

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

'22 JUL 12 P4:55

SENATE

RECEIVED BY: 

S.B. No. 415

Introduced by **SENATOR IMEE R. MARCOS**

AN ACT
AMENDING PRESIDENTIAL DECREE NO. 194, OTHERWISE
KNOWN AS THE "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", AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Section 20, Article II of the 1987 Constitution provides that, "*The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentive to needed investments.*"

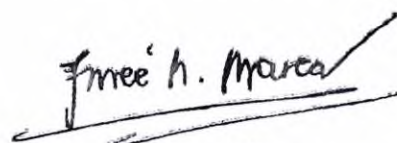
Republic Act No. 11203 otherwise known as "*An Act Liberalizing the Importation, Exportation and Trading of Rice*" was signed into law by the President on 14 February 2019. The law liberalized the rice sector by repealing quantitative import restrictions, allowing the private sector to import rice subject to existing tariff rates, as defined by the World Trade Organization Agreement on Agriculture and the ASEAN Trade in Goods Agreement. Further, the law removed the quantitative export restrictions, as well.

While the importation of rice has been liberalized, the local supply chain remains restrictive as far as foreign investments are concerned. Section 5 of P.D. 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) mandates foreigners engaged in the rice and corn industry to divest after a time period to be established by the National Food Authority (NFA). In accordance to this, the NFA issued NFA Council Resolution No. 193 s. 1998, which mandates foreign investors to divest a minimum of sixty percent (60%) of their equity to Filipino citizens within a 30-year period from the start of operations. Such limitation reduces the

amount of investment available to the rice and corn industry and accounts for underinvestment in the sector, particularly in post-harvest facilities.

This bill seeks to address under-investment in the rice and corn industry by deleting Section 5 of P.D. No. 194, thereby allowing foreigners to participate in the rice and corn industry similar to how foreigners are allowed to participate in other industries not included in the Foreign Investment Negative List, among others.

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

A handwritten signature in black ink that reads "Imee R. Marcos". The signature is written in a cursive style and is positioned above a horizontal line.

IMEE R. MARCOS

'22 JUL 12 P 4:55

SENATE

S.B. No. 415

RECEIVED BY



Introduced by **SENATOR IMEE R. MARCOS**

AN ACT
AMENDING PRESIDENTIAL DECREE NO. 194, OTHERWISE
KNOWN AS THE "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", AND FOR OTHER PURPOSES

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

SECTION 1. Section 3 of Presidential Decree No. 194 is hereby deleted:

~~[Sec. 3. The National Grains Authority may authorize the alien or business organization mentioned in Section 1 hereof to engage in the rice and/or corn industry, subject to the following conditions:~~

~~a. The National Grains Authority shall certify that there is an urgent need for foreign investment in the undertaking and that the same will not pose a clear and present danger of promoting monopolies or combination in restraint of trade.~~

~~b. The alien, association, corporation or partnership shall have the necessary financial capability and technical competence.~~

~~c. The alien, association, corporation or partnership shall submit a development plan acceptable to the National Grains Authority.]~~

SEC. 2. Section 4 of Presidential Decree No. 194 is hereby deleted:

~~[Sec. 4. A minimum total investment in the undertaking shall be established from time to time by the National Grains Authority.]~~

SEC. 3. Section 5 of Presidential Decree No. 194 is hereby deleted:

~~[Section 5. In connection with the foreign equity participation, at least 60% thereof shall be transferred to Filipino citizens over a period to be established by the National Grains Authority at the time of approval~~

1 of its authority to engage in the industry, or phase out its operation
2 within the same period.]

3 **SEC. 4.** Section 7 of Presidential Decree No. 194 is hereby deleted:

4 [~~Sec. 7. The National Grains Authority shall impose such other~~
5 ~~reasonable conditions as may be deemed necessary~~]

6 **SEC. 5.** Section 8 of Presidential Decree No. 194 is hereby amended to read as
7 follows:

8 "Section 8. The [~~National Grains Authority~~] **DEPARTMENT OF**
9 **AGRICULTURE**, in coordination with the Department of [~~Agriculture~~]
10 **ENVIRONMENT** and Natural Resources, **DEPARTMENT OF TRADE**
11 **AND INDUSTRY**, and other offices concerned shall issue such rules
12 and regulations as may be necessary to the implementation of the
13 provisions of this Decree."

14 **SEC. 6.** The remaining provisions of Presidential Decree No. 194 shall be
15 renumbered accordingly.

16
17 **SEC. 7. Repealing Clause.** – All laws, decrees, orders, rules and regulations or
18 other issuances or parts thereof inconsistent with the provisions of this Act are hereby
19 repealed or modified accordingly.

20
21 **SEC. 8. Separability Clause.** – If any portion or provision of this Act is declared
22 unconstitutional, the remainder of this Act or any provision not affected thereby shall
23 remain in force and effect.

24
25 **SEC. 9. Effectivity.** – This Act shall take effect after fifteen (15) days following
26 the completion of its publication either in the Official Gazette or in a newspaper of
27 general circulation in the Philippines.

Approved,