

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

PRESIDENTIAL DECREE NO. 194, May 17, 1973

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WHEREAS, Republic Act No. 3018 was enacted into law in 1960 to nationalize the rice and corn industry;

WHEREAS, after thirteen (13) years of operation, the law has to a great extent succeeded in transferring the rice and corn industry in all its aspects to Filipinos and Filipino-owned entities;

WHEREAS, the existing law has created artificial restraints in the national effort to develop the rice and corn industry;

WHEREAS, it is imperative to lift the prohibition especially in cases where grains, including rice and corn and/or by-products thereof, are used for direct consumption or as raw materials in the manufacture or processing of their finished products; and

WHEREAS, there is need to encourage foreign investment on a large scale to develop virgin lands for rice and corn;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines and pursuant to Proclamation No. 1081, dated September 21, 1972, and General Order No. 1, dated September 22, 1972, as amended, do hereby order and decree:

SECTION 1. An alien, association, partnership or corporation, owned in whole or in part by Foreigners, may engage in the rice and/or com industry.

SEC. 2. As used in this Decree, the term "rice and/or corn industry" shall include the following activities:

- a. Acquiring by barter, purchase or otherwise, rice and com and/or the by-products thereof, to the extent of their raw material requirements when these are used as raw materials in the manufacture or processing of their finished products.
- b. Engaging in the culture, production, milling, processing and trading, except retailing, of rice and corn: Provided, That the designation of the area in the culture and production, as well as the trading of the produce in the domestic or foreign markets, shall be under the direction and control of the National Grains Authority.

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 combinations 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. 4. A minimum total investment in the undertaking shall be established from time to time by the National Grains Authority.

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

SEC. 6. The alien, association, corporation or partnership shall register with the Securities and Exchange Commission and the Board of Investments.

SEC. 7. The National Grains Authority shall impose such other reasonable conditions as may be deemed necessary.

SEC. 8. The National Grains Authority in coordination with the Department of Agriculture and Natural Resources and other offices concerned shall issue such rules and regulations as may be necessary to the implementation of the provisions of this Decree.

SEC. 9. Any violation of this Decree or of the rules or regulations issued pursuant thereto shall be punished with a fine of not less than ten thousand pesos and not more than twenty-five thousand pesos and imprisonment of not less than five years and not more than ten years. If the violation is committed by a corporation or association, the penalty shall be imposed upon the president, director or directors, manager, managing partner, or other official thereof responsible for such violation. Any alien violating or responsible for such violation of this Act shall, upon completion of the service of sentence, be deported without any further proceedings on the part of the Deportation Board. Any government official or employee who aids, abets or connives with any person in violating this Act shall, in addition to the penalty which may be imposed upon him as a principal, be perpetually disqualified from holding any public office.

SEC. 10. All laws, executive orders and regulations inconsistent with the provisions of this Decree are hereby repealed.

SEC. 11. This Decree shall take effect upon its approval.

Done in the City of Manila, this 17th day of May, in the year of Our Lord, nineteen hundred and seventy-three.

(Sgd.) FERDINAND E. MARCOS

President

Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR

Executive Secretary

In order to facilitate the implementation of this Presidential Decree No. 194, the National Grains Authority issued Resolution No. 60, dated June 11, 1973, prescribing the rules and regulations.

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