

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**Eighteenth Congress**  
First Regular Session

HOUSE BILL No. 2664



Introduced by Representative Isagani S. Amatong

**EXPLANATORY NOTE**

The global rubber industry is categorized into two subsectors, natural rubber, extracted from the latex of various plants with the rubber tree being the major source, and synthetic rubber, a product derived from petroleum, coal, oil, natural gas and acetylene.

Natural rubber is harvested by scraping the *Hevea brasiliensis* trees that are typically found in developing countries in temperate regions close to the equator. The global rubber industry spans agricultural and manufacturing sectors. The processed rubber is either sold to manufacturers in the country or exported in the form of tires; automotive, industrial parts and sporting good; footwear; and latex.

World consumption of natural rubber is expected to reach 15.238 million tonnes by 2022 for an average growth rate of 3.12% for the period 2017 to 2022, driven by anticipated improvement in the global economic outlook.

ASEAN is the world's leading producer and exporter of natural rubber. Based on the 2016 data of Association of Natural Producing Countries (ANRPC), Thailand, Indonesia, Malaysia, and Viet Nam, the top producers and exporters, accounted for 75.42% of global production. They have extensive experience in the sector, high degrees of installed capacity in processing natural rubber varieties, and established strong positions in several downstream segments of the chain.

The Philippines had a total of 181,313 MT of dried rubber in 2016 which was 8.92% lower than its output in 2015. The Zamboanga peninsula is the biggest producer of dried rubber in the country which contributes 45% to the country's output.

The country's rubber production increased during the period 2012 to 2014 but decreased from 2015 to 2016 due to the decline in natural rubber price and unfavourable climate in the country.

The Philippine export performance of natural rubber and rubber products declined continuously from US\$405.99 M in 2012 to US\$135.08 M in 2016, attributable to the decreasing exports value of rubber-based products.

1 However, in the same period, the industry generated a total of 170,452 incremental jobs,  
2 Php15.56 billion worth of investments, Php7.81 billion of domestic sales and more than  
3 US\$1.15 billion of export sales. Out of the total export sales, 72.80% (US\$838.28 million)  
4 was rubber-based products and 27.20% (US\$313.18 million) was natural rubber.


5 The Philippines' relatively low levels of rubber production, its uncompetitive processing  
6 environment and its quality control issues should be addressed to catalyze the  
7 development of the rubber industry. A dependable supply of quality natural rubber can  
8 provide downstream opportunities for manufacturing industries with largest rubber  
9 consumption, such as automotive, healthcare, and apparel or industrial sectors.

10 Thus, it is to accelerate the growth and development of the industry that we are proposing  
11 the passage of the Philippine Rubber Industry Development Act of 2018, establishing for  
12 this purpose the Philippine Rubber Industry Development Board. The Board will be led by  
13 the Secretary of the Department of Trade and Industry (DTI) as Chairperson and by the  
14 Department of Agriculture (DA) as Co-Chairperson, and to be composed of  
15 representatives of the Department of Science and Technology (DOST), Department of  
16 Agrarian Reform (DAR), Department of Environment and Natural Resources (DENR),  
17 Department of the Interior and Local Government (DILG), Department of Labor and  
18 Employment (DOLE), Technical Education and Skills Development Authority (TESDA),  
19 Mindanao Development Authority (MinDA), and representatives from the academe and  
20 industry.

21 The Board will be tasked to oversee and coordinate the initiatives of government agencies,  
22 the private sector, the academe and other concerned groups to spur industry growth and  
23 development. Specifically, the Board will evaluate the Philippine rubber industry  
24 performance, focusing on issues and concerns, prospects, threats and opportunities, and  
25 other constraints to growth, and identifying agencies that can best address the areas of  
26 concern from the production/cultivation stage, to processing/manufacturing, trading and  
27 market distribution of rubber and its allied products.

