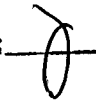




Senate
Office of the Secretary

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

'16 JUL 20 P5:11

RECEIVED BY: 

SENATE

SB No. 717

Introduced by SENATOR CYNTHIA A. VILLAR

**AN ACT INSTITUTIONALIZING THE PHILIPPINE ABACA INDUSTRY
DEVELOPMENT PROGRAM, PROVIDING FUNDS THEREFOR AND FOR OTHER
PURPOSES**

EXPLANATORY NOTE

This bill seeks to spur the revival of the production, processing, marketing, and distribution of abaca in suitable areas of the country in order to provide income to people living in rural areas and spur economic growth.

The plant, known worldwide as Manila hemp is extracted from the leaf sheath around the trunk of the abaca plant (*Musa textilis*), a close relative of the banana, native to the country and widely distributed in the tropics. The harvesting abaca is labor intensive as each stalk must be cut into strips which are scraped to remove the pulp. The fibers are then washed and dried. Abaca is has high 15% lignin content and as such it is prized for its great mechanical strength, resistance to saltwater damage, and long fiber length – up to 3 m. Abaca farmers can be found in Albura, Leyte, in Catanduanes, Davao Oriental, Northern Samar, Sorsogon, Sulu, Davao del Sur and Surigao del Sur, among others.

Environmental benefits

Erosion control and biodiversity rehabilitation can be assisted by intercropping abaca in former monoculture plantations and rainforest areas, particularly with coconut palms. Planting abaca can also minimize erosion and sedimentation problems in coastal areas which are important breeding places for sea fishes. The water holding capacity of the soil will be improved and floods and landslides will also be prevented. Abaca waste materials are used as organic fertilizer.

In 2014, based on the Philippine Fiber Industry Development Authority, the Philippines continues to dominate the global abaca trade, supplying a total of 87.4 percent of the demand. Total exported fiber in 2014 66,044 metric tons. The export earnings for the country was US\$111.33 million higher by 35 percent compared to 2013 figures. Abaca is exported either as fiber, pulp and cordage.

Abaca is very good for erosion control and biodiversity rehabilitation. This can be done by intercropping abaca in former monoculture plantations and rainforest areas, particularly with coconut palms. Planting abaca can also help in solving the sedimentation problems in coastal areas which are important breeding places for sea fishes. The water holding capacity of the soil will be improved and floods and landslides will also be prevented. Abaca waste materials are used as organic fertilizer.

Uses of Abaca

During the 19th century abaca was widely used for ships' rigging, and pulped to make sturdy manila envelopes. Today, it is still used to make ropes, twines, fishing lines and nets, as well as coarse cloth for sacking. There is also a flourishing niche market for abaca clothing, curtains, screens and furnishings, but paper-making is currently the main use of the fiber. Most of abaca fiber is pulped and processed into specialty papers. This includes: tea and coffee bags, sausage casing paper, currency notes (Japan's yen banknotes contain up to 30% abaca), cigarette filter papers, medical /food preparation/disposal papers, high-quality writing paper, vacuum bags and more. It is also being used for 'soft' applications in the automotive industry as a filling material for bolster and interior trim parts. It can also be used for 'harder' applications for exterior semi-structure components as a substitute for glass fiber in reinforced plastic components. Mercedes Benz has used a mixture of polypropylene thermoplastic and abaca yarn in automobile body parts. Replacing glass fibers by natural fibers can reduce the weight of automotive parts and facilitates more environmentally friendly production and recycling of the parts.

At the moment the plant is cultivated on 177, 000 ha by some 122, 000 small farmers. While the crop is also cultivated in other Southeast Asian countries, the second largest producing country is Ecuador, where abaca is grown on large estates and production is increasingly mechanized.

World production is valued at around USD60 million a year. Almost all abaca produced is exported, mainly to Europe, Japan and the USA. Exports from the Philippines are increasingly in the form of pulp rather than raw fiber.

The market outlook for abaca for is bright. It is being used to substitute glass fibers in multiple automotive parts and is currently well recognized as a material for paper products. Although abaca is mainly cultivated in the Philippines today, other countries in tropical and humid locations can easily catch up by establishing an industry. The knowledge and the experience about production and processing easily be transferred to

other countries. (Future Fibres, UNFAO)

<http://www.fao.org/economic/futurefibres/fibres/abaca0/en/>

The National Abaca Research Center (NARC) at the Visayas State University (VSU), which is mandated to help uplift the abaca industry, started its operation in 1987 with the launching of an integrated and multidisciplinary research and development program on abaca. It is one of the agencies which actively involved in research and extension work on fiber industry. It aims to increase production and improvement of the quality of abaca fiber and its products. Since its existence, NARC has developed abaca technologies that increase the income of small abaca farmers, generate employment for rural households, and increase value-added to the plant.

