



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



Twentieth Congress
First Regular Session

HOUSE BILL NO. 137

Introduced by Representative Arnan C. Panaligan

EXPLANATORY NOTE

This bill seeks to create the National Steel Development Authority to promote the development of an integrated iron and steel industry in the country.

The Philippine iron and steel industry remains fragmented and import-dependent, limiting its ability to support infrastructure, manufacturing, and defense. To meet the domestic demands without relying on imports, it is necessary to establish a fully integrated value chain—from mining to finished iron and steel products—through strategic incentives, infrastructure access, and institutional coordination. This measure complements Republic Act No. 7103, otherwise known as the “*Iron and Steel Industry Act*,” and aligns with the Philippine Development Plan and the Build Better More program.

Despite having iron ore reserves and a growing domestic market, the Philippines lacks upstream and midstream steelmaking capacity. Over 70% of steel demand is met through imports, exposing the country to price volatility, supply disruptions, and trade imbalances. The absence of integration also weakens job creation, technology transfer, and industrial competitiveness.

The establishment of a fully integrated steel value chain will promote self-sufficiency and import substitution, attract large-scale investments in upstream and midstream segments, and ensure environmental sustainability and inclusive growth.

With an integrated iron and steel value chain in the country, it is expected to attract \$5 to \$10 billion in new investments over the next decade and create more than 50,000 direct and indirect jobs. It also aims to reduce infrastructure costs and improve the trade balance by increasing the share of domestic steel production to

The key provisions of this measure include the creation of the National Steel Development Steel Integration Fund, which is intended to finance capital-intensive upstream investments in the local steel industry. The fund will facilitate the development, modernization, and expansion of integrated steel production facilities and related infrastructure. Further, it mandates local content or use of locally manufactured iron and steel products in government projects and directs concerned agencies to strengthen the quality standards and anti-smuggling enforcement.

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


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the government to receive and process applications, receive payments, and issue approved licenses, clearances, permits, or authorizations.

(b) ***Integrated steel industry*** refers to a value chain that includes iron ore mining, steelmaking, rolling, coating, and fabrication;

(c) ***Upstream activities*** refer to iron ore beneficiation, sintering, blast furnace or electric arc furnace operations;

(d) ***Midstream activities*** refer to hot and cold rolling, galvanizing, tinplating; and

(e) ***Downstream activities*** refer to the production of finished steel products such as rebars, coils, sheets, and pipes.

SEC. 4. *Creation of the National Steel Development Authority (NSDA).* –

The National Steel Development Authority (NSDA) is hereby created to serve as the central policy, planning, and coordinating body for the development of a fully integrated iron and steel industry in the Philippines. It shall be responsible for formulating strategies, facilitating investments, and ensuring regulatory coherence across the upstream, midstream, and downstream segments of the steel value chain.

The NSDA shall operate under the administrative supervision of the Department of Trade and Industry (DTI).

SEC. 5. *Composition.* – The NSDA shall be governed by a Board of Directors composed of the following:

(a) Secretary of Trade and Industry (DTI), as Chairperson;

(b) Secretary of Science and Technology (DOST), as Vice Chairperson;

(c) Secretary of Labor and Employment (DOLE);

(d) Secretary of Environment and Natural Resources (DENR);

(e) Director General of the National Economic and Development Authority (NEDA);

(f) President of the Philippine Economic Zone Authority (PEZA);

(g) Two (2) representatives from the steel industry sector, to be nominated by recognized industry associations and appointed by the President of the Philippines;

(h) One (1) representative from the labor sector, to be nominated by accredited labor organizations and appointed by the President of the Philippines;

(i) One (1) representative from the academe, preferably with expertise in metallurgy, engineering, or industrial policy, to be nominated by the Commission on Higher Education (CHED) and appointed by the President of the Philippines; and

(j) One (1) representative from the private sector with experience in investment or infrastructure development, to be appointed by the President of the Philippines, as members.

The ex-officio members shall serve for the duration of their incumbency and the non-*ex officio* members shall serve for a renewable term of three (3) years.

