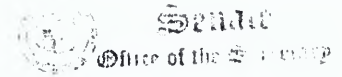


NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



'22 JUL 12 P4:52

**SENATE**

**S.B. No. 412**

RECEIVED BY

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Introduced by **SENATOR IMEE R. MARCOS**

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**AN ACT  
TO PROMOTE REFORESTATION AND TO INCREASE WOOD PRODUCTION  
THROUGH THE ESTABLISHMENT OF TREE GROWING AGREEMENT**

**EXPLANATORY NOTE**

Section 16, Article II of the 1987 Constitution provides that, "The State shall protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature."

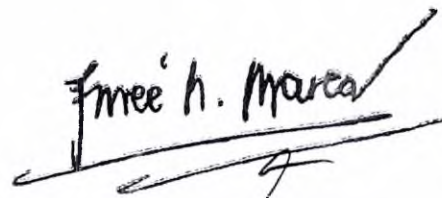
According to the Forest Management Bureau of the Department of Environment and Natural Resources, the Philippines have an annual domestic demand of six million cubic meters of wood (6,000,000 cu. m.), compared to an annual production of one million cubic meters (1,000,000 cu. m.). As such, the Philippines import 80% of its domestic demand. The Philippines currently has eight (8) million hectares (ha) of land for timber. As a tropical country, studies show that it has the capacity to produce at least 100 cubic meters per hectare of wood annually with a reasonable return on investment.

With the logging moratorium that banned the harvest and transport of trees from natural and residual forests for protection and preservation purposes, there is a need to promote tree plantations as a dominant source of local timber. However, existing regulations premised on the protection of natural and residual forests has the unintended outcome of discouraging investments in tree plantations and wood processing.

Promoting tree plantations can help meet the country's local wood demand to support the government's infrastructure projects and develop downstream wood industries such as furniture and housing construction. It can also decrease the country's reliance on imports and increase the contribution of the forestry sector to GDP. Jobs can be generated especially in the uplands where around 25 million Filipinos reside in poverty.

In order to address the concerns raised above, this bill aims to promote the development of tree farms nationwide by providing clear, simple, and investment-conducive policies and guidelines to the industry.

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

  
**IMEE R. MARCOS**

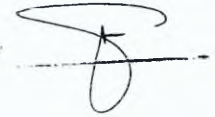
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**AN ACT**  
**TO PROMOTE REFORESTATION AND TO INCREASE WOOD PRODUCTION**  
**THROUGH THE ESTABLISHMENT OF TREE GROWING AGREEMENT**

*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 “*Tree Growing*  
2 *Agreement Act.*”

3  
4           **SEC. 2. Declaration of Policy.** – It is the policy of the State to promote tree  
5 farm and tree plantation development to restore denuded forests of the public domain,  
6 mitigate the effects of climate change, increase wood supply, encourage green  
7 investments to increase livelihood opportunities in the countryside, and contribute to  
8 the overall socio-economic development and growth of the national economy.

9  
10           **SEC. 3. Establishment of Tree Farms and Tree Plantations.** – The Department  
11 of Environment and Natural Resources (DENR) shall identify, survey, and map areas  
12 suitable for the establishment of tree farms and tree plantations in forest lands. Such  
13 areas shall be called Tree Growing Agreement (TGA) Areas or TGA areas. TGA areas  
14 for establishment shall be denuded and/or underutilized areas within forestlands  
15 whether tenured or not, including ancestral lands/domains, identified as suitable for  
16 tree farming, tree plantation development, agroforestry, and other forestry and  
17 agroforestry-related economic activities. TGA establishment may be initiated by the  
18 DENR or through a request of interested parties.

19  
20           **SEC. 4. Criteria for the Determination of Tree Growing Agreement Areas.** – The  
21 minimum requirements for suitability of the area for the TGA are:

- 22           a. Soil quality should be suitable for tree plantation/tree farming, and  
23           agroforestry farming;  
24           b. Slope gradient should be below 50 percent, and elevation should be below

- 1           1000m above sea level (asl);  
2           c. Should not be prone to landslides or severe soil erosion; and  
3           d. Should not be identified as protected area.

