

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

001 H. B. No. **398**

Introduced by HONORABLE JUAN EDGARDO "SONNY" M. ANGARA

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 area 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.


JUAN EDGARDO "SONNY" M. ANGARA
Representative
Lone District, Province of Aurora

H. B. No. 398

Introduced by Honorable JUAN EDGARDO "SONNY" M. ANGARA

AN ACT
ESTABLISHING AN EMERGENCY MEASURE TO ALLEVIATE THE PLIGHT OF
COCONUT FARMERS ADVERSELY AFFECTED BY LOW PRICES OF COPRA AND
OTHER COCONUT PRODUCTS, AND PROVIDING FUNDS THEREFOR

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

SECTION 1. *Title of the Act.* This Act shall be known as the "***Coconut Emergency Measures Act of 2010.***"

SEC. 2. *Purpose of the Act.* - In order to immediately address the abnormal price situation in the coconut industry sector brought by the worldwide glut of fats and oils in the world market, there is a need to launch an income supplement program for small coconut farmers, tillers, workers and owner-cultivators who comprise the overwhelming majority of the people in the coconut industry that will provide them immediate relief from the adverse effects of extremely low prices of copra and husked nuts.

SEC. 3. *Definition of Terms.* As used in this Act, "coconut farmers" refers to small coconut farmers, tillers, workers and owner-cultivators who comprise the overwhelming majority of the people in the coconut industry.

SEC. 4. *Assistance Provided to Coconut Farmers.* By virtue of this Act, coconut farmers and coconut processing sector shall be provided [Income Supplement Projects, for coconut farmers to sell their copra and husked nuts at millgate price or better, as follows:]

- a) Transport allowance to coconut farmers where government shoulders the costs of transport of copra and husked nuts from farm to mill until prices go beyond the production cost of P6.04 per kilogram of copra;
- b) Marketing assistance to coconut farmers, including transport equipment assistance to coconut farmer organizations and accredited oil mills or desiccators;
- c) Direct buying of copra by the National Food Authority (NFA) at a base price determined by the Philippine Coconut Authority (PCA);

- d) Income support on regular sales of copra and husked nuts directly benefiting coconut fanners through the issuance of incentive coupons the value of which, as determined by PCA, shall be based on the volume delivered; and
- e) Livestock and seedling dispersal through the PCA and accredited fanner organizations;
- f) Informing, teaching, assisting and training them through the Department of Science and Technology, to fully utilize the coconut and its by-products;
- g) Providing them the skills for efficient marketing of their coconut products and by-products;
- h) Helping them in the acquisition of fertilizers.

SEC. 5. *Implementation of this Act.* The Philippine Coconut Authority shall issue such rules and regulations in order to implement this Act.

SEC. 6. *Funding.* Assets acquired through the coconut levy funds or by entities financed by the coconut levy funds identified by the President of the Republic of the Philippines for appropriate disposal or sale, shall be sold or disposed to generate a maximum fund of One Billion Pesos (P1,000,000,000.00) which shall be managed by a Committee composed of a Chairman and four (4) members to be appointed by the President whose term shall be co-terminus with the Program. The Committee is authorized to organize a Secretariat for the effective performance of its functions and responsibilities.

The Committee may authorize the disbursement of an amount not to exceed two percent (2%) of the fund to defray personnel and maintenance and operating costs of the Committee and its Secretariat, consultative meetings with coconut farmers and information dissemination of the Program.

The Philippine Commission on Good Government, Office of the Solicitor General and other appropriate government instrumentality are hereby directed to take all necessary steps to implement the purposes and objectives of this Act.

SEC. 7. *Audit of Fund and Submission of Report.* The Authority and the Commission of Audit shall immediately conduct a thorough inventory of all assets funded by the coconut levy funds. Every quarter after the effectivity of this Act, the Authority and the Commission on Audit shall make a public disclosure of their fundings.

SEC. 8. *Other Funds.* The President may, by appropriate issuances and when the situation so warrants, provide additional funds therefor.

SECTION 9 *Separability Clause.* - If any provision of this Act shall be declared unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

SEC. 10. *Effectivity Clause.* This Act shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation.

Approved,