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SENATE

S. No. 1240

(In Substitution of SB Nos. 337 and 524)

Prepared by the Committee on Trade, Commerce and Entrepreneurship joint with the Committees on Ways and Means; and Finance, with Senators Villar, Zubiri and Pimentel III, as authors thereof.

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

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

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

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

11

1 **SEC. 3. Definition of Terms.** – As used in this Act:

- 2 a) *Bamboo* - refers to a tropical or semi-tropical fast-growing grass usually having
3 hollow culms and lignocellulose matrix;
- 4 b) *Bamboo Backyard Farming* - those whose plantation and operations are
5 basically in the house backyard, with the household members as workers. The
6 majority of bamboo processing enterprises in the Philippines belong to this
7 category;
- 8 c) *Bamboo Industry* - a sector with very high potential contribution in the socio-
9 economic development and environmental protection of the country. The sector
10 may still be classified as essentially agricultural considering that majority of its
11 market and supply is essentially for agricultural requirements such as fish pens,
12 banana props and other low value applications like scaffoldings, and fences;
- 13 d) *Bamboo Industry Development Roadmap* – shall provide specific programs and
14 projects, including the timeline for the propagation, development and
15 management, processing, utilization, business development, and
16 commercialization of the Philippine bamboo and bamboo products. It shall
17 contain a comprehensive national industrial strategy for the Philippine bamboo
18 industry;
- 19 e) *Bamboo Processing* - conversion of bamboo for various products and
20 applications including walls, panels, trusses, handicraft, consumer products
21 (tooth brush, tissues, toothpicks, and chopsticks among others) and novelty
22 products (furniture, handicraft, and decors), focused on the possible use of
23 bamboo as substitutes for wood for various applications (plywood, composites,
24 pulp and paper, bamboo arts, and other architectural applications); and
- 25 f) *Bamboo Stand* - for plantation, an aggregate of clumps occupying a specific
26 area and sufficiently uniform in composition (species), age, spacing, and
27 condition as to be distinguished from the natural and/or existing bamboo stands
28 (with unknown clump age). The latter stands have irregular spacing and species
29 composition not necessarily uniform and the clumps are randomly and widely
30 distributed.

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

- 4 a) Promoting the integrated and holistic development of the bamboo industry in
5 various aspects of research, production, processing, marketing, consumption,
6 capacity building, and regulation;
- 7 b) Ensuring that the bamboo industry has sufficient supply of quality raw materials
8 through the establishment and management of bamboo nurseries and
9 plantations;
- 10 c) Ensuring that relevant and accurate data on the bamboo industry are collated
11 and published by the Center created under Section 7 of this Act, in cooperation
12 with various government agencies, private entities and other relevant sources,
13 to aid in business decisions related to the industry;
- 14 d) Promoting investments in the bamboo industry by providing substantial and
15 attractive incentives to investors;
- 16 e) Providing skilled labor and manpower through continuous relevant capacity
17 building;
- 18 f) Ensuring the provision of locally manufactured machines with improved
19 capacity, efficiency, and quality at competitive costs;
- 20 g) Improving bamboo industry research and development to discover new
21 products and technologies, and advance market access for Philippine bamboo
22 and bamboo products locally and internationally;
- 23 h) Providing access to markets of bamboo products locally and internationally
24 through aggressive trade promotions; and
- 25 i) Ensuring sustainable resources in the implementation of the bamboo industry
26 development program.

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

- 30 a. Secretary of the Department of Trade and Industry (DTI) as Chair;

- 1 b. Secretary of the Department of Environment and Natural Resources (DENR) or
2 his/her duly appointed representative, who has sufficient expertise on the
3 Philippine bamboo industry;
- 4 c. Secretary of the Department of Agriculture (DA) or his/her duly appointed
5 representative, who shall come from the Bureau of DA-Agricultural Research
6 (DA-BAR);
- 7 d. Secretary of the Department of Science and Technology (DOST) or his/her duly
8 appointed representative, who shall come from the DOST– Forest Products
9 Research and Development Institute (DOST-FPRDI);
- 10 e. Secretary of the Department of Education (DepEd) or his/her duly appointed
11 representative;
- 12 f. Executive Director of the Center;
- 13 g. A representative from the Department of Interior and Local Government
14 (DILG);
- 15 h. One (1) representative each from bamboo farmers, bamboo manufacturers,
16 and bamboo processors associations;
- 17 i. Two (2) representatives from Non-Governmental Organizations involved in the
18 agricultural sector; and
- 19 j. One (1) representative from the private sector involved in the bamboo industry.

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

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

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

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

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

7 **SEC. 6. Powers and Functions of the Council.** – The Council shall have the
8 following powers and functions, among others:

- 9 a) Formulate the Philippine Bamboo Industry Development Roadmap;
- 10 b) Identify specific programs and projects in support of, and in line with the
11 Philippine Bamboo Industry Development Roadmap;
- 12 c) Identify sources of financing to expand bamboo industry development;
- 13 d) Submit annual reports to the Office of the President, the Senate Committee on
14 Trade, Commerce and Entrepreneurship, and the House of Representatives
15 Committee on Trade and Industry on the status of the implementation of the
16 Roadmap and the bamboo industry development in the country; and
- 17 e) Promulgate such rules and regulations and exercise such other powers and
18 functions as may be necessary to carry out effectively the attainment of the
19 purposes and objectives of this Act.