SEC. 6. *Duties and Functions.* – The NSDA shall exercise the following duties and functions:

(a) Formulate, implement, and update every three (3) years the National Steel Integration Roadmap, which must be aligned with the national development goals;

(b) Coordinate inter-agency efforts to promote integration, including infrastructure access, resource allocation, and investment facilitation;

1 (c) Administer the Steel Integration Incentive Program, in coordination
2 with the Board of Investments and other Investment Promotion Agencies;

3 (d) Oversee the Steel Integration Fund, ensuring its strategic use for
4 capital-intensive projects and technological upgrading;

5 (e) Monitor industry performance, maintain a national steel database, and
6 publish an annual *State of the Steel Industry Report*;

7 (f) Promote workforce development and research and development, in
8 partnership with academic and technical institutions;

9 (g) Enforce compliance with the national steel standards, in coordination
10 with the Bureau of Philippine Standards (BPS) and relevant regulatory bodies;

11 (h) Recommend policy reforms and legislative measures to support the
12 competitiveness, sustainability, and resilience of the steel industry; and

13 (j) Perform such other functions as may be necessary to carry out the
14 provisions of this Act.

15 **SEC. 7. *Steel Integration Incentive Program.*** – To accelerate the
16 development of an integrated and globally competitive steel industry, the NSDA,
17 in coordination with the Fiscal Incentives Review Board (FIRB) and the Board of
18 Investments (BOI), shall implement a Steel Integration Incentive Program.

19 Under the program, qualified iron and steel enterprises are entitled to fiscal
20 incentives in accordance with the Corporate Recovery and Tax Incentives for
21 Enterprises (CREATE) Act and the Strategic Investment Priority Plan (SIPP),
22 including the following:

23 (a) Income tax holiday (ITH) for a period of up to seven (7) years,
24 depending on the location and industry tier classification;

25 (b) Enhanced deductions for a period of ten (10) years, including:

(1) 100% additional deduction on power expenses;
(2) 50% additional deduction on labor expenses;
(3) 100% additional deduction on research and development
(R&D) expenses; and

(4) 100% additional deduction on training expenses;
(c) Special Corporate Income Tax (SCIT) rate of five percent (5%) for
export enterprises, in lieu of all national and local taxes, for a period of ten (10)
years;

(d) Exemption from customs duties and value-added tax (VAT) on
importation of, and domestic purchases of, capital equipment, raw materials, and
other articles directly and exclusively used in the registered project or activity, for
a period of up to seventeen (17) years from the date of registration, subject to the
conditions set forth in the SIPP.

The NSDA shall, in consultation with the FIRB and BOI, issue the necessary
guidelines to determine eligibility criteria, application procedures, and compliance
monitoring mechanisms for the Program.

SEC. 8. *Steel Integration Fund.* – A Steel Integration Fund, hereinafter
referred to as the Fund, is hereby established to finance capital-intensive upstream
investments in the domestic steel industry. The Fund shall support the
development, modernization, and expansion of integrated steelmaking facilities
and related infrastructure.

It shall be administered by the NSDA, with an initial appropriation to be
sourced from the General Appropriations Act (GAA). The Fund may be
augmented by grants, donations, and other sources as may be authorized by law.

1 The NSDA shall issue guidelines to ensure transparent, performance-based
2 allocation and effective utilization of the Fund in line with the national industrial
3 priorities.

4 **SEC. 9. *Infrastructure and Resource Access.*** – The establishment of an
5 integrated steel industry shall be prioritized in the planning and development of
6 industrial zones, with strategic access to essential infrastructure, including
7 seaports, reliable power supply, and adequate water resources.

8 To support upstream operations, the DENR shall, in coordination with the
9 Department of Energy (DOE) and other relevant agencies, facilitate responsible
10 and sustainable access to domestic iron ore reserves and renewable energy sources,
11 in accordance with applicable environmental and energy laws.

12 Integrated steel industry located within designated eco-industrial zones are
13 eligible for additional non-fiscal incentives, such as streamlined permitting
14 processes through the establishment of one-stop shop, technical assistance on
15 energy efficiency, and access to green financing programs, as may be provided
16 under existing laws and DOE-administered initiatives.

