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TITLE 5

TRADE AND FISCAL INCENTIVES

SEC. 108. Taxation policies must not deter the growth of value adding activities in the rural areas.

SEC. 109. All enterprises engaged in agriculture and fisheries as duly certified by the Department in consultation with the Department of Finance and the Board of Investment, shall, for five (5) years after the effectivity of this Act, be exempted from the payment of tariff and duties for the importation of all types of agriculture and fisheries inputs, equipment and machinery such as, but not limited to, fertilizer, insecticide, pesticide, tractor, trailers, trucks, farm implements and machinery, harvesters, threshers, hybrid seeds, genetic materials, sprayers, packaging machinery and materials, bulk-handling facilities such as conveyors and mini loaders, weighing scales, harvesting equipment, spare parts of all agricultural equipment, fishing equipment and parts thereof, refrigeration equipment and renewable energy systems such as solar panels:

Provided, however, That the imported agricultural and fishery inputs, equipment and machinery shall be for the exclusive use of the importing enterprise.

The Department, in consultation with the Department of Finance and the Board of Investment, shall, within ninety (90) days from the affectivity of this Act, formulate the implementing rules and regulations governing the importation of agriculture and fishery inputs, equipment and machinery.

SEC. 110. Any person, partnership, corporation, association and other juridical entity found circumventing the provisions of Section 109 of this Act shall suffer the penalty of imprisonment for a period of not less than six (6) months but not more than one (1) year, or a fine equivalent to two hundred percent (200%) of the value of the imported materials or both, at the discretion of the court, and the accessory penalties of confiscation of the imported goods in favor of the government and revocation of the privileges given under this title.

In cases where the violator is a juridical entity, the officers responsible in the violation of Section 109 shall suffer the penalty of imprisonment prescribed in this section.

The importation of goods equivalent to or exceeding the declared assets of the enterprise, partnership or the authorized capital stock in case of corporations, and/or the resale of imported goods shall be a prima facie evidence of the violation of the provisions of Section 109 of this Act.

GENERAL PROVISIONS

SEC. 111. *Initial Appropriation.* - For the first year of implementation of this Act, the amount of Twenty billion pesos (P 20,000,000,000.00) is hereby appropriated. The Department is hereby authorized to re-align its appropriations in the current year of the date of effectivity of this Act to conform with the requirements of this Act: Provided, That the amount shall be allocated and disbursed as follows:

- 1.) Thirty percent (30%) for irrigation;
- 2.) Ten percent (10%) for post-harvest facilities: Provided, That the Secretary of Agriculture may invest up to fifty percent (50%) of the said amount to fund post-harvest, facilities of cooperatives, especially market vendors' cooperatives, where said cooperatives exist and are operational: Provided, further, That if no cooperatives are operational, said amount shall fund the post-harvest facilities of the market-assistance system;
- 3.) Ten percent (10%) for other infrastructure including fishports, seaports, and airports, farm-and-coast-to-market roads, rural energy, communications infrastructure, watershed rehabilitation, water supply system, research and technology infrastructure, public markets and abattoirs;
- 4.) Ten percent (10%) for the Agro-industry Modernization Credit and Financing Program (AMCFP) to be deposited by the Department in participating rural-based public and private financial institutions provided that no less than fifty percent (50%) of said funds shall be deposited in rural banks and cooperative banks;
- 5.) Eight percent (8%) for the implementation of the Farmer-Fisherfolk Marketing Assistance System and support of market vendors' cooperatives.
- 6.) Ten percent (10%) for research and development, four percent (4%) of which shall be used to support the Biotechnology Program;
- 7.) Five percent (5%) for capability-building of farmers and fisherfolk organizations and LGUs for the effective implementation of the agriculture and fisheries programs at the local level;
- 8.) Six percent (6%) for salary supplement of Extension Workers under the LGUs;
- 9.) Five percent (5%) for NAFES, for the upgrading of the facilities of State Universities and Colleges that will be chosen as national centers of excellence in agriculture and fisheries education;
- 10.) Four percent (4%) for the National Information Network (NIN) consisting of both the national and local levels;

11.) One-and-three-fourth percent (1.75%) for SUC and TESDA administered Rural Non-Farm Employment Training; and

12.) One fourth percent (0.25%) for the identification of the SAFDZs.

SEC. 112. *Continuing Appropriation.* - The Department of Budget and Management (DBM) is hereby mandated to include annually in the next six (6) years, in the President's program of expenditures for submission to Congress and release an amount not less than Seventeen billion pesos (P17,000,000,000.00), for implementation of this Act.

Additional funds over and above the regular yearly budget of the Department shall be sourced from twenty percent (20%) of the proceeds of the securitization of government assets, including the Subic, Clark and other special economic zones.

Other sources of funds shall be from the following:

- a.) Fifty Percent (50%) of the net earnings of the Public Estates Authority;
- b.) Loans, grants, bequest, or donations, whether from local or foreign sources;
- c.) Forty percent (40%) of the TESDA Skills Development Fund;
- d.) Net proceeds from the privatization of the Food Terminal, Inc. (FTI), the Bureau of Animal Industry (BAI), the Bureau of Plant Industry (BPI) and other assets of the Department that will be identified by the DA Secretary and recommended to the President for privatization;
- e.) Proceeds from the Minimum Access Volume (MAV) in accordance with the provisions of Republic Act No. 8178;
- f.) Poverty Alleviation Fund; and
- g.) Fifty percent (50%) of the Support Facilities and Services Fund under Republic Act No. 6657.

