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SENATE  
Senate Bill No. 2873

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**Introduced by Senator EDGARDO J. ANGARA**

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### **EXPLANATORY NOTE**

The coconut industry is the country's oldest and most strategic industry, contributing 1.14% of the total Gross Domestic Product amounting to US\$ 760 million. The Philippines is a world leader in coconut exports, dominating 59% of the global market.

Statistics from Philippine Coconut Authority (PCA) indicated that areas planted with coconut covers 3.258 M hectares equivalent to 27% of total agricultural land. Sixty-eight (68) out of seventy-nine (79) provinces are considered coconut areas, representing 1,195 coconut municipalities.

Moreover, coconut products are still the number one agricultural export earner of our country. More than twenty million Filipinos all over the country depend on the planting and harvesting of coconuts for their living. Due to the recent glut of palm oil in the world market and typhoons that hit the country last year, our coconut farmers are in desperate straits.

As of October 2008, coconut oil prices fell to new record low within the last two (2) years. According to PCA, coconut oil and copra prices were greatly affected by the overall weak tone in vegetable oils, lingering uncertainties in global financial markets, steep decline in crude mineral oil prices, and lower Asian vegetable oils markets.

In Southern Tagalog, copra prices went down from Php 28.25 per kg in 2007 to Php 24.75 per kg in 2008. This rapid and steep decline in prices is worse in the Visayas and Mindanao regions, averaging more than Php 7.00 of decline within a year. Given this stark situation, farmers are no longer harvesting coconuts. More farmers cut trees and sell them as lumber, instead of harvesting the coconut.

If this low copra selling price and production continues, the coconut industry will collapse.

This calamity requires emergency action, in order to provide immediate and long-term relief to coconut farmers suffering from the effects of abnormally low prices of copra and other coconut products.

Thus, this bill seeks to create a corporate body known as the Philippine Coconut Industry Development Authority (PHILCIDA) in order to promote rapid, steady and continuous integrated development and growth of the coconut industry. In the end view of ensuring that the coconut farmers, farm workers, processors, lessees and tillers, and their families, shall become direct participants in, and beneficiaries of, such development and growth thereby increasing their income and uplifting their quality of life.

Approval of this bill is earnestly sought.

  
**EDGARDO J. ANGARA**  
Senator



1           SEC. 3. *Goals and Objectives.* – Pursuant to the above-mentioned  
2 policy, the effort of government shall be directed towards the following goals  
3 and objectives:

4           a) Promote the steady, accelerated and orderly development of the  
5 coconut industry consistent with the agrarian reform policy of the  
6 government;

7           b) Develop and establish the coconut based farming systems including  
8 but not limited to the establishment of model coconut farms;

9           c) Hasten and advance industrialization in the coconut industry and  
10 the diversification and proper utilization of coconut products and by-products;

11          d) Promote the effective utilization and marketing of coconut products  
12 and by-products in the domestic and foreign markets and preserve the  
13 competitiveness and reliability of the country as a major producer and supplier  
14 of said products, by establishing national standards acceptable in the  
15 international market

16          e) To increase production by expanding the planting and replanting  
17 program of coconut trees in strategic areas identified as having the most  
18 potential;

19          f) Conduct scientific researches and investigations in all areas  
20 pertaining to agricultural, industrial, marketing and socio-economic aspect  
21 of the coconut industry and encourage the participation of small farm  
22 holders in research and technology;

23          g) Encourage and promote the organization of coconut farmers  
24 cooperatives, associations, and organizations and provide them credit and  
25 financing schemes;

1 h) Generate and disseminate information and communication to  
2 farmers, producers and other sectors to ensure the appreciation and adoption  
3 of appropriate technology and practices, inventions, as well as the proper  
4 awareness and correct understanding of issues and development in the  
5 coconut industry; and

6 i) Coordinate and integrate all efforts of various agencies of  
7 government and provide general direction for the steady and orderly  
8 development of the industry.

