



**PAMBANSANG  
PANGASIWAAN  
SA PAGKAIN**

NATIONAL FOOD AUTHORITY

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**IMPORTANT FEATURES OF P.D. 194 AND THE GUIDELINES REQUIRED IN THE  
DIVESTMENT OF FOREIGN EQUITY**

**A. P.D. 194**

**Section 1.** An alien association, partnership or corporation owned in whole or in part by foreign may engage in the rice and/or corn industry.

**Section 3.** The National Grains Authority may authorize the alien or business organization mentioned in Section I 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 combination 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 and partnership shall submit a development plan acceptable to the National Grains Authority.

**Section 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.

**B. Guidelines in the Divestment of Foreign Equity as Required by P.D. 194**

The NFA Council through its Resolution No. 193-98 issued on May 27, 1998 approved a 30-year divestment period for the divestment of 60% of foreign investors' equity participation in the rice and corn business subject to the following guidelines:

1. Single proprietorship must register with the Bureau of Trade Regulation and Consumer Protection (BTRCP) of the Department of Trade and Industry (DTI) and submit the Certificate of Registration thereof;

2. **Association, corporation or partnership** must register with the **Securities and Exchange Commission (SEC)** and submit the Certificate of Registration thereof;
3. The alien, association, corporation or partnership **seeking to avail of incentives** under the Omnibus Investment Code of 1987 must **apply for registration with the Board of Investments (BOI)** and submit a Certificate of Registration;
4. The alien, association, corporation or partnership shall comply and submit, in addition to the documentary and facility requirements required for licensing under the NFA Act (P.D.) 4 and P.D. 194 **an Undertaking executed by the Board of Directors through a Board Resolution in case of corporation/association, and by the partners in case of partnership, certifying that it obligates itself to attain the status of a Philippine National, which shall mean that the foreign ownership of the enterprise, shall be limited to a maximum of forty percent (40%) of its equity capital at the end of thirty (30) years from actual operation of business; and**
5. Filing of the **application for license of non-Philippine nationals** shall be **decentralized to the NFA provincial offices nationwide.**