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ADMINISTRATIVE ORDER

NO. 11

Series of 1988 10/11/88

SUBJECT : Guidelines and Procedures Governing Multinational Corporations Under Section 8 of Republic Act No. 6657 Otherwise Known As Comprehensive Agrarian Reform Law of 1988

Implementing Section 8 of Republic Act No. 6657, the following guidelines and procedures are hereby promulgated for the guidance of all concerned:

Section 1. - Definition of terms -

Multinational Corporation (MNC) - an international or transnational corporation with headquarters in one country but has branch offices in a wide range of both developed and developing countries. Examples: Dole, Del Monte, General Motors, Coca-cola, Firestone, Philips, Renault, British Petroleum, etc.

Government Lands - include both public lands and other lands of the government already reserved or devoted to public use or subject to private rights.

Public Domain - lands to which government has proprietary rights.

Private Agricultural Lands - lands devoted to agricultural activities and are under the effective control and disposition of natural or juridical persons.

Agri-business - the sum total of all operations involved in the manufacture and distribution of farm supplies; production activities on the farm; and the storage, processing, and distribution of farm commodities and items made from them." Agri-business, therefore, include all activities involved in growing agricultural produce and making them readily usable by consumers.

Agro-industrial enterprises - covers enterprises that process farm products into final consumer goods (such as food and clothing) and into industrial raw materials.

Section 2. - **Coverage** - All multinational corporations or associations with lease, management, grower or service contracts:

a) on lands of the public domain, and other lands, owned by the government or by government owned or government controlled corporations, devoted to existing and operational agri-business agro-industrial, and agricultural enterprises; and

b) on lands, owned by private non-governmental corporations, associations, institutions, entities, and citizens of the Philippines, devoted to agricultural activities.

Section 3. - **Schedule for Acquisition and Distribution** - The DAR shall plan and program the acquisition and distribution of lands leased, held or possessed by the multinational corporations or associations in accordance with the following schedule:

Schedule One: All lands of the public domain and other lands owned by the government or by government-owned or government controlled corporations, associations, institutions or entities leased or held by multinational corporations or associations or foreign individuals shall be acquired and distributed immediately upon the effectivity of R.A 6657, with the implementation to be completed within three (3) years;

Schedule Two: Lands owned by private individuals and private non-governmental corporations, associations, institutions and entities, shall be subject to immediate compulsory acquisition and distribution upon the expiration of the lease, management or grower or service contract or August 29, 1992 whichever comes sooner subject to the phasing mentioned in Section 7 of R.A. 6657. However, the Government, during the effectivity of the lease contracts, shall take steps for the eventual acquisition and distribution of the lands.

Section 4. - Effectivity of Contracts - Lease, management, grower or service contracts on lands covered by Section 2 hereof shall be treated as follows:

1. Contracts on lands of the public domain and other lands owned by the government or by government owned or controlled corporations, associations, institutions or entities covering an aggregate area in excess of 1,000 hectares or in excess of 500 hectares, as the case may be, are ipso facto terminated as of June 15, 1988.

2. Contracts on lands mentioned in the preceding paragraph covering an area of 1,000 hectares and below and 500 hectares and below, as the case may be, shall be allowed to continue but not beyond August 29, 1992 or their valid termination, whichever comes sooner.

The agreements on these lands may continue even after the lands have been transferred to beneficiaries or awardees. The continuation of such agreements shall be confirmed by the appropriate government agency or DAR;

3. Contracts on lands owned by private individuals and private non-governmental corporations, associations, institutions, entities and citizens of the Philippines in effect as of August 29, 1987 shall remain valid until their expiration on August 29, 1992 or upon their valid termination, whichever comes sooner.

Contracts or agreements entered into after August 29, 1987 by the qualified beneficiaries or awardees on one hand and the MNC or association on the other, shall be valid provided the following conditions are met:

- i) The Phasing for acquisition and distribution of lands under Section 7 of R.A. 6657 is respected;
- ii) Such leases or contracts are registered with the Register of Deeds (ROD) and DAR within a period of three (3) months after the effectivity of R.A. 6657. Contracts entered into after June 15, 1988 shall likewise be registered with ROD and DAR within ninety (90) days from the execution of the same.
- iii) Lease rentals are acceptable to the qualified beneficiaries and are approved by DAR.

Section 5.- **Effects of the Production and Profit Sharing** - The provision of Section 32 of RA 6657 with regard to Production and Profit sharing shall apply to farms operated by multinational corporations.

Section 6. - **Registration** - Within ninety (90) days from the effectivity of RA 6657 (from June 15, 1988), the concerned parties or persons -- Lessees, Lessors -- are required to register with the Department of Agrarian Reform (DAR) and submit documents such as:

Multinational Corporations or Associations

- 6.1 Articles of Incorporation and By-Laws
- 6.2 License to Operate or Certificate of Incorporation
- 6.3 Copy of all lease, management, growers or service contracts covering all lands under Section 2 hereof.
- 6.4 Copy of land maps covered by the above contracts.
- 6.5 Employer's Quarterly Report showing the list of farmworkers (i.e., worker - beneficiaries)
- 6.6 Latest audited Financial Statements

Government Corporations/Lessees

- 6.7 List of agricultural lands leased, held or possessed by Multinational Corporations or associations, to include hectarage, place or site, lease rental and description of property.
- 6.8 Terms of lease, management, grower or service contracts

Section 7. **Penalties** - The provisions of Sections 73 and 74 with regards to Prohibited Acts and Omissions, and Penalties, respectively, shall apply to Multinational Corporations (MNC's) found to be violating the provisions of these rules.

Section 8. **Separability Clause** - If, for any reason, any section or provision of these Rules 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 9. **Effectivity Clause** - These Rules shall take effect ten (10) days after publication in two (2) national newspapers of general circulation.


PHILIP ELLA JUICO
Secretary