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MEMORANDUM

FOR : **The Bureau Directors**
Environmental Management Bureau
Land Management Bureau
Forest Management Bureau

The Officer-in-Charge
Mines and Geosciences Bureau

The Directors
Legal Affairs Service
Policy and Planning Service
Climate Change Service

FROM : **The Director**
Legislative Liaison Office

SUBJECT : **REQUEST FOR COMMENTS ON DA-BFAR'S EXECUTIVE
VERSION OF THE PHILIPPINE SALT INDUSTRY
DEVELOPMENT ACT**

DATE : 14 February 2023

During the Focus Group Discussion for Salt Industry Development Bills conducted by the Presidential Legislative Liaison Office conducted on 26 January 2023, the DA Bureau of Fisheries and Aquatic Resources (DA-BFAR) was tasked to draft their version of a Salt Industry Development Bill. Concerned agencies were asked to comment on their draft within a week of receipt.

On 13 February 2023, 7:56 PM, the Legislative Liaison Office received DA-BFAR's draft version for comments. In this regard, may we respectfully request your Office's comments on DA-BFAR's draft bill for submission to the PLLO. We will appreciate receiving your comments on or before 17 February 2023, 5 PM via email at denrlllo@denr.gov.ph.

Attached is DA-BFAR's draft bill for reference.

For information and action, please.

ROMIROSE B. PADIN

cc: Undersecretary for Special Concerns and Legislative Affairs

MEMO NO. 2023-125

**AN ACT STRENGTHENING AND REVITALIZING THE SALT INDUSTRY IN THE
PHILIPPINES, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES**

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

SECTION 1. Title. - This Act shall be known as the "Philippine Salt Industry Development Act".

SECTION 2. Declaration of Policy - It is hereby declared the policy of the State to promote and support industries that provide security, health, and nutrition, create and generate employment, reduce poverty, promote agricultural development, environmental sustainability and promote inclusive growth.

SECTION 3. Purposes. - The following are the purposes of this Act:

- a. Ensure sustainable local salt production and promote livelihood activities;
- b. Encourage all salt producers of food-grade salt to iodize the salt that they produce, manufacture, import, trade or distribute; and
- c. Provision for locally manufactured machines with improved capacity, efficiency, and quality at competitive costs.

SECTION 4. Definition of Terms - For purposes of this Act, the following terms are hereby defined as follows:

- a. **Artisanal Salt** refers to unrefined salt, derived directly from a living sea or ocean, harvested and cooked through a natural evaporation process: it retains natural traces of minerals depending on the source and the manner of production, which is solar evaporation, cooked or smoked.
- b. **Iodized salt** refers to salt artificially spray-coated with iodine.
- c. **Philippine sea salt** refers to salt produced from the evaporation of sea water, brine, or concentrated brine in any salt farm or refinery within the Philippines.
- d. **Salt Farm** refers to areas of land, shorelines, or coastal areas, including its buildings, machineries, and equipment used in salt production. Salt farms may be classified as:
 - i. **Small-scale salt farm**- salt farm of not more than three (3) hectares;
 - ii. **Medium-scale Salt Farm**- salt farm of more than three (3) hectares but not more than fifty (50) hectares of salt farms;
 - iii. **Large-scale Salt Farm**- salt farm of more than fifty (50) but not more than five hundred (500) hectares for individuals and more than fifty (50) but not more than 1,000 hectares for an association, cooperative or corporation that owns or is a

leaseholder of a salt farm that is more than fifty (50) but not more than 1,000 hectares.

- e. **Salt Producer** refers to an individual, corporation, cooperative or association involved in the production of sea salt

SECTION 5. Philippine Salt Industry Roadmap (PSIDR). - For the attainment of the objectives of this Act, there shall be formulated and established a Philippine Salt Industry Development Roadmap (Roadmap), which shall include, but not be limited to, programs, projects and interventions for the development and management, research, processing, utilization, modernization business development, and commercialization of Philippine salt. The Roadmap shall include the following objectives, among others:

- a. Expand the number of salt-producing areas;
- b. Ensure the sustainable production, management and harvesting, and soil and water conservation practices in these areas;
- c. Encourage salt farming;
- d. Ensure the sustainability and viability of the salt industry;
- e. Promote investments in the salt industry development programs;
- f. Advance market access for Philippine salt products locally and internationally;
- g. Extend technical and financial assistance for the development, processing, commercialization, and marketing of Philippine salt products;
- h. Require that locally-produced salt be used in the fertilization of coconut farms by the Philippine Coconut Authority;
- i. Develop and distinguish category of salt areas into artisan salt production areas, as gourmet salt producing areas, iodized salt producing areas, salt ecotourism sites, etc.;
- j. Introduction of the new technology based on robust research and development (R&D) activities;
- k. Provide continuous training and capacity building in the salt industry development; and
- l. Provide technical and financial assistance in the local design and fabrication of high-capacity processing equipment and machineries for the salt industry.

SECTION 6. Creation of Philippine Salt Industry Development Council. - To ensure the unified and integrated implementation of the PSIDR and accelerate the modernization and industrialization of the Philippine Salt industry, a Philippine Salt Industry Development Council (PSIDC) is hereby created with the following composition:

- a. Secretary of the Department of Agriculture (DA), as Chairperson;
- b. Secretary of the Department of Environment and Natural Resources (DENR), as Co-Chairperson;
- c. Secretary of the Department of Science and Technology (DOST), as Co-Chairperson;
- d. Director of the Bureau of Fisheries and Aquatic Resources (DA-BFAR), as Vice Chairperson;

Members:

- e. Secretary of the Department of Trade and Industry (DTI);
- f. Secretary of the Department of Health (DOH);
- g. Secretary of the Department of Tourism (DOT);
- h. Chairperson of the Cooperative Development Authority (CDA);
- i. The CEO of the Land Bank of the Philippines (LBP);
- j. One representative each from the League of Provinces of the Philippines, League of Cities of the Philippines and League of Municipalities of the Philippines; and
- k. One (1) representative from the private sector involved in a business belonging to the salt industry.

SECTION 7. *Functions of the PSIDC.* - The PSIDC shall have the following powers and functions:

- a. Formulate the Philippine Salt Industry Development Roadmap containing the short-term, medium term, and long-term development plan covering a period of five (5) years;
- b. Identify specific and priority programs and projects in support of, and in line with the Roadmap;
- c. Identify sources of financing and facilitate credit windows with government banks and the ACPC to expand the salt industry development;
- d. Increase production of local salt by increasing land area devoted to salt and improving farm productivity;
- e. Institutionalize capacity building for salt farmers through the Agricultural Training Institute;
- f. Strengthen market linkage and promotion of Philippine salt;
- g. Conduct continuing research and development on innovation and modernization of the salt industry, including postharvest technologies and the establishment of laboratory centers for iodization for food grade salt;
- h. Establish Agri-insurance Program for Salt producers:
- i. Submit annual reports, not later than June 30 of each year, to the Office of the President and to each House of Congress, on the status of the implementation of the Roadmap and the salt industry development in the country;
- j. Recommend to the Department of Budget and Management the required yearly appropriations for the plan and implementation of the salt development programs; and
- k. Promulgate such rules and regulations, and exercise such other powers and functions, as may be necessary to carry out the objectives of this Act.

SECTION 8. *Creation of a Program Management Office.* - DA thru the BFAR shall lead in the industry strengthening, expansion and promotion of the Salt Industry. Toward this end, a Program Management Office (PMO) is hereby created under the Office of the Director of the BFAR to oversee the overall implementation of the salt industry development plan as well as conduct of regular monitoring of its execution by the implementing agencies and/or partners. The Secretariat is also hereby created under the PMO and shall perform functions such as to coordinate and manage the regular meetings of the PSIDC, prepare and/or consolidate reports for the PMO, monitor the

implementation of policy decisions that the PSIDC has adopted and liaise with all the member departments and relevant agencies of the government, as needed.

SECTION 9. *Conversion/Development of Public Lands including Portions of Municipal Waters.*- The DENR shall identify public lands including portions of municipal waters for conversion as salt beds or for salt farming. For this purpose, a tenurial instrument shall be issued by the DENR.

