

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

'22 SEP 20 P 2 :35

SENATE

RECEIVED BY: _____

S. No. 1334

Introduced by **Senator Cynthia A. Villar**

AN ACT
STRENGTHENING AND REVITALIZING THE DEVELOPMENT OF THE SALT
INDUSTRY IN THE PHILIPPINES, APPROPRIATING FUNDS THEREFOR,
AMENDING REPUBLIC ACT NO. 8550, OTHERWISE KNOWN AS "THE
PHILIPPINE FISHERIES CODE OF 1998," AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The State of the Philippine Salt Industry

In the 18th century, salt-making was introduced to the fishing village known as Las Piñas using solar dry beds. Over time, hundreds of hectares surrounding the old town were converted into salt beds known as "*irasan*". Later, clay tiles or *gibak* were brought down from as far away as Vigan to line the salt beds. This prevented the salt from coming into contact with the ground and allowed the salt to become as white as snow and established the reputation of Las Piñas as a salt-making center. The salt was graded and classified as either *tersera*, *segunda* and *primera*. *Tersera* salt had the most impurities and was darkest in color. This salt was used with dry ice to preserve ice cream. *Segunda* salt was used to preserve fresh fish. The wholesale seafood trading communities in Navotas and Malabon were the main buyers of *segunda* salt. But Las Piñas was most known for its *primera* or first-class salt which is fabled to be as white as snow. *Primera* salt was distributed to all public markets of Manila and used to flavor fine dishes.

The reclamation of the bay area and the subsequent construction of the Coastal Road disrupted salt production. The dredging and construction work prevented fishermen from going out to sea. Bulk of the salt produced began falling into the lower priced *segunda* and *tercera* categories. Salt imported from other countries like China and India were offered at lower prices.

In 2016, town of Dasol in Pangasinan, which has about 10,000 "*banigan*" (salt beds) produces 18,000 metric tons (MT) of salt yearly, making it the province's leading salt producer. It was followed by the towns of Bolinao, Bani and Alaminos City, producing a total of 74,765 MT. Pangasinan was the number one salt producer then followed by provinces of Bulacan (71,419 MT) and Occidental Mindoro (38,002 MT).

Abnormal weather has decimated the Philippine salt industry, according to a study presented at a recent conference of the Philippine Population Association held at Silliman University. The salt farmers said they were highly vulnerable to erratic weather patterns because their farms were dependent on solar evaporation, the traditional way of producing salt. The prolonged wet season and rains during the dry season badly affected their farms. The rain dissolves the crystallizing salt in the salt beds and contaminates the brine before the last stage of production. In places where the salt beds are adjacent to rivers, flooding is also a major concern.

Bulacan used to supply 45% of the salt requirement in the country at the height of its production in 1980; while Cavite counts salt farming as its major industry. The other big producers are Pangasinan, Mindoro and the places adjacent to Manila Bay. According to an industry source, up to 1990 Philippine producers still supplied 85% of the country's salt requirement while imports were only 15% of total supply.

In 1994, the country still produced 300,000 metric tons of salt. But by 2010, production suddenly dropped to less than half (150,000 MT). Conversely during that period, imported salt supply started to shoot up.

According to figures shared by **Pacific Farms Inc.**, the country's biggest salt producer, the salt importation started to increase sharply in 1998, when El Niño hit the Philippines, followed by La Niña in 1999, 2000, 2001.

By 2009, the bulk of the salt supply came from Australia, at 400,000 MT or 68% of total supply. The Philippines managed to produce only 168,000 MT in that year, or only 28% of total supply.

Cheap salt imports started flooding the country after 1994, when the Philippine Senate ratified the General Agreement on Tariffs and Trade.

Unable to withstand the competition, many salt farms started closing one after the other, and salt farmers were forced to sell to land.

Today, the country would need more salt soon because the coconut industry will require 300,000 MT to fertilize 300,000 coconut trees, at 1 kilo a year per tree. The total requirement would eventually be 850,000 tons, worth \$42 million.

The Department of Agriculture (DA) and the Department of Science and Technology should provide the needed technology upgrade for salt producers in northern Luzon, as they are part of the fisherfolk sector.

In March 2022, the Bureau of Fisheries and Aquatic Resources (BFAR) has been tasked to formulate a road map to put the salt industry on the right track but this did not push through.

