

THIRTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session .)

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SENATE

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S. No. 1677

Introduced by Senator Aquilino Q. Pimentel, Jr.

EXPLANATORY NOTE

Article II, Section 9 of the Constitution provides that the State shall endeavor to "free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all." Section 14 of the same Article likewise mandates the State "to protect and advance the right of the people to a balanced and healthful ecology."

The country's economic condition, coupled with the recent fare and power rate hikes, aggravates the sufferings of a great number of people especially the marginalized sectors of our society. Hence, there is really an urgent need for the government to institute a program that will reduce our dependence on imported petroleum products, the price of which greatly affects the cost of living. It likewise provides sustainable development by participating in the global efforts in combating climate change.

This bill, therefore, seeks to encourage and promote the use of ethyl alcohol or ethanol as an alternative transport fuel through a Fuel Ethanol Program. It shall revive the National Alcogas Program, a past governmental initiative of producing non-conventional and replenishable sources of energy and fuel. Production of ethyl alcohol or ethanol has various positive effects on the economy. This will also alleviate the plight of the agricultural sector, especially the sugar industry. Likewise, this will generate employment, enhance the technological and engineering position of the country and most of all provide a continuous flow of purchasing power to the rural areas.

To ensure the success of the ethanol program, various agencies are mandated to coordinate with the Department of Energy by providing the necessary programs and projects for its implementation.

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


AQUILINO Q. PIMENTEL, JR.

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AN ACT
TO PROMOTE THE USE OF ETHYL ALCOHOL OR ETHANOL AS
ALTERNATIVE TRANSPORT FUEL, ESTABLISHING FOR THE PURPOSE
THE NATIONAL FUEL ETHANOL PROGRAM, APPROPRIATING FUNDS
THEREFOR, AND FOR OTHER PURPOSES

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

SEC. 1. Title. - This Act shall be known as the "Fuel Ethanol Act of 2004".

SEC. 2. Declaration of Policy. - The State shall pursue a policy of economic growth by providing a more equitable distribution of opportunities, income, and wealth and an expanding productivity as the key to raising the quality of life for all. To attain these goals, it shall promote industrialization and full employment based on sound agricultural development. Towards this end, it is imperative to launch a program that shall promote the use of ethanol as an alternative transport fuel towards a shift in energy utilization from depletable fuels to regenerative forms, spur economic activities in the countryside while maintaining a balanced and healthful ecology.

SEC. 3. Promotion on Use of Ethanol. - The use of ethyl alcohol or ethanol as an alternative transport fuel is hereby promoted through the Fuel Ethanol Program. The Department of Energy (DOE) shall be the lead agency in the implementation of the same.

SEC. 4. The Fuel Ethanol Program. - There shall be a Fuel Ethanol Program, hereinafter referred to as the "Program", which shall launch the production of nonconventional and replenishable sources of energy and fuel to help the country cope with the exorbitant cost of imported gasoline products and the uncertainty of their supply. It shall likewise introduce a nationwide production of ethanol from sugarcane, corn and cassava.

SEC. 5. Coordinating Agencies for the Implementation of the Program. - The Program shall be established in coordination with the following agencies and their respective functions in relation thereto:

1. Department of Science and Technology (DOST) - It shall provide the necessary research and development support in the utilization of ethanol feed stocks such as cassava, sweet potato, sorghum, and cellulose waste conversion of ethanol to high value products; efficient fermentation and distillation techniques; stillage treatment; utilization of ethanol by-products and other related activities;
2. Department of Agriculture (DA) - It shall study the technical aspects and problems of ethanol production from corn and cassava and prepare an economic cost analysis of ethanol production. Likewise, it shall submit a prioritized listing of agricultural lands that are best suited for the same and shall be made available for ethanol production at the least economic disturbance to other agricultural sectors;
3. Department of Trade and Industry (DTI) - It shall plan and design and manufacture car and truck engines that will accommodate this programmed shift to ethanol fuels and incorporate this into the progressive car and truck manufacturing program; and

4. Department of Finance (DOF) - It shall make recommendations, in consultation with the DOE and DA, on the extent of reduction or elimination of sales taxes on ethanol to compete effectively with gasoline prices at the pump stations.

SEC. 6. Appropriations. - The amount necessary for the initial implementation of this Act shall be charged against the current year's appropriations of the Department of Energy. Thereafter, the amount necessary to effectively carry out the provisions of this Act shall be included in the General Appropriations Act of the year following its enactment into law and thereafter.

SEC. 7. Credit Facilities for Farmers' Cooperatives. Government and private financial institutions are hereby mandated to provide credit facilities to farmers' cooperatives and individual farmers who shall participate in the mass production of the raw materials for ethanol.

SEC. 8. Implementing Rules and Regulations. - The Department of Energy, in coordination with the Committees on Trade and Commerce and Agriculture of the Senate and House of Representatives, and other concerned agencies, shall promulgate the implementing rules and regulations for this Act, within one (1) year after the enactment of the Act: Provided, That rules and regulations issued by other government agencies and instrumentalities for the production of ethanol not inconsistent with this Act shall supplement the rules and regulations issued by the Department, pursuant to the provisions of this Act. Provided, further, that all activities, projects and programs undertaken for purposes of this Act shall strictly comply with the provisions of the "Philippine Clean Air Act of 1999" and the "Philippine Clean Water Act of 2004".

SEC. 9. Joint Congressional Oversight Committee. - There is hereby created a Joint Congressional Oversight Committee to monitor the

implementation of this Act and to review the implementing rules and regulations promulgated by the Department which shall be composed of five (5) Representatives to be appointed by the Senate President and the Speaker of the House of Representatives, respectively.

SEC. 10. Repealing Clause. – All laws, presidential decrees, executive orders, presidential proclamations, rules and regulations or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 11. Separability Clause. If any provision of this Act is declared unconstitutional, the same shall not affect the validity and effectivity of the other provisions hereof.

SEC. 12. Effectivity. – This Act shall take effect upon its approval and completion of publication in at least two (2) national newspapers of general circulation.

Approved,