



SENATE

13 JUL -8 P3:12

P. S. Res. No. 30

RECEIVED BY: *ja*

Introduced by: Senator Ralph G. Recto

**A RESOLUTION**

**DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE STATUS OF THE COCONUT LEVY ASSETS, WITH THE END IN VIEW OF ENSURING THAT IT WILL BE USED PRIMARILY FOR THE BENEFIT OF ALL COCONUT FARMERS AND FOR THE DEVELOPMENT OF THE COCONUT INDUSTRY**

WHEREAS, in 1971, Republic Act No. 6260 imposed the first levy on coconut farmers, primarily to establish the Coconut Investment Fund (CIF), which aims to provide adequate medium and capital investment in the coconut industry;

WHEREAS, various laws were enacted since 1971 to impose levies on the coconut industry, in order to insulate the industry from market fluctuations and develop the industry through research and credit extension to farmers;

WHEREAS, by 1986, the total amount collected from the various coconut levies from 1971 to 1982 amounted to P9.7 Billion;

WHEREAS, in 1986, the Philippine Commission on Good Government (PCGG) sequestered the Coco Levy Funds, declaring the funds as a result of systematic means of acquiring ill-gotten wealth during the Marcos regime;

WHEREAS, various stakeholders from the coconut industry have sought judicial relief in order to claim ownership of the Coco Levy Funds;

WHEREAS, the Coco Levy Funds is now estimated to be worth One Hundred Billion Pesos (P100,000,000,000.00) in aggregate market value, comprising various assets and entities such as the Coconut Industry Investment Fund – Oil Mills Group (CIIF-OMG) companies, including its 14 holding companies, as well as the United Coconut Planters Bank, United Coconut Chemicals (Cocochem), United Coconut Planters International (UCPI), United Coconut Planters Assurance Corporation (Cocolife), and the twenty-four percent (24%) block of San Miguel Corporation (SMC) shares of stock totaling 33,133,266 shares that are owned by the CIIF-OMG Companies;

WHEREAS, the *Sandiganbayan* rendered a partial summary judgment on *Republic v. COCOFED, et. al.* (Civil Case No. 0033-F), dated 7 May 2004, declaring that the six (6) CIIF-OMG companies, their 14 holding firms, and the CIIF-OMG block of SMC shares as “owned by the Government in trust for all the coconut farmers”;

WHEREAS, The Supreme Court, in its decision dated 24 January 2012, upheld the partial summary judgment of the *Sandiganbayan* dated 7 May 2004, declaring that the six (6) CIIF-OMG companies, their 14 holding firms, and the CIIF-OMG block of SMC shares as “owned by the Government to be used only for the benefit of all coconut farmers and for the development of the coconut industry”;

WHEREAS, in 2012, the SMC shares amounting to P57 Billion were paid for by the San Miguel Corporation and was remitted to the National Treasury;

WHEREAS, the Executive Branch has yet to execute the disposition of the Coco Levy funds from the buyback of the SMC shares as well as the Coco Levy assets, in consideration of the Supreme Court decision;

WHEREAS, the coconut industry has been a contributor to the economy, accounting for an average of 1.14% of the country's Gross National Product (GNP);

WHEREAS, the coconut industry has seen a decline in farm productivity over the years, with the average productivity of 38-40 nuts per tree/year from the ideal 75 nuts per tree/year, or less than one (1) metric ton per hectare/year from the ideal 2-3 metric tons per hectare/year;

WHEREAS, the decreasing coconut production has been due to a number of factors which include the abundance of ageing and nutrient-deficient trees, inadequacy of industry infrastructure, and lack of industry research and development, among others;

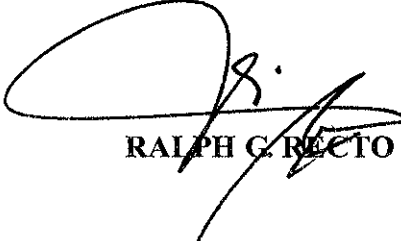
WHEREAS, poverty incidence among coconut farmers is significantly high with ninety percent (90%) of the 3.4 million farmers living below the poverty threshold;

WHEREAS, a big number of the coconut farmers who are beneficiaries of the coco levy assets disposition are now in their twilight years;

WHEREAS, there is a need to provide much needed capital injection for the development of the coconut industry, particularly the welfare of the coconut farmers;

*NOW THEREFORE, BE IT RESOLVED*, by the Philippine Senate to direct the appropriate Senate Committee to conduct an inquiry, in aid of legislation, on the status of the Coconut Levy Assets, with the end in view of ensuring that it will be used only for the benefit of all coconut farmers and for the development of the coconut industry.

*Adopted,*

  
RALPH C. RECTO