

Sixteenth Congress
First Regular Session

HOUSE BILL No. **1128**



Introduced by Honorable Jim S. Hataman-Salliman, Representative, Lone District-Basilan

EXPLANATORY NOTE

The bill seeks to establish the Philippine Rubber Industry Development Authority (PRIDA). This was originally filed in the 15th Congress by the undersigned as principal author but because of time constraints, approval of the bill has been stalled.

The significance of this bill, however, cannot be overemphasized. The country needs this bill to stress the fact that government intervention is of utmost necessity in order to assist our rubber planters, rubber producers, traders and farmworkers who have long labored to make the rubber industry viable locally and internationally. The bill is needed to realize the full potential of the rubber industry in the country thereby contributing to its economic development.

Our country boasts of fertile grounds for growing rubber trees. In fact, the country is proven to be producer of a class A latex which are of world class quality. However, at present, the country has only 138,000 hectares planted with rubber. Most of these areas are in Mindanao, particularly in the provinces of Basilan, Zamboanga del Sur, Zamboanga Sibugay and North Cotabato. More than fifty (50%) of the country's rubber production area is found in Western Mindanao which is now dubbed as the "Rubber Region of the Philippines".

The figures are of course encouraging. For example, Department of Agriculture Secretary Proceso Alcala said that indicators showed that the rubber industry is growing in terms of production and area planted. In 2011, production of rubber was estimated at 425,705 metric tons, up by 7.71 percent more than the previous year's level of 395,237 metric tons.

However, despite this seeming development, our rubber industry is far from realizing its full potential and compete in the world market. Experts are concerned that while the country has the potential to gain so much with the expected increase in demand for rubber in the coming years, we may not be able to cope without proper government intervention. In fact, we are only contributing around 1% of the world's rubber supply. Notwithstanding the fact that rubber is a highly marketable cash crop, latex production is relatively low due to lack of modern technology and wanting in control and regulating mechanism of the industry. The country has not fully taken

advantage of the rubber industry's incredible potential for bringing about national economic development.

According to experts, in the next 10 years, the world demand for natural rubber is expected to grow by 3.7% or from 10.2 metric tons to 15.4MT in 2020. This is an opportunity for the country's rubber industry to make significant contributions in addressing such demand and at the same time contribute to economic development of the country.

This opportunity can be realized by passing a law that will respond to the needs of the industry. The establishment of the PRIDA is the key.

Although the government recently passed Republic Act 10089 or the Philippine Rubber Research Institute Act of 2010, the same centers on research. This is distinct from the objectives of creating a separate office which caters to the different needs of the rubber industry.

The creation of a rubber development authority is aimed at addressing all concerns of the industry with the end view of making it more competitive in the world market at the same time address such economic concerns as livelihood and sustainable development. It is also hoped that in the process, effective utilization of the rubber trees will be maximized but likewise regulated.

Considering also that much of the rubber plantations are concentrated in Mindanao as mentioned above, government intervention through the creation of PRIDA will definitely and immensely contribute to the development efforts in Mindanao.

The approval of this bill therefore, will not only improve and develop the country's rubber industry but will also promote national development and accelerate progress of the country.

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



JIM S. HATAMAN-SALLIMAN

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AN ACT
ESTABLISHING THE PHILIPPINE RUBBER INDUSTRY DEVELOPMENT
AUTHORITY, DEFINING ITS POWERS AND FUNCTIONS AND
APPROPRIATING FUNDS THEREFOR

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

3
4 SECTION I. ***Short Title.*** – This Act shall be known as the “Philippine Rubber
5 Industry Development Act.”
6

7 SEC. 2. ***Declaration of Policy.*** – Consistent with the objective of the
8 Government to develop self-reliant industries effectively controlled by Filipinos,
9 encourage investments and provide incentives to private enterprise, promote employment
10 and livelihood opportunities for the poor, ensure well-balanced ecology in the use of
11 natural resources for industrial purposes, and liberate poor farmers from the bondage of
12 poverty and hunger and enhance the rubber industry’s competitiveness, it is hereby
13 declared the policy of the State to develop the rubber industry in the country to its fullest
14 potential. Towards this end, the State shall provide the necessary support to rubber
15 industry development through appropriate services in rubber production, research,
16 extension, and training, financial assistance, marketing and other support services. It shall
17 prescribe and strictly enforce regulations and quality control standards needed to

1 safeguard rubber growers and other important players in the industry, thereby increasing
2 their income and uplifting their quality of life.

3
4 SEC. 3. *Rubber Industry Development Authority.* – The Rubber Industry
5 Development Authority (PRIDA) is hereby created to serve as the country's rubber
6 development authority. The PRIDA shall be an attached agency of the Department of
7 Agriculture.

