

**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City**

**SEVENTEENTH CONGRESS
First Regular Session**

House Bill No. 2484

HOUSE OF REPRESENTATIVES	
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Introduced by REPRESENTATIVE ARTHUR C. YAP

EXPLANATORY NOTE

Coconut is popularly known as the ‘tree of life’ because of the variety of products and by-products that can be made from the tree, among them: coconut meat, oil, juice, shell, shell charcoal, leaves, husk, pith, inflorescence, trunk and roots. In the Philippines, they are usually used in making main dishes, refreshments and desserts. Its juice is also a popular drink in the country.

The coconut industry in the Philippines plays a key role in shaping national development. It is among the top ten export produce of the country. About one third of the country's arable agricultural land or 3.26 million hectares is planted with coconut representing sixty-four (68) out of total seventy-nine (79) provinces. It provides a sustainable income source for Filipinos by way of employment generation through direct farming, processing and diversified productive activities involving its meat and other by-products.

However, coconut producing areas in the country – though one of the most productive industries – host the largest number of rural poor. Around 60% of the sector's farmers and workers live below the poverty line. Problems vary from poor farm management practices, natural calamities, land conversion, as well as pest and diseases.

In 1940, the National Coconut Corporation (NACOCO) was created to promote the growth and development of the industry. It was later renamed in 1954, as the Philippine Coconut Administration (PHILCOA) with the same function and responsibilities. Ten years later, PHILCOA expanded its scope of operations and renamed as Philippine Coconut Research Institute (PHILCORIN), an agency created to monitor, evaluate and conduct researches on the coconut. In 1971, the Coconut Coordinating Council (CCC) was created in lieu of PHILCORIN and was tasked to supervise, coordinate and evaluate the implementation of the coconut self-sufficiency

program of the government. But these agencies lacked singleness in their purposes. The framework upon which they operated did not revolve around the total development of the coconut industry where coconut farmers stood at the focal point.

In view of this, Government deemed it necessary to create an agency that would address that situation, thus, the Philippine Coconut Authority (PCA) was created on June 30, 1973 by virtue of P.D. No. 232. It became an independent public corporation on July 14, 1976 pursuant to P.D. No. 961. This later decree was the first codification of the laws dealing with the development of the coconut and other palm oil industry. The Code was later revised on June 11, 1978 by P.D. No. 1468 which eventually became the charter of PCA as a public corporation.

Today, the Philippine Coconut Authority is the sole government agency that is tasked to develop the industry to its full potential in line with the new vision of a united, globally competitive and efficient coconut industry. However, the laws enacted by Congress were intended to address the conditions of the coconut industry existing almost four (4) decades ago, making the present charter of the PCA deficient in addressing current problems that plague the coconut industry.

This bill seeks to transform the Philippine Coconut Authority both at the policy and operational levels and to provide an over-all strategic guidance to the development of the coconut industry taking into consideration current technological and market developments both locally and globally. To achieve this purpose, a new government corporate entity to be known as the Philippine Coconut Industry Development Authority (PHILCIDA) shall be established and mandated to accomplish the policies and objectives laid down in the proposed measure.

Under the bill, PHILCIDA shall be empowered with developmental, governmental, regulatory, research and development, and corporate powers and functions to achieve its goals. It shall provide coconut farmers with marketing and financing assistance and extension services to boost production and increase their incomes. It shall also actively engage in the rehabilitation and replanting of coconut trees throughout the country to further the industry's long-term sustainability. Finally, it shall also pursue the development and propagation of new technologies applicable to the industry and inculcate a culture of scientific excellence among those involved in agro-industrial research and development.

In view of the foregoing, the immediate consideration and passage of this bill is earnestly requested.



ARTHUR C. YAP
Representative

**Republic of the Philippines
HOUSE OF REPRESENTATIVES
*Quezon City***

**SEVENTEENTH CONGRESS
First Regular Session**

House Bill No. 2464

Introduced by REPRESENTATIVE ARTHUR C. YAP

**AN ACT
REVITALIZING THE COCONUT INDUSTRY,
APPROPRIATING FUNDS THEREFOR AND FOR
OTHER PURPOSES**

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

Article I

2 General Provisions

SECTION 1. *Short Title.* - This Act shall be known as 'The
Coconut Industry Development Act of 2016'.