4  
5           **SEC. 5. *Identification and Delineation of Tree Growing Agreement Areas.*** –  
6           For purposes of identification and delineation of area for TGA, the DENR shall identify  
7           denuded, idle, and/or underutilized public forest that are either tenured or untenured.  
8           These identified areas of public forest shall be divided into meridional forest blocks of  
9           fifteen (15) seconds of latitude and fifteen (15) seconds of longitude at approximately  
10           20.7 hectares per block. Such forest blocks shall be indicated in the maps publicly  
11           available in the Tree Growing Agreement Registry

12  
13           **SEC. 6. *Tenured Lands.*** – Forest lands covered by existing tenurial instruments  
14           may be covered by the Tree Growing Agreement. Existing tenurial instruments shall  
15           be automatically amended after a TGA has been executed between the DENR and the  
16           Agreement holder.

17  
18           Tenure holders who are no longer interested in their tenure may surrender their  
19           tenure to the DENR. They may also transfer such tenurial instrument to an interested  
20           party for conversion to TGA. Tenure holders who refuse to utilize or abandon their  
21           tenurial area may be subjected to compulsory inclusion after being notified.

22  
23           A Notice of Inclusion under the TGA shall be issued by DENR to inform tenure  
24           holders of compulsory coverage of the whole or portion of their unutilized or  
25           abandoned tenured areas.

26  
27           **SEC. 7. *Tree Growing Agreement Registry.*** – Forest lands that had been  
28           established by the DENR as TGA area shall be recorded and made available in a public  
29           registry to be maintained at the Provincial Environment and Natural Resources Office  
30           (PENRO) and supervised by the Forest Management Bureau (FMB). Such registry shall  
31           be accessible to the public through the internet and shall contain maps showing the  
32           location of all forest lands under TGA and shall also indicate forest lands that are  
33           already under an agreement as well as those still available for application of investors.

34  
35           **SEC. 8. *Allowable Activities for the Tree Growing Agreement.*** – Allowable  
36           activities within the Tree Growing Agreement area shall be limited to:  
37           a. Tree Plantation/Farming  
38           b. Wood Processing/Establishment of Wood Processing Plants  
39           c. Agroforestry  
40           d. Forestry/Agroforestry-Based Ecotourism



1           **SEC. 9. *Tree Growing Agreement.*** – Interested parties whether natural or  
2 juridical, may enter into a Tree Growing Agreement for the development, sustainable  
3 utilization, and management of TGA areas and forest resources within the allotted  
4 TGA area.

5  
6           The Agreement shall be for a minimum of two production cycles depending on  
7 the project as proposed in the development plan to be submitted to the DENR upon  
8 application for a TGA. The duration of the production cycle shall depend on the species  
9 intended to be planted as a main crop.

10  
11           The Agreement may be renewed automatically at the option of the TGA holder  
12 for another minimum of two production cycles if the TGA holder has complied with  
13 the terms and conditions of the Agreement and with existing laws.

14  
15           The TGA is transferrable to qualified transferees for value. The agreement may  
16 not be cancelled except for cause and with due process by the DENR. The Agreement  
17 holder shall develop at least 30% of the area applied for in the first three (3) years  
18 and utilize seventy-five (75%) of the area within five (5) years upon issuance of the  
19 TGA. Eighty percent (80%) of the TGA area must be devoted to the primary timber  
20 crop.

21           Changes in tenure arrangements on the forest land shall not affect the status  
22 of the TGA unless the consent of the TGA holder is granted.

23  
24           Processing of applications and awarding and issuance of TGA shall be  
25 accomplished at the Provincial Environment and Natural Resources Office (PENRO) of  
26 the DENR and completed within 120 days from the time the complete application is  
27 submitted.

28  
29           Tree Growing Agreements shall be limited to a maximum of 25 forest blocks  
30 for individuals/families, 50 forest blocks, for partnerships and cooperatives, and 250  
31 forest blocks for private and public corporations including local government units  
32 (LGUs) and government owned and controlled corporations (GOCCs).

