Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Nineteenth Congress
First Regular Session

House Bill No. **669**

Introduced by **REPRESENTATIVE JOEY SARTE SALCEDA**

AN ACT
CREATING THE NATIONAL CREATIVE INDUSTRIES INVESTMENT PROGRAM, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The national public spending on the direct promotion and development of culture (excluding the education budget) is around 0.105% of GDP. By contrast, the average European country spends around 0.6% of GDP on culture, and 0.37% in South Korea for its Ministry and Culture alone.

As a result of massive and well-planned public spending on arts and culture, these economies continue to gain the dividends of a thriving creatives sector. In the European Union, the creatives sector account for 4.4% of GDP. In South Korea, the creatives sector contributes around 2% of the economy, and also boosts Korean tourism, with around 55.3% of all inbound tourism being related to its creative sector – best exemplified by the Hallyu wave or K-culture. It is useful to note that these countries are also highly-industrialized, where manufacturing and high-value services are dominant.

In fact, K-Pop was one of the most resilient sectors of the Korean economy during the COVID-19 pandemic. One group alone, BTS, contributed USD 4.9 billion to the Korean economy during the pandemic. For perspective, this is half the entire pre-pandemic tourist economy of the Philippines.

In the Philippines, the lack of a framework for supporting creatives has resulted in a sector that can sometimes be a large contributor to the economy, but whose revenues can suddenly collapse during a crisis.

Although it is estimated that the creatives contribute, directly or indirectly, anywhere between 4 and 7 percent of GDP, the Creative Economy Council of the Philippines estimates that the sector lost 90% of its revenues during the COVID-19 pandemic. This, if ever, would make the sector among the hardest-hit sectors of the economy.

In the Korean model, resilience appears to be due to strong public investment. During the Asian Financial Crisis, the South Korean government sought to diversify the then-manufacturing-

driven South Korean economy. Entertainment and culture became one of the leading prospects for that country.

An entire ecosystem of public support has been built to bolster K-culture. A division of the Korean Ministry of Culture, the Popular Culture Industry Division, focuses on Korean pop music, fashion, mass entertainment, comic books, cartoons, and other key products. The division along with three other divisions are referred to as the Cultural Content Office. Its budget is a colossal USD 5.5 billion, with the aim to boost economic growth particularly through growing the country's cultural industry export industry.

The Korean government also directly invests in cultural exports. The Korean government sponsors 20-30% of a USD 1 billion investment fund earmarked to nurture and export popular culture. The remaining funds comes from investment banks and private companies and are managed by the Korean Venture Investment Corporation.

To set the foundations of the Philippines as a giant in the cultural and creative economy, we, too, must invest in culture. The Philippines is now a service-driven economy. Its future prospects now depend on our ability to develop the skills and talents of our service workers into marketable products and services. Supporting our creative industries can create opportunities for our service workers.

Given the need for strong public investment in our creative industries, this bill creates the National Creative Industries Investment Program, or the Build, Build, Build for the Creative Industries, as the roadmap for public support in the sector.

In view of the foregoing, the approval of this bill is urgently sought.

JOEY SARTE SALCEDA

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

SECTION 1. *Short title*. – This Act shall also be referred to as the "Build, Build, Build for Creative Industries Act."

SEC. 2. *Declaration of policy*. – It is the policy of the state to foster the preservation, enrichment, and dynamic evolution of a Filipino national culture based on the principle of unity in diversity in a climate of free artistic and intellectual expression. It is also the policy of the State that all the country's artistic and historic wealth constitutes the cultural treasure of the nation and shall be under the protection of the State which may regulate its disposition.

Towards these ends, the State shall endeavor to develop the support systems, structures, and mechanisms necessary to advance creative industries, which continue to generate the country's artistic and cultural wealth.

SEC. 3. *National Creative Industries Investment Program*. – There is hereby established a National Creative Industries Investment Committee, hereinafter referred to as the NCIIC, chaired by the Secretary of Trade and Industry, and co-chaired by the Secretary of Finance as head of the Fiscal Incentives Review Board, with the Socioeconomic Planning Secretary, the Secretary of Budget and Management, the Secretary of Tourism, the Secretary of Education, and the Chair of the National Commission for Culture and the Arts, as members.

