading 23.04 or 23.05.
- 7 2306.10.00 - Of cotton seeds;
- 8 2306.20.00 - Of linseeds;
- 9 2306.30.00 - Of sunflower seeds;
- 10 - Of rape or colza seeds
- 11 2306.41 -- Of low erucic acid rape or colza seeds
- 12 2306.41.10 --- Of low erucic acid rape seeds
- 13 2306.41-20 --- Of low erucic acid colza seeds
- 14 2306.49 -- Other :
- 15 2306.49.20 --- Of other rape seeds
- 16 2306.49.20 --- Of other colza seeds
- 17 2306.50.00 - Of coconut or copra;
- 18 2306.60 - Of palm nuts or kernels;
- 19 2306.60.10 -- Ground or in the form of pellets
- 20 2306.60.90 -- Other
- 21 2306.90 - Other :
- 22 2306.90.10 -- Of maize (corn) germ

- 1 2306.90.90 - - Other;
- 2 **23.07** 2307.00.00 Wine lees; argol.
- 3 **23.08** 2308.00.00 Vegetable materials and vegetable waste,
- 4 vegetable residues and by-products, whether or not in the form of
- 5 pellets, of a kind used in animal feeding, not elsewhere specified or
- 6 included; and,
- 7 **23.09** - Preparations of a kind used in animal feeding.
- 8 2309.90 - Other
- 9 - - Complete feed :
- 10 2309.90.11 - - - Of a kind suitable for poultry
- 11 2309.09.12 - - - Of a kind suitable for swine

12 It shall be automatically credited to a special account in the general fund of
 13 the national treasury which shall be in place within ninety (90) days upon the
 14 effectivity of this Act. *Provided*, that if the tariff collection from the corn and feed
 15 wheat importation exceeds two billion and eight hundred million pesos
 16 (₱2,800,000,000.00) in any given year within the next six (6) years following the
 17 enactment of this Act, the excess tariff revenue shall be earmarked by Congress and
 18 added to the CCEF included in the GAA of the following year.

19 *Provided*, further, that the corn development fund, created under Presidential
 20 Memo No. 468 dated March 17, 1998, held in trust by the NFA, is hereby dissolved
 21 and the remaining balance is hereby transferred to the DA-National Corn Program.

22 *Provided*, furthermore, that the allocation and utilization of the CCEF shall be
 23 subject to the guidelines below:

- 24 a) The Secretary of the DA shall be accountable and responsible for the
- 25 management and utilization of the said fund in coordination with other
- 26 government agencies concerned;

1 b) The amount allocated shall be released directly to the implementing
2 agencies as provided for in this Act based on the objectives and plans of
3 the Corn Industry Development Roadmap, created in Section 4 of this Act.
4 *Provided,* that the unutilized portion of the CCEF allocated to the
5 implementing agencies shall not revert to the general fund but shall
6 continue to be used for the purpose for which it was set aside. Fund
7 releases charged against the said funds shall not be subject to any ceiling
8 by the DBM; and

9 c) Any program undertaken in accordance with this Act shall only be deemed
10 complementary and supplementary to and shall not be a replacement of
11 any existing programs for farmers already implemented by the DA and
12 other agencies concerned.

13 *Sec. 9. Allocation and Disbursement of the Corn Competitiveness*
14 *Enhancement Funds.* – Subject to the usual accounting and auditing rules and
15 regulations, the CCEF shall be allocated and disbursed, as follows:

16 a) Sixty percent (60%) to be allocated for mechanization of corn farms, to
17 be implemented by PHILMECH as grant in kind to eligible farmers'
18 associations or organizations, registered corn cooperatives, and LGUs in
19 the form of corn farm equipment such as tillers, tractors, rotary seeders,
20 sprayers, harvesters, corn shellers, mechanical dryers and the like, and
21 the establishment and improvement of post-harvest centers (including
22 corn-silage facilities), and warehouses and/or silos;

23 b) Fifteen percent (15%) shall be made available in the form of credit facility
24 with minimal interest rates and documentary requirements, and with
25 minimum collateral requirements to corn farmers and cooperatives, to be
26 managed equally by the Land Bank of the Philippines (LBP) and the
27 Development Bank of the Philippines (DBP);

28 c) Ten percent (10%) shall be made available for support extension and
29 training activities to increase corn productivity, and for scholarships and

1 training course grants by TESDA. The fund shall be distributed equally to
2 ATI, TESDA, PHILMECH.

