

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Eighteenth Congress
First Regular Session

HOUSE BILL NO. 3469



Introduced by Honorable Deogracias Victor "DV" B. Savellano

EXPLANATORY NOTE

There is a remarkable potential in the bamboo industry. Globally, the value of exports of bamboo and bamboo products is estimated to be US\$ 12 billion. Locally the reported value of exports of bamboo and bamboo products in 2014 was US\$ 10 million. Bamboo production and processing has provided direct and indirect employment to an estimated 190,000 people and these numbers can continue to climb, with the right support system in place for the industry.

Nonetheless, bamboo is only classified as a minor forest product by PD No. 750 otherwise known as the Revised Forestry Code. As a consequence of this classification, the main considerations and attention of the Department of Environment and Natural Resources (DENR) has been focused on timber and timber products, which is understandable because of timber's sizable economic contributions. With the destruction of our forests and the diminution of the supply of wood and wood products, there are attempts to fill the void with suitable substitutes such as bamboo.

Bamboo has always been an important construction material in the rural areas. Its versatility has found applications in many uses, from house construction, farm implements, kitchen utensils, furniture and handicrafts. Bamboo is also relatively cheap given its ubiquity and ready availability in the rural areas.

The research sector has been working on technologies to lengthen the service life of bamboo and has developed new bamboo products such as engineered bamboo, which can take the place of wood as panel products and for structural purposes. Today, furniture and handicraft manufacturers incorporate bamboo in the design of their products with amazing results, even attracting foreign buyers. Bamboo has also become a medium in carving and architects have designed structures entirely made of bamboo.

In the environment front, bamboo has been found to excellently reduce erosion. It is also capable of absorbing heavy metals in mined-out areas. Studies have also shown that it can sequester carbon dioxide of about 45% of its dry weight.

An important advantage to tree plantations is that there is a need to replant when trees in plantations are harvested. In contrast only mature culms are harvested from a clump of bamboo and if managed well, a clump of bamboo can continuously provide raw materials indefinitely.

With these developments and benefits, bamboo has been gaining popularity both locally and in foreign countries. Unfortunately there is no national program on bamboo industry development.

It is recognized in the industry that there is a general insufficiency of raw materials for which reason many enterprises on bamboo processing have closed down because of lack of raw materials, yet there is little initiative in bamboo plantation development. Support to reach and development is surely insufficient and product marketing is left generally to the private sector.

In order for the country to be more competitive in foreign markets, capture a sizeable portion of the global market, provide livelihood to rural communities, and take advantage of the environmental contributions of bamboo to rehabilitate degraded watersheds, sequester carbon dioxide, and assist in the mitigation of climate change, it is necessary to have an organized and well managed bamboo industry development program.

In view of the foregoing, the passage of this bill is earnestly sought.



DEOGRACIAS VICTOR "DV" B. SAVELLANO

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AN ACT
INSTITUTIONALIZING A PHILIPPINES BAMBOO INDUSTRY DEVELOPMENT PROGRAM

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Short Title. - This Act shall be known as the "Philippines Bamboo Industry Development Program Act of 2019."

SECTION 2. Declaration of Policy. - It is the policy of the State to promote and support industries that create and generate employment equally especially in the rural areas, reduce poverty, promote a sustainable environment, mitigate the impacts of climate change, and promote inclusive growth.

SECTION 3. Objectives. - The objectives of this Act are: (1) to promote the Philippine bamboo industry by providing a development program; (2) to discover and evolve technologies that involve bamboo; and (3) to provide incentives to investors.

SECTION 4. Definition of Terms. - For the purpose of this Act, the following terms shall refer to:

- (a) *Program* - The Philippine Bamboo Industry Development Program designed to promote competitiveness of the bamboo industry.
- (b) *Philippine Bamboo Industry Development Council (PBIDC)* - The Council established under EO No. 879 of 2010.
- (c) *Secretariat* - The Secretariat under the PBIDC established to provide assistance to the PBIDC Executive Committee created under EO No. 879 of 2010.

SECTION 5. Institutionalizing the Philippines Bamboo Industry Development Program (PBIDP). - There is hereby established and institutionalized a Philippine Bamboo Industry Development Program within the mandate of the Philippine Bamboo Industry Development Council (PBIDC) which was created under Executive Order No. 879 of 2010.

SECTION 6. Objectives of the Philippine Bamboo Industry Development Program. – The PBIDP aim to make the Philippine bamboo industry competitive in the local and global markets while providing opportunities for local employment and establishing bamboo-based community enterprises by:

- (a) Ensuring that the bamboo industry has sufficient quality raw materials;
- (b) Ensuring that the bamboo industry continuously receives from the research and development sector relevant technologies and new products;
- (c) Ensuring that the industry receives pertinent and accurate data from the PBIDC upon which the industry can make business decisions;
- (d) Promoting investment in bamboo industry by establishing bamboo plantations and establishing bamboo processing operations by providing substantial incentives to investors;
- (e) Providing skilled labor and manpower through continuous relevant capacity building;
- (f) Ensuring provision of locally manufactured machines of improved capacity and quality at competitive costs;
- (g) Ensuring markets of bamboo products locally and globally; and
- (h) Ensuring sustainable resources for implementing the bamboo industry development program.

