

Title: **Purina Philippines, Inc. vs. Hon. Waldo Q. Flores and National Food Authority**

Facts:

Purina Philippines, Inc. (Purina), a corporation with 100% foreign equity, was registered to manufacture animal feeds, a process involving the use of corn as a raw material. The National Food Authority (NFA) mandated Purina to acquire a warehouse license for corn storage in 1995. Subsequent legal impediments related to Purina's foreign equity led to the refusal of NFA to grant the license. Despite requests for clarification and provisional authority to continue business, the NFA insisted on compliance with the 40% foreign equity limitation under Presidential Decree No. 194.

Purina's appeals to the Secretary of Agriculture and later to the Office of the President (OP) were unsuccessful. The OP decision, which reinforced NFA's stance, was contested at the Court of Appeals (CA), which upheld the OP and NFA's rulings. The CA's decision was further affirmed by the Supreme Court in this petition for review.

Issues:

The core issue deliberated by the Supreme Court was whether Purina is engaged in the corn industry, making it subject to the 40% foreign equity limitation under Philippine law.

Court's Decision:

The Supreme Court affirmed the CA and OP's decisions, stating that Purina, through its purchase, storage, and use of corn for animal feed production, is engaged in the corn industry as defined under Republic Act No. 3018 and further detailed in Presidential Decree No. 194. The decisions of both the CA and OP align with the legal framework set forth, which narrows the equity participation of foreign entities in the corn industry.

Doctrine:

The decision reaffirmed the interpretation of "engagement" in the corn industry to include the acquisition, storage, and use of corn as raw materials in manufacturing processes, thereby requiring compliance with the 40% foreign equity limit for corporations engaged in such activities under Presidential Decree No. 194.

Class Notes:

- **Definition of Engagement in Corn Industry**: Involves the acquisition, storage, and utilization of corn as raw material in manufacturing, necessitating adherence to the 40% foreign equity restriction.
- **Presidential Decree No. 194**: Specifies the legal framework for foreign equity

participation in the rice and corn industry in the Philippines.

- **Republic Act No. 3018**: Outlines restrictions on foreign entities engaging in the rice and corn industry to protect domestic interests.
- **Procedural Posture**: Demonstrates the journey of a case from administrative bodies (NFA and OP) through judicial review (CA and Supreme Court), highlighting the appellate process within the context of Philippine law.
- **Application and Interpretation of Law**: Displays how statutes are applied to specific industry practices, particularly with regard to foreign investment in protected sectors.

Historical Background:

This case rests within the broader context of the Philippine government's efforts to nationalize and protect the rice and corn industry from foreign control, as manifest in the enacting of legislations like R.A. 3018 and P.D. 194. The transition of regulatory oversight from R.A. 3018 to P.D. 194 exemplified the government's shifting attitude towards foreign investment in the agricultural sector, balancing the encouragement of such investments with the safeguarding of national interests.