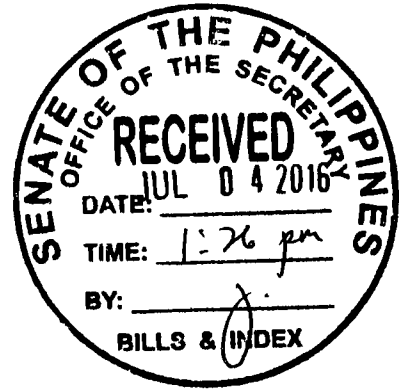SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

SENATE

Senate Bill No. 320

Introduced by Senator Cynthia A. Villar

AN ACT ESTABLISHING A NATIONAL PROGRAM FOR THE CACAO INDUSTRY PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES

EXPLANATORY NOTE

This bill seeks to revive the dwindling cacao industry of the country and participate in the international markets for added income to our farmers.

Cacao is a small evergreen plant introduced by the Spaniards to the Philippines in 1674 to 1680. Its seeds or beans are used to make cocoa and chocolate, which has medicinal uses as well as culinary purposes. The Philippines in general is a good place to grow cacao because it is on the Equator, the only part of the world where cacao can grow.

Worldwide consumption of chocolate has been gradually increasing by 3% annually with new market demand growing steadily in regions like Central Asia and Eastern Europe. Particular increases in demand have been observed in mainland China, India, and various states of the Russian Federation. Major cocoa bean processors include Hershey's, Nestle, and Mars, all of which purchase cocoa beans via various sources.

The Department of Agriculture said that the increasing global cacao demand is due to: the rising public awareness on its health benefits as well as preference for chocolate; expanding range of applications in food, beverage, cosmetics and pharmaceuticals; and increasing disposable income of middle class. The very rich and fertile Philippine soil is well suited for the production of cacao yet the country has been observed to import large amounts annually. We ranked 18th world-wide amongst cacao-producing nations. The country is currently producing from 10,000 to 12,000 MT of dried cacao beans - not

even enough to satisfy the local demand of 30,000 MT. International prices for cacao beans have been steadily rising. A boost in exports would generate dollar earnings for local exporters. Moreover, growth in the cacao industry would increase livelihood and jobs for Filipinos.

Southern Mindanao is the country's largest cacao-producing region with Davao Oriental registering nearly 4,000 hectares of cacao trees. Though the country's contribution to the global market is miniscule, the Philippines is already exporting cacao to the United States, Singapore, New Zealand and Europe. Chocolate from Philippine cacao beans is used by major chocolate brands including Mars, M&M's and Barry Callebaut.

The High Value Crops Development Program is one of the banner programs of the Department of Agriculture. It was created to help address food security, poverty alleviation and sustainable growth. It helps to promote the production, processing, marketing and distribution of high value crops. Strategically, HVCDP helps to increase income, create livelihood opportunity and contribute to national agricultural development of the Philippines. For Cacao, the DA aims to raise local production to 100,000 MT by 2020, an amount that will enable the Philippines to make a dent in the global market.

Still, this is far from Indonesia's output of 500,000 MT yearly, making it the 3rd largest cacao producer in the world after African countries Ivory Coast and Ghana.

To achieve their vision Mindanao has been considered for the planting of one million cacao trees to beat a tree-planting record set by India. Mindanao currently devotes 2 million hectares of land to coconut trees which are ideal for intercropping with cacao trees since they provide the shade cacao seedlings need to thrive. Using even just 5% of these lands would mean 100,000 hectares of cacao with a potential to create 1,000 jobs for Mindanao residents. Mindanao may be well-suited for this burgeoning industry because of its large tracts of fertile and unutilized soil.

To reach the 100,000 MT of dried cacao beans by 2020, the Philippines would need to harvest from around 100 million cacao trees.

Cacao was chosen as a priority commodity of Davao Region (Region 11) by the DA. This means funds from the World Bank-assisted Philippine Rural Development Program (PRDP) will go to strengthening the industry around the crop.

The DA also plans to improve cacao farmers' access to fertilizer and high-yielding varieties of cacao seeds. The agency promised to improve the flow and quality of extension services to cacao farmers to help them adopt good practices and produce high-quality beans.

Bud also according to the DA data, cacao is also grown in Luzon (Ilocos, Bulacan, Laguna, among others) and Visayas (Camarines Sur and Norte, Iloilo, Bohol, Negros Occidental, among others).

This legislation envisions the creation of a national program which will have gather government agencies together with the DA as lead agency to do education and training of all stakeholders in the cacao industry, collecting relevant researches, scientific studies and market strategies, extending technologies and creating international linkages for development, promotion and be a competitor in the world cacao market.

