

FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

8 AUG 20 10:36

SENATE

S. No. **2549**

RECEIVED BY: 

Introduced by Senator Antonio "Sonny" F. Trillanes IV

EXPLANATORY NOTE

The cotton and fiber industries are vital in the Philippine export 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, disease infestation of abaca land, frequent rains and super typhoons, lack of planting materials and lack of infrastructure, and irregular harvesting of fiber as some farmers preferred to harvest other cash crops rather than abaca fiber. Total abaca fiber bailing in 2007 slowed down to 50,937 metric tons or 12.4% lower than the previous year's output of 58,160 MT owing mainly to the lackluster performance of almost all producing regions except Western Visayas and the Cordillera Administrative Region (CAR).¹ The country resorted to importation of cheap fabric amounting to about P1.16 billion a year, thereby causing serious damage to local agricultural producers.

In the same vein, 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. Some of the problems that adversely affected productivity are the inadequate rainfall, high pest pressure, delayed release of production loans, and inadequate technical knowledge of farmers. The latter two factors affected the application of production inputs and led farmers to deviate from technological recommendations resulting to poor plant stand and uncontrolled pests.²

The expansion and development of cotton and fiber production can provide income, increase the country's export opportunities and employment, 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, 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 accelerate the execution 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 sought.



ANTONIO "SONNY" F. TRILLANES
Senator

¹ 2007 Market Report: Abaca. Information retrieved from: <http://fida.da.gov.ph/>. Retrieved on 17 June 2008.

² Philippine Cotton Industry Situation: Crop Year 2004/05. Information retrieved from: http://coda.da.gov.ph/homepage/situationer_2004_05.php. Retrieved on 17 June 2008.

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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 1. Short Title.** - This Act shall be known as the "*National Fiber*
2 *Development Act of 2008*".

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

11
12 **SEC. 3. Creation of the National Fiber Development Authority (NAFIDA).** -
13 The National Fiber Development Authority (NAFIDA), hereinafter referred to as the
14 Authority, is hereby created under the Office of the President to carry out the provisions
15 of this Act. The Authority shall serve as the governments primary planning and
16 marketing agency responsible for the cotton and fiber industry.

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

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

14
15 **SEC. 5. *Powers and Functions.*** - The Authority shall have the following

- 16 a) To undertake and regulate research studies on all aspects of the cotton and fiber
17 industry, including its international markets; production, processing and marketing in
18 the domestic and international markets;
- 19 b) To administer and regulate in accordance with law, the licensing and registration and
20 shipment of cotton and fiber producers/manufacturers including the tagging, marking,
21 inspection, certification and shipment of their commercial products;
- 22 c) To recommend production technology to guide the cotton and fiber production
23 activities in the country;
- 24 d) To design and implement a specialized extension program and skills development
25 training or workshops to improve the technical and entrepreneurial capabilities of
26 fiber producers, ginnerers, classifiers, graders, traders, processors and exporters to
27 improve the quality of its commercial products;

- 1 e) To establish a monitoring system in coordination with the Department of Trade and
2 Industry and the Department of Agriculture for the assessment of cotton and fiber
3 supply and demand situation in both domestic and international market;
- 4 f) To acquire world-class machinery and tools for distribution to the farmers and
5 producers;
- 6 g) To identify and improve infrastructure in the locality in coordination with the
7 Department of Public Works and Highways and the Local Government Unit
8 concerned;
- 9 h) To provide assistance to small farmers in the marketing, promotions, and
10 advertisement of cotton and fiber products;
- 11 i) To undertake industry manpower development;
- 12 j) To assist farmers in sourcing funds for capital build-up;
- 13 k) To conduct regular consultations with the farmers, growers and other sectors involved
14 in the fiber and cotton industry;
- 15 l) To accredit associations or confederations of cotton and fiber farmers, growers and
16 other associations involved with the cotton and fiber industries; and
- 17 m) To undertake all other functions as may be necessary to implement the objectives of
18 this Act.