5 **SECTION 2. *Declaration of Policy.*** - It is the policy of the State to
6 recognize the essential role of coconut as a strategic, indigenous,
7 replenishable and renewable source of livelihood for a great number of
8 Filipinos. Towards this end, the State shall promote the rapid, steady and
9 continuous integrated development and growth of the coconut industry in all
10 its aspects and ensure that the coconut farmers, farm workers, processors,
11 lessees and tillers, and their families, shall become direct participants in, and

1 beneficiaries of, such development and growth thereby increasing their
2 income and uplifting their quality of life.

3 As used in this Act, ‘coconut’ shall encompass coconut trees and oil
4 palm trees, and coconut and oil palm-based products and by-products.

5 **SECTION 3. *Objectives*** - Pursuant to the above-cited policy,
6 government efforts shall be directed towards the following objectives:

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

9 b) Develop and establish the coconut farming systems including but not
10 limited to the establishment of model coconut farms;

11 c) Hasten and advance industrialization in the coconut industry and the
12 diversification and proper utilization of coconut products and by-
13 products, and oil palm products and by-products;

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

19 e) To increase production by expanding the planting and replanting
20 program of coconut trees in strategic areas identified as having the most
21 potential and the rehabilitation and fertilization of existing coconut trees;

22 f) Conduct scientific researches and investigations in all areas pertaining to
23 agricultural, industrial, marketing and socio-economic aspect of the

- 1 coconut industry and encourage the participation of small farm holders
2 in research and technology;
- 3 g) Encourage and promote the organization of coconut farmers
4 cooperatives, associations and organizations, and provide them credit
5 and financing schemes;
- 6 h) Generate and disseminate information and communication to farmers,
7 producers and other sectors to ensure the appreciation and adoption of
8 appropriate technology and practices, inventions, as well as the proper
9 awareness and correct understanding of issues and development in the
10 coconut industry; and,
- 11 i) Coordinate and integrate all efforts of various agencies of government
12 and provide general direction for the steady and orderly development of
13 the industry.

14 **Article II**

15 **Powers and Functions of the**

16 **Philippine Coconut Industry Development Authority**

17 **SECTION 4. *Philippine Coconut Industry Development Authority***

18 - To implement the policy and objectives of this Act, there is hereby created
19 and established a non-stock, government corporate entity known as the
20 Philippine Coconut Industry Development Authority (PHILCIDA),
21 hereinafter referred to as the Authority.

22 **SECTION 5. *Powers and Functions.*** - The Authority shall exercise
23 the following core powers and functions:

1 a) ***Developmental Power and Function*** – Formulate and adopt a general
2 program of development geared towards increased farm productivity,
3 through planting or replanting of suitable seedling varieties,
4 rehabilitation and fertilization of coconut, integrated coconut-based
5 farming systems and product processing, and whenever necessary, the
6 construction of related support and infrastructure facilities. For this
7 purpose, the Authority shall adopt a special program to maximize the
8 yield of small coconut farmers and their families, particularly those
9 farms covered by the agrarian reform program of the government;

10 b) ***Research and Development Powers and Functions*** -

11 1) Undertake scientific researches and investigations on crop and
12 varietal improvement, pests and diseases, agronomy and mineral
13 nutrition, coconut wood utilization, virology and biochemistry and
14 epidemiology of *cadang-cadang*, and such other similar studies on
15 varietal and crop improvement of general or local suitability;

16 2) Undertake scientific researches and investigations on food, non-food
17 products and by-products including bio-diesel, directly or in
18 collaboration with other public agencies or the private sector;

