

THIRTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
*First Regular Session* )

SENATE  
OFFICE OF THE SECRETARY

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SENATE

S. No. 249

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Introduced by Senator S.R. Osmeña III

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#### EXPLANATORY NOTE

The cotton and fiber industries used to be regarded as major contributors to the Philippine economy. However, over the years, the income produced by the fiber industry, both from domestic and foreign markets, had dramatically declined due to various problems such as high cost of production, infestation of abaca land, lack of planting materials and lack of infrastructure. The country resorted to importation of cheap fabric amounting to about P1.16 billion a year, thereby causing serious damage to local agricultural producers. On the other hand, the cotton industry also suffered major blows due mainly to the decline of total production area from 10,000 hectares to only 4,200 as farmers shifted to other crops, as well as lack of budget for cotton research and development.

The expansion and development of cotton and fiber production can increase the country's export earnings and can be a major factor in the social and economic development of rural areas in the country.

To immediately address the problems confronting the cotton and fiber industries to save them from an impending extinction, this bill, seeks to create under the Office of the President the National Fiber Development Authority (NAFIDA). As a single entity directly under the control and supervision of the Office of the President, it will hasten the implementation of its programs, projects and activities. The two attached agencies of the Department of Agriculture, namely: the Fiber Industry Development Authority (FIDA), created by virtue of Executive Order No. 494, series of 1991 and the Cotton Development Authority (CDA), created under Republic Act No. 8486 shall be dissolved. Their functions, powers, responsibilities, assets and liabilities shall be absorbed by NAFIDA.

In view of the foregoing, approval of this measure is earnestly requested.

*S. Osmeña III*  
SERGIO OSMEÑA III  
Senator

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**AN ACT**

**CREATING THE NATIONAL FIBER DEVELOPMENT AUTHORITY (NAFIDA),  
DEFINING ITS POWERS AND FUNCTIONS, APPROPRIATING FUNDS  
THEREFOR, MODIFYING FOR THIS PURPOSE EXECUTIVE ORDER NO. 294  
SERIES OF 1991 AND REPEALING REPUBLIC ACT 8456, AND FOR OTHER  
PURPOSES**

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

1       **SECTION I.** *Short Title.* - This Act shall be known as the "**National**  
2 **Fiber Development Act of 2004**".

3       **SEC. 2.** *Declaration of Policy.* - It is hereby declared the policy of  
4 the State to promote and develop agriculture as an important part of the  
5 Philippine economy. Toward this end, the State shall provide full support to fiber  
6 and cotton industries through appropriate technology and research, and  
7 adequate financial, production, marketing and other support services. It shall also  
8 recognize the right of fiber and cotton farmers to actively participate in the  
9 planning and management of programs concerning the said industry.

10       **SEC. 3.** *Creation of the National Fiber Development Authority*  
11 *(NAFIDA).* - The National Fiber Development Authority (NAFIDA), hereinafter  
12 referred to as the Authority, is hereby created under the Office of the President to  
13 carry out the provisions of this Act. The Authority shall serve as the

1 government's primary planning and marketing agency responsible for the cotton  
2 and fiber industry.

3 **SEC. 4.** *Statement of Objectives.* - This Act shall have the following  
4 objectives:

- 5 a) To promote the integrated development of the cotton and  
6 fiber industry in all its aspects from research, production,  
7 processing, marketing and trade regulation to make them  
8 globally competitive;
- 9 b) To sustain the growth of and demand for cotton and fiber  
10 and its by-products in both domestic and international  
11 markets;
- 12 c) To formulate and enforce standard and regulatory  
13 measures in order to maintain good quality cotton and fiber  
14 traded in the domestic and international markets;
- 15 d) To encourage and provide adequate incentives to  
16 investment in cotton and fiber industries;
- 17 e) To improve farm productivity through the adoption of modern  
18 prescribed technology so as to increase farmers' income;  
19 and
- 20 f) To encourage and promote the use of locally produced  
21 cotton and fiber.