28 The first rubber tree was planted in the Philippines in 1904. Commercial production of  
29 rubber started around 1930. Even with this long history of rubber production, the  
30 Philippines has yet to tap its full potential as a major producer of rubber products. Given  
31 that the Philippines is naturally endowed with conducive environmental and climatic  
32 conditions to grow rubber, and being favorably located in close proximity to major  
33 consumers such as Malaysia, Thailand and China, and in view of the government's thrust  
34 to develop industries as source of inclusive growth, this is the most opportune time to fast-  
35 track the growth and development of the rubber industry.

36 Thus, the timely passage of this bill is earnestly sought.

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**REP. ISAGANI S. AMATONG**

41 Approved,



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**AN ACT TO DEVELOP THE RUBBER INDUSTRY, ESTABLISHING FOR THE PURPOSE THE PHILIPPINE RUBBER INDUSTRY DEVELOPMENT BOARD, DEFINING ITS POWERS AND FUNCTIONS AND APPROPRIATING FUNDS THEREFOR**

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

1           SECTION 1. *Short Title*. This Act shall be known as the "Philippine Rubber Industry  
2 Development Act of 2018."

3  
4           SEC. 2. *Declaration of Policy*. It is the policy of the State to establish a strong  
5 foundation for more inclusive growth where it shall be easier for the marginalized economic  
6 sectors to participate in economic progress through job creation and encouragement of  
7 entrepreneurship. The government, in partnership with the private sector, shall improve the  
8 productivity of agriculture and enhance the global competitiveness of the industry and  
9 services sectors.

10  
11           Towards this end, the government, with the active support of the private sector, shall  
12 endeavor to achieve a balanced, integrated, and sustainable development of the country's  
13 rubber industry, the Philippines being frequently among the top 10 exporters of raw or semi-  
14 processed rubber, and being favorably situated in Southeast Asia which accounts for 90% of  
15 the world's output of natural rubber. The government shall undertake to develop Philippine  
16 rubber as a major participant in the rubber global value chain by accelerating the industry's  
17 overall growth through the following: (a) Expanding and improving the productivity and  
18 quality of natural rubber production for domestic and global markets; (b) Enhancing the  
19 competitiveness of the processing and manufacturing of rubber and rubber-based products,



1 setting international quality control standards and ensuring adherence thereat; (c)  
2 Encouraging diversification through product upgrading which involves the production of  
3 better quality and higher valued semi-processed rubber; and (d) Promoting public-private  
4 partnership to push forward the programs and projects that will optimize natural and  
5 manufactured rubber product utilization.

6  
7 SEC. 3. *Definition of Terms.* As used in this Act, the following words or phrases  
8 shall mean as follows:

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10 (a) *Natural rubber* – means the latex of any rubber plant, whether fluid or coagulated, in any  
11 stage to which it is processed and converted into rubber and rubber-based products.

12 (b) *Philippine Rubber Industry Development Roadmap* – shall serve as a guide to all  
13 industry stakeholders for optimal realization of the targets set for the development of the  
14 rubber industry. It highlights the accomplishments of the joint efforts and initiatives of all  
15 stakeholders, and reflects the agreements on the areas where the efforts should be focused  
16 for optimal results.

17 (c) *Standard Philippine Rubber (SPR)* – the technical specification of the quality of  
18 Philippine semi-processed rubber as defined under PNS ISO 2000.

19 (d) *Processor* – means any person, natural or juridical who is engaged in processing latex or  
20 cup lump into rubber sheets or crumb which is used as input material to rubber and  
21 rubber-based products.

22 (e) *Manufacturer* – all workers engaged in the manufacture of any rubber or rubber-based  
23 products.

24 (f) *Value Chain* – describes the full range of activities that firms and workers do to bring a  
25 product or good or service from its conception to its end use and beyond.