SECTION 10. *Utilization of Public Lands issued with Fishpond Lease Agreements for Salt Production.* - Fishpond Lease Agreements (FLAs) may include salt farming or production as among the valid activities that may be undertaken by the leaseholder under the condition that the required annual commercial fish production under the existing FLA rules and regulations is complied with. FLA holders who intend to venture into salt farming shall be given the same support, training, and financing given to salt farmers, as provided under this Act.

SECTION 11. *Technical Support for the Development of Salt Farms, Lease of Government Developed Salt Farms, and Equipment.* - The DA-BFAR, in consultation with individuals, corporations, associations, and cooperatives from the salt industry, will provide technical support in the development and operation of existing salt farms and newly constructed government-funded salt projects.

SECTION 12. *Construction of Salt Farm Roads.* - Consistent with the development plans on the revitalization of salt industry, the DA, in coordination with the LGUs and the resident-salt farmers, shall identify priority locations of roads linking the salt farms to the market, to be known as *Daan Asinan*. The DA shall take into account the investment for salt farm to be undertaken in the area, the number of salt farmers and their families who shall benefit therefrom and the amount of salt produced or potentially produced in the salt farms. Thereafter, the DA shall undertake the construction, improvement, and maintenance of the *Daan Asinan*.

SECTION 13. *Training / Development Programs.* - The DA, together with the DOST, DTI, FDA, and TESDA, shall provide complementary training programs to develop/upgrade the skills and competencies of Philippine salt farmers and producers, ensure product traceability and compliance to food safety, technology acquisition including product labelling and packaging, conduct continuous training on market positioning for Philippine artisanal/specialty and industrial salts and such other skills necessary in the maintenance and development of the local salt industry.

SECTION 14. *Promotion of non-traditional salt farming methodologies and techniques.*- The PSIDC is mandated to also promote alternative methods and techniques of salt farming available that allow year-round production of salt even under erratic weather patterns. The introduction of the new technology will be preceded by research and development (R&D) activities spearheaded by the Department of Agriculture-National Fisheries Research and Development Institute (DA-NFRDI) in close coordination with the DOST proposed to the PSIDC.

SECTION 15. *Development of National Iodization Program.*- The DOH is hereby mandated to develop and implement a national iodization program which will encourage and incentivize salt producers to iodize the salt that they produce and manufacture.

For the purpose of this provision, the DOH shall develop guidelines for the implementation of this program.

SECTION 16. *Salt Farmers Cooperatives.* - The Cooperative Development Authority (CDA) shall assist in the formation, organizational strengthening and financial literacy of cooperatives and their local salt farmers-members and producers in order that they can leverage their resources and provide sustainable operations and increase the number of successful cooperative-managed salt farms in the country.

SECTION 17. *Importation and Exportation of Salts.* - No person shall import and/or export salt without securing a permit from the following agencies:

- a. DOH-FDA- for food grade salt; and
- b. DA-BFAR- for non-food grade salt.

SECTION 18. *Trade and Export Assistance.* - The DTI and DA shall assist and support local salt farmers in the trade and exportation of Philippine sea salt. It shall enhance the capabilities and global competitiveness of potential and existing producers and exporters of sea salt through export financing; business matching; provision of trade and market information; organization of trade fairs and business missions; conduct of seminars, workshops, conferences and symposium on export-related subjects, including export documentation and procedures; product design and development; market consultancy; and product consultancy. The government will give preference to locally produced salt in government purchases.

SECTION 19. *Role of LGUs.* LGUs shall, as far as practicable, establish their respective Salt Industry Development Task Force. LGUs shall regularly conduct a survey of existing salt farms and salt enterprises in their respective localities. Each local Salt Industry Development Task Force shall conduct a survey of existing salt processing enterprises that are operating in the locality.

LGUs in cooperation with the DA-NFRDI, DENR, DTI and the DOST-FPRDI, and in consultation with the DA and BFAR, shall identify appropriate areas for local salt production in their respective localities.

