

RULES AND REGULATIONS FOR IMPLEMENTING SECTION 11 OF R.A. 6657 ON COMMERCIAL FARMING

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The following Rules and Regulations are hereby promulgated to implement Section 11 of R.A. 6657 for the guidance of all concerned:

SECTION 1. Coverage . — These Rules and Regulations cover the following:

Crops — Commercial farms which are private agricultural lands devoted to livestock, poultry and swine raising, aquaculture including saltbeds, fishponds and prawnponds, fruit farms and orchards; vegetables and cutflower farms, cacao, coffee and rubber plantations (as enumerated in Annex A)

Area — Farm areas in excess of the retention limit prescribed in Section 6 of R.A. 6657 and owned/operated by corporations, single individuals/proprietorships or partnerships.

SECTION 2. Definition of Terms . — The terms used in these Rules and Regulations are defined as follows:

Farm — any parcel or parcels of land used wholly or partly or agricultural operation and operated as one technical unit by one person alone or with others under one management. and where the financial resources needed for the operation of said farms come from the same management.

Intercrop — The method of growing crops on the same parcel of land in between another crop in a more or less systematic method, i.e., in between rows of the other crop.

Gestation period — the period beginning from the time the crop/commodity is first planted or raised until the time the crops bear fruit or produce are harvested.

Start of commercial production — the time immediately after the end of the gestation period or once the crops bear fruit or produce are harvested.

Deferment period — the ten-year period counted from the start of commercial production.

SECTION 3. Criteria/Qualifications For Deferment From CARP Coverage Under Section 11 of R.A. 6657. — To qualify for deferment from acquisition and distribution by DAR in accordance with the phasing prescribed in Section 7 of R.A. 6657, and consequently to qualify deferment from CARP coverage under Section 11 of R.A. 6657 commercial farms shall meet the following conditions:

A. the farm should already be planted to commercial crops or devoted to commercial farming operations before June 15, 1988;

B. the farm should meet the criteria set in Annex A of these Rules and Regulations; and

C. the farm shall be applied for deferment with DAR and the same is approved by DAR.

SECTION 4. Application and Time of Filing . — A landowner shall file with DAR a Sworn Declaration that his farm is commercial shall apply for deferment not later than sixty (60) days after the effectivity of these Rules and Regulations.

DAR may approve the application and grant the deferment upon the proper validation verification of the Sworn Declaration of the landowner and after due hearing with the potential beneficiaries.

SECTION 5. Determination of Deferment Period . — Deferment period for qualified commercial farms shall be as follows:

A. For commercial farms already in commercial production and operation as of June 15, 1988, the deferment period immediately begins as of that date and ends on June 15, 1988. The farm shall then be subject to compulsory land acquisition and distribution by DAR after June 15, 1998.

B. For commercial farms established before June 15, 1988, but which are not yet in commercial production and operation, the ten year deferment period shall begin from the first year of commercial production and operation or at the end of the gestation period for that crop or commodity. The allowable gestation period for specific commercial crops/commodities are listed Annex A.

C. In case of multi-crop farms (i.e., one large farm divided into several areas, each planted or devoted to different crops), the areas which are already in commercial production and operation shall follow the deferment period prescribed in Section 5.A above while areas which are not yet in commercial production and operation shall follow Section 5.B above.

D. Where a commercial crop is intercropped with another commercial crop, the ten (10) year period shall be based on the main crop or the crop most prevalent in that farm area.

E. In case of areas with varying crop ages, the ten (10) year period shall be based on the most prevalent age group in that area.

SECTION 6. Production and Profit Sharing Scheme . — The provisions of Section 32 (Production and Profit Sharing) of R.A. 6657 and PARC shall apply to commercial farms.

For commercial farms existing as of June 15, 1988, and qualified for ten (10) year deferment period, the effectivity date of the Rules and Regulations on Section 32 of R.A. 6657 shall apply. For farms not yet in commercial production or operation, the effectivity of said Rules and Regulations shall start once their deferment period begins.

SECTION 7. DAR Activities During the Deferment Period. — During the ten (10) year deferment period, the government shall initiate the steps necessary to acquire the lands covered by these Rules and Regulations upon payment of just compensation for the land and improvements thereon, preferably in favor of organized cooperatives or associations, which shall thereafter manage the said lands for the workers/beneficiaries. Final land transfer to the beneficiaries shall be effected at the end of the deferment period.

SECTION 8. Implementation and Monitoring . — Upon the effectivity of these Rules and Regulations, DAR shall conduct an information campaign at the municipal level informing the public on the provisions of the Rules and Regulations and the prescribed application period.

Landowner-applicants shall file their application for deferment with the Municipal Agrarian Reform Officer (MARO) of the municipality where the farm is located. Validation or verification of the applications and hearings with the potential beneficiaries shall thereafter be conducted by the MARO.

DAR shall issue to the landowner-applicant, upon approval of his application, an Order of Deferment signed by the Regional Director. The DAR Regional Office shall maintain records of the landowner-applicants' operations to monitor compliance with these Rules and Regulations.

For landowners affected by Section 32 of R.A. 6657, the reporting requirements stipulated in the approved

Guidelines for Production and Income Sharing shall also apply.

For these purposes, the landowner shall make available to DAR his premises for ocular inspection, his personnel for interview and his records for examination during normal business hours.

SECTION 9. Redistribution of Commercial Farms Cancelled from Deferment from CARP Coverage — If DAR determines that the purpose for which the deferment from CARP coverage no longer exists, e.g., the particular farm area ceases to be commercially productive, the ten (10) year period is automatically terminated and the land shall be subject to immediate acquisition and distribution to the beneficiaries.

In cases where the crop/commodity raised or planted in the area is destroyed by force majeure and the farm owner wishes to replenish said crop/commodity, DAR may continue to grant the deferment provided that the following conditions are present:

- A. The landowner can immediately resume commercial operations:
- B. The employment status of the workers/beneficiaries is not affected; and
- C. The ten (10) year deferment period is not extended.

SECTION 10. Valuation of Commercial Farms Already Subject to Distribution to Qualified Beneficiaries . — Just compensation for the land and improvements thereon, and other factors provided for in Section 17 of R.A. 6657, will be considered in valuating commercial farms already subject to land distribution.

SECTION 11. Penalties . — Should it be proven that the landowner filed fraudulent declarations and/or that there was clear intent to circumvent the law, all agricultural landholdings of the landowner shall be subject to immediate acquisition and distribution by DAR without prejudice to the application of Section 74 of R.A. 6657 on Penalties.

SECTION 12. Reservation Clause . — Nothing herein shall be construed as precluding the Presidential Agrarian Reform Council (PARC) and/or the DAR from prescribing other requirements.

SECTION 13. Separability Clause . — If, for any reason, any section or provision of these Rules and Regulations is declared null and void, no other section, provision or part thereof shall be affected and the same shall remain in full force and effect.

SECTION 14. Effectivity Clause . — This Order shall take effect ten (10) days after publication in two (2) national newspapers of general circulation pursuant to Section 49 of R.A. 6657.

Adopted: 3 Jan. 1989

(SGD.) PHILIP ELLA JUICO
Secretary

Effective: 21 January 1990

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