

**Republic of the Philippines**  
**HOUSE OF REPRESENTATIVES**  
*Quezon City*

**TWENTIETH CONGRESS**  
**First Regular Session**

**House Bill No. 7462**



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**Introduced by TUCP Partylist Representative**  
**HON. RAYMOND DEMOCRITO C. MENDOZA**

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**EXPLANATORY NOTE**

Oil Palm, (*Elaeis guinnensis* Jacq.) a perennial crop with a productive lifespan of up to 30 years which has originated in Tropical Africa, is now considered as a significant agricultural product, superior to other oil crops as it could yield up to five (5) tons per hectare. It has various uses in the food, non-food, and biofuel industries. Palm Oil, a vegetable oil, is now produced and consumed in large quantities. The demand for palm oil is global, and is forecasted to become the world's most produced, consumed and internationally traded edible oil. In 2012, the global production was 58,073,000 MT, which is 41.80% of the world's production of vegetable oils, and production is dominated by Indonesia and Malaysia, with over 90% of total production. In relation to this proposed bill, it would be also worthy to mention the key drivers of Malaysian Palm Oil Sector, which consists of: Area Focus, Human Resources focused on Training on Research and Development (R & D) personnel, Technology which focuses on Adopt Process and R & D Technology, and Localization of Machinery, Infrastructure and Tax and Regulatory Agencies. In Indonesia, one of the key drivers of its Palm Oil Industry is the government's provision of substantial long-term capital and subsidies to smallholder farmers to ensure they have the ability to participate in the industry. As a result, Indonesia's smallholder oil palm area has grown by 2 million hectares since 2000, and now accounts for 44% of the total oil palm area in the country.

In the Philippines, the area under palm oil production has been increasing at a rate of 7.62% per annum, according to data from the Bureau of Agricultural Statistics. The area expanded from 38,599 hectares in 2008 to 53,014.75 hectares in December 2012, 62,671.39 hectares in 2018, and 63,380.85 hectares in December 2022. There are eight regions, including the Bangsamoro Autonomous Region of Muslim Mindanao (BARMM), which are engaged in Palm Oil planting. In December 2022, the SOCCSKSARGEN Region (Region XII) dominated palm oil planting with 21,521 hectares total area planted, followed by the CARAGA Region with 17,475.57 hectares total area planted. Other oil palm producing regions are as follows: Region IV-B (MIMAROPA) – 5,920 hectares, Region VII (Central Visayas) – 5,869.00 hectares, Region IX (Western Mindanao) – 3,840.22 hectares, Region X (Northern Mindanao) – 3,280 hectares, BARMM - 2,455.00, and Region XI (Southern Mindanao) – 1,334.00 hectares. Oil Palm production is largely plantation-based, and at present, Filipinas Palm Oil Plantation, Inc. (FPPI), Agumil Philippines, Inc.

(AGPI), Kenram Palmoil Industries, Inc. (KPII), and A Brown Energy Resources Development (ABERDI) are the major players in the continuing expansion of Oil Palm in the Philippines.

In 2020, the Philippines had eleven (11) palm oil mills with a total rated capacity of 276 metric tons Fresh Fruit Bunch (FFB) per hour, owned by five (5) companies: 1) Agumil Phil. Inc. (AGPI), 2) PALM Inc., 3) A Brown Energy Resources Devt. Inc. (ABERDI), 4) Kenram Industrial and Development, Inc. (KIDI), and 5) Filipinas Palm Oil Plantation, Inc. (FPPI), AC Garcia Palm Oil Mill Corp., Univanich Carmen Palm Oil Mill, Palm Asia Milling Inc., and Caraga Oil Refining Inc. (CORI).

Yet, the Philippines has one of the lowest farm productivity rates in Asia. The challenges surrounding the industry are huge. There is inadequate government support. The Philippine Coconut Authority (PCA), assigned to develop oil palm, only has an annual Budget of P43.0 million allocated to it.

There is a lack of comprehensive suitability assessment for areas identified for palm oil plantation, and some have no tenurial instruments to support road networks. These lead to the inability of small holder oil palm areas to fully develop and improve their produce that can be efficiently delivered/transported to the milling place. There is no coordinated information and education campaign program which could support and promote the industry, as well as counter the negative information on the effect of oil palm farming on the environment. Around 15,000 hectares of old palm oil trees in the lands of small holders need replanting.

In nursery establishments, the operators of these nurseries have total dependence on expensive and quality seeds from Thailand, Malaysia, Indonesia and Latin America. There are existing unaccredited F1/F2 nurseries that need strict implementation of quarantine, certification, and accreditation rules to standardize the quality of planting materials. On the other hand, the Philippine Coconut Authority (PCA) has technology to produce hybrid planting materials without importing the parent materials, but it could not work on the production of hybrid planting materials due to budgetary limitations.

