

Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Second Regular Session
House Bill No. 7728



**INTRODUCED BY
REP. ALFRED VARGAS**

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

EXPLANATORY NOTE

The Philippines has the potential to become the second-largest bamboo producer in the world with the abundance of bamboo species growing within its territory. In 2009, the Philippines ranked sixth as the biggest exporter of bamboo products in the world, with a total export value reaching \$30 million. Economically, this plant has been proven to be a sustainable alternative to wood as it can reach maturity in five years and can be harvested once every two years for about 100 to 120 years. Environmentally, the bamboo has also been showcased as a strategic tool to mitigate the effects of climate change.

This bill seeks to promote the sustainable management and proper utilization of the country's bamboo resources. It shall provide guidelines for massive bamboo reforestation and rehabilitation projects, education and awareness-raising campaigns, adequate technology transfer mechanisms, and capacity-building programs for Filipinos in the bamboo industry. These capacity-building programs range from support services to incentives to bamboo farmers and exporters, among others, while also promoting research on the versatility and marketability of bamboo products.

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


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

SECTION 1. Title. – This Act shall be known as the "Philippine Bamboo Industry Development Act of 2019."

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

SECTION 3. Definition of Terms. – As used in this Act:

- (a) *Bamboo* - refers to a tropical or semi-tropical fast-growing grass usually having hollow culms and lignocellulose matrix;
- (b) *Bamboo Backyard Farming* - those whose plantation and operations are basically in the house backyard, with the household members as workers. The majority of bamboo processing enterprises in the Philippines belong to this category;
- (c) *Bamboo Industry* - a sector with very high potential contribution in the socio-economic development and environmental protection of the

country. The sector may still be classified as essentially agricultural considering that majority of its market and supply is essentially for agricultural requirements such as fish pens, banana props and other low value applications like scaffoldings, and fences;

- (d) *Bamboo Industry Development Roadmap* - shall provide specific programs and projects, including the timeline for the propagation, development and management, processing, utilization, business development, and commercialization of the Philippine bamboo and bamboo products. It shall contain a comprehensive national industrial strategy for the Philippine bamboo industry;
- (e) *Bamboo Processing* - conversion of bamboo for various products and applications including walls, panels, trusses, handicraft, consumer products (tooth brush, tissues, toothpicks, and chopsticks among others) and novelty products (furniture, handicraft, and decors), focused on the possible use of bamboo as substitutes for wood for various applications (plywood, composites, pulp and paper, bamboo arts, and other architectural applications); and
- (f) *Bamboo Stand* - for plantation, an aggregate of clumps occupying a specific area and sufficiently uniform in composition (species), age, spacing, and condition as to be distinguished from the natural and/or existing bamboo stands (with unknown clump age). The latter stands have irregular spacing and species composition not necessarily uniform and the clumps are randomly and widely distributed.

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

- (a) Promoting the integrated and holistic development of the bamboo industry in various aspects of research, production, processing, marketing, consumption, capacity building, and regulation;
- (b) Ensuring that the bamboo industry has sufficient supply of quality raw materials through the establishment and management of bamboo nurseries and plantations;
- (c) Ensuring that relevant and accurate data on the bamboo industry are collated and published by the Center created under Section 7 of this Act, in cooperation with various government agencies, private entities and other relevant sources, to aid in business decisions related to the industry;
- (d) Promoting investments in the bamboo industry by providing substantial and attractive incentives to investors;

- (e) Providing skilled labor and manpower through continuous relevant capacity building;
- (f) Ensuring the provision of locally manufactured machines with improved capacity, efficiency, and quality at competitive costs;
- (g) Improving bamboo industry research and development to discover new products and technologies, and advance market access for Philippine bamboo and bamboo products locally and internationally;
- (h) Providing access to markets of bamboo products locally and internationally through aggressive trade promotions; and
- (i) Ensuring sustainable resources in the implementation of the bamboo industry development program.

SECTION 5. *Composition of the Philippine Bamboo Industry Development Council.* – The composition of the Philippine Bamboo Industry Development Council (PBIDC), as provided for under Executive Order No. 879, is hereby amended as follows:

- (a) Secretary of the Department of Trade and Industry (DTI) as Chair;
- (b) Secretary of the Department of Environment and Natural Resources (DENR) or his/her duly appointed representative, who has sufficient expertise on the Philippine bamboo industry;
- (c) Secretary of the Department of Agriculture (DA) or his/her duly appointed representative, who shall come from the Bureau of DA-Agricultural Research (DA-BAR);
- (d) Secretary of the Department of Science and Technology (DOST) or his/her duly appointed representative, who shall come from the DOST- Forest Products Research and Development Institute (DOST-FPRDI);
- (e) Secretary of the Department of Education (DepEd) or his/her duly appointed representative;
- (f) Executive Director of the Center;
- (g) A representative from the Department of Interior and Local Government (DILG);
- (h) One (1) representative each from bamboo farmers, bamboo manufacturers, and bamboo processors associations;
- (i) Two (2) representatives from Non-Governmental Organizations involved in the agricultural sector; and

- (j) One (1) representative from the private sector involved in the bamboo industry.

