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Office of the Secretary

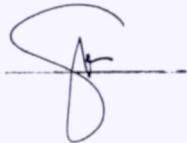
EIGHTEENTH CONGRESS OF THE)
SENATE OF THE PHILIPPINES)
First Regular Session)

*19 JUL 11 A11:06

SENATE

RECEIVED BY

S. No. 337



Introduced by **SENATOR CYNTHIA A. VILLAR**

AN ACT

**INSTITUTIONALIZING THE BAMBOO INDUSTRY DEVELOPMENT IN THE
PHILIPPINES, CREATING THE BAMBOO INDUSTRY RESEARCH AND
DEVELOPMENT CENTER (BIRDC), APPROPRIATING FUNDS THEREFOR, AND
FOR OTHER PURPOSES**

EXPLANATORY NOTE

The Philippine government has been supporting the production and development of bamboo in the country in recent years. In May 2010, Executive Order (EO) No. 879, series of 2010 was issued creating the Philippine Bamboo Industry Development (PBID) Council and directed the use of bamboo for at least twenty five percent (25%) of desk and other furniture requirements of public elementary and secondary schools and prioritizing the use of bamboo in furniture, fixtures and other construction requirements of government facilities. Thus, bamboo was tapped as the main material to substitute for the reduced supply of wood government facilities. E.O. 879 was reinforced by Memorandum Circular No. 30 s. 2012, which directed the full implementation of the Philippine Bamboo Industry Program.

In February 2011, Executive Order No. 26, series of 2011, which declaring an interdepartmental convergence initiative for a National Greening Program to plant 1.5

billion trees covering 1.5 million hectares for a period of six (6) years from 2011 to 2016 in lands of the public domain, was issued by then President Aquino. This is in response to worldwide concern on global warming as the country intended to contribute to the Asean commitment of 20 million hectares of new forest by 2020 through reforesting over 500,000 hectares with bamboo. The administration's environmental initiative, has a total budget of P28.8 billion (\$59.37million) from 2011 to 2016.

On November 12, 2015, EO No. 193, series of 2015 was issued expanding the coverage of the National Greening Program since there is still an estimated 7.1 million hectares of unproductive, denuded and degraded forestlands needing reforestation and rehabilitation in order to arrest the environment-related risks such as soil erosion, landslides, and flooding. The EO specified that the government shall involve the participation and investment of the private sector with a view towards enabling private companies to achieve carbon neutrality; and consistent with the updated Master Plan for Forestry Development (2016 – 2028), there is a need to harmonize all forest development activities that will encourage and enhance development of forest plantations and parks, with greater participation from the private sector, local government units and organized upland communities.

The Forest Products Research & Development Institute (FPRDI) of the Department of Science and Technology (DOST) said that bamboo is one of the most economically-important non-timber forest products in the Philippines. Its fast growth and excellent properties make it an ideal substitute to wood for furniture, handicrafts, construction material, and chemical products. Bamboo utilization is geared to exploit its use as substitute to wood. The DOST- PCAARRD boosted the value of bamboo by completing a study on mainstreaming engineered-bamboo products as raw materials for construction and furniture, through appropriate S&T interventions in processing, machine engineering and design, capacity building and marketing.

The Department of Trade and Industry through the years has been providing MSMEs across the country access to better technology and more sophisticated

equipment through shared services facility (SSF) that could boost productivity and improve efficiency. The SSF program addresses both the gaps and bottle necks in the value chain of priority industry clusters, while increasing agriculture and rural based MSMEs' reach and profit.

Through concerted efforts from relevant stakeholders, the Philippines was able to increase its share in the global market for bamboo. Based on figures from the Philippine Bamboo Industry Cluster Report, the global market for bamboo rose to US\$17 billion in 2015 from US\$7 billion in 2009. Of this market growth, the Philippines generated P306.3 million in investments, P261.8 million worth of sales, and created 13,103 jobs from 2012-2014.¹ The country was ranked as the 5th largest bamboo exporter in the world in 2010, next to China, EU, Indonesia, and Vietnam. Its total exports of bamboo reaches about \$30 million annually, which represents a mere 10 percent of what the US, the world's leading bamboo importer, buys annually from China, which amounts to about \$300 million.