In terms of post-harvest operation, the eleven (11) palm oil mills have a combined capacity of 276 metric tons of Fresh Fruit Bunches (FFB) per hour, which can guarantee that there are enough processing facilities for oil palm. However, during peak milling months, long queues of FF hauliers cannot be avoided; hence, manipulation of FFB price by millers most often happens to the disadvantage of the planters/farmers. In most cases, it's the smallholder growers who suffer post-harvest losses due to the distance of their farms to the mills and the high cost of transportation to bring their produce to the milling facility.

For the last seven years (2011-2018), the importation of vegetable oil in the form of palm oil increased from 400 to over 1320 million MT, valued at over US\$1.0 billion. This means the demand for palm oil is great, and the economic opportunity is promising.

The Philippines has a wide potential area for the production of oil palm. The industry has in place production technology and best practices that can be adopted by the small holders/small growers and new investors. There is technical expertise on oil palm production available in the government and in the private sector, which they can willingly share.

At present, the Philippine Palm Oil Development Council, Inc. (PPDCI), serves as the key driver of the country's oil palm agri-business development. The Department of Trade and Industry – Caraga Regional Office actively supports the PPDCI. However, many of the issues and concerns in coordinating with the stakeholders in the palm oil industry cannot be singularly handled by them. Yet, it is the desire of the stakeholders, especially planters and farmers, that the industry be fully developed and supported, as its economic potential/contribution to the country's gross domestic product is high and also easily accessible to the small holders. It has been their express request to have a separate government agency to solely look into, coordinate, and manage the development of palm oil.

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

  
**HON. RAYMOND DEMOCRITO C. MENDOZA**  
*TUCP Partylist Representative*

**Republic of the Philippines**  
**HOUSE OF REPRESENTATIVES**  
*Quezon City*

**TWENTIETH CONGRESS**  
**First Regular Session**

**House Bill No. 7452**

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**Introduced by TUCP Partylist Representative**  
**HON. RAYMOND DEMOCRITO C. MENDOZA**

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**AN ACT CREATING THE PHILIPPINE PALM OIL DEVELOPMENT  
AUTHORITY TO PROMOTE AND DEVELOP THE PHILIPPINE OIL PALM  
INDUSTRY, AND APPROPRIATING FUNDS THEREFOR AND FOR  
OTHER PURPOSES**

*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 Palm Oil Development Act.”

**SECTION. 2. *Declaration of Policy.*** – It is hereby declared to be the policy of the State to enhance the integrated development of the palm oil industry to create employment and livelihood opportunities, overcome poverty, promote people’s prosperity and ensure long-term productivity and sustainability in the agriculture and industry sectors.

The government, in partnership with the private sector, shall undertake to accelerate the development of the Palm Oil industry through the following:

- (a) Expanding the area of oil palm plantation and improving the productivity and quality of the oil palm farms.
- (b) Enhancing the competitiveness, productivity and efficiency of the crude palm oil processing plants and refineries.
- (c) Promoting government and private partnership to push forward the programs and projects that will optimize the benefits of the oil palm farmers and all the operators in the value chain.

**SECTION. 3. *Definition of Terms.*** – As used in this Act, the following terms are defined as follows:

- (a) *Big Landholders Oil Palm farmers* refer to an oil palm farmer with more than five (5) hectares
- (b) *Biofuel* refers to fuel produced from using palm oil as a component.

- (c) *Biomass* refers to the overall organic production of the plants, which consists of the fruits and by-products in processing, the leaves and the stem.
- (d) *Oil palm-based industries* refer to industries utilizing palm oil as a component input.
- (e) *Oil Palm F1 hybrid* refers to a cross between a dura (mother) and pesifera pollen source, which produces the commercial type F1 hybrid seed tenera.
- (f) *Oil Palm farmer* refers to a farmer engaged in oil palm farming
- (g) *Oil Palm* refers to the plant species botanically known as *Elaeis guineensis* Jacq.
- (h) *Oleo-chemicals* refer to chemicals derived from the production of oil palm and used for cosmetics, medicine, etc.
- (i) *Palm Oil by-products* refer to products coming out of the processing of FFB of oil palm, such as empty fruit bunches.
- (j) *Palm Oil Millers* refers to those engaged in the primary processing of FFB to palm oil and other by-products.
- (k) *Palm Oil* refers to oil produced from the milling or crushing of oil palm fresh fruit bunches.
- (l) *Philippine Palm Oil Development Authority* refers to the government institution created by virtue of this act.
- (m) *Small Landholder Farmer* refers to a farmer cultivating an area of five ha or less.

**SECTION 4. *Creation of a Philippine Palm Oil Development Authority (PPODA).*** - In support of this State policy, the Philippine Palm Oil Development Authority (PPODA) is hereby created as a public corporation to implement and attain the above-mentioned policy. The PPODA shall be under the direct supervision of the Office of the President.

