

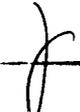
SEVENTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



Senate
Office of the Secretary

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SENATE
S.B. No. 652

RECEIVED BY: 

Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

AN ACT
INSTITUTIONALIZING A PHILIPPINE BAMBOO INDUSTRY DEVELOPMENT PROGRAM

EXPLANATORY NOTE

There is tremendous potential in the bamboo industry. Globally, the value of exports of bamboo and bamboo products is estimated to be US\$12 billion. Locally the reported value of exports of bamboo and bamboo products in 2014 was US\$ 10 million. Bamboo production and processing has provided direct and indirect employment to an estimated 190,000 people and these numbers can continue to climb, with the right support systems in place for the industry.

However, bamboo is officially classified as a minor forest product by virtue of PD No. 705 otherwise known as the Revised Forestry Code. As a consequence of this classification, the main considerations and attention of the Department of Environment and Natural Resources (DENR) has been focused on timber and timber products, which is understandable because of timber's sizable economic contributions.

But with the destruction of our forests and the diminution of the supply of wood and wood products for construction, there are attempts to fill the void with suitable substitutes such as bamboo.

Bamboo has always been an important construction material in the rural areas. Because of its versatility it has found applications in many uses, from house construction, farm implements, kitchen utensils, furniture and handicrafts. Bamboo is also relatively cheap given its ubiquity and ready availability in the rural areas. However, its low price is also a result of low natural durability against agencies of deterioration and its poor reputation as a material for construction.

Fortunately, the research sector has been working on technologies to lengthen the service life of bamboo and has developed new bamboo products such as engineered bamboo, which can take the place of wood as panel products and for

structural purposes. Today, furniture and handicraft manufacturers incorporate bamboo in the design of their products with amazing results, even attracting foreign buyers. Bamboo has also become a medium in carving and architects have designed structures entirely made of bamboo.

In the environmental front, bamboo has been found to excellently reduce erosion. It is also capable of absorbing heavy metals in mined-out areas. Studies have also shown that it can sequester carbon dioxide of about 45% of its dry weight.

An important advantage of bamboo to tree plantations is that there is a need to replant when trees in plantations are harvested. In contrast only mature culms are harvested from a clump of bamboo and if managed well a clump of bamboo can continuously provide raw materials indefinitely.

With these developments and benefits, bamboo has been gaining popularity both locally and in foreign countries. Unfortunately there is no national program on bamboo industry development.

It is recognized in the industry that there is a general insufficiency of raw materials for which reason many enterprises on bamboo processing have closed down because of lack of raw materials yet there is little initiative in bamboo plantation development. Support to research and development is sorely insufficient and product marketing is left generally to the private sector.

In order for the country to be more competitive in foreign markets, capture a sizeable portion of the global market, provide livelihood to rural communities, and take advantage of the environmental contributions of bamboo to rehabilitate degraded watersheds, sequester carbon dioxide, and assist in the mitigation of climate change, it is necessary to have an organized and well managed bamboo industry development program.

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


Senator Paolo Benigno "Bam" A. Aquino IV



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

1 **SECTION 1. Short Title.** - This Act shall be known as the "Philippine Bamboo Industry
2 Development Program Act".

3 **SEC. 2. Declaration of Policy.** - It is hereby declared the policy of the State to protect
4 and promote the right of the Filipino people to a better quality of life through programs that
5 provide sustainable livelihood, increase employment and improve the environment.

6 **SEC. 3. Definition of Terms.** - For the purpose of this Act, the following terms shall
7 refer to:

8 (a) *Program* - the Philippine Bamboo Industry Development Program designed to
9 promote competitiveness of the bamboo industry.

10 (b) *Philippine Bamboo Industry Development Council (PBIDC)* - the Council
11 established under EO No. 879 of 2010.

12 (c) *Secretariat* - the Secretariat under the PBIDC established to provide assistance to
13 the PBIDC Executive Committee created under EO No. 879 of 2010.

14 **SEC. 4. Institutionalizing the Philippine Bamboo Industry Development Program**
15 **(PBIDP).** - There is hereby established and institutionalized the Philippine Bamboo Industry
16 Development Program within the mandate of the Philippine Bamboo Industry Development
17 Council (PBIDC) which was created under Executive Order No. 879 of 2010.

18 **SEC. 5. Objectives of the Philippine Bamboo Industry Development Program.** - The
19 PBIDP aims to make the Philippine bamboo industry competitive in the local and global
20 markets while providing opportunities for local employment and establishing bamboo-
21 based community enterprises by:

- 1 (a) Ensuring that the bamboo industry has sufficient quality raw materials;
- 2 (b) Ensuring that the bamboo industry continuously receives from the research and
- 3 development sector relevant technologies and new products;
- 4 (c) Ensuring that the industry receives pertinent and accurate data from the PBIDC
- 5 upon which the industry can make business decisions;
- 6 (d) Promoting investments in bamboo industry by establishing bamboo plantations
- 7 and establishing bamboo processing operations by providing substantial
- 8 incentives to investors;
- 9 (e) Providing skilled labor and manpower through continuous relevant capacity
- 10 building;
- 11 (f) Ensuring provision of locally manufactured machines of improve capacity and
- 12 quality at competitive costs;
- 13 (g) Ensuring markets of bamboo products locally and globally; and
- 14 (h) Ensuring sustainable resources for implementing the bamboo industry
- 15 development program.

