

11 March 2020

UNDERSECRETARY ANTONIO A. GALLARDO
Presidential Legislative Liaison Office
Senate of the Philippines
Pasay City, Philippines

Dear **Undersecretary Gallardo**:

We are pleased to submit the Department's position on Senate Bill No. 1318, entitled:

"An Act Amending Republic Act No. 10068 or the Organic Agriculture Act of 2010"

This is without prejudice to the Department's submission of additional inputs.

With my best regards.

Sincerely,




RAMON M. LOPEZ
Secretary 

OFFICE OF THE SECRETARY

11 March 2020

SEN. CYNTHIA A. VILLAR
Chairperson
Committee on Agriculture and Food
Senate of the Philippines
Pasay City, Philippines

Dear **Senator Villar**:

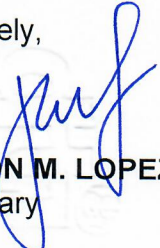
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DTI Position on

Senate Bill No. 1318

An Act Amending Republic Act No. 10068 or the Organic Agriculture Act of 2010 *(In substitution of Senate Bill Nos. 34, 146,648 and 773)*

The Department supports the intention of the proposed Senate Bill to amend Republic Act No. 10068 also known as the Organic Agriculture Act of 2010 which mandated the development and promotion of organic agriculture in the Philippines. The proposed amendments aim to achieve the goal of sustainable food production through organic farming while empowering farming communities in rural barangays all over the country. It also encourages small-scale production and product processing usually undertaken by micro, small, and medium enterprises (MSMEs).

Organic farming has started to gain traction not only in the Philippines but also in the international market. Data from the National Organic Agriculture Program (NOAB) showed a rapid increase in the production area dedicated to organic farming in the country, from 87,872 hectares in 2014 to 343,387 hectares or 96% of the total target area for organic agriculture in 2016.¹ As of 31 December 2016, total volume of production reached 214,773 metric tons.² With the growing demand for organic products, it is imperative to strengthen the industry and support the farmers especially the smallholders engaged in organic agriculture.

One outstanding common feature of the proposed bills is the introduction of the Participatory Guarantee System (PGS) which involves locally focused quality assurance systems developed and practiced by people actually engaged in organic agriculture. According to the International Federation of Organic Agriculture Movements (IFOAM), the sole international umbrella organization for the organic world, the PGS certify farmers and producers based on the active participation of stakeholders and are built on a foundation of trust, social networks and knowledge exchange.

PGS is emerging as a viable alternative to third party certification of organic produce and advances an affordable approach of ensuring transparency and integrity.³ Although, sharing a common objective of providing a credible guarantee for consumers looking for organic products, the two approaches differ in terms of how certifications are accomplished. Third party certification relies on reviews of applications which include operator internal procedures, organic system plans, and annual inspection visits by a trained independent inspector. Meanwhile, PGS heavily involves important stakeholders as this promotes active participation between farmers, consumers, and the guarantee organization. PGS also integrates capacity building using farm reviews and regular

¹ Available data from NOAB: <http://organic.da.gov.ph/>

² Ibid.

³ https://www.ifoam.bio/sites/default/files/policybrief_how_governments_can_support_pgs.pdf

exchanges to solve practical problems. This participatory method enables farmers/producers to follow the standards, thus, improving their agricultural practices.

We are of the view that the PGS is in line with DTI's commitment to support MSMEs because it encourages growth. MSMEs like smallholder organic farmers could not afford the third party certification because of its high cost, hence, only few organic producers get certified leaving consumers with limited choices and expensive organic products in the market.

Therefore, supporting the development of PGS certification guidelines for the Philippines will not only promote organic agriculture adoption but will also improve livelihood of smallholder farmers. It will also facilitate the development of local markets for organic products, and provide the consumers with wider variety of quality products that are safe and affordable.

Below are the Department's specific comments and recommendations:

Stipulations under SBN 1318	DTI Comments/Recommendations
<p>1. Sec 8. A new provision is hereby inserted after Section 11 of RA No. 10068, to read as follows:</p> <p>“Sec. 12. Participatory Guarantee System (PGS)</p> <p><i>D. Promotion.</i> The NOAB shall actively promote and search for associations or groups that have been practicing organic agriculture for recognition as PGS compliant in accordance with this Act. The NOAP shall ensure that each province in the country has a PGS. Every PGS shall conduct trainings and promote organic agriculture.</p> <p><i>F. Incentives.</i> Any small farmer/fisherfolk or their farms/associations/cooperatives engaged in organic agriculture or any organic input producer, certified by a recognized PGS group or organic certifying body to be compliant for a period of 5</p>	<ul style="list-style-type: none"> • Apart from promotion, the BAFS through NOAB is recommended to seek recognition of the Philippine PGS by the International Federation of Organic Agriculture Movements (IFOAM). As the worldwide umbrella organization for the organic agriculture movement, recognition by IFOAM will lend more credence and integrity to PGS-certified products. This may also encourage export markets to open up for PGS-certified products from the Philippines. • Aside from subsidizing the cost of certification, we also suggest BAFS to provide trainings and coaching sessions for farmers and cooperatives to prepare them for Third Party certification. • Moreover, the compliant period of five years before the PGS-certified farmer/input

<p>years, without any offense or infraction, shall be eligible for a full government subsidy of the cost for an international certification accreditation.</p>	<p>producer can qualify for a subsidized International Certification Accreditation might be too long, given that there are organic products that can already be exported. As such, we recommend the insertion of a transitory provision for the qualifications and eligibility for subsidized internationally-recognized organic certification immediately upon the enactment of the law even at a lower yet acceptable subsidy percentage. For instance, during the first year, BAFS can subsidize 20% of international certification cost; second year (30% subsidy), up to 100% subsidy on its fifth year. In the long run, BAFS may also consider assisting the PGS certifiers in securing international accreditation as well.</p>
<p>2. Sec. 12. Section 17 of RA No. 10068 is hereby amended and renumbered, to read as follows:</p> <p><i>Section [17] 18. Labelling of Organic Produce.</i> The label of organic produce shall contain the name, logo or seal of the organic certifying body and the accreditation number issued by the BAFS. [Only third party certification is allowed to be labeled as organically produced.] The organic label/mark shall also include the trade name, as defined by pertinent domestic property right laws, and the address of origin of the produce. xxx</p>	<ul style="list-style-type: none"> • We suggest to also put “Made with Organic Ingredients” on the label and to set the allowable percentage of organic content in the processed products to be eligible for the label. • The allowable percentage must be aligned with international standards on proper labeling.

In addition to the above-mentioned comments and recommendations, the Department also suggests the following to be considered by the authors of the bills:

- Consider the Republic Act No. 10611 or the Food Safety Act of 2013 and Republic Act No. 7394 or the Consumers Act of the Philippines, especially in the sections under promotion, labelling, and sale of organic products to the market;
- It should be noted that annual certification is the internationally recognized and commonly used certification cycle for organic products to ensure the prevention of risks

behind certification of an organic farm/operator. Moreover, BAFS is a regulatory body or scheme owner and should not prepare annual conformity assessment in behalf of the Third Party Organic Certifying Bodies.

- Include a provision that would allow the relocation of Organic Trading Posts (OTPs) that were found to be established in a non-strategic area; and
- Specify in the proposed bill the responsible regulator or government agency that would monitor and strictly implement proper labelling of organic agriculture products in the markets.

Lastly, these additional suggestions are with deference to BAFS and other directly concerned agencies, should they be deemed acceptable or reasonable.

Suyatin Chay

Bureau of Trade and Industrial Policy Research

10 March 2020

Ref: BTIPR-032020-052

/RGGV