

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 3442

Introduced by Anakpawis Partylist Representative RAFAEL V. MARIANO

EXPLANATORY NOTE

Coconut production constitutes one of the four major sectors of Philippine agriculture, the others being rice, corn and sugar. Coconut is planted in 2.7 million hectares which accounts for 23% of the total croplands, and 74% of commercial croplands.

The country is exporting about 85% of coconut production in the form of copra, coconut oil and desiccated coconut. Copra is the dried meat of the nut with moisture removed by sun-drying or by baking. It is processed on the farm level using manual tools and equipment.

More than eight (8) million of the country's population are coconut farmers while another one-third (1/3) is dependent on the coconut industry for their livelihood.

Coconut farmers, like farmers in other plantations, are also suffering from excessive land rentals, high cost of production, usurious practices of landlords, low prices of agricultural products, et al. What makes them distinct from other farmers is that they are often victims of arbitrary and capricious monetary charges.

During the Marcos regime, coconut farmers were levied an amount of Php 15.00 per 100 kilogram of dried copra and this was imposed for a period of ten (10) years (August 1973-August 1982). Up to now, the fund which was declared to be public in character is not yet distributed to its lawful owners, the small coconut farmers.

The abolition of the aforesaid levy however, did not spare coconut farmers from capricious monetary impositions. They were subjected to another kind of burden that is known in the provinces as "resicada". "Resicada" is the amount deducted from the prices of copra by reason of its moisture content which exceeded the established standards. In its original form as trade practice or usage, it was established by copra traders to determine the moisture content of copra. But it has long since degenerated into a scheme to dupe coconut farmers of the real value of their copra produce. What makes resicada arbitrary is that it is being imposed by traders despite the fact that the moisture content was not determined by a moisture meter and determination of moisture depends only on trader-imposed practices in the place.

Coconut farmers are now tired of these arbitrary impositions. They are asserting that it is about time that the development of coconut industry which the government is promoting will include the uplifting of socio-economic status of the coconut farmers and that the benefits of every program involving the coconut industry accrue to them.

In view of the foregoing, the approval of this measure is earnestly requested.

A handwritten signature in black ink, appearing to read 'Rafael V. Mariano', with a large, stylized circular flourish at the end.

RAFAEL V. MARIANO
Anakpawis Partylist

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HOUSE BILL NO. 3442

Introduced by Anakpawis Partylist Representative RAFAEL V. MARIANO,

AN ACT REGULATING THE RESICADA SYSTEM IN THE COCONUT INDUSTRY AND FOR
OTHER PURPOSES

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

SECTION 1. Short Title. – This Act shall be known and cited as the “Resicada System Regulation Act.”

SECTION 2. Declaration of Principles and Policies. – It is hereby declared the policy of the State to accelerate the development of the coconut industry in all its aspects, giving more attention to the promotion of welfare of the coconut farmers being the key players in the industry and direct beneficiaries of all programs relative to the development of the industry.

To this end, the State shall provide mechanisms that shall develop the socio-economic condition of the coconut farmers and adopt measures that are designed to free and protect coconut farmers from pernicious institutional, public or private, restraints and practices.

The State shall also encourage active participation of local government units in the development of the coconut industry through implementation of formulated rules and regulations.

SECTION 3. Definitions. – For purposes of this Act, the following terms shall be understood as follows:

1. **Copra** is the common name of desiccated coconut; it refers to the coconut meat after desiccation or the process of removing its moisture; the desiccation is either done through sun-drying or baking.
2. **Coconut Farmer** refers to a natural person who actually cultivates or perform such labor as necessary in the production of coconuts in a given farm or agricultural land.
3. **Copra Trader** refers to any person who buys copra from coconut farmers and sells it for monetary gain or profit.
4. **Authority** refers to Philippine Coconut Authority (PCA) for purposes of this Act.

SECTION 4. *Philippine Coconut Authority.* – The Philippine Coconut Authority (PCA) being the agency tasked to regulate the marketing of copra and its by products, through its regional offices, shall provide every provincial government in its assigned area, copies of the latest price index of copra in the local and international markets. The distribution of the copies of the latest prices of copra shall be made by the regional offices of the Philippine Coconut Authority (PCA) on a monthly basis or as often as there are changes in the prices of copra.