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

CYNTHIA A. VILLAR
Senator

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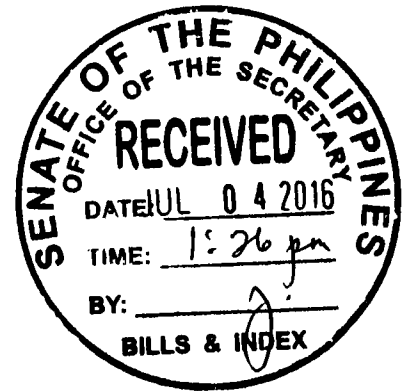
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SENATE

Senate Bill No.___320___

Introduced by Senator Cynthia A. Villar

AN ACT ESTABLISHING A NATIONAL PROGRAM FOR THE CACAO INDUSTRY PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES

Be it enacted by the Senate and the House of Representatives of the Philippines

in Congress assembled:

1   SECTION 1. This Act shall be known as the "Cacao Industry Development Act of 2016."

2   SEC. 2. Declaration of Policy. It is hereby declared the policy of the state to develop a
3   sustainable cacao industry optimizing local production capacity, the application of sustainable
4   agriculture practices, securing quality raw materials and the processing, marketing of cacao
5   beans in its raw or processed form and to be able to participate in the international cacao
6   trade for the economic relief of smallholder farmers.

7   SEC. 3. National Cacao Development Council. The National Cacao Development Council
8   shall composed of the Department of Agriculture (DA) Undersecretary in Charge of Crops,

9   1. High Value Crops Development Program Head,
10   2. DA- Bureau of Agricultural Research,
11   3. Department of Science and Technology (DOST);
12   4. Department of Trade and Industry (DTI)
13   5. National Economic and Development Authority (NEDA);
14   6. One (1) representative from the group of cacao traders;

1   7. One (1) representative from the group of cacao processors; and
2   8. One (1) representative from the group of cacao growers.

3 SEC. 4   Objectives of the Program. – Are as follows –

4 a) Food Security by enhancing the ability to produce or procure cacao;

5 b) Encourage Private Sector Investment - in agribusiness through policy reforms and
6 advocacy, access to financing and cost-effective incentives.

7 c) Expand Income Opportunities - for producers and other entrepreneurs especially
8 from value-adding activities.

9 d) Provide Improved Technologies for fresh and processed cacao beans towards
10 meeting world standards for competitiveness.

11 SEC. 5. Powers and Functions. The Council shall have the following general powers
12 and functions:

13   1. Formulate the cacao development plan.
14   2. Educate and train all stakeholders of the cacao industry;
15   3. Conduct relevant research, scientific study and feasible marketing
16   strategies;
17   4. Establish and develop effective production systems for cacao varieties;
18   5. Establish and maintain productive, high yielding and good quality
19   cacao varieties;
20   6. Establish and maintain germplasm collection and gene bank for cacao;
21   7. Update cacao processing technologies; and
22   8. Develop effective and efficient marketing system for cacao;
23   9. Establish linkages with national and international organizations and
24   development centers of the cacao industry.
25   10. Coordinate with other government and Non-government agencies
26   involved in the development of the cacao industry.

27 SEC. 6. Meetings – The Council shall meet once every quarter or may call on a special
28 meeting as needed upon a week's notice in writing.

29 SEC. 7. Quorum - The presence of at least five (5) members at the time of the meeting
30 shall constitute the quorum: Provided, however, that in the absence of the Chairman,
31 the Vice Chairman shall preside.

32 SEC. 8. Appropriation. - The amount of Fifty Million Pesos (Php50, 000, 000, 00)

33 is hereby authorized to be appropriated from the Special Activities Fund of the

34 President of the Republic of the Philippines, or from any other sources that may be

35 identified for the purpose. Thereafter, such sum required for its operation,

36 maintenance, research, and development shall be included in the annual General

1   Appropriations Act of the Agencies involved.

2   SEC. 9. Repealing Clause. - All laws, presidential decrees, executive orders, rules

3   and regulations, or parts thereof which are inconsistent with the provisions of this Act

4   are hereby repealed, superseded or modified accordingly: Provided, however, that

5   nothing in this Act shall amend, modify or repeal the provisions of Republic Act No.

6   7900, otherwise known as Republic Act No. 7900 or An Act to Promote the Production,

7   Processing, Marketing and Distribution of High-Valued Crops.

8   SEC. 10. Separability Clause. - If any part or provision of this Act shall be held

9   unconstitutional or invalid, other provisions hereof which are not affected shall continue

10   to be in full force and effect.

11   SEC. 11. Effectivity Clause. - This Act shall take effect fifteen (15) days after it's

12   publication in the Official Gazette or in at least two (2) newspapers of general

13   circulation.

14   Approved