



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

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HOUSE BILL NO. **11096**



Introduced by **REPRESENTATIVE KATRINA REIKO CHUA - TAI**

EXPLANATORY NOTE

The Philippines is a nation of diverse communities, each possessing unique products, agricultural resources, traditional skills, cultural practices, and entrepreneurial potential. From locally grown coffee and cacao to indigenous handicrafts, processed food, woven products, coconut products, agricultural produce, and other locally manufactured goods, these products represent not only the identity of Filipino communities but also an important source of livelihood and economic activity.

At the center of this economic activity are the country's Micro, Small and Medium Enterprises (MSMEs). According to the Department of Trade and Industry (DTI), MSMEs comprise approximately 99.5 percent of Philippine establishments and account for more than 62 percent of employment, based on the establishment data used in the Philippine Export Development Plan. The same DTI plan notes that Philippine small and medium enterprises account for approximately 25 percent of the country's export revenues, demonstrating their existing and significant role in international trade.

The MSME sector also makes a substantial contribution to the Philippine economy. The DTI's MSME development framework has reported that MSMEs contribute approximately 45 percent of the country's Gross Domestic Product (GDP). This demonstrates that strengthening MSMEs is not merely a matter of assisting small businesses; it is an important component of national economic development. It must be emphasized, however, that the GDP contribution cited above refers to the MSME sector as a whole and not to OTOP enterprises alone, as national economic accounts do not separately identify the GDP contribution of OTOP MSMEs.

The One Town, One Product (OTOP) Philippines Program provides an existing government mechanism through which local MSMEs can develop products based on the distinctive resources, culture, skills, and strengths of their communities. OTOP is now institutionalized under Republic Act No. 11960, with objectives that include improving product quality, innovation, design, packaging, standards, marketability, and market access for MSMEs.

The DTI's existing OTOP structure already includes product development, capacity building, market access, trade fairs, retail hubs, and other forms of assistance. The DTI likewise maintains market-information and market-linkage functions, including business matching, buying

and selling missions, trade fairs, showrooms, and other promotional activities. The challenge, therefore, is not the absence of government programs. Rather, the challenge is to connect and maximize the existing programs and capabilities of government so that local products can move beyond their immediate markets.

Tourism provides a strategic opportunity to accomplish this. Millions of visitors who come to the Philippines are potential consumers of Filipino-made products and agricultural produce. A tourist who purchases Philippine coffee, cacao, handicrafts, food products, garments, woven goods, or other OTOP products may become a potential customer or promoter of those products in his or her home country. Tourism can consequently serve as the first point of international market exposure for many Philippine MSMEs.

This proposed measure seeks to establish a stronger connection between the Department of Tourism and the Department of Trade and Industry so that tourism promotion can become a pathway toward market development and, ultimately, exportation. The measure will allow the government to maximize the existing tools, networks, trade programs, market intelligence, business-matching activities, international connections, and export-development mechanisms of the DTI. Instead of creating an entirely new government export structure, qualified OTOP MSMEs and local producers can be connected to mechanisms that are already available within the DTI.

Under the proposed framework, local production may be connected to tourism exposure, followed by domestic market development, product and export readiness, business matching and trade promotion, and ultimately international market access. Through this approach, a product that begins in a Philippine town can be introduced to tourists, improved with appropriate government assistance, connected to potential buyers, and eventually exported to international markets.

The measure likewise recognizes the importance of agricultural produce in local economic development. Farmers and agricultural producers should not be limited to selling raw products at the farm gate. Through product development, processing, packaging, branding, tourism exposure, and market linkages, agricultural produce can acquire greater value and reach higher-value domestic and international markets. The bill therefore seeks to strengthen the connection between farmers, MSMEs, tourism enterprises, consumers, and international buyers.

The proposed measure does not seek to replace the existing OTOP Philippines Program or duplicate existing DTI initiatives. Rather, it seeks to complement, coordinate, and expand the market reach of these existing programs by utilizing the tourism sector as an additional platform for promotion and international market development. This approach is particularly important because MSMEs are geographically distributed throughout the country and provide livelihoods in communities where large enterprises may not be present. Expanding their markets can therefore distribute economic opportunities beyond major urban centers.

By promoting OTOP products and local agricultural produce through tourism and connecting qualified enterprises with DTI's existing trade and export networks, the government can help Filipino entrepreneurs move from local producers to competitive national brands and, ultimately, global suppliers. The goal is simple but significant: to ensure that the products created by Filipino hands and communities are not only enjoyed by visitors to the Philippines but are also given a genuine opportunity to reach consumers around the world.

In doing so, this measure will contribute to stronger MSMEs, increased employment and livelihood opportunities, greater value for local agricultural production, stronger Philippine brands, expanded exports, and more inclusive economic growth. From every town, we can build a product. From every product, we can build a market. From every market, we can build an export opportunity. And from every export opportunity, we can build a stronger Filipino economy.

The current DTI materials further confirm that OTOP is already institutionalized under Republic Act No. 11960 and that its program structure includes market access and coordination for domestic and export market development. This existing framework strengthens the rationale for the proposed measure, particularly when presented as a market-expansion and inter-agency coordination measure rather than as a proposal to create a new OTOP program. The measure seeks to build upon what government has already established by creating a stronger and more deliberate connection between tourism, local production, MSME development, agricultural value addition, and international market access.

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



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(b) Increase market opportunities and income for MSMEs, farmers, cooperatives, and local producers;

(c) Improve the quality, packaging, branding, design, standards, and marketability of local products;

(d) Connect qualified producers with domestic and international buyers, distributors, retailers, and business partners;

(e) Develop qualified OTOP products and agricultural produce into export-ready products; and

(f) Utilize existing government resources and networks to create a clear pathway from local production to international market access.