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

23 c) *Regulatory Powers and Functions*

- 1) Regulate the marketing and the exportation of coconut products and
2 by-products and oil palm products and by-products to conform with
3 quality or food standards recognized by both the domestic and
4 international market;
- 5) Take samples and conduct examination of any copra, coconut
6 products and by-products and oil palm products and by-products that
7 are subject to domestic and international standards; to conduct
8 laboratory analysis to determine the chemical characteristics of
9 moisture content, contaminants, including the presence of toxin and
10 other contaminants and issue the necessary commodity clearance or
11 permit: *Provided*, That the Authority may withhold the issuance of
12 such clearance or permit, or suspend or cancel any clearance or
13 permit already issued in case of violation by the holder of any
14 provision of this Act or rules and regulations duly promulgated by
15 the Authority;
- 16) Develop and recommend for the adoption of the Bureau of Plant
17 Industry and other concerned government agencies measures and
18 methodology quarantine for coconut products and by-products and
19 oil palm products and by-products; to impose such restrictions in the
20 transport movement or handling of the same in accordance with such
21 standards and quarantine procedure determined by the Authority;
- 22) Order the closure of any mill, refinery, processing firm, copra
23 warehouse or any place or building where coconut products and by-
24 products or oil palm products and by-products are stored, or to

1 intercept any vehicle or ship or vessel carrying or transporting
2 coconut products and by-products, and seize the contents thereof,
3 where there is reasonable ground to believe that the owner, possessor
4 or person or persons in control of such place, building, vehicles, ship
5 or vessel, have violated the provisions of this Act or any rules and
6 regulations promulgated thereto in a manner that is prejudicial and
7 detrimental to the coconut industry or the consuming public.

8 d) ***Corporate Powers and Functions***

- 9 1) Create subsidiaries or enter into partnerships or joint ventures with
10 any public or private foreign or local entity, natural or juridical, and
11 acquire, own or hold shares of stock or interest therein for the
12 purpose of fully utilizing the commercial value of pioneer and new
13 technology generated in the industry, or of financing the
14 manufacture, on commercial scale of coconut products and by-
15 products or oil palm products and by-products: *Provided*, That such
16 subsidiary, partnership, joint venture which the Authority is
17 authorized to create, shall be governed by the provisions of general
18 laws applicable to corporations and such entities: *Provided, further*,
19 That after such partnership, subsidiary or joint venture with private
20 Filipino citizens or entities authorized to be created shall have
21 become fully viable for commercial operation, and the Authority has
22 recovered its investments or contributions, the Authority shall
23 immediately divest itself of its interest over the partnership,
24 subsidiary, or joint venture in favor of any private person or entity.

- 1 For purposes of this paragraph, the Authority shall make studies and
2 investigations of the enterprises and projects for which the loans,
3 contributions and subscriptions to the capital of the enterprise or
4 investments mentioned are needed, and determine the advisability of
5 financing the same;
- 6 2) Lease real estate, lands and interest in lands owned and acquired by
7 the Authority including buildings or other structures with their
8 appurtenances in pursuance of any partnership or joint venture to
9 implement its technology or developmental projects and programs;
- 10 3) Borrow, raise or obtain funds; to issue bonds and other instruments of
11 indebtedness; or to enter into any financial or credit arrangement
12 from any financial or lending institutions, local or foreign, in order to
13 support or carry out its objectives and purposes, subject to pertinent
14 laws governing public debts and expenditures; and when necessary,
15 subject to the approval of the President;
- 16 4) Receive grants, subsidies, donations or contributions from
17 corporations, trusts, foundations, associations and other sources from
18 any private or government office, agency or corporation, local or
19 foreign;
- 20 5) Purchase, own, lease, hold, or otherwise acquire real estate, lands and
21 interest in lands and to own, hold, improve, develop, and manage any
22 real estate so acquired and to erect, rebuild, enlarge, alter or improve
23 buildings or other structures with their appurtenances on any lands so
24 owned or occupied;

- 1 6) Purchase, own, lease, hold, or otherwise acquire such machineries,
2 equipment, tools, materials, supplies, or other parts as may be
3 necessary, convenient or appropriate for any of the purposes for
4 which the Authority is formed;
- 5 7) Invest and deal with the funds of the Authority in stocks, bonds and
6 other secured collaterals with skill, care, prudence and diligence, in
7 order not to make such funds idle and unproductive pending with
8 their full utilization for the principal objects and purposes for which
9 the Authority has been organized: *Provided, however,* That such
10 investments shall be subject to the approval of the President.

