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SENATE

S. No. 1270

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Introduced by Senator Manuel "Lito" M. Lapid

EXPLANATORY NOTE

In the past year, there has been a marked increase in the demand for Philippine-made footwear. The drastic growth has led to the industry being referred to as one of the country's "sunrise" industries. The demand for local footwear has been observed in both the domestic and international markets.

Despite the increased demand for local footwear, there has been a trend towards a dwindling local footwear industry. In 1994 there were 513 local manufacturers in the Marikina area alone. This number decreased to 188 manufacturers in 2003 and to a meager 31 manufacturers in 2011. It seems that the techniques and creativity appreciated by the market, both local and abroad, are limited to a few innovative manufacturers. This monopoly of skill has caused many footwear manufacturers to close despite increased demand for local footwear. Hence, there is a need to provide training to footwear manufacturers and workers in order to promote expansion and growth in the industry.

This proposed measure creates a National Footwear Training Academy (NFTA) under the direct supervision and control of the Department of Trade and Industry (DTI) that shall provide high quality training and research for footwear production and its related downstream industries. The NFTA shall be a training institution committed to the pursuit of excellence through the provision of education, training, technology transfer, and research and development (R&D). The NFTA shall maintain a proactive environment where the latest methods and technologies in footwear production and tanning are applied to provide state-of-the-art and comprehensive training to develop the competitiveness of local manufacturers in the field of local footwear production.

This measure also mandates Land Bank of the Philippines (LBP) to formulate a Local Footwear Industry Modernization Credit Facility and Loan Package Window which will provide low interest loans for local footwear manufacturers and suppliers seeking to improve and modernize their production facilities, equipment, and services in order to revive and make competitive the local footwear industry in the country.

The passage of this measure is earnestly sought.


MANUEL "LITO" M. LAPID
Senator 



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AN ACT
ESTABLISHING A COMPREHENSIVE PROGRAM TO REVIVE THE LOCAL
FOOTWEAR INDUSTRY IN THE COUNTRY, ESTABLISHING THE
NATIONAL FOOTWEAR TRAINING ACADEMY (NFTA),
AND APPROPRIATING FUNDS THEREFOR

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

1 **SECTION 1. Short Title.** - This Act shall be known as the "**Local**
2 **Footwear Industry Competitiveness Act of 2013**".

3
4 **SEC. 2. Declaration of Policy.** - The State recognizes the indispensable
5 role of the private sector in national economic growth. As such, it is the policy of the
6 State to encourage the growth of private enterprises and to provide incentives for
7 needed investments, especially to local entrepreneurs. Further, the State shall
8 encourage the growth of creativity in local businesses.

9 Towards these ends, the State shall exert efforts to promote sustainable growth
10 for the country's local industries by building a business environment conducive to the
11 development of creativity, ingenuity, and innovativeness.

12 Particularly, the State shall provide the mechanisms to maintain, update, and
13 improve the scientific knowledge, technical skill, and competence of production workers
14 in the local footwear industry. In line with this thrust, the State shall give priority to
15 research and development in the footwear industry and shall promote, as far as
16 practicable, the use of local resources to promote international competitiveness and
17 local employment.

18
19 **SEC. 3. Establishment of a National Footwear Training Academy**
20 **(NFTA).** - There is hereby established and created a National Footwear Training
21 Academy (NFTA), hereinafter referred to as the "Academy", under the direct supervision

1 and control of the Secretary of the Department of Trade and Industry (DTI), which is
2 envisioned to provide the highest quality training and research in the field of footwear
3 production and its related downstream industries.

4 The Academy shall be a training institution committed to the pursuit of excellence
5 through the provision of education, training, technology transfer, and research and
6 development (R&D) in the field of footwear. The Academy shall maintain a proactive
7 environment wherein the latest methods and technologies in footwear production and
8 tanning are applied to provide state-of-the-art and comprehensive training to develop
9 the competitiveness of manufacturers in local footwear production.

10
11 **SEC. 4. Objectives.** - The Academy shall be established to serve the
12 following objectives:

13 a) To train and make competitive footwear manufacturing companies,
14 entrepreneurs, footwear distributors, suppliers, and various stakeholders in the footwear
15 industry and its related downstream industries;

16 b) To serve as the primary training institution in the country in footwear
17 production and manufacturing that will provide the enabling mechanisms to revive and
18 make the industry competitive;

19 c) To train key players in the footwear industry and provide them with the
20 latest footwear production technologies and methods;

21 d) To serve as a Center for Excellence in the provision of comprehensive
22 and state-of-the-art training and technical assistance;

23 e) To serve as the primary research arm of the government in footwear
24 science and manufacturing and serve as an authoritative source of information;

25 f) To upgrade quality standards and cost efficiency in the production of
26 footwear.