26  
27 SEC. 4. *The Philippine Rubber Industry Development Board.* To effectively carry  
28 out the policy declared in this Act, the Philippine Rubber Industry Development Board,  
29 hereinafter referred to as the Board, is hereby created for the purpose of overseeing and  
30 coordinating the initiatives of government agencies, the private sector, the academe and other  
31 concerned sectors, geared to accelerate the overall development of the Philippine rubber  
32 industry, enabling it to be a major participant in the rubber global value chain. It shall be  
33 attached to the Department of Trade and Industry.

34 SEC. 5. *Powers and Functions.* The Board shall:





- 1 (a) Coordinate initiatives and efforts of each agency to achieve a holistic government  
2 approach to industry development, collaborating with the private sector, the academe,  
3 and other productive economic forces;
- 4 (b) Coordinate, monitor and assess the implementation of the Philippine Rubber Industry  
5 Development Roadmap and programs/projects being carried out by various stakeholders  
6 vis-à-vis policy statements and/or targets;
- 7 (c) Periodically review and evaluate the country's rubber industry performance, focusing on  
8 issues and problems, prospects, threats and opportunities, growth constraints within the  
9 entire value chain.;
- 10 (d) Facilitate provision of support to rubber farmers in terms of credit and marketing  
11 facilities, farm expansion, farm mechanization, rehabilitation and modernization, and  
12 adoption of best agricultural production practices;
- 13 (e) Create an enabling environment to encourage investments in public and private lands,  
14 joint venture in production, processing, and manufacturing of rubber-based products; and  
15 in rubber industry development funds, long-term finance, private equity;
- 16 (f) Formulate and recommend applicable incentive package for enterprises engaged in  
17 priority areas and ensure ease in availing of such incentives;
- 18 (g) Promote and advocate compliance with the Philippine National Standards on rubber and  
19 rubber-based products and market requirements to increase export volume of processed  
20 and manufactured rubber products;
- 21 (h) Develop capability of the industry to produce higher value products by provision of  
22 knowledge of market preferences, costs and prices, and other market intelligence;
- 23 (i) Expand market access through targeted and focused promotions of rubber and its allied  
24 industries through local and international business matching missions and trade fairs;
- 25 (j) Establish industry performance database to include the Board's existing  
26 statistics/information and feedback to policies and plans specific to rubber industry to aid  
27 in efficient and effective decision-making;
- 28 (k) Serve as the point of contact of the national policy makers of the rubber industry;
- 29 (l) Facilitate the national representation of the country in industry-related cooperation and  
30 undertakings/conferences; and
- 31 (m) Exercise such other functions as may be necessary to carry out the purpose of this Act.

32 SEC. 6. **Composition.** The Board shall be composed of the following:



- 1 (a) The Secretary of the Department of Trade and Industry (DTI) as Chairperson  
2 (b) The Secretary of the Department of Agriculture (DA) as Co-Chairperson

3  
4 *Members:*

- 5 (c) The Secretary of the Department of Science and Technology (DOST);  
6 (d) The Secretary of the Department of Agrarian Reform (DAR);  
7 (e) The Secretary of the Department of Environment and Natural Resources  
8 (DENR);  
9 (f) The Secretary of the Department of the Interior and Local Government  
10 (DILG);  
11 (g) The Secretary of the Department of Labor and Employment (DOLE);  
12 (h) The Director General of the Technical Education and Skills Development  
13 Authority (TESDA);  
14 (i) Mindanao Development Authority (MinDA);  
15 (j) Two (2) representatives from the State Universities and Colleges (SUCs)  
16 located in major Philippine rubber-producing regions;  
17 (k) Two (2) representatives from Philippine Rubber Industries Association, Inc.  
18 (PRIA), representing the midstream and downstream sectors;  
19 (l) Two (2) representatives from Philippine Rubber Farmers Association, Inc.  
20 (PRFA), representing small holders;  
21 (m) One (1) representative from the rubber cooperatives; and,  
22 (n) One (1) representative from the corporate rubber farmers.