16 **SEC. 6. *The Philippine Bamboo Industry Development Program.*** – The PBIDC
17 through its strengthened Secretariat shall formulate a national bamboo industry
18 development program through close participation of all stakeholders of the industry that
19 includes producers of raw materials, processors and marketing and promotion service
20 providers and concerned national agencies and local government units (LGUs). The program
21 shall ensure that the objectives indicated in Section 5 of this Act can be achieved.

22 **SEC. 7. *Authority to generate resources for the implementation of the Program.*** -
23 The PBIDC through its strengthened Secretariat is hereby authorized to accept donations
24 and secure loans from local and international donor and funding agencies and organizations
25 to implement the Program.

26 **SEC. 8. *Support to the program by the League of Provinces and League of***
27 ***Municipalities.*** – The League of Provinces and the League of Municipalities are hereby
28 directed to participate closely in the implementation of the Program through the
29 establishment of corresponding Bamboo Industry Development Councils.

30 **SEC. 9. *Incentives to investors in plantation development and bamboo processing***
31 ***factories.*** – The following incentives shall be provided to investors in bamboo plantation
32 development and bamboo processing factories:

- 33 1. Free from payment of rent for the use of government lands for commercial bamboo
- 34 plantation for the first 5 years or when the plantation owner starts to harvest his
- 35 plantation;
- 36 2. Forest plantations in private lands shall not be required to secure a cutting permit
- 37 for harvesting nor shall it need a transport permit, for as long as the plantation is
- 38 registered with the Community Environment and Natural Resources Office (CENRO)
- 39 of the DENR. All that is required is for the plantation owner to inform the CENRO
- 40 that the plantations will be harvested in a given date, including the estimated
- 41 volume that will be harvested. Inventory of the plantation prior to harvest shall not

- 1 be required. CENROs are obligated to approve and enter into their book of
2 registry, application for registration for plantations in private lands;
- 3 3. Free from payment of forest charges and other fees or taxes that local government
4 units may impose;
 - 5 4. Bamboo from plantation from public and private lands shall not be subjected to
6 inspection in check points;
 - 7 5. Plantation developers can access development loans from the public financial
8 institutions;
 - 9 6. Insurance coverage of plantations and plantation development equipment by the
10 Philippine Crop Insurance Corporation;
 - 11 7. Tax-free importation of plantation development equipment; including tree nursery
12 facilities;
 - 13 8. Expenses incurred shall be allowed as deductible expenses for income tax
14 purposes, subject to the provisions of the National Internal Revenue Code of 1997,
15 as amended. Provided, that the deduction shall only apply to the taxable
16 period, when the expenses were incurred;
 - 17 9. Expenses incurred in the development and operation of a bamboo plantation prior
18 to the commercial harvest shall be regarded as ordinary and necessary expenses or
19 as capital expenditures;
 - 20 10. The Board of Investments (BOI) shall classify bamboo plantations as pioneer and
21 preferred areas of investment under its annual priority plan, subject to pertinent
22 rules and regulations;
 - 23 11. The plantation developer shall be given priority to access credit assistance being
24 granted by Government-owned, -controlled and/or -supported financial institutions;
 - 25 12. Plantations shall be accepted as collateral for loans in government owned or
26 controlled banks;
 - 27 13. For tenured developer, upon the premature termination of the agreement at no
28 fault of the holder, all depreciable permanent and semi-permanent improvements
29 such as roads, buildings, and nurseries including the planted and standing trees and
30 other forest crops, introduced and to be retained in the area, shall be properly
31 evaluated and the holder shall be entitled to a fair compensation thereof, the
32 amount of which shall be mutually agreed upon by both the Department and the
33 tenure-holder and in case of disagreement between them, by arbitration through a
34 mutually acceptable and impartial third party adjudicator;
 - 35 14. Bamboo culms from plantations may be exported without restrictions in volume;
 - 36 15. Processors of bamboo may import processing equipment, tax-free; and
 - 37 16. The National Economic and Development Authority (NEDA) shall include in its annual
38 investment program, the use of forest lands to establish industrial bamboo
39 plantations, and to give first priority in allocating adequate funds, both from external
40 and internal sources.

41 **SEC. 10. Funding.** – The amount necessary to fully implement this Act shall be
42 provided in the General Appropriations Act (GAA) of the year following its enactment into
43 law under the budgetary appropriations of the Department of Trade and Industry (DTI).

44 **SEC. 11. Implementing Rules and Regulations.** - Within sixty (60) days after the
45 effectivity of this Act, the DTI-PBIDC, the Department of Environment and Natural

1 Resources, Department Science and Technology shall promulgate the necessary rules and
2 regulations for the implementation of this Act.

3 **SEC. 12. Separability Clause.** - Should any provision herein be declared
4 unconstitutional, the same shall not affect the validity of the other provisions of this Act.

5 **SEC. 13. Repealing Clause.** - All laws, decrees, orders, rules, and regulations or other
6 issuances or parts inconsistent with the provisions of this Act are hereby repealed or
7 modified accordingly.

8 **SEC. 14. Effectivity.** - This Act shall take effect fifteen (15) days after its publication in
9 the Official Gazette or two (2) newspapers of general circulation.

10 *Approved,*