**SECTION 5. *Principal Office of the PPODA.*** - The PPODA shall maintain its principal office in the Mindanao Area, where the majority of the oil palm plantations and crude palm oil mills are located. It may establish other branch offices within the Philippines as may be necessary to effectively and efficiently implement and attain its mandate.

**SECTION 6. *Powers and Functions of the PPODA.***— The PPODA shall have the following powers and functions:

- a) To formulate policies, plans and programs for the development of the palm oil industry, considering all aspects in the value chain.
- b) To develop the capability of producing high-breeding seeds (F1) through research or government-to-government collaboration to enhance and support the expansion and replanting of the oil palm plantations.
- c) To establish, operate and maintain development and research centers, to undertake extensive research in the control and eradication of oil palm pests and diseases.
- d) To regulate the marketing of palm oil and its by-products by establishing product standards for domestic trade and export markets.
- e) To enter into, make and execute contracts of any kind as may be necessary or incidental to the attainment of its purposes and, generally, to exercise all the powers necessary to achieve the purposes and objectives for which it is organized.

f) To exercise such other powers as may be necessary and proper for the effective implementation of this law and its implementing rules and regulations.

**SECTION 7. *Governing Board of the PPODA.*** - The corporate powers and duties of the PPODA shall be vested in and exercised by the Board of seven (7) members to be appointed by the President, as follows:

- a) Secretary of Agriculture or their duly authorized representative as Chairperson of the Board;
- b) Secretary of Trade and Industry or their duly authorized representative as Vice Chairperson of the Board;
- c) Three members recommended by the Philippine Palm Oil Development Council Inc;
- d) One member recommended by the oil palm farmers' cooperative; and
- e) One member recommended by crude palm oil millers and refineries.

**SECTION 8. *Powers and Duties of the Governing Board of the PPODA.*** The Governing Board shall have the following powers and duties:

- a) Direct and manage the affairs of the PPODA;
- b) Prepare and adopt an annual budget;
- c) Formulate policies and initiate programs and projects for the development of the Philippine palm oil industry;
- d) Evaluate the implementation, efficiency and effectiveness of the programs and projects;
- d) Establish the internal organization of the PPODA and fix the salaries and other compensation of its officers and employees.

**SECTION 9. *Meeting and Quorum of the Governing Board of the PPODA.*** - The Board shall meet once every quarter or as often as the exigencies of the service may demand. The presence of at least four members shall constitute a quorum, and the vote of four members shall be necessary for the adoption of any rule, resolution or decision or any other act of the Board.

**SECTION 10. *Compensation of the Governing Board of the PPODA.*** - The members of the Board shall receive per diem of five thousand pesos for each meeting actually attended; Provided, that such per diems shall not exceed twenty thousand during any month for each member; Provided, further, that no other allowance or any form of compensation shall be paid them, except actual expenses in travelling to and from their residences to attend board meetings.

**SECTION 11. *Executive Officers and Personnel of the PPODA.*** - The chief executive officer of the PPODA shall be the Executive Director, assisted by such Deputy Executive Director as the Board may prescribe, all of whom shall be appointed, or removed, by the Board and delegated with such powers and duties as it may prescribe. All officers and employees of the PPODA shall be selected and appointed by the Board on the basis of merit and fitness.

**SECTION 12. *PPODA Technical Working Group.*** The PPODA technical working group is hereby recognized as a partner of the government in pursuing the

development of the industry. The TWG, composed of national government agencies, local government units, academe, government financial institutions, and private sector, shall be responsible for: (a) coordinating, monitoring the implementation of, and updating the oil palm roadmap; and (b) coordinating and monitoring of activities of all members of the working group with respect to the overall development of the industry

**SECTION 13. *Departments of the Governing Board of the PPODA.*** - The Board may establish such departments as it may be convenient for the discharge of its duties;

**SECTION 14. *Annual Report.*** The PPODA shall submit a report to the President and to both Houses of Congress. The report should provide a detailed status of the Oil Palm Industry of the country, including the progress and impact of relevant government policies and programs.

**SECTION 15. *Implementing Rules and Regulations.*** Within sixty (60) days from the date of the effectivity of this act, the Department of Agriculture (DA), in consultation with other concerned agencies and sectors, shall promulgate the rules and regulations for the proper implementation of this Act.

**SECTION 16. *Funding.*** For the initial implementation of this Act, funding shall be sourced from the different cooperating agencies: Department of Agriculture, Department of Trade and Industry and other involved cooperating agencies. Thereafter, the succeeding appropriation in the initial amount of one hundred million (PhP100,000,000.00) pesos shall be included in the annual general appropriations act.

**SECTION 17. *Separability Clause.*** If any provision of this Act is declared invalid or unconstitutional, the other provisions not affected by such declaration shall remain in full force and effect.

**SECTION 18. *Repealing Clause.*** All laws, executive and administrative orders, rules and regulations inconsistent with this act are hereby repealed or amended accordingly.

**SECTION 19. *Effectivity.*** This act shall take effect fifteen (15) days after the publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,