Salt is a prime commodity and is an indispensable part of every meal. Sodium and chloride ions, the two major components of salt, are necessary for the survival of all living creatures, including human beings. It is involved in regulating the water content (fluid balance) of the body. Scientist Claude Bernard made that discovery in the mid-1800s, and he realized the fluid must contain the right amounts of sodium, chloride and potassium to allow our cells to grow, work and survive. Today, people are taking salt more than they should have. The Geneva-based World Health Organization recommends that adults should only consume less than 2,000 milligrams of sodium, or 5 grams of salt per day.

Salt aside from table use, is also a requirement in chemical, pharmaceutical and manufacturing industries. According to reports, in 2018, we only produced 20 percent of our salt requirements.

Philippines Imports of salt, pure sodium chloride amounting to 31.1USD in 2020. The top trading partners of Philippines in 2020 are:

1. Australia 72% (20 million US\$)
2. China 18.7% (5.41 million US\$)
3. Thailand 4.2% (1.21 million US\$)
4. New Zealand 2.39% (690 k US\$)

Salt production in the country needs about 12,000 to 13,000 hectares of shoreline and the proper technology. Salt production is very economically and sustainable.

According to a news report in 2021, BFAR has set a P100-million Development of the Salt Industry Project (DSIP) under the Special Budget Request (SBR) of the Congressional-Introduced Initiative Project but this did not materialized.

In 1995, The Act for Salt Iodization Nationwide (ASIN LAW), or the Republic Act 8172, An Act Promoting Salt Iodization Nationwide and For Related Purposes was approved. The law required the addition of iodine to salt intended for human and animal consumption to eliminate micronutrient malnutrition in the country. The law covered the entire salt industry, including salt producers/manufacturers, importers, traders, and distributors as well as government and non-government agencies involved in salt iodization activities. The law mandated LGUs to support the

development and sustainability of the salt industry through the formulation of ordinances and information campaigns promoting the availability and use of iodized salt and the provision of budget for health and nutrition programs.

The DTI was required to assist and support local salt producers/manufacturers in upgrading their production technologies to include iodization by helping them obtain soft loans and financial assistance for the procurement of salt iodization machines, packaging equipment and technology and fortification; and by ensuring systematic distribution of the iodized salt in the market while the Department of Health (DOH) was tasked to undertake the salt iodization program and its Bureau of Food and Drugs (BFAD), to set and enforce standards for food-grade iodized salt and to monitor compliance thereof by the food-grade salt manufacturers; The Cooperative Development Authority (CDA) shall assist the formation of cooperatives of local salt producers/manufacturers in order that they can economically engage in salt iodization and distribution.

The ASIN Law provided for sanctions for offenders such that, any person, whether natural or judicial, who violates any of the provisions of this Act or any of the rules and regulations promulgated shall be punished by a fine of not less than One thousand pesos (P1, 000.00) not more than One hundred thousand pesos (P100, 000.00); and the revocation of its business permit and/or ban of its product from the market. The BFAD, in coordination with the LGU's concerned, shall be authorized to impose and collect the fines from the violators, and such collections shall accrue to the BFAD for its use in the implementation of this Act.

Sadly, the law instead of promoting became some kind of deterrent in the development of the local salt industry. It has neglected to develop new areas and invite new investors; it made all salt food grade. In 2021, it was reported that, we only produced seven (7%) percent of our salt requirements and imported ninety three (93%) or 550,000 MT.

The Philippines only needs a small percentage of salt for human and animal consumption but it has other nonfood uses. There should be a balance between all these needs such as for the preservation of fish catch and as fertilizer for our coconut industry.


We should look at the salt industry as an added income source to fishermen during the dry season and the possibility of exporting Philippine sea salt.


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

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

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

7 SEC. 3. *Objectives.* - This Act aims to make the Philippine salt industry
8 competitive in the local and international markets while providing opportunities for
9 local employment and establishing salt-based community enterprises by:

10 a) Promoting the integrated and holistic development of the salt industry
11 in various aspects of production, processing, marketing, consumption,
12 capacity building, and regulation;

- 1 b) Ensuring that the salt industry has sufficient identified production areas
2 through the use of technology;
- 3 c) Ensuring the cooperation with various government agencies, private
4 entities and other relevant sources, to aid in the development of the
5 industry;
- 6 d) Promoting investments in the salt by providing substantial and
7 attractive incentives to investors;
- 8 e) Providing skilled labor and manpower through continuous relevant
9 capacity building;
- 10 f) Ensuring the provision of locally manufactured machines with improved
11 capacity, efficiency, and quality at competitive costs; and,
- 12 g) Providing access to markets of local salt locally and internationally
13 through aggressive trade promotions;