11 e) ***Extension Services and Market Development Powers and Functions***

- 12 1) Render training, extension service programs and disseminate
13 information to coconut farmers, farm workers and processors relative
14 to production technology, marketing systems, entrepreneurial and
15 other technical skills and values, attitude formation and socio-
16 economic development strategies;
- 17 2) Promote, encourage and assist coconut farmers, processors and
18 workers organize themselves into associations and cooperatives,
19 equip them with greater capability of marketing their products, and
20 assist them obtain more credit facilities; to register and accredit such
21 associations and cooperatives for purposes of participation in the
22 developmental programs of the Authority : *Provided,* That the
23 Authority shall not directly or indirectly influence the farmers in the

- 1 exercise of their choice or selection of candidates or leaders in the
2 organizations;
- 3 3) Provide, in coordination with the private sector, a system of
4 accreditation of association of traders, desiccators, farmers, exporters
5 and end-users of coconut products and oil palm products and by-
6 products;
- 7 4) Undertake or participate in trade missions to obtain better preferential
8 trading arrangements with importing countries, and enter or
9 otherwise participate in behalf of the coconut trading industry in all
10 agreements, arrangements, missions or conventions with any foreign
11 government or entity with respect to trading relations, market quotas,
12 tariff and non-tariff barriers and such other matters affecting the
13 export of coconut products and by-products, and oil palm products
14 and by-products;
- 15 5) Assist coconut farmers and organizations in marketing their products
16 locally or abroad when the need arises;
- 17 6) Assist coconut farmers organizations in establishing farmer-owned
18 bonded warehouses and processing facilities;
- 19 7) Develop credit assistance programs and funding mechanisms for
20 coconut farmers, processors, workers and organizations;
- 21 8) Engage in the business of manufacture and merchandise of coconut
22 consumer products and by-products and distribute the same in the

1 local market to avert the short supply of such products for the interest
2 of the consumers; and,
3 9) Promote then expansion and development of the domestic and
4 foreign market for coconut products and by-products and oil palm
5 products and by-products.

6 f) ***Governmental Powers and Functions***

- 7 1) Impose and collect all fees, charges, assessments and imposts
8 including interests and surcharges authorized under this Act or its
9 implementing rules and regulations and disburse funds generated by
10 the Authority from its operations to carry out its functions;
- 11 2) Require exporters, traders, millers, refiners, desiccators, oleo-
12 chemical processors, other manufacturers and end-users of coconut
13 products and by-products and oil palm products and by-products to
14 submit periodic reports of production, receipts of deliveries or
15 purchases or both, sales, inventory, contracts and such other data the
16 Authority may deem necessary to properly and effectively promote
17 the development of the Authority;
- 18 3) Promulgate its own rules for investigation and procedure to
19 investigate complaints involving violations of this Act or any rules
20 and regulations issued pursuant thereto, or any other laws, rules and
21 orders affecting the coconut industry; arbitrate or settle conflicting
22 claims or render the appropriate decision or award including the
23 imposition of administrative penalty of cancellation, revocation and

suspension of license, registration, permit or clearance issued in accordance with this Act;

4) Call upon or deputize any official or law enforcement agency of the government as may be necessary to assist the Authority in carrying out and enforcing its functions under this Act;

5) Issue subpoenas or subpoena duces tecum and/or Subpoena ad testificandum to summon witnesses to appear in any investigation or hearing conducted by it;

6) Enter into, make, conclude, perform, and carry out contracts of every kind and nature and for any lawful purpose which are necessary, proper or incidental to any business or purpose of the Authority; and,

7) Adopt, alter and use a corporate seal; to sue and be sued; and otherwise to do and perform all acts or exercise all powers and functions necessary or incidental to attain the national policy and objectives under this Act.

Article III

Board of Directors and Other Personnel

SECTION 6. *Board of Directors.* - The corporate powers and
of the Authority shall be vested and exercised by a Board of
tors, hereinafter referred to as the Board, composed of seven (7)
bers to be appointed by the President, three (3) of whom shall represent
coconut farmers sector, one (1) from the trading and processing sector,
(1) from the science and research sector, and two (2) from the
overnment sector. The Chairman shall be designated by the President from

1 among the members appointed. In his absence, the chairman may designate
2 any member of the Board to preside during the meeting.