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

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

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

32

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

- 2 a) Promote and encourage the establishment and management of bamboo
3 nurseries and bamboo plantations for commercialization, in coordination with
4 DENR and DA;
- 5 b) Coordinate and partner with DOST-FPRDI for continuous research and
6 development to advance sustainable bamboo industry development practices;
- 7 c) Work with the Council and coordinate with the DENR and DOST-FPRDI in
8 formulating a holistic National Bamboo Industry Development Program;
- 9 d) Work to establish and create processing facilities that would accelerate the
10 production and commercialization of bamboo and various bamboo products;
- 11 e) Promote the establishment and creation of bamboo farm tourism camps in
12 coordination with the Department of Tourism;
- 13 f) Promote the commercialization and market access of appropriate, innovative
14 and viable bamboo industry development technologies and products;
- 15 g) Coordinate and partner with other government agencies in the implementation
16 of bamboo industry development programs and projects;
- 17 h) Monitor and evaluate the performance of the bamboo industry, and the bamboo
18 development programs and projects;
- 19 i) Coordinate and partner with the private sector, people's organizations and non-
20 governmental organizations, and State Colleges and Universities in providing
21 assistance on matters pertaining to bamboo industry development;
- 22 j) Accept grants, donations and contributions from local and international donors
23 and such similar sources of funds for the implementation of this Act, subject to
24 the usual budget, accounting and auditing rules and regulations;
- 25 k) Assist the Council, in cooperation with other appropriate government agencies,
26 in conducting a periodic review of the Philippine Bamboo Industry Development
27 Roadmap;
- 28 l) Conduct capability-building initiatives for farmers, farm workers, processors,
29 designers, and other stakeholders in the bamboo industry;
- 30 m) Gather data and create an information system related to bamboo, including but
31 not limited to, plantations, population, species, workers and beneficiaries,

1 investors, product demands and supplies, and costs and benefits for market
2 research;

3 n) Supervise the implementation of the plans and programs of the Council;

4 o) Manage and administer the projects approved by the Council under this Act;
5 and

6 p) Submit periodic reports to the Council on the progress and accomplishment of
7 bamboo industry programs and projects.

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

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

16 a) Assist the Council in the performance of its tasks;

17 b) Provide technical and administrative support to the Council;

18 c) Oversee the day-to-day operations of the Center; and

19 d) Perform such other functions, duties and responsibilities as may be necessary
20 to implement this Act.

21 **SEC. 9.** *Department of Environment and Natural Resources (DENR) on Bamboo*
22 *for Commercialization* – In addition to its mandate, under the Bamboo Plantation
23 Development Program (BPDP), the DENR shall ensure the development and expansion
24 of nurseries and plantations of bamboo for commercialization and industrial purposes,
25 while taking into consideration the ecological balance in areas identified for plantation
26 and propagation. It shall continue to conduct research and development activities for
27 production or propagation of bamboo.

28 **SEC. 10.** *Department of Science and Technology for Research and*
29 *Development* – The DOST – Forest Products Research and Development Institute
30 (DOST-FPRDI) shall be the main research and development arm for bamboo utilization
31 of the Council. It shall work closely in coordination with the Center (BDIC) and other

1 government agencies such as the DA-BAR to innovate and advance sustainable
2 bamboo industry development practices.

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

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

- 12 a) The Board of Investments (BOI) shall classify bamboo nurseries and plantations
13 as a “pioneer” industry, and bamboo processing as preferred area of investment
14 under its Investment Priorities Plan (IPP) subject to pertinent rules and
15 regulations. *Provided,* that the mandatory classification as such shall only be
16 for a period of five (5) years, and thereafter its inclusion in the preferred area
17 of investment under the IPP shall be decided by the BOI;
- 18 b) Nursery and plantation owners shall be exempt from the payment of
19 government share for the use of public lands for commercial bamboo plantation
20 for the first ten (10) years or when the plantation owner starts to harvest the
21 nursery or plantation subject to existing tenurial agreement with concerned
22 government agencies;
- 23 c) Plantation owners in public lands shall be exempt from the payment of forest
24 charges that may be imposed by national government and other fees or taxes
25 imposed by local government units;
- 26 d) Plantation owners, including those with nursery facilities, bamboo processing
27 plants, and other related businesses shall be exempt from the payment of
28 import duties for imported machines and equipment to be used exclusively
29 therein, subject to all pertinent rules and regulations;
- 30 e) Ordinary and necessary expenses incurred for the business shall be allowed as
31 deductible expenses for income tax purposes, subject to the provisions of the

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

28 **SEC. 13. Appropriations.** – The sum of One Hundred Million Pesos
29 (PHP100,000,000.00) to be sourced from the unexpended contingency fund of the
30 Office of the President, the existing budget for bamboo industry development under
31 the DTI, the existing budget allocation for DENR-FPRID’s bamboo related research
32 and development, and the existing budget allocation for DENR’s BPDP, are hereby

1 appropriated for the initial budgetary requirements of the Center. Thereafter, such
2 amount as may be necessary for the continuous operation of the Center shall be
3 included in the annual GAA. The budgetary requirements of cooperating agencies
4 shall be incorporated in their respective annual budgets.

5 **SEC. 14. *Implementing Rules and Regulations.*** – Within six (6) months from
6 the effectivity of this Act, the DTI, in consultation with other concerned government
7 agencies, the academe, the private sector, and non-government organizations, shall
8 promulgate the necessary implementing rules and regulations for the effective
9 implementation of this Act.

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

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

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

Approved,