8
9 SEC. 4. *Powers and Functions.* – The PRIDA shall exercise the powers and
10 functions:

11 a) Promulgate and enforce laws, rules and regulations to govern rubber
12 production, distribution, pricing and marketing;

13 b) Support and enhance efforts of rubber planters, processors and workers in
14 organizing themselves into associations or cooperatives and assist them in marketing
15 their produce;

16 c) Conduct regular consultations with the rubber workers, producers,
17 processors, traders and all other sectors involved in the rubber industry and design and
18 implement the industry's monitoring information system;

19 d) Design and administer a package of incentives to enhance linkages with
20 other government agencies and promote private sector investments for the development
21 and promotion of the rubber industry;

22 e) Establish, operate and maintain research testing and experimental stations
23 in the areas of harvesting, production, processing and marketing, and disseminate
24 recommended production technologies to ensure strong and effective linkage between
25 research and extension;

26 f) Improve the quality of life of rubber workers and planters through rubber-
27 growing in the areas suitable for the rubber trees;

28 g) Institute an orderly system for a stable, sufficient and balanced production
29 of rubber for local consumption and strategic reserves;

1 h) Establish and maintain such trading and marketing schemes that will ensure
2 stabilized prices at a level reasonably profitable to rubber producers;

3 i) Undertake scientific researches as may be needed in the formulation of
4 policies pertaining to agricultural, industrial, marketing and socio-economic aspect of the
5 rubber industry;

6 j) Coordinate and integrate all efforts of various agencies of government and
7 provide general direction for the steady and orderly development of the industry; and

8 k) Exercise all powers and functions as may be necessary or incidental to
9 attain the policy and objectives under this Act.

10
11 SEC. 5. **Board of Directors.** – The PRIDA shall be governed by a Board of
12 Directors which shall be composed of the following:

13 a) Secretary of Agriculture, as *ex-officio* chairman;

14 b) Under-secretary of Agriculture;

15 c) Executive Director of the Bureau of Agricultural Research;

16 d) Executive Director of the Bureau of Plant Industry

17 e) Administrator of the PRIDA; and

18 f) One (1) representative from the rubber producers and one (1) representative
19 from rubber processors, as members, to be appointed by the President of the Philippines
20 upon recommendation of the Secretary of Agriculture, for a term of three (3) years.

21 The Board of Directors shall act as policy-making body of PRIDA to formulate
22 policies, promulgate regulations and prescribe rules to attain PRIDA's purposes and
23 objectives.

24
25 SEC. 6. **Terms of Office.** – Unless sooner removed for a cause, appointed
26 members of the Board of Directors shall hold office for a period of two (2) years from the
27 date of their appointments.

1 SEC. 7. *Administrator.* – There shall be an Administrator who shall function
2 as the chief executive officer of the PRIDA. The Administrator shall be appointed by the
3 President of the Philippines upon the recommendation of the Secretary of Agriculture. He
4 shall be assisted by two (2) Deputy Administrators who shall be appointed by the Board
5 of Directors upon the recommendation of the Secretary of Agriculture.

6 The Board of Directors shall determine and create the organizational structure
7 of PRIDA to achieve its objectives.
8

9 SEC. 8. *Prohibited Acts.* – For purposes of this Act, the following are
10 expressly prohibited:

11 a) Importation of latex during the harvest season or in any other period of the
12 year without the resolution of approval by the Board of Directors; and

13 b) Hoarding of latex to deliberately control its commercial price.
14

15 SEC. 9. *Penalties.* – Any person who violates the provisions of the preceding
16 section shall, upon conviction, be punished with a fine of not less than Fifty Thousand
17 Pesos (P50,000.00) but not more than One Hundred Thousand Pesos (P100,000.00) or an
18 imprisonment of not less than six months but not more than two (2) years, or both such
19 fine and imprisonment at the discretion of the court.

20 If the offender is a corporation, partnership or association or any other juridical
21 person, the penalty shall be imposed on the president, treasurer or any officer responsible
22 for the violation. If the offender is an alien, he shall, in addition to the penalties herein
23 prescribed, be deported immediately without further proceedings in the Bureau of
24 Immigration.
25

26 SEC. 10. *Transitory Provision.* – Upon the approval of this Act, all initiatives
27 and operational matters relative to rubber research, production, processing, marketing and
28 trade regulation by the Department of Agriculture and its attached agencies shall be
29 transferred to PRIDA with the necessary funding requirements.

1 The new position structure and staffing pattern of PRIDA shall be approved
2 and implemented by the Board of Directors within one hundred twenty (120) days from
3 the approval of this Act, and the authorized positions created shall be filled by the
4 Administrator.

5
6 **SEC. 7. *Appropriations.*** – For the effective implementation of this Act, the
7 sum of Twenty Million Pesos (P20,000,000.00) is hereby appropriated from the funds of
8 the National Treasury. Thereafter, such amount as may be necessary for the continuous
9 implementation of this Act shall be included in the annual General Appropriations Act.

10
11 **SEC. 12. *Other Sources of Funds.*** – The following are other sources of funds
12 for the operations of PRIDA:

13 a) Collections from tariff fees on imported latex and substitutes from other
14 countries;

15 b) A fixed percentage of at least 10% generated out of the taxes paid by
16 producers and processors in the Philippines;

17 c) A fixed percentage of at least 15% of the VAT collections on finished
18 products of which latex is the main ingredient; and

19 d) Other funds appropriated thereof by the Government of the Philippines.

20
21 **SEC. 13. *Implementing Rules and Regulations.*** – Within ninety (90) days
22 after the effectivity of this Act, the Secretary of the Department of Agriculture shall
23 promulgate rules and regulations for the full implementation of this Act.

24
25 **SEC. 14. *Separability Clause.*** – If, for any reason, any section or provisions
26 of this Act shall be held unconstitutional, other provisions hereof not affected thereby
27 shall remain in full force and effect.

1 SEC. 15. *Repealing Clause.* – All laws, decrees, rules and regulations, and
2 other issuances or parts thereof inconsistent with the provisions of this Act are hereby
3 repealed or amended accordingly.

4
5 SEC 16. *Effectivity.* – This Act shall take effect fifteen (15) days after the
6 publication in the Official Gazette or in two (2) national newspapers of general
7 circulation.

8 Approved,
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