## 9 **ARTICLE II**

### 10 **PHILIPPINE COCONUT INDUSTRY DEVELOPMENT**

#### 11 **AUTHORITY**

12 **SEC. 4. *Philippine Coconut Industry Development Authority.*** –

13 *To implement the policy and objectives of this Act, there is hereby created*  
14 *and established a corporate body known as the Philippine Coconut Industry*  
15 *Development Authority (PHILCIDA), hereinafter referred to as the*  
16 *Authority.*

17 **SEC. 5. *Powers and Functions.*** – The Authority shall exercise the  
18 following powers and functions:

19 a) Formulate and adopt a general program of development geared  
20 towards increased farm productivity, through planting or replanting of  
21 suitable seedling varieties, rehabilitation and fertilization of coconut,  
22 integrated coconut-based farming systems and product processing, and  
23 whenever necessary, the construction of related support and infrastructure  
24 facilities. For this purpose, the Authority shall adopt a special program to  
25 maximize the yield of small coconut farmers and their farm families

1 particularly those farms covered by the agrarian reform program of the  
2 government;

3       b) Undertake scientific researches and investigations on crop and  
4 varietal improvement, pests and diseases, agronomy and mineral nutrition,  
5 coconut wood utilization, virology and biochemistry and epidemiology of  
6 *cadang-cadang*, and such other similar studies on varietal and crop  
7 improvement of general or local suitability;

8       c) Undertake scientific researches and investigations on food, non-  
9 food products and by-products including bio-diesel, directly or in  
10 collaboration with other public agencies or the private sector;

11       d) Establish, maintain and operate such number of research centers  
12 and experiment stations, including laboratories, seed gardens, nurseries, pilot  
13 farms and industrial facilities as may be necessary to undertake extensive  
14 research in coconut pests and diseases, improvement of copra, manufacture  
15 of coconut products and by-products and the greater utilization of the  
16 coconut for traditional and non-traditional uses;

17       e) Purchase or fabricate such machineries, material, equipment and  
18 supplies as may be necessary to execute successfully such researches,  
19 investigations and experimental work as provided under this Act on its own  
20 or in partnership with other agencies;

21       f) Conduct intensive studies and data research, establish and  
22 maintain a database of primary, accurate and reliable information on coconut  
23 culture, production, pricing capacity, marketing, inventories as well as  
24 scientific thesis and treaties in coordination with other government offices,  
25 the private sector and international agencies and bodies;

1 g) Promote the utilization and integration of in-house developed  
2 technologies;

3 h) Construct, invest, establish and operate integrated coconut  
4 centrals, processing plants and integrated processing mills and other support  
5 facilities in aid of its research and development function;

6 i) Create subsidiaries or enter into partnerships or joint ventures  
7 with any public or private foreign or local entity, natural or juridical, and  
8 acquire, own or hold shares of stock or interest therein for the purpose of  
9 fully utilizing the commercial value of pioneer and new technology  
10 generated in the industry, or of financing the manufacture, on commercial  
11 scale, of coconut trees: *Provided*, That such subsidiary, partnership, joint  
12 venture, which the Authority is authorized to create, shall be governed by  
13 the provisions of general laws applicable to corporations and such entities:  
14 *Provided, further*, That after such partnership, subsidiary, or joint venture  
15 with private Filipino citizens or entities authorized to be created shall have  
16 become fully viable for commercial operation, and the Authority has  
17 recovered its investments or contributions the Authority shall immediately  
18 divest itself of its interest over the partnership, subsidiary, or joint venture in  
19 favor or any private person or entity. For purposes of this paragraph, the  
20 Authority shall make studies and investigations of the enterprises and  
21 projects for which the loans, contributions and subscriptions to the capital of  
22 the enterprise or investments mentioned are needed, and determine the  
23 advisability of financing the same;

24 j) Promote, encourage and help coconut planters, farmers,  
25 processors and workers organize themselves into associations and

1 cooperatives to give them greater control in the marketing of their products  
2 and to help them obtain more credit facilities to register and accredit such  
3 associations and cooperatives for purposes of participation in the  
4 developmental programs of the Authority: *Provided*, That the Authority  
5 shall not directly or indirectly influence the farmers in the exercise of their  
6 choice or selection of candidates or leaders in the organizations;