14 SEC. 4. *Definition of Terms* – for purposes of this Act, the following terms are
15 hereby defined as follows:

- 16 a) *Artisanal Sea Salt* shall refer to unrefined sea salt, derived directly from
17 a living sea or ocean, harvested and cooked through natural
18 evaporation process; it retains natural traces of minerals depending on
19 the source and the manner of production which is solar-evaporation,
20 cooked or smoked.
- 21 b) *Food fortification* refers to the addition of nutrients to process food at
22 levels above the natural state.
- 23 c) *Iodized salt* refers to salt artificially spray-coated with iodine.
- 24 d) *Large-scale Salt Farm/operator/producer* shall refer to:
 - 25 i. An individual owner or leasehold of a salt farm that is more than
26 fifty (50) but not more than five hundred (500) hectares.
 - 27 ii. An association, cooperative or corporation that owns or is a
28 leaseholder of a salt farm that is more than fifty (50) but not
29 more than 1,000 hectares.
- 30 e) *Medium-scale Salt Farmer/Operator/Producer* shall refer to an
31 individual, association, cooperative or corporation that owns or is a

1 leaseholder of more than three (3) hectares but more than fifty (50)
2 hectares of salt farms.

3 f) *Philippine sea salt* refers to salt produced from the evaporation of sea
4 water, brine, or concentrated brine, in any salt farm or refinery within
5 the Philippines.

6 g) *Salt Farm* refers to areas of land, shorelines, or coastal areas, including
7 its buildings, machineries, and equipment used in salt production.

8 h) *Salt Producer* refers to an individual, corporation, cooperative, or
9 association involved in the production of sea salt.

10 i) *Salt Technology Demonstration Center* refers to training facilities where
11 salt farming, harvesting, cooking and packaging is done for the
12 purpose of conducting hands-on training, skills enhancement, and
13 capacity-building.

14 j) *Small-scale salt farmer/operator/producer* refers to an individual,
15 association, cooperative or corporation that owns or leaseholder of a
16 salt farm of not more than three (3) hectares.

17 SEC. 4. *Salt as Aquatic Resource*. – For purposes of this Act, the following
18 provisions of Republic Act No. 8550, otherwise known as "The Philippine Fisheries
19 Code of 1998," are hereby amended to read as follows:

20 (a) Section 4 is hereby amended to read as follows:

21 "SEC 4. Definition of Terms. – As used in this Code, the phrases
22 shall mean as follows:

23 xxx

24 11. *Commercial Scale* – A scheme of producing a minimum amount
25 per year of **SALT OR HARVEST OF** milkfish or other species including
26 those raised in pens, cages, and tanks to be determined by the
27 Department in consultation with the concerned sectors.

28 xxx

1 22. Fish and Fishery Aquatic Products – include not only finfish but also
2 mollusk, crustaceans, echinoderms, marine mammals, and all other
3 species of aquatic flora and fauna and all other products of aquatic
4 living resources in any form, **AND SALT.**

5 xxx

6 28. Fisherfolk – people directly or personally and physically engaged in
7 taking and/or culturing and processing fishery and aquatic resources
8 **INCLUDING SEA SALT PRODUCED BY SALT FARMERS.**

9 xxx

10 32. Fishpond – a land-based facility enclosed with earthen or stone
11 material to impound water for growing fish **AND/OR PRODUCING**
12 **SALT.**

13 xxx

14 47. Fully developed Fishpond Area – a clean leveled area enclosed by
15 dikes, at least one foot higher than the highest floodwater level in the
16 locality and strong enough to resist pressure at the highest flood tide;
17 consist of at least a nursery, a transition pond, a rearing pond,
18 **RESERVOIR POND, EVAPORATING POND, SALT CRYSTALIZER**
19 **POND,** or a combination of any or all said classes of ponds, and a
20 functional water control system and producing in a commercial scale.”

21 (b) Section 46 is hereby amended to read as follows:

22 “SEC. 46. Lease of Fishponds/**FISHPOND WITH SALT**
23 **FARMS** – Fishpond leased to qualified persons and fisherfolk
24 organizations/cooperatives shall be subject to the following conditions:
25 xxx”

26 (c) Section 54 is hereby amended to read as follows:

1 “SEC. 54. Insurance for Fishponds, **FISHPONDS WITH SALT**
2 **FARMS**, Fish Cages, and Fish Pens – Inland Fishponds, **INLAND**
3 **FISHPONDS WITH SALT FARMS**, Fish Cages, Fish Pens shall be
4 covered under the insurance program of the Philippine Crop Insurance
5 Corporation for the losses caused by force majeure and fortuitous
6 events.”