33  
34           **SEC. 10. *Qualifications of Applicants.*** – Any natural or juridical person may  
35 apply for a Tree Growing Agreement. LGUs and GOCCs may also apply for the said  
36 Agreement. Likewise, Agreement shall be awarded transparently and equitably to both  
37 foreign and domestic investors.

38  
39           **SEC. 11. *Certifications, Permits and Licenses.*** – Within sixty (60) days after the  
40 award of the Tree Growing Agreement, the DENR PENRO shall also coordinate with  
41 the Environmental Management Bureau (EMB), LGUs, and the National Commission

1 on Indigenous Peoples (NCIP) for assistance in the expedited issuance of  
2 environmental permits, local permits, and the Certification Precondition (CP).

3  
4 **SEC. 12. *Property Rights of TGA Holders.*** – All timber, trees, and other forestry  
5 and agroforestry products produced within TGA area shall be considered as personal  
6 property even if they are still attached to the soil. They shall also be considered as  
7 personal property of the holder within the purview of Republic Act No. 11057,  
8 otherwise known as the Personal Property Security Act, and thus maybe traded or  
9 may be a subject to commodity contract, mortgage contract, and other security  
10 arrangement.

11  
12 **SEC. 13. *Relaxation of Restrictions and Regulations.*** – In order to promote  
13 investments and generate interest in forest related activities within the TGA areas,  
14 existing laws, executive issuances, local ordinances, rules and regulations are hereby  
15 repealed, amended, and modified accordingly for holders in order to:

- 16  
17 a. Allow only a one-time inspection by the DENR PENRO prior to harvest of  
18 trees leading to a single clearance for harvest, processing, transport and  
19 sale both local and international;
- 20 b. Exempt from any clearance, the cutting, harvesting, gathering, collection  
21 and transport of non-timber forest products from the TGA area;
- 22 c. Exempt established tree farms and plantations from logging bans for the  
23 duration of the agreement;
- 24 d. Allow logs, lumber and other finished wood products from TGA area to  
25 be exported without restrictions in volume;
- 26 e. Allow the acceptance of planted trees in TGA areas as collateral for  
27 loans in all banks and non-bank financial institutions;
- 28 f. Allow insurance coverage of planted trees in TGA areas;
- 29 g. Allow the issuance of an Environmental Compliance Certificate by the  
30 DENR for the entire TGA area even prior to the issuance of the TGA;
- 31 h. Allow the issuance of the Certification Precondition by the NCIP for the  
32 entire TGA area even prior to the issuance of the TGA;
- 33 i. Allow exemption from payment of Advanced Value Added Tax (VAT).  
34 The VAT shall be paid only after logs have been delivered and payment  
35 received by plantation owners;
- 36 j. Include tree farming and plantation development as pioneer areas of  
37 investment under the Strategic Investments Priority Plan of the  
38 government;
- 39 k. Include tree farming and plantation development in tax incentives as  
40 may be provided by existing rules and regulations of different  
41 government agencies including but not limited the Department of  
42 Finance and Department of Trade and Industry; and

1 I. Include tree farming and plantation development in other investment  
2 incentive packages available for agriculture and agroforestry-related  
3 industries.  
4

5 Provided that, relevant incentives shall also apply to private tree plantations  
6 registered with the DENR.  
7

8 **SEC. 14. *Royalties and Government Share.*** – Royalties and government share  
9 shall be based on the stumpage value of planted trees. Stumpage value shall be  
10 computed by the DENR using a formula developed with the approval of the Tree  
11 Plantation Promotion and Policy Board.  
12

13 Royalties and government share shall be based on the 70% of gross revenues  
14 of the Agreement holder. The national government shall get five percent (5%) royalty,  
15 the tenure holder for tenured lands shall get one percent (1%), the concerned LGU  
16 where the TGA area is located shall get five percent (5%), if there are indigenous  
17 peoples in the area, two percent (2%) shall be allotted to them, and the remaining  
18 two percent (2%) shall go to DENR's tree plantation development programs and  
19 projects and carbon trading activities. Provided that, in the absence of IPs or tenure  
20 holders, the share allotted for them shall accrue to the DENR's account.  
21