7 k) Render training, extension service programs and disseminate  
8 information to coconut farmers, farm workers and processors relative to  
9 production technology, marketing systems and other technical skills and  
10 values, attitude formation and socio-economic development strategies;

11 l) Expand and develop the domestic and foreign market for coconut  
12 products and by-products;

13 m) Regulate the marketing and the exportation of coconut products  
14 and by-products to conform with quality or food standards recognized by  
15 both the domestic and international market;

16 n) Take samplings and conduct examination of any copra product to  
17 measure and determine its moisture content as required in the trade; conduct  
18 laboratory analysis to determine the chemical characteristics of coconut  
19 products and by-products including the presence of toxin and other  
20 contaminations and issue the necessary commodity clearance and export  
21 permit: *Provided*, That the Authority may withhold the issuance of such  
22 clearance or permit, or suspend or cancel any clearance or permit already  
23 issued in case of violation by the holder of any provision of this Act or rules  
24 and regulations duly promulgated by the Authority;



1           o) Require exporters, traders, millers, refiners, desiccators, oleo-  
2 chemical processor, other manufacturers and end-users of coconut products  
3 and by-products to submit periodic reports of production, receipts of  
4 deliveries or purchases or both, sales, inventory, contracts and such other  
5 data the Authority may deem necessary to properly and effectively promote  
6 the development of the industry. All information given to the Authority by  
7 the individual firms shall be confidential in nature and could not be used  
8 against them;

9           p) Undertake, initiate or participate in trade missions to obtain better  
10 preferential trading arrangements with importing countries, and enter or  
11 otherwise participate in behalf of the coconut trading industry in all  
12 agreements, arrangements, missions or conventions with any foreign  
13 government or entity with respect to trading relations, market quotas, tariff  
14 and non-tariff barriers and such other matters affecting the export of coconut  
15 products and by-products;

16           q) Provide, in coordination with the private sector, a system of  
17 accreditation of association of traders, millers, desiccators, farmers,  
18 exporters and end-users of coconut products;

19           r) To assist coconut farmers, organizations in marketing their  
20 products locally or abroad when the need arises;

21           s) Assist coconut farmers organizations in establishing farmer-  
22 owned bonded warehouses and processing facilities;

23           t) Impose and collect all fees, charges, assessments and imposts  
24 including interests and surcharges authorized under this Act or its

1 implementing rules and regulations and disburse funds generated by the  
2 Authority from its operations to carry out its functions;

3 u) Grant or accept and receive donations of any kind for any  
4 purpose not inconsistent with the purposes of this Act;

5 v) Enter into, make and execute contracts of any kind as may be  
6 necessary or incidental to the attainment of its purposes;

7 w) Promulgate its own rules for investigation and procedure to  
8 investigate complaints involving violations of this Act or any rules and  
9 regulations issued pursuant thereto, or any such other laws, rules and orders  
10 affecting the coconut industry; attribute or settle conflicting claims or render  
11 the appropriate decision or award including the imposition and  
12 administrative penalty of suspension of license, registration, permit or  
13 clearance issued in accordance with this Act;

14 x) Order the closure of any mill, refinery, processing firm, copra  
15 warehouse or any place or building where coconut products are stored or to  
16 intercept and seize any vehicle or ship or vessel carrying or transporting  
17 coconut products where there is reasonable ground to believe that the owner,  
18 possessor or person or persons in control of such place, building, vehicles,  
19 ship or vessel, of such products have violated the provisions of this Act or  
20 any rules and regulations promulgated thereto in a manner that is prejudicial  
21 and detrimental to the coconut industry, or the consuming public;

22 y) Develop and recommend measures and methodology quarantine  
23 for coconut products and by-products and to impose such restrictions in the  
24 transport movement or handling of the same in accordance with such  
25 standards and quarantine procedure determined by the Authority;



1           SEC. 8.       *Powers and Functions.* – The Board shall exercise the

2 following powers and functions:

