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

RECEIVED BY: 

SENATE

S. No. 586

Introduced by Senator Antonio "Sonny" F. Trillanes IV

AN ACT
ESTABLISHING A FARM MACHINERY MANUFACTURING PROGRAM AND
APPROPRIATING FUNDS THEREFOR

EXPLANATORY NOTE

Industrialization is a key to a nation's progress. However, it is not only limited to business enterprises and factories, but also to agriculture. Our country, though primarily an agricultural-based economy, is still left behind in terms of production due to lack of modern farm equipment that other agricultural countries have been already using.

The experience of countries that have agriculturally-based economies flourished through planning on a concurrent industrial development program. The strategy has paid-off and catapulted countries like Taiwan, Korea and Japan into the First World.

A comprehensive program that can introduce mechanized farming to boost production is imperative. Through the Farm Machinery Manufacturing Program, this idea could be achieved. With this, local manufacturers will be encouraged to enter into a joint venture with foreign companies that will assist and train them, with the view of enabling them to maximize the utilization of local materials in the products.


In view of the foregoing, this bill is earnestly recommended.


ANTONIO "SONNY" F. TRILLANES IV
Senator



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

1 **SECTION 1.** This Act shall be known as the "*Farm Machinery Manufacturing*
2 *Program (FMMP) Act of 2016*".

3
4 **SEC. 2.** The following are the objectives of the FMMP:

- 5
6 a) Development of a viable farm machineries manufacturing industry;
7
8 b) Technology transfer and development;
9
10 c) Employment generation;
11
12 d) Provide reasonable consumer price of farm machineries; and
13
14 e) Foreign exchange savings and earnings.

15
16 **SEC. 3.** The Department of Trade and Industry (DTI), through the Board of
17 Investment (BOI), shall be responsible for the effective implementation of this program.

18
19 **SEC. 4.** After the approval of this Act, applications for the registration as participant
20 in the FMMP together with the commitment of the applicants shall be submitted to the BOI
21 within thirty (30) days. The BOI shall decide on the acceptance or rejection of the
22 applications with thirty (30) days from submission, based on commitments which shall form
23 part of the terms and conditions for their continued participation.

24
25 Approved participants shall be issued a Certificate of Registration by the BOI and
26 shall not comply with the terms and conditions provided with the Contract.

27
28 The Certificate of Registration shall contain the commitments made by the proponents
29 in their proposals.

30

1 **SEC 5.** Farm machinery models and variants shall be registered and approved by the
2 BOI prior to its manufacture.

3
4 The following criteria shall be considered in defining a model:

- 5
6 a) body configuration;
7
8 b) engine family / size; and
9
10 c) drive line configuration.

11
12 A change in any two of the criteria from the basic models shall constitute a new basic
13 mode. A variant is delivered from the basic model but the change in any one of the criteria:
14

15 The number of basic models and variants that a participant may have shall be
16 maximum of three (3) basic models and two (2) variants for each models unless otherwise
17 decided by the BOI.
18

19 The basic models and variants shall be retained by the participants for over a
20 maximum period of five (5) years in the Philippines, unless otherwise authorized by the BOI,
21 taking into account the capability of the local components and parts manufacturing industry.
22

23 **SEC. 6.** Increase use of local components over and above the prescribed local content
24 percentages shall be encouraged by an incentive scheme.
25

26 **SEC. 7.** The BOI shall promulgate the rules and regulations necessary for the
27 effective implementation of this Act.
28

29 **SEC. 8.** All privileges and exemptions mentioned in Republic Act 6135 otherwise
30 known as the Export Incentives Act of 1970 shall be extended to all Program participants.
31

32 **SEC. 9.** The amount necessary for the effective implementation of this Act shall be
33 charged to the appropriations for the Department of Trade and Industry under the current
34 General Appropriations Act (GAA). Thereafter, such sum as may be necessary for the
35 continued implementation of this Act shall be included in the annual GAA.
36

37 **SEC. 10.** This Act shall take effect fifteen (15) days after its complete publication in
38 at least two (2) national newspapers of general circulation.

Approved,