3 **SECTION 7. *Tenure.*** - The members of the Board shall hold office
4 for a term of six (6) years or until their successors shall have been appointed
5 and qualified, or unless sooner removed for cause. Appointment to vacant
6 positions shall only be for the unexpired term of the predecessor.

7 **SECTION 8. *Powers and Functions.*** - The Board shall exercise
8 the following powers and functions:

- 9 a) Formulate and adopt a national government plan for the coconut
10 industry and promulgate the necessary rules and regulations, policies
11 and measures in support of the plan;
- 12 b) Prescribe the organization of the Authority and fix the compensation and
13 allowances of all its personnel in accordance with law;
- 14 c) Reorganize the Authority when there is a need to institute reforms in the
15 organizational structure to effect economy and promote efficiency. For
16 this purpose, the Board may group, coordinate, consolidate or integrate
17 positions and create, reclassify, split and abolish positions;
- 18 d) Adopt, promulgate or amend, revise, modify or repeal rules and
19 regulations necessary to implement the provisions of this Act;
- 20 e) Appoint the Administrator and Deputy Administrators and other officers
21 upon the recommendation of the Chairman;
- 22 f) Approve the annual budget and such supplemental budgets of the
23 Authority;

- 1 g) Review, revise, modify, increase or decrease the fees and assessments
2 authorized to be collected in this Act as current industry conditions may
3 warrant taking into account public interest, cost of services and the
4 prices of coconut products and by-products and oil palm products and
5 by-products; and,
- 6 h) Perform such other duties as may be assigned by the President of the
7 Philippines consistent with this Act.

8 **SECTION 9. *Quorum and Meeting.*** - The Board shall meet as
9 often as the exigency of the service may demand. The presence of at least
10 four (4) members shall constitute a quorum and the vote of a majority of the
11 members present constituting a quorum shall be necessary for the adoption
12 of any rule, resolution, decision or any other act of the Board.

13 **SECTION 10. Compensation.** - The members of the Board shall
14 each receive *per diem* for every committee and board meetings actually
15 attended in accordance with existing rules and regulations: *Provided,*
16 *however,* That the total *per diem* collected each month shall not exceed the
17 equivalent *per diem* for four (4) committee/ board meetings. Unless and until
18 the President of the Philippines has fixed a higher *per diem* for the members
19 of the Board, such *per diem* shall not be more than six thousand pesos (P
20 6,000.00) for every committee / board meeting.

21 **SECTION 11. *Officers and Personnel*** - The Chairman of the
22 Board, who shall have the rank and privileges of a Department Secretary,
23 shall be the head and Chief Executive Officer of the Authority. Upon his
24 recommendation, the Board shall appoint an Administrator of the Authority

1 who shall be the Chief Operating Officer, with the rank and privileges of a
2 Department Undersecretary. The Administrator shall have the responsibility
3 of managing the day-to-day affairs and operations of the Authority subject to
4 the supervision and control of the Chief Executive Officer and in accordance
5 with the policies established by the Board.

6 The Administrator shall have a term of six (6) years unless sooner
7 removed.

8 There shall be such sufficient number of Deputy Administrators as the
9 Board may prescribe to assist the Administrator who shall be appointed or
10 removed for cause by the Board. The Administrator and the Deputy
11 Administrators may be assigned with such powers and duties as the Chief
12 Executive Officer may prescribe from time to time.

13 **SECTION 12. *Application of the Civil Service Law.*** - All officers
14 and employees of the Authority shall be subject to the civil service laws,
15 rules and regulations, and all selection and appointments shall be based on
16 merit and fitness.

17 **Article IV**

18 **Management and Operations**

19 **SECTION 13. *Management.*** - The management of the corporate
20 affairs of the Authority shall be the responsibility of the Chief Executive
21 Officer with the assistance of the Administrator, Deputy Administrator for
22 planning and such other officers as may be determined by the Board.

