

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 6788



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

EXPLANATORY NOTE

Dubbed as the "food of the gods," cacao or cocoa as it is more commonly known, is described as more than a food, and less than a drug. Originating from the Americas, cacao is a small evergreen plant introduced to the Philippines by the Spanish in 1674 to 1680. Its beans are used to make cocoa and chocolate — two products loved the world over. The plant became a cash crop in the Philippines in the days of the Spanish Empire along with tobacco, sugar, and coffee because the tropical climate is ideal for the plant's growth. Since its discovery, its products are enjoyed globally. Worldwide consumption of chocolate has gradually increased since the 1970s.¹ Global demand annually grows by 2% to 3% with particular increases in Central Asia and Eastern Europe.²

According to the Department of Agriculture, the increasing global demand for cacao is spurred by various factors: a rising awareness of its health benefits, expanding applications in food beverage, cosmetics, and medicine, and an increasing disposable income of the middle class. The climate and fertile soil in the Philippines is well suited for growing cacao. Yet, the current state of cocoa business is a disappointment to the crop's historic roots. The homegrown cacao industry has deteriorated into small to medium scale enterprises. As a result, local production is declining.³

The Philippines now makes up for the dwindling supply by importing large amounts annually. The country currently produces 10,000 to 12,000 metric tons (MT) of dried cacao beans, enough to make the country the 18th largest cacao-producer worldwide, but not enough to secure the local demand of 30,000 MT annually.⁴ With production unable to keep up with demand, international prices for cacao beans are steadily rising. This makes importing cacao products costlier unless we can supply our own.

¹ <http://www.cidami.org/philippine-2020-challenge/>

² <http://www.pcaarrd.dost.gov.ph/home/portal/index.php/quick-information-dispatch/2176-tastier-future-for-the-philippine-cacao-industry>

³ Ibid.

⁴ <http://www.cidami.org/philippine-2020-challenge/>

Capitalizing on the growth of the cacao industry would increase livelihood for Filipinos especially in agriculture-rich areas. For instance, Southern Mindanao is the country's largest cacao-producing region with nearly 4,000 hectares dedicated to the crop. Although the country's contribution at present to the global market is relatively small, we already supply cacao to the United States, Singapore, New Zealand and Europe. Chocolate from Philippine cacao beans is used by international brands such as Mars, M&M's, and Barry Callebaut.

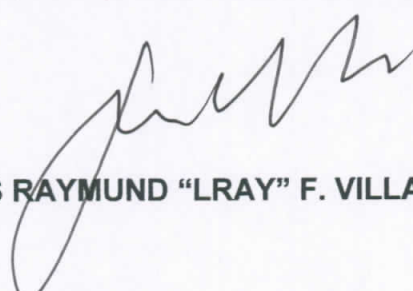
The Department of Agriculture (DA) recognizes the potential market for cacao and is already conducting banner programs. One of them, the High Value Crops Development Program, was created to help address food security, poverty, alleviation and sustainable growth.⁵ It promotes the production, processing, marketing, and distribution of high value crops. HTVCDP intends to increase income, livelihood opportunities and contribute to the national agricultural development of the country. For cacao, the DA aims to raise local production to 100,000 MT come 2020, an amount that would make the country a key player on the global market.

To achieve this vision, Mindanao is considered for the planting of 1,000,000 cacao trees. The DA chose Cacao as a priority commodity for the Davao region because of its large tracts of fertile land. Mindanao currently devotes 2 million hectares of land to coconut trees. Coconut trees are ideal for intercropping with cacao trees since they provide shade cacao seeds need to grow. Using a mere 100,000 hectares for intercropping would potentially create 1,000 jobs for Mindanao residents and more options for coconut farmers.

According to DA data, cacao is also grown in some parts of Luzon (Ilocos, Bulacan, Laguna, Camarines Sur, Camarines Norte, etc.) and Visayas (Iloilo, Bohol, Negros Occidental). The department plans to improve cacao farmer's access to fertilizer and cacao seeds in Mindanao and pre-existing regions. DA also promised to improve the flow and quality of extension service to cacao farmers to hasten the process and produce high quality products.