3           a) Formulate and adopt a national government plan for the coconut  
4 industry and promulgate the necessary rules and regulations, policies and  
5 measures in support of the plan;

6           b) Prescribe the organization of the Authority and fix the  
7 compensation of all its personnel in accordance with law and determine and  
8 grant such allowances and incentives as it may deem proper with the rates to  
9 be approved by the Department of Budget and Management;

10          c) Reorganize the Authority when there is a need to institute reforms  
11 in the organizational structure to effect economy and promote efficiency.  
12 For this purpose, the Board may group, coordinate, consolidate or integrate  
13 positions and create, classify, split and abolish positions;

14          d) Adopt, promulgate or amend, revise, modify or repeal rules and  
15 regulations necessary to implement the provisions of this Act;

16          e) Appoint the administrator and deputy administrators and other  
17 officers upon the recommendation of the chairman and chief executive  
18 officer;

19          f) Approve the annual budget and such supplemental budgets of the  
20 Authority;

21          g) Review, revise, modify, increase or decrease the fees and  
22 assessment authorized to be collected in this Act as market condition may  
23 warrant taking into account public interest, cost of services and the prices of  
24 coconut products and by-products; and

1 h) Perform such other duties as may be assigned to it by the  
2 President of the Philippines.

3 SEC. 9. ***Quorum and Meeting.*** – The Board shall meet as often  
4 as the exigency of the service may demand. The presence of at least six (6)  
5 members shall constitute a quorum and the vote of a majority of the  
6 members present constituting a quorum shall be necessary for the adoption  
7 of any rule, resolution, decision or any other act of the Board.

8 SEC. 10. ***Compensation.*** – The members of the Board may receive  
9 per diems for every meeting actually attended at such amount to be fixed by  
10 the Board but not to exceed Two Thousand Pesos (₱2,000.00) per board  
11 meeting: *Provided*, That it shall not exceed four (4) board meetings during  
12 any month for each member.

13 SEC. 11. ***Officers and Personnel.*** – The chairman of the Board,  
14 who shall have the rank and privileges of a department secretary, shall be the  
15 head and chief executive officer of the Authority. Upon his  
16 recommendation, the Board shall appoint an administrator of the Authority  
17 who shall be the chief operating officer, with the rank and privileges of a  
18 department undersecretary. The administrator shall have the responsibility  
19 of managing the day-to-day affairs and operations of the Authority subject to  
20 the supervision and control of the chief executive officer and in accordance  
21 with the policies established by the Board.

22 There shall be such sufficient number of deputy administrators as the  
23 Board may prescribe to assist the administrator who shall be appointed or  
24 removed for cause by the Board. The administrator and the deputy

1 administrator may be delegated with such powers and duties as the chairman  
2 and chief executive officer may prescribe from time to time.

3 SEC. 12. *Application of the Civil Service Law.* – All officers and  
4 employees of the Authority shall be subject to the civil service laws, rules  
5 and regulations, and all selection and appointments shall be based on merit  
6 and fitness.

#### 7 ARTICLE IV

#### 8 MANAGEMENT AND OPERATIONS

9 SEC. 13. *Management.* – The management of the corporate affairs  
10 of the Authority shall be the responsibility of the chief executive officer with  
11 the assistance of the administrator, deputy administrator and such other  
12 officers as may be determined by the Board.

13 SEC. 14. *Duties of the Chief Executive Officer.* – The chief  
14 executive officer shall exercise the following duties and responsibilities:

- 15 a) Initiate and develop corporate policies, programs and objectives  
16 for approval of the Board;
- 17 b) Establish general administrative and operating policies;
- 18 c) Appoint all other non-officer employees of the Authority;
- 19 d) Execute for and in behalf of the Authority contracts, obligations  
20 and agreements which are required to be approved by the Board;
- 21 e) Appoint technical consultants;
- 22 f) Discipline officers and employees in accordance with civil service  
23 laws, rules and regulations;
- 24 g) Submit the internal organizational structure of the Authority,  
25 financial statements and other reports as may be required by the Board;

1           h) Delegate or assign any of the foregoing powers and duties except  
2 the power to appoint any official in the hierarchy of authority and always  
3 subject to his supervision and control; and

4           i) Exercise such other powers and duties as may be delegated by the  
5 Board.