23 **SECTION 14. *Duties of the Chief Executive Officer*** - The Chief
24 Executive Officer shall exercise the following duties and responsibilities:

- 1 a) Initiate and develop corporate policies, programs and objectives for the
- 2 approval of the Board;
- 3 b) Establish general administrative and operating policies;
- 4 c) Appoint all non-officer employees of the Authority;
- 5 d) Execute for and in behalf of the Authority contracts, obligations and
- 6 agreements which are required to be approved by the Board;
- 7 e) Appoint technical consultants;
- 8 f) Discipline officers and employees in accordance with civil service laws,
- 9 rules and regulations;
- 10 g) Submit the internal organizational structure of the Authority, financial
- 11 statements and other reports as may be required by the Board;
- 12 h) Delegate or assign any of the foregoing powers and duties except the
- 13 power to appoint many official in the hierarchy of authority and always
- 14 subject to his supervision and control; and,
- 15 i) Exercise such other powers and duties as may be assigned by the Board.

16 **SECTION 15. *Corporate Planning Office.*** - To assist the Chief
17 Executive Officer in the formulation of general plans and programs,
18 promulgation of policies, the monitoring and evaluation of industry and
19 corporate activities, there shall be a Corporate Planning Office which shall
20 serve as the technical arm under the Office of the Chairman, having the
21 status of a branch which shall be headed by a director for corporate planning
22 with the rank of a Deputy Administrator. The term of the director for
23 corporate planning shall be co-terminus with the Chairman.

1 **SECTION 16. *Duties of the Chief Operating Officer.*** - The Chief

2 Operating Officer shall exercise the following duties and responsibilities:

3 a) Ensure that the administrative and operating policies are carried out

4 under the direction and control of the Chairman and Chief Executive

5 Officer;

6 b) Prepare and submit to the Chief Executive Officer, within sixty (60)

7 days before the beginning of each calendar year, an annual operational

8 budget of the Authority;

9 c) Monitor operational problems, adopt remedial measures and submit

10 policy proposals to improve the day-to-day affairs and operations of the

11 Authority; and,

12 d) Perform other duties and functions as may be assigned by the Chairman

13 of the Board.

14 **SECTION 17. *Branch Offices.*** - The Authority shall have the

15 following branches:

16 a) *Agricultural and Industrial Research and Development Branch* for the

17 execution and implementation of systematic, unified, and credible

18 research and development policies, plans and programs on coconut

19 production, utilization, propagation, and related technologies as guided

20 by principles of scientific excellence and professionalism, including the

21 implementation of policies, plans and programs relating to advancement

22 in industrialization and development of coconut products and by-

23 products, and oil palm products and by-products, particularly on food,

24 oleo-chemicals, fuels and lubricants;

1 b) ***Market Research and Development Branch*** for the formulation and
2 implementation of policies, plans and programs relating to domestic and
3 international markets development affecting the coconut industry,
4 including the enforcement of market rules and regulations formulated by
5 the Authority;

6 c) ***Field Operations Branch*** for execution and implementation of policies,
7 plans and programs relating to production, marketing and processing
8 activities;

9 d) ***Administration and Finance Branch*** for developing and maintaining
10 the delivery of all necessary administrative, financial and manpower
11 support for the whole operations of the Authority; and,

12 e) ***Development Information and Communication Branch*** for the
13 execution and implementation of policies, plans and programs relating to
14 development information and communication, as well as other socio-
15 economic research and development.

16 Each branch shall be headed by a Deputy Administrator or such
17 qualified acting or officer-in-charge as may be designated by the Chief
18 Executive Officer.

19 **SECTION 18. *Regional Offices.*** - The Authority shall establish and
20 organize regional offices in coconut producing areas in the country in
21 accordance with the political and administrative regions in the country and
22 such number of provincial or district offices, or both, that will assist the
23 Authority in the full implementation of this Act.

SECTION 19. *Departments, Divisions and Units.* - There shall be organized such specialized departments, divisions, units or offices as may be necessary to provide the needed administrative, technical and specialized services, as may be deemed proper and expedient by the Board, which shall be headed by a person with the required specialization or expertise as prescribed in the qualification standard for the position or function.

Article V

Sources of Funding

SECTION 20. *Coconut Development Fund.* - There is hereby established a national coconut development fund to be administered by the Authority for the purpose of financing the growth and development of the coconut industry, including human resource development, training of farmers and other related activities. The sum necessary for the establishment of the fund is hereby authorized to be appropriated in the General Appropriations Act of the years following its enactment into law.