The Philippines has an edge in design and craftsmanship and the local bamboo sector can be further developed. The honing of the Filipino capacities and skills and providing them with global perspective will definitely help our bamboo industry become a major revenue and employment generator.

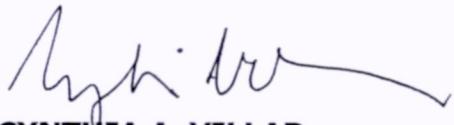
Still the main challenges in developing the Bamboo Industry is the lack of land planted with it. There are about 8,500 hectares devoted to Bamboo cultivation, with four economically viable species – the Kawayan Tinik, Giant Bamboo, Buho, and Bolo. According to the DTI, while 8,500 hectares is a significant number, the huge demand for bamboo requires more coverage. The bamboo industry could also use incentives and develop a comprehensive database of the industry to encourage more investors in plantation development and processing plants.

¹ DTI Corner. MSMEs to advance local bamboo industry. The Freeman. 23 February 2016

Stronger convergence programs and cooperation among the government, private sector and other stakeholders are needed.

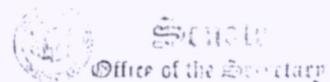
A bamboo industry development program should be institutionalized to bring it to a more efficient, transparent, and effective service delivery set-up. The task is not yet completed. The Philippines still has more international markets to reach to showcase its fine crafted furniture and products, it needs to still create more jobs for the rural folks, and it has to protect the environment still for the harsher climatic conditions to come.

I therefore recommend the early approval of the bill.



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**INSTITUTIONALIZING THE BAMBOO INDUSTRY DEVELOPMENT IN THE
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DEVELOPMENT CENTER (BIRDC), APPROPRIATING FUNDS THEREFOR, AND
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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 Section 1. *Title.* – This Act shall be known as the “Philippine Bamboo Industry Development Act of 2019.”

3 Sec. 2. *Declaration of Policy.* – The State shall provide for a self-reliant and
4 independent economy to its people. It shall support indigenous, scientific and
5 technological capabilities, and skills. It shall establish a program for a sustainable
6 utilization, propagation and promotion of bamboo as furniture, food, construction and
7 design materials, food and other uses. It shall promote the bamboo industry for poverty
8 reduction, inclusive growth, environmental conservation and protection, agricultural
9 productivity enhancement and climate change mitigation and adaptation.

10 Sec. 3. *Definition of Terms.* – As used in this Act:

- 1 a) Bamboo refers to a plant belonging to the subfamily Bambusoideae of grass
2 family Gramineae (Poaceae) whose culms (stems) are woody;
- 3 b) Bamboo stand - for plantation, an aggregate of clumps occupying a specific
4 area and sufficiently uniform in composition (species), age, spacing, and condition as to
5 be distinguished from the natural and or existing bamboo stands (with unknown clump
6 age). The latter stands have irregular spacing and species composition not necessarily
7 uniform and the clumps are randomly and widely distributed;
- 8 c) Bamboo Industry – a sector with very high potential contribution in the
9 socio-economic development and environmental protection of the country. The sector
10 may still be classified as essentially agricultural considering that majority of its market
11 and supply is essentially for agricultural requirements such as fish pens, banana props
12 and other low value applications like scaffoldings, and fences;
- 13 d) Bamboo Backyard Farming – those whose plantation and operations are
14 basically in the house backyard, with the household members as workers. The majority
15 of bamboo processing enterprises in the Philippines belong to this category; and
- 16 e) Bamboo Processing – conversion of bamboo poles for various products and
17 applications including walls, panels, trusses, handicraft, and novelty products (furniture,
18 handicraft, and decors) focused on the possible use of bamboo as substitutes for wood
19 for various applications (plywood, composites, pulp and paper, bamboo arts, and other
20 architectural applications).