6           **SEC. 15. *Corporate Planning Office.*** – To assist the chief  
7 executive officer in the formulation of general plans and programs,  
8 promulgation of policies, the monitoring and evaluation of industry and  
9 corporate activities, there shall be a Corporate Planning Office which shall  
10 serve as the technical arm under the office of the chairman, having the status  
11 of a branch which shall be headed by an executive director with a rank of a  
12 deputy administrator. The executive director shall be co-terminous with the  
13 chairman and with three (3) permanent managers performing the functions  
14 of plans and programs development, policy research and analysis, and  
15 monitoring and evaluation.

16           **SEC. 16. *Duties of the Chief Operating Officer.*** – The chief  
17 operating officer shall exercise the following duties and responsibilities:

18           a) Ensure that the administrative and operating policies are carried  
19 out under the direction and control of the chairman and chief executive  
20 officer;

21           b) Prepare and submit to the chief executive officer, within sixty (60)  
22 days before the beginning of each calendar year, an annual operational  
23 budget of the Authority; and

1 c) Monitor operational problems, adopt remedial measures and  
2 submit policy proposals to improve the day-to-day affairs and operations of  
3 the Authority.

4 SEC. 17. ***Branch Offices.*** – The Authority shall have the following  
5 branches:

6 a) *Agricultural Research and Development Branch* for the execution  
7 and implementation of policies, plans and programs relating to advancement  
8 in industrialization and development;

9 b) *Industrial Research and Development Branch* for the execution  
10 and implementation of policies, plans and programs relating to advancement  
11 in industrialization and development for the coconut products and by-  
12 products, particularly on food, oleo-chemicals, fuels and lubricants;

13 c) *Market Research and Development Branch* for the formulation  
14 and implementation of policies, plans and programs relating to domestic and  
15 international markets development affecting the coconut industry including  
16 the enforcement of market rules and regulations formulated by the  
17 Authority;

18 d) *Field Operations Branch* for execution and implementation of  
19 policies, plans and programs relating to production, marketing and  
20 processing activities;

21 e) *Administration and Finance Branch* for developing and  
22 maintaining the delivery of all necessary administrative, financial and  
23 manpower support for the whole operations of the Authority; and

24 f) *Development Information and Communication Branch* for the  
25 execution and implementation of policies, plans and programs relating to



1 development. information and communication as well as other socio-  
2 economic research and development.

3 Every branch shall be headed by a deputy administrator or such  
4 qualified acting or officer in charge as may be designated by the chief  
5 executive officer.

6 SEC. 18. **Regional Offices.** – The Authority shall establish and  
7 organize regional offices in accordance with the political and administrative  
8 regions in the country and such number of provincial or district offices, or  
9 both, that will assist the Authority in the full implementation of this Act.

10 SEC. 19. **Departments, Divisions and Units.** – There shall be,  
11 under the office of the chairman and chief executive officer, an administrator  
12 and deputy administrators of specialized departments, divisions, units or  
13 offices as may be necessary to provide the needed administrative, technical  
14 and specialized services, as may be deemed proper and expedient by the  
15 Board, which shall be headed by a person with the required specialization or  
16 expertise.

## 17 ARTICLE V

### 18 SOURCES OF FUNDING

19 SEC. 20. **Coconut Development Fund.** – There is hereby  
20 established a *National Coconut Development Fund*, herein referred to as the  
21 “*Coconut Fund*,” to be administered by the Authority for the purpose of  
22 financing the growth and development of the coconut industry, including  
23 human resource development, training of farmers and other related activities.  
24 As initial capitalization, the sum of ONE BILLION PESOS

1 (P1,000,000,000.00) is hereby appropriated to be made available within one  
2 (1) year from the approval of this Act.