16 **SECTION 21. *Other Sources of Funding.*** - In the event the fund
17 as provided in Section 20 of this Act becomes insufficient, an amount shall
18 be appropriated from the following sources:

- 19 a) The proceeds of loans which the Authority may obtain from financial
20 institutions: *Provided*, That should the total outstanding proceeds shall at
21 any one time exceed One Billion Pesos (P1,000,000,000.00), the
22 transaction shall be subject to the approval of the President;

23 b) All other proceeds, income, and collections arising from transactions
24 authorized under this Act: *Provided*. That proceeds herein mentioned

1 shall be used to finance socio-economic, developmental, and research
2 and development programs and projects of the Authority; and,

3 c) The proceeds of the value-added tax imposed on all coconut products
4 and by-products; except copra, copra cake and meal which are hereby
5 exempted from payment of value-added tax, and on the services of
6 coconut oil mills, desiccated coconut factories and other processors of
7 coconut products shall be collected by the Bureau of Internal Revenue
8 under Executive Order No. 273, entitled '*Adopting A Value-Added Tax,*
9 *Amending For The This Purpose Certain Provisions Of The National*
10 *Internal Revenue Code, And For Other Purposes*', Provided, That such
11 proceeds of the value-added tax shall be deposited with the Treasurer of
12 the Philippines within the first ten (10) days of each quarter and shall be
13 automatically appropriated to finance the programs and projects of the
14 Authority.

15 Article VI

16 Registration, License and Permits

17 **SECTION 22. *Application for Registration.*** - Any person directly
18 or indirectly engaged in the manufacture, processing, and other business
19 involving coconut products and by-products, and other oil palm products and
20 by-products to be determined by the Authority pursuant to its rules and
21 regulations shall apply for registration with the Authority.

22 **SECTION 23. *License to Operate.*** - Upon approval of application
23 for registration, the Authority shall issue the corresponding license to
24 operate under such rules and regulations promulgated for the purpose. The

1 application for registration and license shall be mandatory for both the
2 principal and his agents in the case of natural persons, and the central or
3 main offices and their branches or subsidiaries in the case of juridical
4 persons.

Article VII

Commodity Supervision

SECTION 24. Application for Export Clearance. -

8 Notwithstanding any provision of law to the contrary, all exporters of copra,
9 coconut oil, desiccated coconut, copra cake or meal, and other coconut
10 products and by-products shall file with the Authority, not later than ten (10)
11 days prior to the date of loading, an application for export clearance pursuant
12 to such forms prescribed by the Authority under its implementing rules and
13 regulations.

SECTION 25. *Use of Moisture Meter.* - For an accurate

15 determination of moisture content in the copra *resecada*, and in observation
16 of the standard scale for moisture content established by the Authority, all
17 persons or firms engaged in the business involving copra shall use moisture
18 meters duly calibrated, serialized and sealed by the Authority or any duly
19 authorized office.

SECTION 26. Fees. - The Authority shall collect in addition to the

fees for the issuance, renewal or replacement of license and registration such reasonable fees to cover the cost of services under this Act.

Article VIII

Incentives

1 **SECTION 27. Tax Incentives.** - The coconut industry, its
2 institutions, members and participants shall be entitled to all tax and non-tax
3 incentives under existing applicable laws, decrees, executive orders and
4 similar issuances.

5 **SECTION 28. *Tax Exemption.*** - Notwithstanding the provisions
6 of any law to the contrary, all real properties, equipment and machinery
7 acquired by the Authority for its operations under this Act shall be exempt
8 from all taxes, fees, duties, imposts and assessments, both national and local,
9 except income tax.

Article IX

Special Provisions

12 **SECTION 29. *Conservation of Coconut Trees.*** - In order to
13 conserve and protect the resources devoted to coconut industry, the
14 Authority shall regulate the cutting or destruction of coconut trees in
15 accordance with the provisions of Republic Act No. 8048, otherwise known
16 as the 'Coconut Preservation Act of 1995', including all amendments thereto
17 on the date this Act takes effect and to execute and enforce the police
18 powers granted under this Act.