27
28 **SEC. 5. Powers and Functions.** - The Academy shall have all legal powers
29 appertaining to a juridical person, particularly the following:

30 a) to sue and be sued;

31 b) to enter into contracts;

32 c) to hold real and personal property as may be necessary for its mandated
33 purposes;

34 d) to mortgage, lease, sell, transfer, convey, and otherwise dispose of its real
35 and personal property;

36 e) to solicit and receive public and private donations and contributions
37 related to footwear production and manufacturing;

- 1 f) to accept and receive real and personal property by gift, devise, or
- 2 bequest;
- 3 g) to levy and collect minimal dues and fees from its trainees for its services;
- 4 h) to adopt a seal and to alter the same;
- 5 i) to have offices and conduct its affairs in the Metro Manila area and
- 6 elsewhere;
- 7 j) to make and adopt by-laws and rules and regulations not inconsistent with
- 8 the laws of the Philippines; and
- 9 k) to do all such acts and things as may be necessary or proper to carry into
- 10 effect and promote the purposes for which it was organized.

11 The seal and emblem of the Academy shall be kept in its national office.

12

13 **SEC. 6. *Personal Conduct of Students and Faculty*** - The National

14 Footwear Training Academy (NFTA) is a training and research institution that strives to

15 maintain a safe and healthy environment to promote learning in a professional and

16 competitive setting. Trainees are expected to exercise tolerance and to respect and

17 celebrate differences among individuals. At no time shall the Academy tolerate:

- 18 a) Harassment of any kind;
- 19 b) Racial, religious or sexual slurs;
- 20 c) Inappropriate language;
- 21 d) Damage to property; and
- 22 e) Any action which jeopardizes the comfort, safety or health of others

23

24 **SEC. 7. *NFTA Academic Board***. - The Academy shall have an Academic

25 Board composed of the Administrator, the Dean of the Corps of Professors, the Head

26 Training Officer, and the Heads of the Departments.

27 The Administrator and Head Training Officer of the Academy shall be appointed

28 by the President of the Republic of the Philippines.

29 The Academic Board shall have the power to confer certificates and diplomas to

30 all trainees, upon the satisfactory completion of the approved course of studies, under

31 such rules and regulations as the Secretary of the Department of Trade and Industry

32 (DTI) may prescribe.

33 Such other diplomas as may be needed in the future shall be conferred, provided

34 that the Academic Board shall determine the corresponding academic degrees in

35 consonance with the needs of the footwear industry in the country. The Academy shall

36 develop courses and the necessary expertise as the need arises.

37

38 **SEC. 8. *Sources of Funds***. - The funds of the National Footwear Training

1 Academy shall be derived from dues and assessments, donations, bequests,
2 contributions of its students and trainees, and income from conventions, seminars,
3 corporate trainings, and other fund raising activities.

4
5 **SEC. 9. *Technical Assistance and Grants.*** - The Academy, subject to the
6 approval of the Secretary of the Department of Trade and Industry (DTI), shall establish
7 a program to award grants and/or technical assistance to eligible entities, enterprises,
8 entrepreneurs, and corporations that have submitted their application for the purpose of
9 assisting key players in the footwear industry, upgrade or modernize their facilities,
10 production methods, and technologies.

11 The Academy shall require from the proponents the following information:

12 a) A description of the product lines of the intended beneficiary of the
13 technical assistance grant;

14 b) A description on how the technical assistance grants will improve quality
15 of production and products manufactured by the intended beneficiary; and

16 c) Any additional information that the Academy may require, consistent with
17 the provisions of this Act.

18
19 **SEC. 10. *Local Footwear Industry Modernization Credit Facility and***
20 ***Loan Package.*** - The Land Bank of the Philippines (LBP) is hereby mandated to
21 formulate a Local Footwear Industry Modernization Credit Facility and Loan Package
22 Window which shall provide low interest loans for local footwear manufacturers and
23 suppliers seeking to improve and modernize their production facilities, equipment, and
24 services in order to revive and make competitive the local footwear industry in the
25 country.

26 Within six (6) months from the date of effectivity of this Act, the Land Bank of the
27 Philippines is mandated to formulate the necessary guidelines, procedures, and
28 requirements for the various stakeholders to avail of the Local Footwear Industry
29 Modernization Credit Facility and Loan Package Window, as mandated under this Act.

30
31 **SEC. 11. *Appropriations.*** - There is hereby appropriated the amount of
32 Thirty Million Pesos (Php30,000,000) for the construction and establishment of the
33 National Footwear Training Academy (NFSA) which shall be incorporated in the
34 General Appropriations of the Department of Trade and Industry (DTI).

35 Thereafter, the improvements, personnel expense, and other necessary
36 expenses for the operation and maintenance of the Academy shall be included in the
37 annual General Appropriations of the DTI.

38

1 **SEC. 12. *Implementing Rules and Regulations (IRR).*** - Within six (6)
2 months from the date of effectivity of this Act, the Department of Trade and Industry
3 (DTI) shall promulgate the implementing rules and regulations necessary to implement
4 the provisions of this Act.

5
6 **SEC. 13. *Repealing Clause.*** - All laws, decrees, executive orders, rules and
7 regulations, or parts thereof not consistent with the provisions of this Act are hereby
8 repealed or modified accordingly.

9
10 **SEC. 14. *Separability Clause.*** - If any provision or part of this Act, or the
11 application thereof to any person or circumstance, is held unconstitutional or invalid, the
12 remainder of this Act shall not be affected thereby.

13
14 **SEC. 15. *Effectivity Clause.*** - This Act shall take effect fifteen (15) days
15 from the date of its publication in the Official Gazette or in at least two (2) newspapers
16 of general circulation.

Approved,