3 Thereafter, a continuing appropriation is hereby authorized to be  
4 appropriated in the amount of not less than One Billion Pesos of the total  
5 industry export performance of the immediately preceding year as reported  
6 by the Bangko Sentral ng Pilipinas and to be deposited in a trust account  
7 with an authorized government bank as may be determined by the Authority.  
8 The amount shall be released annually by the said bank to the Authority  
9 upon presentation of its approved budget and programs.

10 SEC. 21. ***Special Corporate Support Fund.*** – The Authority shall  
11 have a Special Corporate Support Fund for its administrative operating  
12 expenses to be funded from the following sources:

13 a) An assessment of twelve centavos (P0.12) per kilogram of copra  
14 or husked nuts, or their equivalent in other coconut products, delivered to  
15 and purchased by traders, exporters, millers, desiccators and other end-users  
16 of coconut products: *Provided*, That such assessment shall be collected by  
17 the Authority and deposited with any government depository bank which  
18 shall be used exclusively for the operational, supplemental or special budget  
19 duly approved by the Board: *Provided, further*, That no portion of the fund  
20 nor any unexpended balance thereof, including its earnings, shall be  
21 transferred to the general or any special funds of the government, but shall  
22 remain as corporate funds to be used in accordance with the authorized  
23 purposes; and

24 b) The proceeds of regulatory and service fees or charges as may be  
25 determined and imposed by the Board in the implementation of the

1 provisions of this Act to cover reasonable costs of service in the issuance of  
2 licenses, certificates, export permits prior commodity clearances including  
3 other incomes to be withdrawn in accordance with the immediately  
4 preceding paragraph. Such regulatory and service fees or charges shall be  
5 exempted from the provisions of Presidential Decree No. 1234, entitled  
6 *“Instituting A Procedure For The Management Of Special And Fiduciary*  
7 *Funds Earmarked Or Administered By Departments, Bureaus, Offices And*  
8 *Agencies of the National Government, Including Government-Owned Or*  
9 *Controlled Corporations.”*

10       SEC. 22.    ***Other Sources of Funding.*** – In the event the funds as  
11 provided in Sections 20 and 21 of this Act become insufficient, an amount  
12 not less than the initial appropriation mentioned in Section 20 hereof shall be  
13 appropriated from the following sources:

14       a) The proceeds of the value-added tax imposed on all coconut  
15 products and by-products, except copra, copra cake and meal which are  
16 hereby exempted from payment of value added tax and on the services of  
17 coconut oil mills, desiccated coconut factories and other processors of  
18 coconut products shall be collected by the Bureau of Internal Revenue under  
19 Executive Order No. 273, entitled *“Adopting A Value-Added Tax, Amending*  
20 *For This Purpose Certain Provisions Of The National Internal Revenue*  
21 *Code, And For Other Purposes,”*: *Provided*, That such proceeds of the  
22 value added tax shall be deposited with the Treasurer of the Philippines  
23 within the first ten (10) days of each quarter and shall be automatically  
24 appropriated to finance the programs and projects of the Authority;

1           b) The proceeds of the basic export and premium duties under  
2 Section 514 (*Export Products Subject To Duty and Rates*) of the Tariff and  
3 Customs Code levied on copra, coconut oil, copra meal or cake and  
4 desiccated coconut exports, should the President of the Philippines reimpose  
5 such duties under and by virtue of the flexible clause provision of Section  
6 515 of such Code: *Provided*, That such proceeds shall be collected by the  
7 Bureau of Customs and deposited with the Treasurer of the Philippines  
8 within the first ten (10) days of each quarter and shall be automatically  
9 appropriated and released to finance socio-economic and developmental  
10 programs and projects of the Authority;

11           c) The proceeds of loans which the Authority may obtain from  
12 financial institutions: *Provided*, That should the total outstanding proceeds  
13 shall at any one time exceed One Billion Pesos (P1,000,000,000.00), the  
14 transaction shall be subject to the approval of the President; and

15           d) The proceeds from sale of bonds and other certificates of  
16 indebtedness issued by the Authority and duly approved by the Monetary  
17 Board, in an amount exceeding One Hundred Million Pesos  
18 (P100,000,000.00) at any one time: *Provided*, That the bonds and other  
19 certificates of indebtedness to be issued under this Act shall be exempt from  
20 taxation: *Provided, further*, That proceeds of the bonds and other  
21 certificates of indebtedness herein mentioned shall be used to finance socio-  
22 economic and developmental programs and projects of the Authority as the  
23 President of the Philippines may approve.

