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SENATE  
P.S. Res 920

RECEIVED BY: 

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Introduced by Senator Poe

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**RESOLUTION**

**DIRECTING THE SENATE COMMITTEE ON AGRICULTURE AND FOOD TO LOOK INTO, IN AID OF LEGISLATION, THE STATUS OF THE COUNTRY'S CACAO AND CHOCOLATE INDUSTRY AND TO TAP ITS FULL POTENTIALS FOR THE PURPOSE OF RECOMMENDING MEASURES TO BOOST LOCAL PRODUCTION AND PROVIDE LIVELIHOOD IN THE COUNTRYSIDE IN THE LIGHT OF A PROJECTED WORLD DEFICIT IN CACAO SUPPLY**

Whereas, the goals of the national economy are a more equitable distribution of opportunities, income and wealth; a sustained increase in the amount of goods and services produced by the nation for the benefit of the people; and an expanding productivity as the key to raising the quality of life for all, especially the underprivileged. The State is mandated to promote industrialization and full employment based on sound agricultural development and agrarian reform, through industries that make full of efficient use of human and natural resources, and which are competitive in both domestic and foreign markets. However, the State shall protect Filipino enterprises against unfair foreign competition and practices. In pursuit of these goals, all sectors of the economy and all regions of the country shall be given optimum opportunity to develop. Private enterprises, including corporations, cooperatives and similar collective organizations, shall be encouraged to broaden the base of their ownership (Article XII, Section 1 of the 1987 Philippine Constitution);

Whereas, it is the duty of the State to recognize the right of farmers, farmworkers and landowners, as well as cooperatives and other independent farmers' organizations to participate in the planning, organization and management of the program, and shall provide support to agriculture through appropriate technology and research, and adequate financial, production, marketing and other support services (Article XIII, Section 5 of the Constitution);

Whereas, the government established the Agricultural Competitiveness Enhancement Fund (ACEF) in 1996 by virtue of Republic Act No. 8178 or the Agricultural Tariffication Act, as amended by RA 9496, as a non-collateral, non-interest

credit fund of the DA intended to make the country's agricultural sector viable, efficient and globally competitive by protecting farmers against "dumping";

Whereas, Section 8 of RA 9496 provides that the entire proceeds of the ACEF shall be set aside and earmarked by Congress for the following:

- For the protection of farmers against unfair trade practices such as smuggling, dumping of agricultural products or other similar acts of unfair trade practices, and
- For the increased productivity of farmers by providing the necessary support services such as, but not limited to, irrigation, farm-to-market roads, post-harvest equipment and facilities, credit, research and development, other marketing infrastructure, provision of market information, retraining, extension services, micro, small and medium scale enterprises in agriculture, aquaculture and fisheries sectors; young entrepreneurs, out-of-school youth, graduates of agriculture, fisheries and related courses; agriculture and fishery cooperatives, corporations and others entrepreneurs engaged in economic enterprises related to agriculture and fisheries and assistance and support to agricultural activities including, but not limited to, the reduction of input cost, quality improvement, supply chain efficiency and other infrastructure including access as well as an established transportation mechanism towards speedy delivery of products;

Whereas, RA 7900 or the High-Value Crops Development Act of 1995 listed cacao and other high-value crops as among those covered by the funding requirements, incentives and credit assistance for its production, marketing, processing and technical and infrastructure support;

Whereas, despite laws that promotes the development of the country's cacao industry, Philippine cacao has relatively low yields—about 12,000 metric tons of dried cacao beans annually—not even enough to satisfy the local demand of 30,000 MT<sup>1</sup>;

Whereas, global cacao production is in a decline as experts predict a one million metric ton shortage by 2020<sup>2</sup>;

Whereas, projected world deficit of cocoa beans by end-2014 is 75,000 tons, from a deficit of 193,000 tons by end of 2013<sup>3</sup>, according to the International Cocoa Organization (ICCO), composed of both cocoa-producing and cocoa-consuming member countries;

Whereas, the Philippines produced 4,876 MT of cacao in 2013, 4,831 MT in 2012 and 4,856 MT in 2011;

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<sup>1</sup> Ranada, Pia. "Can Mindanao save the world chocolate industry?" <http://www.rappler.com/business/industries/247-agriculture/66850-mindanao-chocolate-world-cacao-industry>, 21 August 2014

<sup>2</sup> *Ibid.* at 1

<sup>3</sup> ICCO Quarterly Bulletin of Cocoa Statistics, Vol. XL, No. 2, Cocoa year 2013/14, 30 May 2014

Whereas, the Philippines's contribution to the global cacao market is small, and actually imported some 22,000 tons of cacao in 2010-2011 to satisfy the local demand, from 23,000 tons in 2009-2010 and 22,000 tons in 2008-2009<sup>4</sup>;

Whereas, Ivory Coast (1.4 million tons) and Ghana (890,000 tons) in Africa are the world's largest cacao producers, while the United Kingdom (1.8 million tons) and the United States (1.3 million tons) are among the world's largest cocoa consumers<sup>5</sup>;

Whereas, the government can tap the ACEF and the High-Value Crops Development Funds, among other available funds, to extend credit and help local farmers boost cacao production and revitalize the cacao industry;

Whereas, unknown to many, Mindanao, in particular the Davao region, accounts for about 77 percent of the country's total cacao production from 2008 to 2012;

Whereas, only 9,430.71 hectares of land had been devoted to cacao production in 2013, bulk of which is in the Davao Region with 5,193 hectares, according to the Philippine Statistics Authority;

Whereas, there is a need to focus on agriculture and explore new markets for cacao, as the agriculture sector currently employs 32.2 percent of the Philippine labor force, or 12.1 million people;

Whereas, the agriculture sector's growth slowed to just 0.9 percent in the first quarter of 2014, compared with 3.2 percent growth in the same period in 2013. While considered an agricultural country, agriculture contributes only 11 percent on gross domestic product, from 25-30 percent in the '70s;

**RESOLVED**, as it is hereby resolved by the Senate of the Philippines, to direct the Senate Committee on Agriculture and Food to look into, in aid of legislation, the status of the country's cacao and chocolate industry and to tap its full potentials for the purpose of recommending measures to boost local production and provide livelihood in the countryside in the light of a projected world deficit in cacao supply.

Adopted,

  
GRACE POE

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<sup>4</sup> *Ibid.* at 3

<sup>5</sup> *Ibid.* at 3