

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. **6673**



Introduced by **HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.**

EXPLANATORY NOTE

Being situated in the "Coffee Belt"—or a band around the equator that is optimal for production of coffee—the Philippines is one of the world's biggest coffee exporter. However, market conditions over time changed when output decreased since the early 2000s despite the increasing demand for the product¹. Coffee is one of the most valuable commodities in the world and a cultural phenomenon² that has created a USD 100 Billion industry. As it is only cultivated in the Coffee Belt, this makes it one of the most sought after industries, especially for coffee-producing developing countries³.

Local farmers are only able to produce 25,000 MT annually while demand is more than 75,000 MT⁴. As a result, the country imports from neighboring countries such as Vietnam and Indonesia in order to meet demand that current supply cannot fulfill.

The government recognized the country's opportunity to be a key player in the coffee industry and has taken actions on supporting this. Coffee is currently one of the priority sectors identified for development in the country⁵, prompting the creation of

¹ <http://www.philstar.com/cebu-business/2016/01/23/1545484/dti-rising-global-demand-revive-phl-coffee-industry>

² <https://www.mnn.com/food/beverages/stories/how-coffee-changed-the-world>

³ <http://www.businessinsider.com/facts-about-the-coffee-industry-2011-11#90-percent-of-the-worlds-coffee-production-takes-place-in-developing-countries-8>

⁴ Ibid

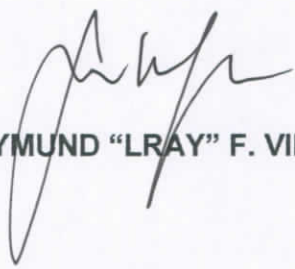
⁵ Ibid.

the Philippine Coffee Industry Roadmap 2017-2022 by the Department of Trade and Industry⁶. This program is targeting to increase coffee production to 214,000 MT by 2022 and meet the annually increasing demand.

This legislation aims to support the current efforts being undertaken to boost the Philippine Coffee Industry through the establishment of a National Program for the Coffee Industry with the goals of developing processing technologies, conducting research thereof, and promoting to investors. It also aims to help coffee farms by establishing proper coffee processing facilities and providing marketing and promotions for export of the commodity.

This bill will institutionalize the current program and realize the roadmap recently signed, classifying coffee as a high value crop for production. Creation of a National Coffee Board will help supervise and monitor development of the Philippine Coffee Industry and help it become a world-class commodity.

The approval of this bill is earnestly sought.



LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

⁶ <https://businessmirror.com.ph/duterte-to-sign-phl-coffee-road-map-next-week-official/>

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Introduced by HONORABLE LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

AN ACT
ESTABLISHING A NATIONAL PROGRAM FOR THE COFFEE INDUSTRY
PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES

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 "Coffee Development Act of 2017".

SECTION 2. *Declaration of Policy.* – It is hereby declared the policy of the State to promote the coffee industry as an income source of farmers and increase farm productivity for sustainable development.

SECTION 3. *Development of the Coffee Industry.* – The Department of Agriculture (DA), in consultation with the Department of Science and Technology, state universities and colleges, farmer groups, local government units, and the private sector, shall formulate necessary programs and projects for the advancement and industry-wide development of coffee in the Philippines, as follows:

1. Organize systematic programs that could improve coffee production including the development of effective production systems;
2. Promote the coffee as industry to investors;
3. Provide technical assistance on planting systems and rehabilitation of farms;

4. Develop efficient and productive processing technologies for coffee beans;
5. Allow, facilitate the establishment of credit programs in government banks for coffee farmers;
6. Conduct research and other scientific studies on coffee;
7. Establish and maintain a germplasm collection and gene bank for coffee;
8. Provide marketing and promotions of coffee for domestic and export markets;
9. Classify coffee as a high value crop;
10. Establish a coffee processing facilities for farmers and farmer's organizations;
11. Coordinate and collaborate with other government and non-government agencies involved in the development of the coffee industry.

SECTION 4. *Creation of a National Coffee Board.* – There shall be a National Coffee Board that shall direct, supervise and monitor the development and promotion of the coffee industry. The board shall be composed of:

- a) Secretary of the Department of Agriculture as Chairman;
- b) Secretary of the Department of Trade and Industry as Vice Chairman;
- c) One (1) representative from the League of Municipalities where coffee is primarily grown;
- d) One (1) representative from a Non-Governmental Organization working on coffee production, research and development, processing or promotion;
- e) One (1) representative from coffee growers;
- f) One (1) representative from coffee traders;
- g) One (1) representative from coffee processors.

SECTION 5. *Secretariat of the Coffee Board.* – The Undersecretary of Agriculture in-charge of Crops and Head of the Bureau of Plant Industry shall be the Secretariat of the Board. The Office of High Value Crops Development shall establish an office space for the Coffee Board for their meetings.

SECTION 6. *Appropriation.* – The amount of fifty million pesos (Php 50,000,000.00) shall be allocated from the Special Activities Fund of the President of the Republic of the Philippines, or from any other sources that may be identified for the purpose for the operation, industry development as contained in Section 3 hereof. Thereafter,

such sum required shall be included in the annual General Appropriations Act of the Department of Agriculture.

SECTION 7. *Separability Clause.* – All existing laws, rules and regulations or part thereof inconsistent with the provisions of this Act are hereby repealed, superseded or modified accordingly.

SECTION 8. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in two (2) newspaper of national circulation.

Approved,