24

25





1 j) Name of vessel; and

2 k) Destination and port of discharge.

3 SEC. 28. ***Issuance of Export Clearance.*** – The export clearance  
4 shall be issued by the Authority upon satisfaction of the following:

5 a) The export price must not be less than ninety-five percent (95%)  
6 of the prevailing market quotation or Bangko Sentral ng Pilipinas guiding  
7 rate as determined by the Authority; and

8 b) The exporter has complied with the regulations governing the  
9 products for export, including the payment of administrative fees and  
10 assessment.

11 SEC. 29. ***Commodity Clearance.*** – Before shipment of coconut  
12 products covered under Section 27 of this Act, the exporter shall obtain a  
13 commodity clearance from the Authority showing the following:

14 a) An export clearance for the product issued to the exporter;

15 b) Inspection and sampling of the products by the inspector or  
16 surveyor appointed or designated by the Authority;

17 c) Laboratory analysis of the samples attesting that the product is an  
18 exportable quality, which analysis shall be valid only for one (1) month from  
19 the date it is reported by the laboratory services of the Authority; and

20 d) Payment to the Authority of all fees related to the exportation of  
21 the products.

22 SEC. 30. ***Periodic Commodity Clearance.*** – A periodic  
23 commodity clearance shall be issued to regular exporters of desiccated  
24 coconut with existing plant facilities upon filing of an application on a plant  
25 basis within thirty (30) days prior to the date of initial shipment covered by





1 *Cooperatives Under The Jurisdiction Of The Philippine Coconut*  
2 *Administration, Amending For The Purpose Republic Act Numbered Eleven*  
3 *Hundred Forty-Five,*” as follows:

4           1. Agro-industrial coconut cooperatives with net assets of not  
5 more than Five Hundred Thousand Pesos (P500,000.00) shall be  
6 exempt from all taxes and government fees of whatever nature; and  
7 those with net assets in excess of Five Hundred Thousand Pesos  
8 (P500,000.00) shall be exempt from the payment of documentary  
9 stamp tax, resident taxes, tax on banks and insurance companies and  
10 municipal and city taxes, but shall be liable for the payment of income  
11 tax at the full rate provided for under existing laws on the amount  
12 allocated for interest on capital, fixed and percentage taxes at the full  
13 rate provided for under existing laws on gross sales to non-members;  
14 and all other taxes provided for under existing laws;

15           2. Agro-industrial coconut cooperatives may deposit their  
16 sealed cash boxes, documents and valuable papers in the safes of city  
17 or municipal treasurer and other government offices free of charge  
18 and the depository of said articles shall issue a receipt therefor; and

19           3. Agro-industrial cooperatives shall be represented in courts  
20 by provincial or city fiscal or the government corporate counsel or his  
21 representative in any case where they are a party either as a plaintiff  
22 or defendant, except when the government is one of the parties;

23           c) Exemption from all assessments, levies, taxes and fees of  
24 whatever nature arising from the sale or transfer to the Authority of coconut  
25 seednut for the planting or replanting program under Presidential Decree

1 No. 1468, entitled “*Revising Presidential Decree Numbered Nine Hundred*  
2 *Sixty One;*”

3 d) The deductibility as business expense for income tax purpose of  
4 contributions, donations made by members of the coconut industry to  
5 coconut farmers cooperatives or associations duly accredited by the  
6 Authority;