22 **SEC. 15. *Dispute Resolution Mechanism.*** – Disputes arising from conflicting  
23 claims and other controversies related to the issuance and the implementation of the  
24 TGA shall be resolved administratively in the first instance at the DENR.  
25

26 Any and all disputes arising from the implementation of TGA may be submitted  
27 to arbitration in the Philippines, in accordance with the relevant laws and policies. The  
28 process of arbitration shall be incorporated as a provision in the TGA that will be  
29 executed pursuant to the provisions of this Act. Provided that, upon consent of both  
30 parties, alternative modes of dispute resolution may be agreed upon.  
31

32 **SEC. 16. *Premature termination of the agreement.*** – Upon the premature  
33 termination of the agreement, at no fault of the holder, all depreciable permanent and  
34 semi-permanent improvements such as roads, buildings, and nurseries including the  
35 planted and standing trees and other forest crops, introduced and to be retained in  
36 the area, shall be properly evaluated and the holder shall be entitled to a fair  
37 compensation thereof, the amount of which shall be mutually agreed upon by both  
38 the DENR and the agreement holder, and in case of disagreement between them, by  
39 arbitration through a mutually acceptable and impartial third-party adjudicator.  
40

41 **SEC. 17. *Tree Plantation Promotion and Policy Board.*** – The Tree Planation  
42 Promotion and Policy Board, referred to as the Board, is hereby created which shall



1 be the overall policy-development body for all forest lands identified for TGA. It shall  
2 be responsible for setting the strategic direction of programs and projects and in  
3 creating an enabling policy and institutional environment TGA areas.

4  
5 The Board shall be composed of the following:

- 6 1. Secretary of Environment and Natural Resources as Chairperson;
- 7 2. Secretary of Trade and Industry as Co-Chairperson;
- 8 3. One representative from the wood producers;
- 9 4. One representative from the tree farmers;
- 10 5. One representative from the wood processors;
- 11 6. One representative from the furniture industry;
- 12 7. One representative from the construction industry; and
- 13 8. One representative from the professional organization of foresters.

14  
15  
16 The principal members of the Board may designate their respective alternates,  
17 who shall be the officials next-in-rank to them, and whose acts shall be considered  
18 the acts of their principals.

19  
20 The presence of the Chairperson with four (4) other members of the Board  
21 shall constitute a quorum and a majority vote of the members present shall be  
22 necessary for the adoption of any issuance, order, resolution, decision or other act of  
23 the Board in the exercise of its functions. The Board shall act as a collegial body. In  
24 the conduct of meetings, the Chairperson shall not vote except to break a tie.

25  
26 The Board shall act on any matter for its consideration not later than thirty  
27 (30) days from the date of submission thereof.

28  
29 The members of the Board shall be entitled to honoraria based on existing  
30 government accounting and auditing rules and regulations. The DENR shall act as  
31 Secretariat to the Board.

32  
33 **SEC. 18. Appropriation.** – The amount needed for the implementation of this  
34 Act shall be included in the General Appropriations Act (GAA).

35  
36 **SEC. 19. Implementing Rules and Regulations.** – The FMB of DENR shall  
37 promulgate the necessary rules and regulations to carry out the provisions of this Act  
38 within 120 days from approval hereof.

39  
40 **SEC. 20. Repealing Clause.** – All laws, decrees, executive order, executive  
41 issuances or letters of instruction, rules and regulations or any part thereof



1 inconsistent with or contrary to the provisions of this Act are hereby deemed repealed,  
2 amended or modified accordingly.

3  
4 **SEC. 21. Separability Clause.** – If, for any reason or reasons, any part or parts  
5 of this Act shall be declared unconstitutional or invalid by any competent court, other  
6 parts of this Act not so declared shall continue to be in full force and effect.

7  
8 **SEC. 22. Effectivity.** – This Act shall take effect fifteen days (15) after its  
9 publication in two (2) newspapers of general education.

*Approved,*