

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1495



Introduced by: Hon. Angelina "Helen" D.L. Tan, M.D.

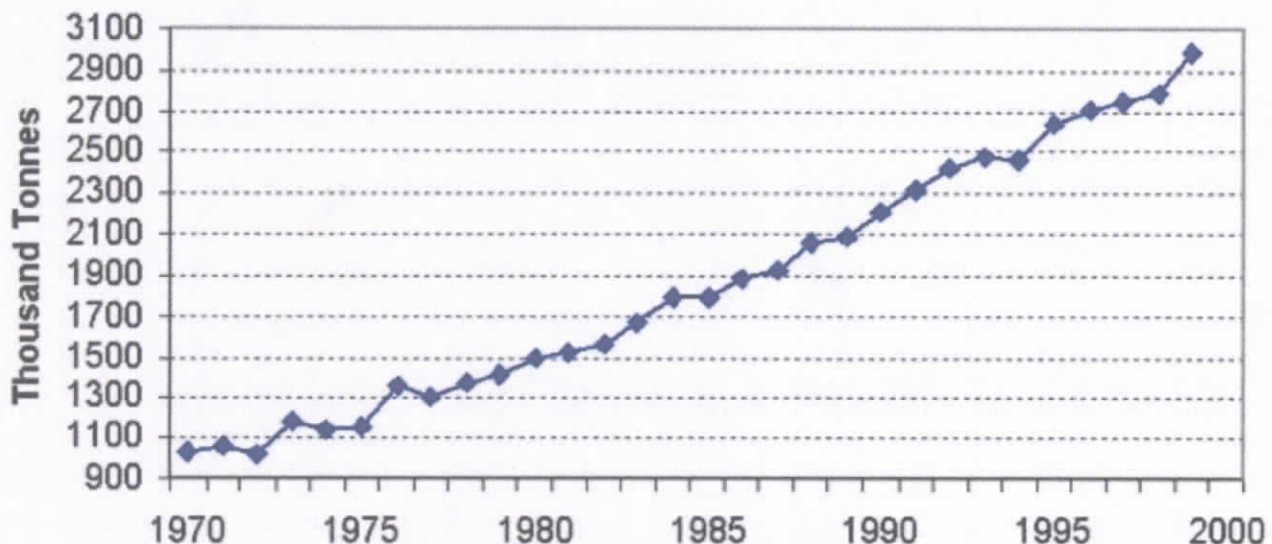
AN ACT
ESTABLISHING A NATIONAL PROGRAM FOR THE CACAO INDUSTRY AND
APPROPRIATING FUNDS THEREFOR

EXPLANATORY NOTE

According to the Cacao Industry Development Association of Mindanao, Inc. (CIDAMi), "There is a growing demand for cocoa products and the world may soon run out of chocolate - giving rise to the Philippine Cacao Challenge 2020. Given the current increasing demand in chocolate and cocoa products (paired with a dwindling supply of cacao due to an array of farming challenges), it is expected that there will be a cacao shortfall by the year 2020."

The Philippine Cacao Challenge 2020 is a national roadmap for the cacao sector where the country targets to start producing 100,000 metric tons of fermented beans annually starting 2020. It plans to grow the production areas and productivity in the Philippines, targeting to have 58 million cacao trees and as many as 130,000 farmers.

Based on the following table, the global demand for cacao has tripled since 1970:



(Image taken from: <http://www.fao.org/docrep/006/y4343e/y4343e05.htm>)

According to CIDAMi, "Asia is one of the recently fastest growing consumers of cacao, experiencing a 12% growth between 2003 and 2008. In the Philippines, the average annual cocoa consumption is 50,000MT according to a Department of Agriculture (DA). Euromonitor International expects the Philippine chocolate market to grow by 13% by 2017. And that is forecasted to reach 100,000MT by 2020 (DA)."

The global demand is expected to reach between 4.7 Million to 5 Million metric tons by the year 2020, and global supply will be at a deficit of 1 Million MT according to the

Department of Agriculture. For the Philippines alone, the local consumption is at 50,000MT annually, but the local supply is only around 10,000MT, making the country a net importer. This looming deficit has given rise to the Philippine Cacao Challenge, which commits the Philippines to producing 100,000MT by the year 2020 and onwards (The Philippine 2020 Cacao Challenge, <http://www.cidami.org/philippine-2020-challenge/>).

Cacao is a small evergreen plant introduced by the Spaniards to the Philippines in 1674 to 1680. Its seeds or beans are used to make cocoa and chocolate, which has medicinal uses as well as culinary purposes.