SECTION 20. *Incentives.* - The following incentives shall be provided to investors in salt farms development and salt processing facilities:

- a. The Board of Investments shall classify salt farms as preferred areas of investment under its Investment Priorities Plan (IPP) subject to pertinent rules and regulations;
- b. Salt farm owners, and processors and other related businesses shall be exempt from the payment of import duties for imported machines and equipment subject to pertinent rules and regulations;

- c. The salt farmers and processors shall be given priority to access credit assistance and guarantee schemes being granted by Government Finance Institutions (GFIs); and
- d. Salt farm development and their equipment shall be covered by the Philippine Crop Insurance Corporation.

SECTION 21. *Control Measures.* - Salt farmers or producers of salt shall register with the BFAR.

BFAR shall continue to implement measures ensuring compliance of salt farmers with food safety laws and guidelines intended for human and animal consumption. Provided that, salt which are not intended for food consumption, shall not be subjected to food safety laws and guidelines.

The BFAR Regional Offices shall ensure that pure, un-iodized salt shall be issued the necessary transport permits and certification documents for the purposes it is intended.

SECTION 22. *Research.* - The DA-NFRDI shall conduct research, either on its own or in collaboration with SUCs, to enhance the technological development, provide applicable policy direction, and develop innovative project-based interventions that may be adopted and implemented to achieve the objectives of this Act.

The DOST Products Research and Development Institute (DOST-FPRDI) shall be tasked to develop and implement a comprehensive program for the acquisition, design, and manufacture of salt iodization equipment, and transfer of the salt iodization technology to salt producers/manufacturers.

SECTION 23. *Human Resources Development.* - All stakeholders in the salt industry shall contribute to the development of a sustainable human resource for the industry. Towards this end, the DOLE, in collaboration with the duly recognized salt associations and salt cooperatives, the Commission on Higher Education, the TESDA, the Professional Regulation Commission (PRC) and the private sector, shall formulate and implement a Human Resources Development (HRD) Master Plan for the salt industry which shall include, but not limited to, the following:

- a. Capacity building, skills trainings, and institutional strengthening of the salt farm workers, salt farmers and their organizations to actively contribute in productivity and competitiveness;
- b. Scholarship program for the underprivileged but deserving college and post graduate students who are taking up courses in relevant fields of discipline in SUCs which have programs in agriculture, agricultural engineering and mechanics, and chemical engineering/salt technology; and for vocational courses and skills development for farmers and farm technicians, and skilled workers in salt farms; and
- c. Conduct of capability training or attendance to local or international trainings and seminars by salt farmers and workers.

SECTION 24. *Agencies Regular Programs.* - The mandates, functions and activities of the various departments and agencies identified in this Act shall be considered regular programs and shall be included in their annual budgets.

SECTION 25. *Reporting.* - The various departments and agencies specified in this Act shall provide regular updates to the PSIDC on the progress of their programs and activities toward the realization of the objectives of this Act.

SECTION 26. *Congressional Oversight.* - The Congressional Oversight Committee on Agriculture and Fisheries Modernization (COCAFAM) shall see to it the full implementation of this Act.

SECTION 27. *Appropriations.* - An initial amount of One Hundred Million Pesos (P100,000,000.00) to be sourced from the contingency fund of the Office of the President shall be used to fund the first year of the law. Additionally, an amount of One Hundred Million Pesos (P100,000,000.00) shall be sourced from the revenues of the Philippine Amusement and Gaming Corporation (PAGCOR) for the effective implementation of this Act also for the first year of implementation.

Thereafter, such amount as may be necessary for its implementation of this Act and for continuous operation of this Act shall be included in the annual General Appropriations Act.

SECTION 28. *Implementing Rules and Regulations.* - Within sixty (60) days from the effectivity of this Act, the DA, DENR and DOST, in consultation with the members of the PSIDC and other relevant stakeholders, shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SECTION 29. *Separability Clause.* - Should any provision herein be declared unconstitutional or invalid, the same shall not affect the validity of the other provisions of this Act.

SECTION 30. *Repealing Clause.* - All laws, decrees, orders, rules and regulations or other issuances or parts inconsistent with the provisions of this Act are hereby repealed or modified accordingly. For this purpose, Republic Act No. 8172 is hereby repealed and supplemented by this Act.

SECTION 31. *Effectivity Clause.* - This Act shall take effect fifteen (15) days from the date of its publication in the Official Gazette or in at least two (2) newspapers of general circulation.