21 Sec. 4. *Objectives.* – This Act aims to make the Philippine bamboo industry
22 competitive in the local and international markets while providing opportunities for local
23 employment and establishing bamboo-based community enterprises by:

- 24 a) Ensuring that the bamboo industry has sufficient supply of quality raw
25 materials through the establishment and management of bamboo nurseries and
26 plantations;

- 1 b) Ensuring that the bamboo industry continuously receives from the research
2 and development sector relevant technologies and new products;
- 3 c) Ensuring that the industry receives pertinent and accurate data from the
4 Center created under Sec. 9 of this Act, and other relevant sources upon which the
5 industry can make business decisions;
- 6 d) Promoting investments in the bamboo industry by providing substantial and
7 attractive incentives to investors;
- 8 e) Providing skilled labor and manpower through continuous relevant capacity
9 building;
- 10 f) Ensuring provision of locally manufactured machines of improved capacity,
11 efficiency, and quality at competitive costs;
- 12 g) Ensuring continuing and new material and design research and development
13 to advance market access for Philippine bamboo and bamboo products locally and
14 internationally;
- 15 h) Providing access to markets of bamboo products locally and internationally
16 through aggressive trade promotions; and
- 17 i) Ensuring sustainable resources in the implementation of the bamboo industry
18 development program.

19 Sec. 5. *The Philippine Bamboo Industry Development Roadmap (PBIDR).* – To
20 be able to attain the policy and objectives set forth in this Act, there shall be
21 established a Philippine Bamboo Industry Development Roadmap, hereinafter referred
22 to as the Roadmap, which shall include but not be limited to programs and projects for
23 the scientific propagation, development and management, processing, utilization,
24 business development, and commercialization of Philippine bamboo and bamboo
25 products. The Roadmap shall include the following objectives, among others:

- 1 a) Expand the number of bamboo nurseries with quality planting materials;
- 2 b) Ensure the propagation, breeding, site species matching and plant nutrition;
- 3 c) Observe sustainable planting, management and harvesting, and soil and
- 4 water conservation practices;
- 5 d) Encourage bamboo backyard farming;
- 6 e) Ensure the sustainability and viability of the bamboo industry;
- 7 f) Promote investments in the bamboo industry development programs;
- 8 g) Advance market access for Philippine bamboo and bamboo products locally
- 9 and internationally;
- 10 h) Extend technical and financial assistance for the development, processing,
- 11 commercialization and marketing of various bamboo products;
- 12 i) Require bamboo to be at least twenty percent (20%) of the annual planting
- 13 materials needed in the national greening program or in reforestation of open,
- 14 denuded, and degraded forest lands;
- 15 j) Use bamboo in the manufacture of at least twenty five percent (25%) of
- 16 desks and chairs, as an alternative to wood, in public primary and secondary schools in
- 17 the country;
- 18 k) Make available to the bamboo industry relevant and current research and
- 19 technological information and new product lines;
- 20 l) Provide continuous training and capacity building in the bamboo industry
- 21 development; and
- 22 m) Provide technical and financial assistance in the local design and fabrication
- 23 of high capacity processing equipment and machineries for the bamboo industry.

1 Sec. 6. *Philippine Bamboo Industry Development Council.* – There is hereby
2 created a Philippine Bamboo Industry Development Council (PBIDC), herein referred to
3 as the Council, which shall provide the overall policy and program directions and
4 coordinate the activities of various agencies and instrumentalities to ensure the
5 implementation, accomplishment, and periodic review and enhancement of the
6 Roadmap.
7 The Council shall be administratively attached to the Department of Trade and Industry
8 (DTI).