SEC. 113. *Implementing Rules and Regulations.* - The Secretary, within ninety (90) working days after the effectivity of this Act, together with the Department of Agrarian Reform (DAR), Department of Environment and Natural Resources (DENR), Department of Finance (DOF), Department of Science and Technology (DOST), Department of Trade and Industry (DTI), Commission on Higher Education (CHED), Technical Education and Skills Development Authority (TESDA), Department of Education, Culture and Sports (DECS), Department of Social Services and Development (DSSD), National Economic and Development Authority (NEDA), Department of Budget and Management (DBM), Department of Labor and Employment (DOLE), Commission on Audit (COA), Civil Service Commission (CSC), in consultation with other agencies concerned, farmers, fisherfolk and agri-business organizations, and in coordination with the Congressional Oversight Committee on Agriculture and Fisheries Modernization, shall promulgate the rules and regulations for the effective implementation of this Act.

The Secretary shall submit to the Committee on Agriculture of both Houses of Congress copies of the implementing rules and regulations within thirty (30) days after their promulgation.

Any violation of this section shall render the official/s concerned liable under Republic Act No. 6713 otherwise known as the "Code of Conduct and Ethical Standards for Public Officials and Employees" and other existing administrative and/or criminal laws.

SEC. 114. *Congressional Oversight Committee on Agricultural and Fisheries Modernization.* - A Congressional Oversight Committee on Agricultural and Fisheries Modernization is hereby created to be composed of the Chairs of the Committee on Agriculture on both Houses, six (6) members of the House of Representatives and six (6) members of the Senate, to be designated respectively by the Speaker of the House and the President of the Senate, who shall endeavor to have the various sectors and regions of the country represented.

The Chairs of the Committees on Agriculture in the Senate and House of Representatives, shall be, respectively, the Chair and Co-Chair of the Oversight Committee. The other members shall receive no compensation; however, traveling and other necessary expenses shall be allowed.

The Committee shall oversee and monitor the implementation of the Congressional Commission on Agricultural Modernization (AGRICOM) recommendations as well as all programs, projects and activities related to agriculture and fisheries, and its allied concerns in both public and private sectors, with a view to providing all legislative support and assistance within the powers of Congress to ensure their inclusion, wherever feasible, in the national, regional, provincial, municipal, and sectoral development plans, to recommend the disposal of assets no longer needed by the Department to fund the modernization program, and to see them through their successful implementation.

SEC. 115. *Powers and Function of the Committee.* - The Congressional Oversight Committee on Agriculture and Fisheries Modernization shall have the following powers and functions:

- a.) Prescribe and adopt guidelines that will govern its work;
- b.) Hold hearings, receive testimonies and reports pertinent to its specified concerns;
- c.) Secure from any department, bureau, office or instrumentality of the Government such assistance as may be needed, including technical information, preparation and production of reports and submission of recommendations or plans as it may require;

d.) Summon by subpoena any public or private citizen to testify before it, or require by subpoena duces tecum to produce before it such records reports or other documents as may be necessary in the performance of its functions;

e.) Use resource persons from public and private sectors as may be needed;

f.) Carry on the winding-up work of AGRICOM, such as editing and printing all technical reports and studies as well as bibliographic cataloguing of its collection of source materials, continue its information and advocacy work;

g.) Cause to be transferred to the Committee all works, outputs, source materials and assets, funds, supplies and equipment of AGRICOM;

h.) Approve the budget for the work of the Committee and all disbursement therefrom, including compensation of all personnel;

i.) Organize its staff and hire and appoint such employees and personnel whether temporary, contractual or on consultancy, subject to applicable rules; and

j.) Generally, to exercise all the powers necessary to attain the purposes for which it is created.

SEC. 116. *Periodic Reports.* - The Committee shall submit periodic reports on its findings and make recommendations on actions to be taken by Congress and the appropriate departments, and that in order to carry out the objectives of this Act, an initial amount of Twenty million pesos (P20,000,000.00) is hereby appropriated for the Oversight Committee for the first year of its operation.

SEC. 117. *Automatic Review.* - Every five (5) years after the effectivity of this Act, an independent review panel composed of experts to be appointed by the President shall review the policies and programs in the Agriculture and Fisheries Modernization Act and shall make recommendations, based on its findings, to the President and to both Houses of Congress.

SEC. 118. *Repealing Clause.* - All laws, decrees, executive issuance, rules and regulations inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 119. *Separability Clause.* - The provisions of this Act are hereby declared to be separable, and in the event one or more of such provisions are held unconstitutional, the validity of the other provisions shall not be affected thereby.

SEC. 120. *Effectivity.* - This Act shall take effect thirty (30) days from the date of its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

This Act, which is a consolidation of Separate Bill No. 2245 and House Bill No. 2 was finally passed by the Senate and the House of Representatives on December 15, 1997 and December 16, 1997, respectively.

Approved,

JOSE DE VENECIA, JR.

*Speaker of the House
of Representatives*

ERNESTO M. MACEDA

President of the Senate

The Act, which is a consolidation of Senate Bill No. 2245 and House Bill No.2 was finally passed by the Senate and the House of Representatives on December 15, 1997 and December 16, 1997, respectively.

ROBERTO P. NAZARENO

*Secretary General
House of the Representatives*

LORENZO E. LEYNES, JR.

Secretary of the Senate

Approved.

FIDEL V. RAMOS

President of the Philippines