17 **SEC. 10. *Streamlined Procedure.*** – For the issuance of permits and
18 licenses, the concerned national and local governments shall:

19 (a) Establish a one-stop shop and consolidate all the necessary approvals;

20 (b) Process all applications within three (3) working days for simple
21 transactions, seven (7) working days for complex transactions, and twenty (20)
22 working days for highly technical transactions from the date the complete
23 application was received; and

24 (c) Approve and issue the requested permit or license after the lapse of the
25 period under the preceding paragraph (b).

1 The provisions of Republic Act (RA) No. 9845, as amended, otherwise known
2 as the “Anti-Red Tape Act of 2007,” and its implementing rules and regulations are
3 applicable in the processing of permits and licenses necessary for establishment
4 and operation of enterprises in the iron and steel industry.

5 The DTI and BOI shall assist all applicants engaged in the iron and steel
6 industry in securing the necessary permits and licenses.

7 **SEC. 11. *Local Content and Procurement.*** – To strengthen domestic
8 industrial capacity and promote inclusive economic development, all government
9 infrastructure projects shall require, where available, a minimum of fifty percent
10 (50%) local steel content in the procurement of iron and steel products and
11 materials. Government agencies, including government-owned and controlled
12 corporations (GOCCs), shall give preferential consideration to iron and steel
13 producers registered with the BOI, in accordance with applicable procurement laws
14 and regulations. The DTI shall, in coordination with the NSDA and the
15 Government Procurement Policy Board (GPPB), issue the necessary guidelines to
16 ensure compliance and effective implementation of this provision.

17 **SEC. 12. *Standards and Enforcement.*** – The BPS of the DTI shall ensure
18 strict enforcement of Philippine National Standards (PNS) for steel products,
19 including the conduct of regular market surveillance, plant audits, and certification
20 compliance checks. Manufacturers and distributors found in violation of quality
21 standards shall be subject to administrative sanctions, including suspension or
22 revocation of Philippine Standard (PS) licenses, in accordance with RA 4109,
23 entitled “*An Act to Convert the Division of Standards Under the Bureau of*
24 *Commerce into a Bureau of Standards, to Provide for the Standardization and/or*

1 *Inspection of Products and Imports of the Philippines and for Other Purposes*”,
2 and other applicable laws.

3 The Bureau of Customs (BOC) shall, in coordination with the NSDA and
4 DTI, implement enhanced anti-smuggling protocols to prevent the entry of
5 substandard or misdeclared steel imports, including risk-based cargo profiling,
6 post-clearance audits, and real-time data sharing with relevant agencies. Importers
7 found guilty of misdeclaration or technical smuggling shall face stiffer penalties,
8 including forfeiture of goods, fines, and disqualification from future import
9 privileges, as provided under the Customs Modernization and Tariff Act (CMTA).

10 **SEC. 13. *Reporting and Oversight.*** – The NSDA shall submit to Congress
11 an Annual State of the Steel Industry Report, detailing the performance,
12 challenges, and strategic outlook of the domestic steel sector. The report shall
13 include data on production capacity, investment trends, employment, trade flows,
14 and policy recommendations.

15 To promote transparency and stakeholder engagement, the NSDA shall
16 develop and maintain a publicly accessible digital dashboard that tracks key
17 industry indicators, including integration milestones, capacity utilization rates,
18 import dependence, and progress on sustainability and innovation targets. The
19 dashboard shall be updated quarterly and serve as a real-time monitoring tool for
20 policymakers, investors, and the public.

21 **SEC. 14. *Implementing Rules and Regulations.*** – Within six (6) months
22 from the convening of the Board of Directors, the National Steel Development
23 Authority shall, in coordination with other relevant government agencies,
24 promulgate the necessary rules and regulations for the effective implementation of
25 this Act.

1 SEC. 15. ***Repealing Clause.*** – All laws, executive orders, and regulations
2 inconsistent with the provisions of this Act are hereby repealed or modified
3 accordingly.

4 SEC. 16. ***Separability Clause.*** – If any section or provision of this Act is
5 declared unconstitutional or invalid, the remaining provisions shall continue to be
6 in full force and effect.

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

9 Approved,