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

The representatives from the private sector, bamboo farmers, bamboo manufacturers, bamboo processors associations, and non-governmental associations shall be appointed by the President of the Republic of the Philippines from the list of nominees submitted by the DTI Secretary. The DTI Secretary shall choose the nominees from the respective lists submitted by the different organizations and associations. They shall serve for a term of three (3) years, and may be re-appointed once.

The Council shall meet quarterly and may hold special meetings whenever the need arises to consider urgent matters upon the call of the Chair or any of the council members.

The Council shall continue to provide the overall policy and program directions of the bamboo industry, coordinate activities of the various government agencies and instrumentalities, and ensure the implementation, accomplishment, and periodic review of the Bamboo Industry Development Roadmap.

The Council shall be administratively attached to the Department of Trade and Industry (DTI).

SECTION 6. Powers and Functions of the Council. – The Council shall have the following powers and functions, among others:

- (a) Formulate the Philippine Bamboo Industry Development Roadmap;
- (b) Identify specific programs and projects in support of, and in line with the Philippine Bamboo Industry Development Roadmap;
- (c) Identify sources of financing to expand bamboo industry development;
- (d) Submit annual reports to the Office of the President, the Senate Committee on Trade, Commerce and Entrepreneurship, and the House of Representatives Committee on Trade and Industry on the status of the implementation of the Roadmap and the bamboo industry development in the country; and
- (e) Promulgate such rules and regulations and exercise such other powers and functions as may be necessary to carry out effectively the

attainment of the purposes and objectives of this Act.

SECTION 7. *Bamboo Industry Development Center (BIDC).* – The Bamboo Industry Development Center, hereinafter referred to as the Center, shall be created to serve as the secretariat of the Council to be headed by an Executive Director.

The Center shall consist of divisions for (1) research and development, (2) trade promotion and education, (3) networking and linkages, (4) internal administration and such other purposes deemed necessary by the Council. The composition and staffing of the divisions shall be prepared by the Executive Director and approved by the Council.

The organizational structure, staffing pattern and compensation schedule of the Center shall be drawn up in accordance with the Civil Service Commission (CSC) law, rules and regulations. Government agencies represented in the Council shall provide additional administrative and technical staff support upon request by the Council.

The Center shall have the following powers, functions and duties:

- (a) Promote and encourage the establishment and management of bamboo nurseries and bamboo plantations for commercialization, in coordination with DENR and DA;
- (b) Coordinate and partner with DOST-FPRDI for continuous research and development to advance sustainable bamboo industry development practices;
- (c) Work with the Council and coordinate with the DENR and DOST-FPRDI in formulating a holistic National Bamboo Industry Development Program;
- (d) Work with the Council and coordinate with the DENR and DOST-FPRDI in formulating a holistic National Bamboo Industry Development Program;
- (e) Promote the establishment and creation of bamboo farm tourism camps in coordination with the Department of Tourism;
- (f) Promote the commercialization and market access of appropriate, innovative and viable bamboo industry development technologies and products;
- (g) Coordinate and partner with other government agencies in the implementation of bamboo industry development programs and projects;
- (h) Monitor and evaluate the performance of the bamboo industry, and

the bamboo development programs and projects;

- (i) Coordinate and partner with the private sector, people's organizations and non-governmental organizations, and State Colleges and Universities in providing assistance on matters pertaining to bamboo industry development;
- (j) 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;
- (k) Assist the Council, in cooperation with other appropriate government agencies, in conducting a periodic review of the Philippine Bamboo Industry Development Roadmap;
- (l) Conduct capability-building initiatives for farmers, farm workers, processors, designers, and other stakeholders in the bamboo industry;
- (m) Conduct capability-building initiatives for farmers, farm workers, processors, designers, and other stakeholders in the bamboo industry;
- (n) Supervise the implementation of the plans and programs of the Council;
- (o) Manage and administer the projects approved by the Council under this Act; and
- (p) Submit periodic reports to the Council on the progress and accomplishment of bamboo industry programs and projects.

SECTION 8. *The Executive Director of the Center.* – The Executive Director shall be appointed on a permanent capacity by the President of the Republic Philippines from the list of nominees submitted by the DTI Secretary. He/she shall be a citizen and resident of the Philippines and must possess executive and management experience of at least three (3) years and with considerable knowledge in bamboo industry development.