It has also formulated an Integrated Extension program to effectively respond to the needs of the industry particularly in facilitating the dissemination of abaca technologies to end-users and assist Local Government Units in establishing livelihood and agricultural support-services program. Funding for this is provided for by the Visayas State University from their own funds by way of deloading of their professors to conduct research. They also sourced out from other government agencies, such as DA-BAR, DOST-PCAARRD and foreign agencies.

On the other hand, PhilFIDA or the Philippine Fiber Industry Development Authority is an agency of the Department of Agriculture responsible for promoting the growth and development of the fiber industry in the Philippines, such as abaca, cotton, silk, coir among others.

PhilFIDA was created by Executive Order No.709 on July 27, 1981 to promote the growth and development of the fiber industry in all its aspects including research, production, processing, marketing and trade regulation. It ceased to be a government owned and controlled corporation and was regularized under Executive Order No. 494, series of 1981. It is headed by an administrator who is assisted by two deputy administrators and supported by nine divisions and ten regional offices. It has a total budgetary allocation for 2016 in the amount of Php231.2 Million broken down into Personnel of 102 M, (44%), MOOE 117.3 M (51%) and for Capital Outlay 11.7 M (5%). Its expenditure program has from 2010 to 2015 been averaging only Php230 Million yearly.

The state of our abaca industry needs a lot of catching up for the country to maintain its dominance in the world market.


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


CYNTHIA A. VILLAR
Senator



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

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SENATE
Senate Bill No. 717

Introduced by Senator Cynthia A. Villar

**AN ACT INSTITUTIONALIZING THE PHILIPPINE ABACA INDUSTRY
DEVELOPMENT PROGRAM, PROVIDING FUNDS THEREFOR AND FOR OTHER
PURPOSES**

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

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SECTION 1. Short Title. - This Act shall be known as the "Philippine Abaca Industry Development Program of 2016".

SECTION 2. Declaration of Policy. - It is hereby declared the policy of the State to protect and promote the right of the Filipino people to a better quality of life, improve their living conditions, through programs that provide sustainable livelihood, increase employment and protect the environment.

SECTION 3. Definition of Terms. - For the purpose of this Act, the following terms shall refer to:

- (a) Program - the Philippine Abaca Industry Development Program designed to promote competitiveness of the Abaca Industry worldwide.
- (b) Philippine Abaca Industry Development Council (PAIDC) - the Council established herewith.
- (c) Secretariat - the Secretariat of the PAIDC as contained herewith shall be PhilFida.

SECTION 4. There is hereby created a Philippine Abaca Industry Development Coordinating Council (PAIDCC), hereinafter referred to as the Council, administratively attached to the Department of Agriculture, charged with the main function of coordinating the activities of various agencies and instrumentalities to ensure the accomplishment of the Philippine Abaca Framework for Development.

1 The Chairman of the Council shall submit an annual report to both Houses of Congress
2 on the status of the implementation of this Act.

3
4 Section 5. Composition. The Philippine Abaca Industry Development Coordinating
5 Council shall be composed of the following:

- 6
7 a. Secretary of the Department of Agriculture as Chairman (DA);
8 b. The Executive Director of PhilFIDA as Head of the Council Secretariat;
9 c. Head of the National Abaca Research Center (NARC);
10 d. Secretary of the Department of Environment and Natural Resources
11 (DENR);
12 e. Secretary of the Department of Agrarian Reform (DAR)
13 f. Secretary of the Department of Science and Technology (DOST);
14 g. Secretary of the Department of Trade and Industry (DTI);
15 h. Representative from the League of Municipalities of the Philippines;
16 i. Representative from the League of Provinces;
17 j. Representative from a reputable Private Abaca Industry Association;
18 k. Two (2) Representatives from Abaca Farmers' / Producers' / Processors'
19 Associations;
20 l. One (1) Representative from Non-Governmental Organizations (NGOs).

21
22 The Council shall regularly meet every two (2) months and may hold special meetings,
23 whenever the need arises, to consider urgent matters upon the call of the Chairman or
24 any seven (7) Council members.