9 Sec. 7. *Powers and Functions of the Council.* – The Council shall have the
10 following powers and functions:

- 11 a) Formulate the Philippine Bamboo Industry Development Roadmap;
- 12 b) Identify specific programs and projects in support and in line with the
13 Philippine Bamboo Industry Development Roadmap;
- 14 c) Identify sources of financing to expand bamboo industry development;
- 15 d) Identify programs, projects and activities to be funded by the Philippine
16 Bamboo Industry Development Trust Fund through a resolution;
- 17 e) Submit annual reports to the Office of the President, the Senate Committee
18 on Trade, Commerce and Entrepreneurship, and the House of Representatives
19 Committee on Trade and Industry on the status of the implementation of the Roadmap
20 and the bamboo industry development in the country; and
- 21 f) Promulgate such rules and regulations and exercise such other powers and
22 functions as may be necessary to carry out effectively the attainment of the purposes
23 and objectives of this Act.

1 Sec. 8. *Composition of the Council.* – The Council shall be composed of the
2 following:

- 3 a) Secretary of the Department of Trade and Industry (DTI) as the Chairperson;
- 4 b) Secretary of the Department of Environment and Natural Resources (DENR);
- 5 c) Secretary of the Department of Agriculture (DA);
- 6 d) Secretary of the Department of Science and Technology (DOST);
- 7 e) Secretary of the Department of Labor and Employment (DOLE);
- 8 f) Secretary of the Department of Interior and Local Government (DILG);
- 9 g) Three (3) representatives from state universities and colleges, one each from
10 the island group of Luzon, Visayas and Mindanao;
- 11 h) One (1) representative each from bamboo farmers, bamboo manufacturers,
12 and bamboo processors associations; and
- 13 i) One (1) representative from non-government organization promoting
14 bamboo.

15 The DTI Secretary may designate the Undersecretary for Regional Operations
16 Group (DTI-ROG) as his/her alternate and shall have the same powers as his/her
17 principal and his/her acts shall be considered the acts of his/her principal.

18 The Council members from the different Departments may designate their
19 respective alternates who shall be at least Assistant Secretary in rank and whose
20 designation shall be on a permanent capacity and their acts shall be considered the acts
21 of their principals.

1 The representatives from the state universities and colleges, private industry
2 associations, bamboo farmers/producers/processors association, and non-government
3 organizations shall be appointed by the President of the Republic of the Philippines from
4 the list of nominees submitted by the DTI Secretary. The DTI Secretary shall choose the
5 nominees from the respective lists submitted by the different organizations and
6 associations.

7 The representatives must be citizens and residents of the Philippines and must
8 be knowledgeable in bamboo industry development and committed to the policies and
9 programs provided under this Act. They shall serve for a term of three (3) years, and
10 may be reappointed once.

11 The Council shall meet quarterly and may hold special meetings whenever the
12 need arises to consider urgent matters upon the call of the Chairman or any seven (7)
13 Council members.

14 Sec. 9. *Bamboo Industry Research and Development Center (BIRDC)*. – The
15 Bamboo Industry Research and Development Center, hereinafter referred to as the
16 Center, shall be created to serve as the secretariat of the Council to be headed by an
17 executive director. The Center shall consist of divisions for the following purposes:
18 research and development; trade promotion and education; networking and linkages;
19 internal administration; and such other purposes as necessary. The composition of the
20 divisions shall be prepared by the executive director and approved by the Council.

21 The organizational structure, staffing pattern and compensation schedule of the
22 Center shall be drawn up in accordance with existing laws, rules and regulations. Other
23 member agencies of the Council shall provide additional administrative and technical
24 staff support upon the determination of the necessity by the Council.