7 e) Exemption from payment of sales tax, special fund impost to  
8 diesel, specific tax applied to diesel fuel, manufacturer’s tax on coconut oil  
9 to be used as engine fuel, either in its pure state or as blending component  
10 for diesel fuel under Section 1 of Executive Order No. 827, entitled  
11 “*Exempting Coconut Oil From The Coconut Levy And Sales Tax As Well As*  
12 *From The Special Fund Impost To Diesel;*” including the recognition as  
13 exports of all sales of coconut oil to the Philippine National Oil Company  
14 under the coco diesel program and for purposes of the grant of export  
15 credits and other privileges per Executive Order No. 846, entitled  
16 “*Amending Executive Order No. 827*” and Letter of Instructions No. 1332  
17 to the Bangko Sentral ng Pilipinas, Philippine National Oil Company and  
18 Philippine Coconut Authority and other agencies concerned to ensure the

19 f) success of the coco-diesel program of the government;

20 g) Exemption from any and all assessable taxes, including income  
21 tax, duties, levies, imposts and other similar charges as well as ad valorem  
22 duty imposed by Executive Order No. 860, entitled “*Imposing An*  
23 *Additional Duty Of Three Percent (3%) Ad Valorem On All Imports;*” on  
24 the purchase abroad and importation into the Philippines by coco-chemical  
25 enterprises duly registered with the Board of Investment and the Authority

1 and the sale by foreign suppliers or contractors of all required, necessary  
2 and useful machinery, equipment and services for the establishment of a  
3 chemical processing plant under Executive Order No. 880, entitled  
4 “*Declaring The Establishment Of A Coconut Chemical Industry As A*  
5 *Means To Rationalize The Coconut Industry Of The Philippines And*  
6 *Granting Additional Incentives Therefor;*”

7 h) Exemption from all taxes, duty, imposts and other charges of  
8 whatever nature arising from acquisition of capital equipment and  
9 machinery including real estate tax on land and its improvement used by  
10 any person or enterprise to undertake a private productivity program in  
11 accordance with a farm development plan approved by the Authority, which  
12 privileges shall be enjoyed for a period of ten (10) years from the date of  
13 said approval: *Provided*, That the project shall be implemented and fully  
14 developed within five (5) years from the date of approval of the farm  
15 developmental plan; and

16 i) Generally, all other tax and non-tax incentives granted to the  
17 coconut industry, its institutions, members and participants under other  
18 existing applicable laws, decrees, executive orders and similar issuances.

19 SEC. 34. ***Tax Exemption.*** – Notwithstanding the provisions of any  
20 law to the contrary, all real and personal properties, equipment and  
21 machinery acquired by the Authority for its operations under this Act shall  
22 be exempt from all taxes, fees, duties, imposts and assessments, both  
23 national and local except income tax.

24  
25



1 the license, the Authority shall evaluate and determine the need for the  
2 establishment of additional mills or plant or upgrading the capacity of any  
3 existing mills or plant in relation to:

- 4 a) The existing market demand;
- 5 b) The production capacity prevailing in the country, locally or any  
6 sector of the industry;
- 7 c) The level and flow of supply or raw materials; and
- 8 d) Such other circumstances which may affect the viability or  
9 stability of the industry concerned.

## 10 **ARTICLE X**

### 11 **PENALTIES**

12 SEC. 37. *Penalties.* – Any person who willfully or deliberately  
13 violates any of the provisions of this Act or rules or regulations duly  
14 promulgated hereunder shall be punished by a fine of not less than Fifty  
15 Thousand Pesos (P50,000.00) but not more than One Hundred Thousand  
16 Pesos (P100,000.00), or by imprisonment of not more than five (5) years, or  
17 both: *Provided*, That should the violation constitute an act punishable under  
18 the Revised Penal Code, the pertinent provision and penalty prescribed in  
19 the said Code shall apply.

20 If the violation be committed by an association, partnership,  
21 corporation or any juridical person, the officer or officers, director or  
22 employee responsible for the violation shall be held liable and shall suffer  
23 the penalties provided herein. An alien found guilty shall after having  
24 served his sentence be immediately deported and in case of a naturalized  
25 citizen, his Certificate of Naturalization shall be cancelled.