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

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

SECTION 9. *Department of Environment and Natural Resources (DENR) on Bamboo for Commercialization.* – In addition to its mandate, under

the Bamboo Plantation Development Program (BPDP), the DENR shall ensure the development and expansion of nurseries and plantations of bamboo for commercialization and industrial purposes, while taking into consideration the ecological balance in areas identified for plantation and propagation. It shall continue to conduct research and development activities for production or propagation of bamboo.

SECTION 10. *Department of Science and Technology for Research and Development.* – The DOST - Forest Products Research and Development Institute (DOST-FPRDI) shall be the main research and development arm for bamboo utilization of the Council. It shall work closely in coordination with the Center (BDIC) and other government agencies such as the DA-BAR to innovate and advance sustainable bamboo industry development practices.

SECTION 11. *Role of the Local Government Units.* – Local Government Units in cooperation with the DENR, DTI and the DOST-FPRDI, and in consultation with DA and the National Commission on Indigenous People (NCIP) when necessary, shall regularly conduct surveys of existing bamboo stands, nurseries and plantations in their respective localities, and shall strengthen the local bamboo industry by promoting bamboo enterprises in their respective localities.

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

- (a) The Board of Investments (BOI) shall classify bamboo nurseries and plantations as a "pioneer" industry, and bamboo processing as preferred area of investment under its Investment Priorities Plan (IPP) subject to pertinent rules and regulations. Provided, that the mandatory classification as such shall only be for a period of five (5) years, and thereafter its inclusion in the preferred area of investment under the IPP shall be decided by the BOI;
- (b) Nursery and plantation owners shall be exempt from the payment of government share for the use of public lands for commercial bamboo plantation for the first ten (10) years or when the plantation owner starts to harvest the nursery or plantation subject to existing tenurial agreement with concerned government agencies;
- (c) Plantation owners in public lands shall be exempt from the payment of forest charges that may be imposed by national government and other fees or taxes imposed by local government units;
- (d) Plantation owners, including those with nursery facilities, bamboo processing plants, and other related businesses shall be exempt from the payment of import duties for imported machines and equipment to be used exclusively therein, subject to all pertinent rules and

regulations;

- (e) Ordinary and necessary expenses incurred for the business shall be allowed as deductible expenses for income tax purposes, subject to the provisions of the National Internal Revenue Code of 1997, as amended. Provided, that the deduction shall only apply to the taxable period, when expenses were incurred;
- (f) Expenses incurred in the development and operation of a bamboo plantation prior to the commercial harvest shall be regarded as ordinary and necessary expenses or as capital expenditures for purposes of tax treatment;
- (g) Bamboo plantations shall be accepted as among the collaterals for loans in government-owned or controlled banks, subject to its rules and regulations;
- (h) Bamboo plantation developers and bamboo processors shall be given priority to access credit assistance and guarantee schemes being granted by government-owned, controlled and/ or supported financial institutions;
- (i) Bamboo plantations shall not require a cutting permit for harvesting nor shall its produce need a transport permit for transporting. Provided, that such plantation is registered with the Community Environment and Natural Resources Office (CENRO) of the DENR;
- (j) Bamboo plantations and plantation development equipment shall be covered by the Philippine Crop Insurance Corporation (PCIC);
- (k) For tenured bamboo plantation owners, upon the premature termination of the tenurial agreement with no fault of the holder, all capital improvements, depreciable permanent and semi-permanent improvements such as roads, buildings, nurseries including the planted and standing bamboo and other intercrops, introduced and retained in the area, shall be evaluated and the holder shall be entitled to a fair compensation thereof, the amount of which shall be mutually agreed upon by both the DENR and the tenure-holder and in case of disagreement between them, by arbitration through a mutually acceptable and impartial third party adjudicator through the DENR; and
- (l) The export of bamboo poles shall be regulated by the Council while other bamboo products, may be exported without restrictions in volume.

SECTION 13. Appropriations. – The sum of One Hundred Million Pesos (PHP100,000,000.00) to be sourced from the unexpended contingency fund of the Office of the President, the existing budget for bamboo industry

development under the DTI, the existing budget allocation for DENR-FPRID's bamboo related research and development, and the existing budget allocation for DENR's BPDP, are hereby appropriated for the initial budgetary requirements of the Center. Thereafter, such amount as may be necessary for the continuous operation of the Center shall be included in the annual GAA. The budgetary requirements of cooperating agencies shall be incorporated in their respective annual budgets.

SECTION 14. *Implementing Rules and Regulations.* – The Department is hereby authorized under this Act to receive donations from government and non-government organizations and to administer the same strictly and exclusively for the beneficiaries and qualified applicants of the TUPAD Program, subject to relevant accounting and auditing rules and regulations.

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

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

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

Approved,