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24 The two (2) representatives from PRIA and the representative from the corporate  
25 rubber farmers shall be appointed by the President, upon the recommendation of the DTI  
26 Secretary. The two (2) representatives from PRFA and the representative from the rubber  
27 cooperatives shall be appointed by the President, upon the recommendation of the DA  
28 Secretary. They shall serve in the Board for three (3) years reckoned from the date of  
29 appointment. The representative may be reappointed by the President for another term.

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31 The government representatives in the Board may designate their respective  
32 permanent alternates who shall be officials next-in-rank to them and their acts shall be  
33 considered the acts of their principals.





1           SEC. 7. **Meeting of the Board** – The Board shall meet once every quarter or may be  
2 convened by the Chair for a special meeting, provided that a notice of special meeting shall  
3 be issued one week prior to the meeting.

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5           SEC. 8. **Board Secretariat** – The Secretariat, to be organized by the DTI shall have  
6 the following duties and functions:

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8           (a)     Provide technical expertise and administrative support to the Board;  
9           (b)     Maintain and update industry performance database; and,  
10          (c)     Collate and integrate all inputs to the Board's yearly report on the status of the  
11 country's rubber industry.

12  
13          SEC. 9. **PHLRUBBER Technical Working Group (PRTWG)**. The PRTWG, formed  
14 on 22 June 2012, is hereby retained. The TWG, composed of the DTI- Regional Operations  
15 Group. Export Marketing Bureau, Board of Investments, Philippine Accreditation Bureau,  
16 Bureau of Philippine Standards, Bureau of Small and Medium Enterprise Development); DA  
17 (Bureau of Plant Industry, Bureau of Agriculture and Fishery Standards, Philippine Council  
18 for Agriculture and Fisheries, Agricultural Training Institute, PRRI), DOST (Philippine  
19 Council for Industry, Energy, and Emerging Technology Research and Development,  
20 Philippine Council for Agriculture, Aquatic and Natural Resources Research and  
21 Development Institute). TESDA, DENR-National Greening Program, DAR, PSA, private  
22 sector and the academe, government financial institutions (GFIs), and other institutions, shall  
23 be responsible for assisting the Board in formulating and implementing policies, roadmaps,  
24 programs, and projects for the overall development of the natural rubber industry.  
25 Specifically, it shall: (a) coordinate, monitor the implementation of, and update the Roadmap;  
26 and (b) coordinate and monitor the activities of all members of the working group with  
27 respect to the overall development of Philippine rubber industry.

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29          SEC. 10. **Annual Report**. The Board shall submit to the President and to both Houses  
30 of Congress a report providing a detailed status of the rubber industry in the country,  
31 including the progress and impact of all relevant government policies and programs, as well  
32 as activities of other concerned stakeholders (i.e., rubber industry associations,  
33 manufacturers).



1        SEC. 11. **Implementing Rules and Regulations.** Within sixty (60) days from the date  
2 of the effectivity of this Act, the Board, in consultation with other concerned agencies and  
3 sectors, shall promulgate the rules and regulations for the proper implementation of this act.

4        SEC. 12. **Funding.** Such sums as may be necessary for the initial implementation of  
5 this Act shall be sourced from the different cooperating agencies involved therein. Thereafter,  
6 the succeeding appropriation in the amount of Fifty Million Pesos (Php 50,000,000.00) shall  
7 be included in the annual General Appropriations Act (GAA).

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9        SEC. 13. **Separability Clause.** If any provision of this Act is declared invalid or  
10 unconstitutional, the other provisions not affected by such declaration shall remain in full  
11 force and effect.

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13        SEC. 14. **Repealing Clause.** All laws, executive and administrative orders, rules and  
14 regulations inconsistent with this Act are hereby repealed or amended accordingly.

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16        SEC. 15. **Effectivity.** This Act shall take effect fifteen (15) days after publication in the  
17 Official Gazette or in two (2) newspapers of general circulation.