SECTION 7. The Philippine Bamboo Industry Development Program. – The PBIDC through its strengthened Secretariat shall formulate a national bamboo industry development program through close participation of all stakeholders of the industry that includes producers of raw materials, processors and marketing and promotion service providers and concerned national agencies and local government units (LGUs). The program shall ensure that the objectives indicated in Section 6 of this Act can be achieved.

SECTION 8. Authority to generate resources for the implementation of the Program. – The PBIDC through its strengthened Secretariat is hereby authorized to accept donations from local and international donors and funding agencies and organizations to implement the Program.

SECTION 9. Support to the program by the League of Provinces and League of Municipalities – The League of Provinces and League of Municipalities are hereby directed to participate closely in the implementation of the Program through the establishment of corresponding Bamboo Industry Development Councils.

Provincial and Municipal Local Government Units (PLGUs and MLGUs) are hereby directed to establish Provincial and Municipal Bamboo Industry Development Councils and to formulate and implement their respective Bamboo Industry Development Programs within two (2) years from the enactment of this law.

The MLGUs through their Municipal Bamboo Industry Development Councils are hereby directed to conduct a survey of existing bamboo clumps and bamboo processing enterprises in their municipalities. Results of the surveys shall be submitted to the national Philippine Bamboo Industry Development Council as part of a data base on bamboo.

SECTION 10. Incentives to investors in plantation development and bamboo processing factories. – The following incentives shall be provided to investors in bamboo plantation development and bamboo processing factories:

1. Free from payment of rent for the use of government lands for commercial bamboo plantation for the first five years or when the plantation owner starts the harvest in his plantation;
2. Forest plantation in private land shall not be required to secure a cutting permit for harvesting nor shall it need a transport permit, for as long as the plantation is registered with the Community Environment and Natural Resources Office (CENRO) of the DENR. All that is required is for the plantation owner to inform the CENRO that the plantations will be harvested in a given date, including the estimated volume that will be harvested. Inventory of the plantation prior to harvest shall not be required. CENROs are obligated to approve and enter into their book of registry, applicants for registration for plantation in private lands;
3. Free from payment of forest charges and other fees for taxes that local government units may impose;
4. Bamboo from plantations from public and private lands shall not be subjected to inspection in check points;
5. Plantation developers can access development loans from the public financial institutions;
6. Insurance coverage of plantations and plantation development equipment by the Philippine Crop Insurance Corporation;
7. Tax free importation of plantation development equipment; including tree nursery facilities;
8. Expenses incurred shall be allowed as deductible expenses for income tax purposes, subject to the provisions of the National Internal Revenue Code of 1997, as amended. Provided, that the deduction shall only apply to the Taxable Period, when the expenses were incurred;

9. Expenses incurred in the development and operation of a bamboo plantation prior to the commercial harvest shall be regarded as ordinary and necessary expenses or as capital expenditure;
10. The Board of Investments (BOI) shall classify bamboo plantations as pioneer and preferred areas of investment under its annual priority plan, subject to pertinent rules and regulations;
11. The plantation developer shall be given priority to access credit assistance being granted by Government-owned, - controlled and/or – supported financial institutions;
12. Plantation shall be accepted as collateral for loans in government owned or controlled banks;
13. For tenured developer, upon the premature termination of the agreement at no fault of the holder, all depreciable permanent and semi-permanent improvements such as roads, buildings, and nurseries including the planted and standing trees and other forest crops, introduced and to be retained in the area, shall be properly evaluated and the holder shall be entitled to a fair compensation thereof, the amount of which shall be mutually agreed upon by both the Department and the tenure-holder and in case of disagreement between them, by arbitration through a mutually acceptable and impartial third party adjudicator;
14. Bamboo culms from plantation may be exported without restrictions in volume;
15. Processors of bamboo may import processing equipment, tax-free; and
16. The National Economic and Development Authority (NEDA) shall include in its annual investment program, the use of the forest lands to establish industrial bamboo plantations, and to give first priority in allocating an adequate fund, both from external and internal sources.

SECTION 11. Funding. – The Program shall have an initial appropriation of One Hundred Million Pesos (Php 100,000,000.00) upon enactment of this bill into law. Subsequent annual appropriation shall be submitted by the PBIDC based on its estimate of the amount needed to implement its program in the following year. The DTI shall include in its annual budget the budget of the Philippine Bamboo Industry Development Council for its operations. The members of the Council shall be entitled to an honorarium, the amount of which shall be provided by law for each meeting attended.

SECTION 12. Implementing Rules and Regulations – the DTI-PBICD, the Department of Environment and Natural Resources, the Department of Science and Technology shall promulgate the implementing rules and regulations (IRR) of this Act within sixty (60) days after the effectivity hereof,

SECTION 13. Separability Clause – If any provision or part hereof is held invalid or unconstitutional, the remainder of the law or the provision not otherwise effected shall remain valid.

SECTION 14. Repealing Clause – Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with the provision of this Act is hereby repealed, modified or amended accordingly.

SECTION 15. Effectivity. – This Act shall take effect thirty (30) days after its publication in the Official Gazette or two (2) newspapers of general circulation.

Approved,