25 The Center shall have the following powers and functions:

- a) Promote and encourage the establishment and management of bamboo nurseries, plantations and processing facilities that would accelerate the production and commercialization of bamboo and various bamboo products;
 - b) Promote the commercialization and market access of appropriate, innovative and viable bamboo industry development technologies and products;
 - c) Monitor and evaluate the performance of bamboo industry development programs and projects;
 - d) Coordinate and partner with other government agencies in the implementation of bamboo industry development programs and projects;
 - e) Coordinate and partner with the private sector, people's organizations and non-governmental organizations, and the academe in providing assistance on matters pertaining to bamboo industry development;
 - f) Accept grants, donations and contributions from local and international donors and such similar sources of funds for the implementation of this Act, subject to the usual budget, accounting and auditing rules and regulations;
 - g) Conduct, in cooperation or partnership with appropriate government agencies, a periodic review of the Philippine Bamboo Industry Development Roadmap;
 - h) Conduct capability-building initiatives for farmers, processors, designers, and other stakeholders in the bamboo industry;
 - i) Conduct research and development in partnership with appropriate government agencies to advance sustainable bamboo industry development practices;
 - j) Supervise the implementation of the plans and programs of the Council;
 - k) Manage and administer the projects identified by the Council under Section 7(d) of this Act; and
 - l) Submit periodic reports to the Council on the progress and accomplishment of programs and projects.

1 Sec. 10. *The Executive Director of the Center.* – The Executive Director shall be
2 appointed on a permanent capacity by the President of the Republic Philippines from
3 the list of nominees submitted by the DTI Secretary. He/she shall be a citizen and
4 resident of the Philippines and must possess executive and management experience of
5 at least three (3) years and with considerable knowledge in bamboo industry
6 development.

7 The Executive Director, in addition to his/her duties in the Center, shall have the
8 following powers and functions:

- 9 a) Assist the Council in the performance of its tasks;
- 10 b) Provide technical and administrative support to the Council;
- 11 c) Oversee the day-to-day operations of the Center; and
- 12 d) Perform such other functions, duties and responsibilities as may be necessary
13 to implement this Act.

14 Sec. 11. *Establishment of Local Bamboo Industry Development Councils.* –
15 Regions, provinces, cities and municipalities, when applicable, shall establish their
16 respective local Bamboo Industry Development Councils. Local government units shall
17 regularly conduct a survey of existing bamboo stands, nurseries and plantations and
18 bamboo enterprises in their respective localities.

19 Sec. 12. *Provision of Incentives to Investors in Nursery and Plantation
Development and Bamboo Enterprises.* – The following incentives shall be provided to
21 investors in plantation development and bamboo processing factories:

- 22 a) The Board of Investments (BOI) shall classify bamboo nurseries and
23 plantations as pioneer and bamboo processing as preferred areas of investment under
24 its Investment Priorities Plan (IPP) subject to pertinent rules and regulations;

- 1 b) Nursery and plantation owners shall be exempt from the payment of rent for
2 the use of public lands for commercial bamboo plantation for the first 10-years or when
3 the plantation owner starts to harvest his/her nursery/plantation subject to existing
4 tenurial agreement with concerned government agencies.
- 5 c) Plantation owners in public lands shall be exempt from the payment of forest
6 charges imposed by national government and other fees or taxes imposed by local
7 government units;
- 8 d) Plantation owners, including nursery facilities, bamboo processing, and other
9 related businesses shall be exempt from the payment of import duties for imported
10 machines and equipment subject to pertinent rules and regulations;
- 11 e) Expenses incurred shall be allowed as deductible expenses for income tax
12 purposes, subject to the provisions of the National Internal Revenue Code of 1997, as
13 amended. Provided, that the deduction shall only apply to the taxable period, when
14 expenses were incurred;
- 15 f) Expenses incurred in the development and operation of a bamboo plantation
16 prior to the commercial harvest shall be regarded as ordinary and necessary expenses
17 or as capital expenditures for purposes of tax treatment;
- 18 g) Bamboo plantations shall not require a cutting permit for harvesting nor shall
19 it need a transport permit. Provided, that such plantation is registered with the
20 Community Environment and Natural Resources Office (CENRO) of the Department of
21 Environment and Natural Resources (DENR).
- 22 h) Bamboo plantations and plantation development equipment shall be covered
23 by the Philippine Crop Insurance Corporation;
- 24 i) Bamboo plantations shall be accepted as among the collateral for loans in
25 government-owned or controlled banks;