22 **SEC. 5.** *Powers and Functions.* - The Authority shall have the following  
23 powers and functions:

- 24 a) To undertake and regulate research studies on all  
25 aspects of the cotton and fiber industry, including its  
26 production, processing and marketing in the domestic and  
27 international markets;
- 28 b) To administer and regulate in accordance with law, the  
29 licensing and registration and shipment of cotton and fiber

- 1 producers/manufacturers including the tagging, marking,  
2 inspection, certification and shipment of their commercial  
3 products;
- 4 c) To recommend production technology to guide the  
5 cotton and fiber production activities in the country;
- 6 d) To design and implement a specialized extension  
7 program and skills development training or workshops to  
8 improve the technical and entrepreneurial capabilities of  
9 fiber producers, ginner, classifiers, graders, traders,  
10 processors and exporters to improve the quality of its  
11 commercial products;
- 12 e) To establish a monitoring system in coordination with  
13 the Department of Trade and Industry and the Department of  
14 Agriculture for the assessment of cotton and fiber supply and  
15 demand situation in both domestic and international market;
- 16 f) To acquire world-class machinery and tools for  
17 distribution to the farmers and producers;
- 18 g) To identify and improve infrastructure in the locality in  
19 coordination with the Department of Public Works and  
20 Highways and the Local Government Unit concerned;
- 21 h) To provide assistance to small farmers in the  
22 marketing, promotions, and advertisement of cotton and fiber  
23 products;
- 24 i) To undertake industry manpower development;
- 25 j) To assist farmers in sourcing funds for capital build-up;
- 26 k) To conduct regular consultations with the farmers,  
27 growers and other sectors involved in the fiber and cotton  
28 industry;

1           l)           To accredit associations or confederations of cotton  
2                           and fiber farmers, growers and other associations involved  
3                           with the cotton and fiber industries; and

4           m)           To undertake all other functions as may be necessary  
5                           to implement the objectives of this Act.

6           **SEC. 6.**       *The Governing Board of the NAFIDA.* – The corporate  
7 powers and duties of the Authority shall be vested in, and exercised by, the  
8 Board to be appointed by the President, composed of the following:

9           (a) Three (3) representatives of the Government, one of whom shall be  
10                           designated by the President as Chairman;

11           (b) Three (3) representatives from the fiber producers/manufacturers  
12                           association upon the recommendation of their respective  
13                           confederations in Luzon, Visayas and Mindanao duly accredited by  
14                           the Authority; and

15           (c) Three (3) representatives from the cotton farmers association upon the  
16                           recommendation of their respective confederations in Luzon,  
17                           Visayas and Mindanao duly accredited by the Authority .

18           **SEC. 7.**       *Power and Functions of the Board.* -       The       Governing  
19 Board shall act as the policy making body of the Authority to formulate policies,  
20 promulgate regulations and prescribe rules to attain the purposes and objectives  
21 of this Act.

22           **SEC. 8.**       *Term of office of the members of the Governing Board.* –  
23 Unless sooner removed for cause by the President through the recommendation  
24 of their respective association, appointed members of the Governing Board shall  
25 hold office for a period of two (2) years from the date of their appointments.

26           **SEC. 9.**       *Organization.*- The Chief Executive Officer of the Authority  
27 shall be the Administrator to be appointed by the President upon  
28 recommendation of the Board. He shall be assisted by two (2) Deputy

1 Administrators to be appointed by the President upon recommendation of the  
2 Board.

3 The Board shall determine and create the organizational structure of the  
4 Authority and shall appoint all other officers of the Authority

5 **SEC. 10.** *Promulgation of Rules and Regulations.* – The Governing  
6 Body shall promulgate rules and regulations for the full implementation of this Act  
7 within ninety (90) days of its effectivity. Such rules and regulations shall take  
8 effect upon publication in two (2) newspaper of general circulation and may be  
9 amended by the Board from time to time as it may deem appropriate.