The very rich and fertile soil of the country is very well suited in the production of cacao but, ironically, the country still imports a large amount annually. As of 2008 the country only has 1.5 million cacao trees producing around 6,000 metric tons annually. This placed the country as 18th in the rankings in the world among cacao-producing nations. Southern Mindanao is the country's largest cacao-producing region, particularly Davao Oriental with nearly 4,000 hectares planted to cacao trees, followed by the CALABARZON region, particularly Quezon and Cavite.

This bill envisions the creation of a national program, which seeks to gather government agencies together with the Department of Agriculture as lead agency to do education and training of all stakeholders in the cacao industry, collecting relevant researches, scientific studies, and market strategies, extending technologies and creating international linkages for development, promotion and be a competitor in the world cacao market.

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



ANGELINA "HELEN" D.L. TAN, M.D.

4th District, Quezon

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

SECTION 1. *Short Title.* – This Act shall be known as the "Cacao Industry Development Act."

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to develop a sustainable cacao industry that optimizes local production capacity, the application of sustainable agriculture practices, secures quality raw materials and their processing, provides marketing of cacao beans in its raw or processed form, and participates in the international cacao trade for the economic relief of smallholder farmers.

SEC. 3. *Creation of the National Cacao Development Council.* – There is hereby created the National Cacao Development Council (NCDC), under the Department of Agriculture, herein referred to as the "Council", and shall be duly constituted within sixty (60) days after the approval of this Act.

It shall be composed by the Undersecretary for High Value Crops and Rural Credit of the Department of Agriculture, as Chairperson, and the Undersecretary for Industry Development and Trade Policy Group of the Department of Trade and Industry, as Vice Chairperson, and the following as members:

- (a) Head of the High Value Crops Development Program;
- (b) Head of the Bureau of Agricultural Research;
- (c) A permanent representative from the Department of Science and Technology;
- (d) A permanent representative from the National Economic and Development Authority;
- (e) A permanent representative from the group of cacao traders;
- (f) A permanent representative from the group of cacao processors; and
- (g) Three (3) permanent representatives from the cacao growers' organization to represent Luzon, Visayas and Mindanao.

Representatives from cacao sectors shall be nominated by the government agency representatives of the Council on the basis of their considerable experience, substantial

membership and reputable track record. They shall be appointed by the Secretary of Agriculture for a term of three (3) years and may be renewed upon renomination and reappointment.

The members of the Council shall receive emoluments in accordance with existing budget and accounting rules and regulations.

SEC 4. *Purposes and Objectives.* – The purposes and objectives of this Act are:

- (a) To promote food security by enhancing the ability to produce or procure cacao;
- (b) To encourage private sector investment in agri-business through policy reforms and advocacy, access to financing and cost-effective incentives;
- (c) To expand income opportunities for producers and other entrepreneurs especially from value-adding activities; and
- (d) To provide improved technologies for fresh and processed cacao beans towards meeting world standards for competitiveness.

SEC. 5. *Powers and Functions.* – The Council shall exercise the following powers and functions:

- (a) To formulate the cacao development plan;
- (b) To educate and train all stakeholders of the cacao industry;
- (c) To conduct relevant research, scientific study and feasible marketing strategies;
- (d) To establish and develop effective production systems for cacao varieties;
- (e) To establish and maintain productive, high yielding and good quality cacao varieties;
- (f) To update cacao processing technologies;
- (g) To develop effective and efficient marketing system for cacao;
- (h) To establish linkages with national and international organizations and development centers of the cacao industry; and
- (i) To coordinate with other government and non-government agencies involved in the development of the cacao industry.

SEC. 6. *Meetings.* – The Council shall meet at least once every quarter for the transaction of its regular business. Special meetings may be called by the Chairman or majority of the members to consider specific matters. A majority vote by the entire Council shall be required for a decision.

SEC. 7. *Quorum.* – The attendance of a simple majority of the Council members is necessary in order for the Council to have a quorum to transact business.

SEC. 8. *Appropriations.* – The funds needed to implement the provisions of this Act shall be included in the annual General Appropriations Act.

SEC. 9. *Implementing Rules and Regulations.* – The Department of Agriculture, in

consultation with the appropriate agencies, shall promulgate the necessary implementing rules and regulations within ninety (90) days after the effectivity of this Act.

SEC. 10. *Separability Clause.* – If any provision or part hereof, is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

SEC. 11. *Repealing Clause.* – Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with, the provisions of this Act are hereby repealed, modified or amended accordingly.

SEC. 12. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,