1 j) The bamboo plantation developer and bamboo processors shall be given
2 priority to access credit assistance and guarantee schemes being granted by
3 government-owned, controlled and/ or -supported financial institutions;

4 k) For tenured developer, upon the premature termination of the tenurial
5 agreement at no fault of the holder, all capital improvements, depreciable permanent
6 and semi-permanent improvements such as roads, buildings, nurseries including the
7 planted and standing bamboo and other intercrops, introduced and to be retained in the
8 area, shall be evaluated and the holder shall be entitled to a fair compensation thereof,
9 the amount of which shall be mutually agreed upon by both the DENR and the tenure-
10 holder and in case of disagreement between them, by arbitration through a mutually
11 acceptable and impartial third party adjudicator through the DENR; and

12 l) The export of bamboo poles shall be regulated by the Council while other
13 bamboo products, may be exported without restrictions in volume.

14 Sec. 13. *The Philippine Bamboo Industry Development Trust Fund.* – There is
15 hereby established a Special Account in the General Fund with the National Treasury to
16 be called the Philippine Bamboo Industry Development Trust Fund herein referred to as
17 the Trust Fund. The purpose of the fund is for research and development, trade
18 promotion, credit, human resource development in the bamboo industry and for the
19 welfare of farmers, workers, processors and other stakeholders. The Trust Fund shall be
20 capitalized, managed, utilized and accounted for in the manner provided under this Act.

21 Upon approval of this law, the Office of the President through Philippine
22 Amusement and Gaming Corporation (PAGCOR) shall allocate One Hundred Million
23 Pesos (PHP100,000,000.00) as initial funding for the Trust Fund for the implementation
24 of this Act. Thereafter, the amount of not less than Two Hundred Million Pesos
25 (PHP200,000,000.00) shall be allocated every year for the next twenty (20) years for
26 the Trust Fund lodged in the Center.

1 The program of expenditures for the programs, projects and activities to be
2 funded by the Trust Fund shall be itemized on a project-to-project basis and submitted
3 annually to Congress. In the identification and prioritization of specific programs,
4 projects and activities, the Council shall conduct prior consultation with representatives
5 of farmers, manufacturers, processors associations and the academe.

6 Sec. 14. *Appropriations*. – The sum of One Hundred Million Pesos (PHP
7 100,000,000.00) to be sourced from the unexpended contingency fund of the Office of
8 the President and the existing budget for bamboo industry development under the DTI
9 is hereby appropriated for the initial budgetary requirements of the Center. Thereafter,
10 such amount as may be necessary for the continuous operation of the Center shall be
11 included in the annual GAA. The budgetary requirements of cooperating agencies shall
12 be incorporated in their respective annual budgets. Sec. 15. Implementing Rules and
13 Regulations. – Within six (6) months from the effectivity of this Act, the DTI, in
14 consultation with other concerned government agencies, the academe, the private
15 sector, and non-government organizations, shall promulgate the necessary
16 implementing rules and regulations for the effective implementation of this Act.

17 Sec. 15. *Separability Clause*. – If any portion or provision of this Act is declared
18 unconstitutional or invalid, the remainder of this Act or any provisions hereof not
19 affected thereby shall continue to be in force and effect.

20 Sec. 16. *Repealing Clause*. – Any law, presidential decree or issuance, executive
21 order, letter of instruction, rule or regulation inconsistent or contrary to the provisions
22 of this Act is hereby repealed or modified accordingly.

23 Sec. 17. *Effectivity*. – This Act shall take effect after fifteen (15) days following its
24 complete publication in the Official Gazette or a newspaper of general circulation.

25 Approved,