SEC. 4. **Coverage.** – This Act shall cover qualified MSMEs, farmers, cooperatives, and local producers engaged in the production or development of:

(a) Products identified and promoted under the One Town, One Product (OTOP) Program;

(b) Handicrafts, woven products, garments, indigenous and cultural products;

(c) Processed food, delicacies, beverages, and locally manufactured products;

(d) Fresh and processed agricultural produce, including fruits, vegetables, coffee, cacao, coconut, grains, spices, and other farm products;

(e) Fisheries and other locally produced food products; and

(f) Other locally produced goods with tourism, domestic market, or export potential.

SEC. 5. **Tourism Promotion of Local Products and Produce.** – The Department of Tourism (DOT), in coordination with the Department of Trade and Industry (DTI), Department of Agriculture (DA), and local government units (LGUs), shall promote qualified OTOP products and local agricultural produce through:

(a) Tourism fairs, festivals, exhibitions, and cultural events;

- (b) Tourism destinations, airports, seaports, visitor centers, hotels, resorts, restaurants, and pasalubong centers;
- (c) Domestic and international tourism campaigns;
- (d) Digital platforms and other appropriate promotional channels;
- (e) Farm tourism, cultural tourism, culinary tourism, and community-based tourism activities; and
- (f) Other tourism-related activities that provide opportunities for local producers to reach consumers and potential buyers.

SEC. 6. *MSME Product Development and Market Readiness.* — The DTI and DA, in coordination with the DOT, shall provide or facilitate appropriate assistance to qualified MSMEs, farmers, cooperatives, and local producers in:

- (a) Product development and innovation;
- (b) Packaging, labeling, and branding;
- (c) Quality improvement and standards compliance;
- (d) Certification and other market requirements;
- (e) Production capacity and productivity improvement;
- (f) Digital marketing and e-commerce; and
- (g) Other measures necessary to improve domestic and international market readiness.

SEC. 7. *Export Development and International Market Access.* — The DTI shall utilize its existing trade and export programs, market intelligence, trade promotion mechanisms, international networks, business-matching activities, trade missions, and available connections with foreign buyers, distributors, importers, and Philippine trade representatives abroad to assist qualified OTOP MSMEs and local producers in entering international markets.

1 The DOT shall support these efforts by including qualified OTOP products and local
2 agricultural produce in international tourism promotions, tourism fairs, exhibitions, destination
3 marketing activities, and other appropriate international platforms.

4 **SEC. 8. *Tourism-to-Export Linkage.*** — The DOT and DTI shall establish mechanisms to
5 facilitate the progression of qualified local products and produce through the following pathway:

6 LOCAL PRODUCTION → TOURISM EXPOSURE → DOMESTIC MARKET ACCESS
7 → EXPORT READINESS → INTERNATIONAL MARKET ACCESS

8 For this purpose, the agencies shall identify products with potential for international
9 markets and facilitate appropriate product development, market intelligence, business matching,
10 trade promotion, and export assistance.

11 **SEC. 9. *OTOP and MSME Market Linkages.*** — The DTI shall, whenever practicable,
12 connect qualified OTOP MSMEs and producers with existing DTI market-development and trade-
13 promotion programs.

14 Nothing in this Act shall be construed as creating a separate or competing OTOP program.
15 The activities under this Act shall complement and strengthen the existing OTOP Philippines
16 Program and other existing MSME and export-development programs of the government.

17 **SEC. 10. *Participation of Local Government Units.*** — LGUs shall be encouraged to
18 identify their distinctive local products and agricultural produce and incorporate them into local
19 tourism, trade, investment, enterprise-development, and promotional programs.

20 LGUs may establish or designate appropriate spaces for the display, promotion, and sale
21 of qualified local products and produce in tourism destinations and public facilities, subject to
22 existing laws, regulations, and local ordinances.

23 **SEC. 11. *Inter-Agency Coordination.*** — The DOT, DTI, and DA shall coordinate with
24 LGUs, cooperatives, tourism enterprises, private-sector organizations, export associations, and
25 other stakeholders in implementing this Act.

1 The concerned agencies shall, whenever practicable, utilize existing programs, facilities,
2 personnel, information systems, databases, networks, and resources to avoid unnecessary
3 duplication and maximize government resources.

4 SEC. 12. ***Monitoring and Evaluation.*** — The DOT, DTI, and DA shall establish
5 appropriate mechanisms to monitor and evaluate the implementation of this Act.

6 The agencies shall develop measurable indicators, including, where practicable:

7 (a) Number of MSMEs and producers assisted;

8 (b) Number of products promoted;

9 (c) Tourism-related sales generated;

10 (d) Number of products developed for export;

11 (e) Number of international buyers or market linkages established; and

12 (f) Export transactions or export-ready enterprises facilitated through the program.

13 SEC. 13. ***Funding.*** — The amount necessary for the implementation of this Act shall be
14 included in the annual appropriations of the DOT, DTI, DA, and other concerned government
15 agencies, subject to existing budgeting, accounting, auditing, and procurement laws and
16 regulations.

17 SEC. 14. ***Implementing Rules and Regulations.*** — Within ninety (90) days from the
18 effectivity of this Act, the DOT, DTI, and DA shall jointly promulgate the rules and regulations
19 necessary for its effective implementation.

20 SEC. 15. ***Separability Clause.*** — If any provision of this Act is declared unconstitutional
21 or invalid, the other provisions not affected thereby shall remain in full force and effect.

22 SEC. 17. ***Repealing Clause.*** — All laws, decrees, executive orders, rules and regulations,
23 or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended or
24 modified accordingly.

SEC. 18. ***Effectivity.*** — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,