25
26 SECTION 6. Institutionalizing the Philippine Abaca Industry Development Program
27 (PAIDP). – There is hereby established the Philippine Abaca Industry Development
28 Program within the mandate of the Philippine Fiber Development Authority (PhilFIDA)
29 which shall be a ten (10) year Framework for Development, to be validated and updated
30 annually. Such Framework shall serve as guide to the formulation and implementation of
31 plans, projects, programs, and policies for the scientific propagation, processing,
32 utilization, and expansion of trade of Philippine Abaca. The Framework shall likewise
33 provide for the following:

- 34
35 a. Site Identification - The Department of Environment and Natural Resources in
36 coordination with the Department of Agriculture, Department of Agrarian Reform and the
37 local government units, shall identify the broad areas suitable for the planting and
38 propagation of Philippine Abaca, within six (6) months after the effectivity of this Act.
39
40 b. Scientific Propagation and Development - The Department of Environment and Natural
41 Resources and the Department of Science and Technology shall establish cultivation and
42 propagation of Philippine disease free and disease resistant varieties of abaca. The
43 DOST shall also provide for the transfer and improvement of appropriate technology and

1 techniques, which will be utilized in the production, processing, marketing and distribution.
2 Particular emphasis shall also be made on adoption and upgrading of post-harvest
3 technology;

4
5 c. Production Support and Extension - The Department of Environment and Natural
6 Resources, Department of Agriculture, Department of Trade and Industry, and the
7 Department of Science and Technology in coordination with the Local Government Units,
8 And Non-Governmental Organizations, Technical Education and Skills Development
9 Authority (TESDA), Cooperative Development Authority (CDA), state universities and
10 colleges (SUCs), and other relevant government agencies, shall establish programs
11 which promote and provide adequate training on adapting technologies to individuals
12 engaged in propagation, production, processing, marketing and distribution of Philippine
13 abaca, strengthen farmers' / producers' / processors' cooperatives and organizations
14 involved in the sustainable and viable development of Philippine abaca.

15
16 d. Market Promotion and Expansion of Trade - The Department of Trade and Industry, in
17 coordination with Private Industry Associations, shall link-up agribusiness cooperatives
18 and organizations directly with consumers' cooperatives and organizations, agro-
19 processing companies, or exporters to provide marketing outlets and assure relatively
20 higher and stable prices of abaca. This also includes exploring national and international
21 markets and facilitating the participation of local farmers, growers, and exporters in local
22 and international conferences, trade fairs, expositions, and exhibits;

23
24 e. Infrastructure Development - Access to post harvest facilities, storage and
25 distribution/transport facilities of existing government agencies shall be facilitated by the
26 Department of Environment and Natural Resources, Local Government Units, and the
27 Department of Agriculture.

28
29 f. Quality Assurance - To ensure health and proper trading, the Department of Trade and
30 Industry , Department of Science and Technology, and PhilFIDA, respectively, shall
31 establish and enforce standards in grading, sampling and inspection, tests and analysis,
32 specifications, nomenclature, units of measurement, packaging, preservation,
33 conservation or transportation of Philippine abaca products and by- products; and

34
35 g. Philippine Abaca Information Center - The Department of Trade and Industry in
36 coordination with Local Government Units shall establish a Philippine Abaca Information
37 Center in areas where they are abundant.

38
39 Section 7. Philippine Abaca Development Fund. To provide for the funding requirements
40 for the propagation, production, processing, marketing, promotion and distribution of
41 Philippine abaca, there is hereby created a Philippine Abaca Development Fund
42 (PADF), with an initial amount of Five Hundred Million Pesos (Php500, 000,000.00)
43 upon the approval of this Act and every year thereafter, to be provided by the

1 Department of Budget and Management in the PhilFIDA's budget. This is in addition to
2 PhilFIDA's existing allocation under the General Appropriations Act for the development
3 of other fibers and its administrative, regulatory and operational expenses. Of this
4 amount, Fifty (P50,000,000.00) Million Pesos shall be allocated for the Philippine Abaca
5 Research Center, Visayas State University in Baybay, Leyte, for the abaca research
6 and development and extension program.

7 For the succeeding years, for the next nine (10) years from the approval of this Act, a
8 minimum amount of not less than Five Hundred Million Pesos (Php500,000,000.00)
9 annually shall be allocated for the development and sustainability of the Abaca industry.
10 The requirements of cooperating agencies shall be incorporated in their respective
11 budget from the General Appropriations fund.

12 SECTION 8. The Council Secretariat. The Council Secretariat shall be headed by the
13 Executive Director of the PhilFIDA. The Secretariat and technical staff shall be detailed
14 from their existing personnel without prejudice to the designation by the Council of such
15 additional staff members as it may deem necessary for the proper discharge of its
16 function and responsibilities.

17

18 Section 9. Implementing Rules and Regulations. The Philippine Abaca Industry
19 Development Coordinating Council shall formulate and prescribe the necessary
20 implementing rules and regulations to carry out the provisions of this Act.

21

22 Section 10. Repealing Clause. All laws or parts thereof, decrees, orders, rules and
23 regulations inconsistent with the provisions of this Act are hereby repealed or modified
24 accordingly.

25

26 Section 11. Separability Clause. If any of the provisions of this Act is declare invalid,
27 the other provisions not affected thereby shall remain in full force and effect.

28

29 Section 12. Effectivity Clause. This Act shall take effect immediately following its
30 publication in two newspapers of general circulation or in the Official Gazette.

31

32 Approved,