19 **SECTION 30. *Measures to Protect the Industry.*** - When the
20 general welfare of the industry for national interest so requires, and when
21 there exist unabated increase in production capacity resulting, singly or
22 collectively, in cutthroat competition, over-production, underselling, and
23 smuggling of poor quality coconut products and by-products, or oil palm
24 products and products, thereby threatening the viability and stability of the
25 coconut industry or any sector thereof, the Authority shall regulate or

1 otherwise suspend the issuance of license for the establishment and
2 operation of any new coconut oil mill, desiccated coconut plant or refinery
3 or the upgrading of capacities of existing mill, plant or refinery. In granting
4 the license, the Authority shall evaluate and determine the need for the
5 establishment of additional mills or plant or upgrading the capacity of any
6 existing mill or plant in relation to:
7 a) The existing market demand;
8 b) The production capacity prevailing in the country, locally or any sector
9 of the industry;
10 c) The level and flow of supply or raw materials; and,
11 d) Such other circumstances which may affect the viability or stability of
12 them industry concerned.

13 Article X

14 Penalties

15 SECTION 31. **Penalties.** - Any person who wilfully or deliberately

16 violates any of the provisions of this Act or rules or regulations duly
17 promulgated hereunder shall be punished by a fine of not less than Two
18 Hundred Thousand Pesos (P 200,000.00), or by imprisonment of not more
19 than five (5) years, or both: *Provided*, That should the violation constitute
20 an act punishable under the revised Penal Code, the pertinent provision and
21 penalty prescribed in the said Code shall apply.

22 If the violation be committed by an association, partnership,
23 corporation or any juridical person, the officer or officers, director or
24 employee responsible for the violation shall be held liable and shall

1 suffer the penalties provided herein. An alien found guilty shall after having
2 served his sentence be immediately deported and in case of a naturalized
3 citizen, his Certificate of Naturalization be cancelled.

4 **SECTION 32. *Interest and Charges.*** - Assessment and regulatory
5 or service fees or charges which are not paid on the due date thereof shall be
6 subject to penalty interest of fourteen percent (14%) per annum. In addition
7 thereto, a surcharge of twenty-five percent (25%) shall be imposed in case of
8 willful or fraudulent failure to pay as determined by the court in a case filed
9 therefor.

Article XI

Transitory Provision

12 **SECTION 33. *Implementing Rules and Regulations.*** - The
13 PHILCIDA is hereby given full power and authority to promulgate such
14 rules and regulations it may deem proper and necessary for the effective
15 implementation of this Act.

16 **SECTION 34. *Abolition*** - The Philippine Coconut Authority is
17 hereby abolished and its powers and functions transferred to the Philippine
18 Coconut Industry Development Authority together with all the
19 appropriations and funding from all sources, including all its obligations,
20 equipment and other assets and such personnel as are necessary: *Provided*,
21 That as a result or incident of the abolition, no personnel shall be terminated
22 or separated except when the Board exercises its authority to reorganize
23 pursuant to Article II, Section 8 of this Act: *Provided, further*, That
24 displaced personnel as a result of the abolition shall be given compensation
25 equivalent to twice their present salary for every year of government service;

1 *Provided furthermore*, That the Authority through the Board, shall effect the
2 transfer of absorbed personnel in a manner that will ensure the least
3 disruption of on-going programs and projects: *Provided, finally*, That such
4 reorganization is implemented, all officers and employees of the abolished
5 agency shall continue all functions and discharge all their duties and
6 responsibilities.

Article XII

Miscellaneous Provisions

9 **SECTION 35.** *Separability Clause.* - If any provision of this Act
10 is declared invalid or unconstitutional, the provisions not affected thereby
11 shall continue to be in full force and effect.

12 **SECTION 36. *Repealing Clause.*** - All laws, decrees, orders, rules
13 and regulations or parts thereof which are inconsistent with the
14 provisions of this Act are hereby repealed or modified accordingly.

15 **SECTION 37. *Effectivity Clause.*** - This Act shall take effect
16 fifteen (15) days after its publication in at least two (2) national newspapers
17 of general circulation.

Approved.