The Committee shall be responsible for creating and approving the National Creative Industries Investment Program, which shall reflect the following:

a. Target public spending levels for the creative industries in general, and for specific sectors or segments of the creative industries;
b. Target levels of output, value-added, employment, and other key indicators of the creative industries;
c. Target levels of private investment in the creatives industry, and measures such as favorable credit policies and regulatory forbearance to encourage such investments;
d. Proposed infrastructure programs to support the creative industries;

e. Proposed policies on fiscal and non-fiscal incentives for the creative industries;
f. Proposed programs or activities to promote Philippine creative industries and outputs to the domestic and global markets; and
g. Other plans, activities, programs, and proposals for the development of the creatives sector in the country.

The Plan shall be considered in the formulation of the National Expenditure Program, the Philippine Development Plan, and the Strategic Investment Priorities Plan of the national government.

The NCIIC shall meet at least twice a year, but may meet as often as its Chair may deem necessary to dispense its functions.

The NCIIC may delegate its technical functions to the NCIIC Technical Committee, which shall be composed of the following:

a. Executive Director of the National Commission for Culture and the Arts – as Chair
b. Undersecretary of Trade and Industry;
c. Undersecretary of Finance;
d. Undersecretary of the National Economic and Development Authority;
e. Undersecretary of Budget and Management;
f. Undersecretary of Education;
g. Undersecretary of Tourism;
h. Deputy Governor of the Bangko Sentral ng Pilipinas;
i. Chair of the Komisyon sa Wikang Filipino;
j. Chair, National Historical Commission of the Philippines;
k. Director of the National Museum;
l. Director of the National Library of the Philippines; and
m. Executive Director of the National Archives of the Philippines, as members.

SEC. 4. *Local public investments in the creative industries*. – The Department of Trade and Industry and the Department of Tourism, under their respective Secretaries, and the National Commission on Culture and the Arts, under its Chair, shall establish offices in their respective agencies dedicated to assisting Local Government Units create their local public investment plans and proposals for the creative industries. The funds necessary for the personnel and outlays of these offices shall be sourced from the appropriations of their respective agencies for the current year, and shall thereafter be proposed in the National Expenditure Plan.

Local public investment plans may also include proposals to the concerned Regional Development Councils.

Local public investment plans may also be inter-locality, with programs and projects to be implemented by multiple local governments. The NCIIC shall promote tourism alliances, coordinated programs and projects, and joint ventures among local government units.

SEC. 5. *Creative Industries Infrastructure Audit*. – The National Commission for Culture and the Arts shall identify existing government facilities and infrastructure that are essential or highly significant to the creative industries. Local Government Units, and other government agencies and instrumentalities may also submit additions to the listing, for the consideration of the Commission.

The Department of Public Works and Highways shall conduct an assessment of the stability, usability, and other structural characteristics and conditions of each item in the listing; after which recommendations will be made about the actions that should be taken to maintain, remodel, or replace such facilities.

The recommendations shall be submitted to the NCIIC, which may endorse such recommendations for inclusion in the National Expenditure Plan.

SEC. 6. *Implementing Rules and Regulations.* – The rules and regulations necessary for the implementation of this Act shall be issued by the Department of Trade and Industry, in coordination with the member-agencies of the NCIIC, within ninety (90) days from the effectivity of this Act.

SEC. 7. *Separability Clause.* – If any of the sections or provisions of this Act is held invalid, all the other provisions not affected thereby shall remain valid.

SEC. 8. *Repealing Clause.* – The provisions of the National Internal Revenue Code, as amended, shall continue to have full force and effect, except insofar as they are inconsistent with this Act.

SEC. 9. *Effectivity.* – This Act shall take effect fifteen (15) days from the date of its publication in at least two newspapers of general circulation in the Philippines.

Approved,