19
20 **SEC. 6. *The Governing Board of the NAFIDA.*** - The corporate powers and
21 duties of the Authority shall be vested in, and exercised by, the Board to be appointed by
22 the President, composed of the following:

- 23 a) Three (3) representatives of the Government, one of whom shall be designated by the
24 President as Chairman;
- 25 b) Three (3) representatives from the fiber producers/manufacturers association upon the
26 recommendation of their respective confederations in Luzon, Visayas and Mindanao
27 duly accredited by the Authority; and

1 c) Three (3) representatives from the cotton farmers association upon there
2 commendation of their respective confederations in Luzon, Visayas and Mindanao
3 duly accredited by the Authority .
4

5 **SEC. 7. *Power and Functions of the Board.*** - The Governing Board shall act as
6 the policy making body of the Authority to formulate policies, promulgate regulations
7 and prescribe rules to attain the purposes and objectives of this Act.
8

9 **SEC. 8. *Term of office of the members of the Governing Board.*** - Unless sooner
10 removed for cause by the President through the recommendation of their respective
11 association, appointed members of the Governing Board shall hold office for a period of
12 two (2) years from the date of their appointments.
13

14 **SEC. 9. *Organization.***- The Chief Executive Officer of the Authority shall be the
15 Administrator to be appointed by the President upon recommendation of the Board. He
16 shall be assisted by two (2) Deputy Administrators to be appointed by the President upon
17 recommendation of the Board. The Board shall determine and create the organizational
18 structure of the Authority and shall appoint all other officers of the Authority.
19

20 **SEC. 10. *Promulgation of Rules and Regulations.*** - The Governing Body shall
21 promulgate rules and regulations for the full implementation of this Act within ninety
22 (90) days of its effectivity. Such rules and regulations shall take effect upon publication
23 in two (2) newspaper of general circulation and may be amended by the Board from time
24 to time as it may deem appropriate.
25

26 **SEC. 11 *Dissolution of the Fiber Industry Development Authority (FIDA) and***
27 ***the Cotton Development Authority (CDA).*** - Subject to the provisions of existing laws,
28 the Fiber Industry Development Authority (FIDA) and Cotton Development Authority

(CDA), are hereby dissolved. All assets, liabilities, records, appropriation, properties, facilities and equipment of FIDA and CDA are hereby transferred to the Authority.

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

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

The new position structure and staffing pattern of the Authority shall be approved and implemented by the governing Board within one hundred twenty (120) days from the approval of this Act, and authorized positions created thereunder shall be filled with regular appointments by the Board or by the Administrator, as the case may be.

Those incumbents whose positions are not included therein or are not reappointed shall be paid retirement or separation benefits equivalent to two (2) months basic salary for every year of their government service or the nearest equivalent fraction thereof favorable to them on the basis of the highest salary which they respectively received in the course of their employment in the government: *Provided*, That in no case shall the benefit to be paid to any official or employee be less than Ten Thousand Pesos (PI 0,000.00): *Provided, further*, That any official or employee who has previously been found guilty in an administrative proceeding and whose rank or salary has been reduced shall be paid on the basis of his last salary.

In addition to the benefits herein authorized, the covered officials and employees shall be entitled to the return of GSIS personal contributions pertaining to the retirement only and the payment of the corresponding share of the Government with the interest earned pursuant to the existing rules and regulations of the GSIS. They shall likewise be entitled to the commutation of unused vacation and sick leaves in accordance with

1 existing rules and regulations: *Provided*, That those who retire after rendering
2 government services for thirty-one (31) years or more and avail themselves of the
3 incentive benefits provided in this Act shall be entitled to an additional ten percent (10%)
4 of the amount corresponding to what they receive from thirty-first year onward.

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

7
8 **SEC. 14. *Notice or Consent Requirement*** - If any reorganizational change
9 authorized in this Act is of such substance or materiality as to prejudice third persons
10 with rights recognized by law or contract such notice to or consent of creditors is required
11 to be made or obtained pursuant to any agreement entered into with any such creditors,
12 such notice or consent requirement shall be complied with prior to the implementation of
13 such reorganizational change.

14
15 **SEC. 15. *Appropriations***. - There is hereby authorized to be appropriated from
16 the National Treasury not otherwise appropriated, the sums necessary to carry into effect
17 the provisions of this Act: *Provided*, That thereafter, it shall be included in the annual
18 budget of the General Appropriations Act of the year following its enactment into Law
19 and every year thereafter.

20
21 **SEC. 16. *Separability Clause***. - If for any reason, any provision of this Act is
22 declared invalid or unconstitutional, the remaining provisions not affected thereby shall
23 continue to be in full force and effect.

24
25 **SEC. 17. *Repealing Clause*** - Executive Order No. 494, Series of 1991 and
26 Republic Act No. 8486 are hereby modified and repealed, respectively. All other laws,
27 rules, regulations and other issuances or parts thereof contrary to or inconsistent herewith
28 are likewise repealed or modified accordingly.

1 **SEC. 18. *Effectivity Clause.*** - This Act shall take effect fifteen (15) days
2 following its publication in the *Official Gazette* or in at least two (2) national newspapers
3 of general circulation.

Approved,