7 SEC. 5. *Philippine Salt Industry Development Roadmap (PSIDR)*. – To be able
8 to attain the objectives of this Act, there shall be formulated and established a
9 Philippine Salt Industry Development Roadmap (Roadmap), which shall include, but
10 not be limited to, programs and projects for the development and management,
11 processing, utilization, business development, and commercialization of Philippine
12 salt. The Roadmap shall include the following objectives, among others:

- 13 a) Expand the number of salt-producing areas;
- 14 b) Ensure the sustainable production, management and harvesting, and
15 soil and water conservation practices in these areas;
- 16 c) Encourage salt farming;
- 17 d) Ensure the sustainability and viability of the salt industry;
- 18 e) Promote investments in the salt industry development programs;
- 19 f) Advance market access for Philippine salt products locally and
20 internationally;
- 21 g) Extend technical and financial assistance for the development,
22 processing, commercialization and marketing of Philippine salt
23 products;
- 24 h) Require locally produce salt be used in the fertilization of coconut
25 farms by the Philippine Coconut Authority;
- 26 i) Develop and distinguish category of salt areas into artisan salt
27 production areas, as gourmet salt producing areas, iodized salt
28 producing areas, salt eco-tourism sites, etc.;
- 29 j) Provide continuous training and capacity building in the salt industry
30 development; and

1 k) Provide technical and financial assistance in the local design and
2 fabrication of high-capacity processing equipment and machineries for
3 the salt industry.

4 SEC. 5. *Membership of the Philippine Salt Industry Development Council*
5 *(PSIDC)*. - The composition of the Philippine Salt Industry Development Council
6 (Council) shall be as follows:

- 7 a) Secretary of the Department of Agriculture (DA), as Chairperson;
- 8 b) Secretary of the Department of Trade and Industry (DTI), as Co-
9 Chairperson;
- 10 c) Director of the Bureau of Fisheries and Aquatic Resources (DA-BFAR),
11 as Vice Chairperson;
- 12 d) Secretary of the Department of Science and Technology (DOST);
- 13 e) Secretary of the Department of Interior and Local Government (DILG);
- 14 f) Secretary of the Department of Health (DOH);
- 15 g) Secretary of the Department of Tourism (DOT);
- 16 h) The CEO of the Land Bank of the Philippines (LBP);
- 17 i) One representative each from the League of Provinces of the
18 Philippines, League of Cities of the Philippines and League of
19 Municipalities of the Philippines;
- 20 j) One (1) representative each from salt farmers, salt manufacturers, and
21 salt process associations;
- 22 k) One (1) representative from the private sector involved in a business
23 belonging to the salt industry.

24 The BFAR shall be the Secretariat of the PSIDC and organize the necessary
25 technical working group for the Council. The Council shall provide the overall policy
26 and program directions and coordinate the activities of the various agencies and
27 instrumentalities to ensure the implementation, accomplishment, periodic review and
28 enhancement of the Roadmap.

29 SEC. 6. *Powers and Functions of the Council*. - The Council shall have the
30 following powers and functions:

- 1 a) Formulate the Philippine Salt Industry Development Roadmap
2 containing the short term, medium term and long-term development
3 plant covering a period of five (5) year;
- 4 b) Identify specific and priority programs and projects in support of, and
5 in line with, the Roadmap;
- 6 c) Identify sources of financing and facilitate credit windows with
7 government banks and the ACPC to expand the salt industry
8 development;
- 9 d) Increase production of local salt by increasing land area devoted to salt
10 and improving farm productivity;
- 11 e) Institutionalize capacity building for salt farmers through the
12 Agricultural Training Institute;
- 13 f) Strengthen Market Linkage and Promotion of Philippine salt;
- 14 g) Continual Research and Development such as postharvest technologies
15 and the establishment of laboratory centers for iodization for food
16 grade salt;
- 17 h) Establish Agri-insurance Program for Salt producers;
- 18 i) Submit annual reports, not later than June 30 of each year, to the
19 Office of the President and to each House of Congress on the status of
20 the implementation of the Roadmap and the salt industry development
21 in the country;
- 22 j) Recommend to the Department of Budget and Management the
23 required yearly appropriations for the plan and implementation of the
24 salt development programs; and
- 25 k) Promulgate such rules and regulations and exercise such other powers
26 and functions as may be necessary to carry out the objectives of this
27 Act.