3 d) Ten percent (10%) of the fund shall be used for the provision of
4 insurance to qualified corn farmers under an extensive corn crop
5 insurance coverage;

6 e) Five percent (5%) shall be used for organizing and clustering of small-
7 hold corn farmers into formal groups, cooperatives or organizations, to be
8 implemented by the Cooperatives Development Authority (CDA);

9 *Sec. 10. Beneficiaries of CCEF* – The beneficiaries of the CCEF shall be those
10 small-hold corn farmers, farm workers, and their dependents listed in the Registry
11 System for Basic Sectors in Agriculture (RSBSA), and corn farmer cooperatives,
12 associations, or organizations accredited by the Department.

13 *Provided, further,* preferential attention should be given to small-hold corn
14 farmers who are members of cooperatives, associations or organizations.

15 Within one hundred eighty (180) days from the effectivity of this Act, the
16 Department, in consultation with farmers' cooperatives and organizations, and LGUs,
17 shall validate and update the master list of eligible beneficiaries to ensure that those
18 listed are legitimate raisers, farmers, farmworkers, cooperatives, associations, and
19 organizations.

20 *Sec. 11. Review of the Corn Competitiveness Enhancement Funds.* – The
21 following mandatory reviews of the CCEF shall be performed:

22 1. The Philippine Institute for Development Studies (PIDS) shall conduct
23 impact evaluation of the CCEF programs to corn productivity on the
24 second (2nd), third (3rd) and sixth (6th) year of the effectivity of this Act;

25 2. The percentage allocation of the CCEF will be reviewed on the third (3rd)
26 year from the effectivity of this Act for possible revisions should
27 intervention priorities change; and

1 3. Before the end of the sixth (6th) year from the effectivity of this Act, a
2 mandatory review shall be conducted by the Congressional Oversight
3 Committee on Agricultural and Fisheries Modernization (COCAFAM) to
4 determine whether the CCEF and its utilization as provided for under this
5 Act shall be continued, amended, or terminated. The increase or decrease
6 in farmers' incomes shall be a primary benchmark in determining the
7 effectiveness of the interventions under the program and its possible
8 extension;

9 In view of its oversight function, the COCAFAM, at any time, may conduct an
10 assessment of the implementation of programs and utilization of CCEF directed
11 under this Act.

12 Sec. 12. *Implementing Rules and Regulations.* – Within forty-five days (45)
13 from the effectivity of this Act, the DA-National Corn Program shall, in coordination
14 with BPI, PHILMECH, ATI, TESDA, CDA, DBM, DTI, NEDA, DOF, DBP, LBP, PSA, and
15 other government agencies concerned, shall coordinate with government agencies
16 concerned formulate the rules and regulations for the proper implementation of this
17 Act.

18 Sec. 13. *Separability Clause.* – If any portion or provision of this Act is
19 declared unconstitutional or invalid, the remainder of this Act or any provisions
20 hereof not affected thereby shall continue to be in force and effect.

21 Sec. 14. *Repealing Clause.* – Any law, presidential decree or issuance,
22 executive order, letter of instruction, rule or regulation inconsistent or contrary to
23 the provisions of this Act is hereby repealed or modified accordingly.

24 Sec. 15. *Effectivity.* – This Act shall take effect after fifteen (15) days
25 following its complete publication in the Official Gazette or a newspaper of general
26 circulation.

27 Approved.