This bill seeks to implement a national program for the education and training of stakeholders in the cacao industry, collect relevant research, scientific studies and market strategies for the proliferation of the local cacao industry. It envisions the various government agencies together with the Department of Agriculture (DA), as lead agency, in this endeavor of making the Philippines a competitor in the world cacao market.

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



LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

⁵ Republic Act No. 7900, High Value Crops Development Act of 1995

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

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

Section 1. This Act shall be known as the "Cacao Industry Development Act of 2017".

Section 2. Declaration of Policy. – it is hereby declared the policy of the state to develop a sustainable cacao industry optimizing local production capacity, the application of sustainable agriculture practices, securing quality raw materials and the processing, marketing of cacao beans in its raw or processed form and to be able to participate in the international cacao trade for the economic relief of smallholder farmers.

Section 3. National Cacao Development Council. – The National Cacao Development Council shall be composed of the Department of Agriculture (DA) Undersecretary in Charges of Crops,

1. High Value Crops Development Program Head;
2. DA – Bureau of Agricultural Research;
3. Department of Science and Technology (DOST);
4. Department of Trade and Industry (DTI);
5. National Economic and Development Authority (NEDA);
6. One (1) representative from the group of cacao traders;
7. One (1) representative from the group of cacao processors; and
8. One (1) representative from the group of cacao growers.

Section 4. The Objectives of the Program are as follows –

- a) Impose Food Security by enhancing the ability to produce or procure cacao;
- b) Encourage Private Sector Investment in agribusiness through policy reforms and advocacy, access to financing and cost-effective incentives.
- c) Expand Income Opportunities for producers and other entrepreneurs especially from value-adding activities.
- d) Provide Improved Technologies for fresh and processed cacao beans towards meeting world standards for competitiveness.

Section 5. Powers and Functions. – The Council shall have the following general powers and functions:

- 1. Formulate the cacao development plan;
- 2. Educate and train all stakeholders of the cacao industry;
- 3. Conduct the relevant research, scientific study and feasible marketing strategies;
- 4. Establish and develop effective production systems for cacao varieties;
- 5. Establish and maintain productive, high yielding and good quality cacao varieties;
- 6. Establish and maintain germplasm collection and gene bank for cacao;
- 7. Update cacao processing technologies;
- 8. Develop effective and efficient marketing system for cacao;
- 9. Establish linkages with national and international organizations and development centers of the cacao industry; and
- 10. Coordinate with other government and non-government agencies involved in the development of the cacao industry.

Section 6. Meetings. – The Council shall meet once every quarter or may call on a special meeting, as needed, upon a week's notice in writing.

Section 7. Quorum. – The presence of at least five (5) members at the time of the meeting shall constitute the quorum; Provided, however, that in the absence of the Chairman, the Vice Chairman shall preside.

Section 8. Role of the Local Government Units (LGUs). – The full implementation of the objectives of this Act shall be with the partnership and cooperation of the concerned LGU, which may also be release counterpart funding or provide other services should it deem necessary or available. This role is pursuant to the enshrined principle in the Local Government Code that capabilities of local government units shall be enhanced by providing them with

opportunities to participate actively in the implementation of national programs and projects.

Section 9. *Appropriation.* – The amount of Fifty Million Pesos (PhP 50,000,000.00) is hereby authorized to be appropriated 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. Thereafter, such sum required for its operation, maintenance, research, and development shall be included in the annual General Appropriations Act of the Agencies involved.

Section 10. *Repealing Clause.* – All laws, presidential decrees, executive orders, rules and regulations, or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, superseded or modified accordingly: Provided, however, that nothing in this Act shall amend, modify or repeal the provisions of Republic Act No. 7900, otherwise known as “An Act to Promote the Production Processing, Marketing, and Distribution of High-Valued Crops”.

Section 11. *Separability Clause.* – If any part or provision of this Act shall be held unconstitutional or invalid, other provisions hereof which are not affected shall continue in full force and effect.

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

Approved,