28 SEC. 7. *Project Management Office (PMO)*. - Department of Agriculture thru
29 the BFAR shall lead in the industry strengthening, expansion and promotion of the
30 Salt Industry. Towards this end a Program Management Office (PMO) is hereby
31 created under the Office of the Director of the BFAR.

1 SEC. 8. *Department of Science and Technology (DOST) for Research and*
2 *Development* - The Department of Science and Technology-Forest Products
3 Research and Development Institute (DOST-FPRDI) shall be tasked to develop and
4 implement a comprehensive program for the acquisition, design, and manufacture of
5 salt iodization equipment, and transfer of the salt iodization technology to salt
6 producers/manufacturers.

7 SEC. 9. *Role of the Local Government Units.* - Local Government Units (LGUs)
8 in cooperation with the DENR, DTI and the DOST-FPRDI, the National Fisheries
9 Research and Development Institute (NFRDI) and in consultation with the DA and
10 BFAR shall identify appropriate areas for local salt production in their respective
11 localities.

12 SEC. 10. *Establishment of Provincial, City and Municipal Salt Industry*
13 *Development Councils and Salt Industry Development Programs.* - LGUs shall, as far
14 as practicable, establish their respective Salt Industry Development Councils. LGUs
15 shall regularly conduct a survey of existing salt farms and salt enterprises in their
16 respective localities.

17 Each local Salt Industry Development Council shall conduct a survey of
18 existing salt processing enterprises that are operating in the locality.

19 SEC. 11. *Provision of Incentives to Investors involved in the Salt*
20 *Development.* - The following incentives shall be provided to investors in salt farms
21 development and salt processing facilities:

- 22 a) The Board of Investments shall classify salt farms as preferred areas of
23 investment under its Investment Priorities Plan (IPP) subject to
24 pertinent rules and regulations;
- 25 b) Salt farm owners, and processors and other related businesses shall be
26 exempt from the payment of import duties for imported machines and
27 equipment subject to pertinent rules and regulations;
- 28 c) Salt farm owners in public lands shall be exempt from the payment of
29 forest charges that may be imposed by the national government and
30 other fees or taxes imposed by LGUs;

- 1 d) The salt farmers and processors shall be given priority to access credit
2 assistance and guarantee schemes being granted by GFIs; and
3 e) Salt farm development and their equipment shall be covered by the
4 Philippine Crop Insurance Corporation.

5 SEC. 12. *Registration, Construction, and Lease of Salt Farms.* – The BFAR
6 shall facilitate the registration of salt farms as well as assist in the design,
7 construction and development of small-scale artisanal salt farms either through its
8 own or through partnership with the private sector.

9 SEC. 13. *Control Measures.* – Salt farmers or producers of salt shall register
10 with the BFAR.

11 The BFAR shall adopt measures to ensure compliance with food safety law
12 guidelines of salt intended for human and animal consumption. Provided that, salt
13 which are not intended for food consumption shall not be subjected to food safety
14 laws and guidelines;

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

18 SEC. 14. *Appropriations.* - An initial amount of One Hundred Million Pesos
19 (Php100,000,000.00) to be sourced from the contingency fund of the Office of the
20 President shall be used to fund the first year of the law. Additionally, an amount of
21 One Hundred Million Pesos (Php100,000,000.00) shall be sourced from the revenues
22 of the Philippine Amusement and Gaming Corporation (PAGCOR) for the effective
23 implementation of this Act also for the first year of implementation.

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

27 SEC. 15. *Implementing Rules and Regulations.* - Within sixty (60) days from
28 the effectivity of this Act, DTI, in consultation with the members of the Council and

1 other relevant stakeholders, shall promulgate the necessary rules and regulations for
2 the effective implementation of this Act.

3 SEC. 16. *Separability Clause.* - Should any provision herein be declared
4 unconstitutional or invalid, the same shall not affect the validity of the other
5 provisions of this Act.

6 SEC. 17. *Congressional Oversight.* – The Congressional Oversight Committee
7 on Agriculture and Fisheries Modernization or COCAFAM shall see to the full
8 Implementation of this Act.

9 SEC. 18. *Repealing Clause.* - All laws, decrees, orders, rules and regulations
10 or other issuances or parts inconsistent with the provisions of this Act are hereby
11 repealed or modified accordingly.

12 SEC. 19. *Effectivity.* - This Act shall take effect fifteen (15) days following its
13 publication in the Official Gazette or in two (2) newspapers of general circulation.

14 Approved.