10 **SEC. 11.** *Dissolution of the Fiber Industry Development Authority*  
11 *(FIDA) and the Cotton Development Authority (CDA)*- Subject to the provisions of  
12 existing laws, the Fiber Industry Development Authority (FIDA) and Cotton  
13 Development Authority (CDA), are hereby dissolved. All assets, liabilities,  
14 records, appropriation, properties, facilities and equipment of FIDA and CDA are  
15 hereby transferred to the Authority .

16 **SEC. 12.** *Annual Report.* - The Board, shall within three months after  
17 the end of every fiscal year, submit its annual report to the President. The annual  
18 report shall include a statement of the Board's accomplishments together with its  
19 plans and recommendations to improve and develop the industry.

20 **SEC. 13.** *Transitory Provisions.* – Upon approval of this Act, the  
21 officers and employees of the FIDA and the CDA shall continue to serve in a  
22 hold- over capacity, perform their duties and responsibilities, and receive the  
23 corresponding salaries and benefits, until a new staffing pattern shall have been  
24 approved by the governing Board.

25 The new position structure and staffing pattern of the Authority shall be  
26 approved and implemented by the governing Board within one hundred twenty  
27 (120) days from the approval of this Act, and authorized positions created  
28 thereunder shall be filled with regular appointments by the Board or by the  
29 Administrator, as the case may be. Those incumbents whose positions are not

1 included therein or are not reappointed shall be paid retirement or separation  
2 benefits equivalent to two (2) months basic salary for every year of their  
3 government service or the nearest equivalent fraction thereof favorable to them  
4 on the basis of the highest salary which they respectively received in the course  
5 of their employment in the government: Provided, That in no case shall the  
6 benefit to be paid to any official or employee be less than Ten Thousand Pesos  
7 (P10,000.00): Provided, further, That any official or employee who has previously  
8 been found guilty in an administrative proceeding and whose rank or salary has  
9 been reduced shall be paid on the basis of his last salary.

10 In addition to the benefits herein authorized, the covered officials and  
11 employees shall be entitled to the return of GSIS personal contributions  
12 pertaining to the retirement only and the payment of the corresponding share  
13 of the Government with the interest earned pursuant to the existing rules and  
14 regulations of the GSIS. They shall likewise be entitled to the commutation of  
15 unused vacation and sick leaves in accordance with existing rules and  
16 regulations: Provided, That those who retire after rendering government  
17 services for thirty-one (31) years or more and avail themselves of the incentive  
18 benefits provided in this Act shall be entitled to an additional ten percent (10%) of  
19 the amount corresponding to what they receive from thirty-first year onward.

20 The application for retirement or voluntary separation shall be accepted  
21 unless the services of the applicant shall be deemed necessary.

22 **SEC. 14.** *Notice or Consent Requirement.* - If any reorganizational  
23 change authorized in this Act is of such substance or materiality as to prejudice  
24 third persons with rights recognized by law or contract such notice to or consent  
25 of creditors is required to be made or obtained pursuant to any agreement  
26 entered into with any such creditors, such notice or consent requirement shall be  
27 complied with prior to the implementation of such reorganizational change.

28 **SEC. 15.** *Appropriations.*- There is hereby authorized to be  
29 appropriated from the National Treasury not otherwise appropriated, the sums

1 necessary to carry into effect the provisions of this Act: Provided, That thereafter,  
2 it shall be included in the . annual budget of the General Appropriations Act of  
3 the year following its enactment into law and every year thereafter.

4 **SEC. 16.** *Separability Clause.* - If for any reason, any provision of this  
5 Act is declared invalid or unconstitutional, the remaining provisions not affected  
6 thereby shall continue to be in full force and effect.

7 **SEC. 17.** *Repealing Clause – Executive Order No. 494, Series of 1991*  
8 *and Republic Act No. 8486 are hereby modified and repealed, respectively. All*  
9 *other laws, rules, regulations and other issuances or parts thereof contrary to or*  
10 *inconsistent herewith are likewise repealed or modified accordingly.*

11 **SEC. 18.** *Effectivity Clause.* - This Act shall take effect after fifteen  
12 (15) days following its publication in a national newspaper of general circulation  
13 or in the Official Gazette.

14 Approved.