The Authority shall also oversee the implementation of this Act.

SECTION 5. *Provincial Governments.* – Provincial governments for purposes of this Act shall provide every municipality within its area copies of the latest price index of copra in the local and international markets which the regional offices of Authority had furnished them.

In accordance with this Act, provincial governments may also promulgate rules and regulations which shall be consistent with the rules and regulations to be promulgated by the Authority, for the proper implementation of the provisions hereof.

Provincial governments shall also monitor the implementation of this Act in every municipality within its area.

SECTION 6. *Municipal Governments.* – In municipalities with existing copra trading, municipal governments for purposes of this Act shall:

1. Designate a place wherein the buying and selling of copra shall be made. The designated place shall be within the municipal market and at all times accessible to the public;
2. Cause the posting of copies of latest price index of copra in the local and international markets in at least two (2) conspicuous places in the municipal hall and two (2) conspicuous places in the municipal market;
3. Provide every barangay council within its area copies of the latest price index of copra in the local and international markets which the provincial government had provided;
4. Provide every coconut farmers' organization copies of the latest price index of copra in the local and international markets which the provincial government had provided;
5. Encourage coconut farmers to sell their copra to the designated copra buying and selling place within the municipal market;
6. May promulgate rules and regulations in accordance with this Act and consistent with the implementing rules and regulations to be promulgated by the Authority for the proper implementation of the provisions hereof within their respective areas;
7. In municipalities where copra is a major product, municipal governments shall designate a person to monitor the daily trading activities in the designated place for buying and selling of copra. Aside from monitoring the daily trading activities, the designated person shall also conduct monthly inspection of the moisture meter and see to it that the copra moisture meter is duly calibrated;

SECTION 7. *Barangay Councils.* – In barangays with existing copra trading, barangay councils for purposes of this Act shall:

1. Provide and maintain a duly calibrated weighing scale at the barangay hall wherein the buying and selling of copra shall be made;
2. Cause the posting of the copies of the latest price index of copra in the local and international markets which the municipal government had provided in the barangay hall;
3. Provide every coconut farmers' organization within its area copies of the latest price index of copra which the municipal government had provided;

SECTION 8. *Obligation of Trades to provide Moisture Meter.* – Copra traders or copra traders' organizations shall have the obligation to provide and maintain a duly calibrated copra moisture meter at the designated place for the buying and selling of copra.

If the traders, as individuals, cannot afford to buy a moisture meter, they shall associate with one another for the purpose of pooling funds for buying and maintaining a moisture meter for their common use. For this purpose, all copra traders are given a grace period of six (6) months after the effectivity of this Act within which to comply with this provision.

Failure to comply with this provision shall be a ground for cancellation of traders' registration.

SECTION 9. *Buying of Copra.* – The buying price of copra in barangays shall be in accordance with the latest price index of copra in the local and international markets as provided by the regional offices of the Authority.

The buying of copra below the latest prices of copra in the local and international markets shall be penalized under this Act.

SECTION 10. *Prohibition.* – No amount shall be deducted from the prices of copra by reason of its moisture content unless the moisture has been determined by a duly calibrated meter and was proven to have exceeded the established standards.

SECTION 11. *Schedule of Deductions as to Moisture Content.* – If the copra of the coconut farmer has moisture content below or in excess of the established standards, no deduction nor any diminution of the price value of the copra shall be made except in accordance with the following schedule: for every one percent (1%) of moisture below or in excess of the established standards, an allowable deduction of 0.025 percent of the current index price.

Any deduction from or any diminution of the price value of the copra which is not in conformity with the above provision shall be penalized under this Act.

SECTION 12. *Subsidy for buffering drastic falls in copra prices.* – In cases of drastic fall in the price of copra, amounting to fifty percent (50%) or more of the highest index price in a buying season, the Authority shall design a scheme for providing a price support mechanism to ameliorate the economic loss of coconut farmers resulting from the drastic fall of copra prices. The provision of price support mechanism shall be implemented in areas affected the most by the price fallout.

For this purpose, the Authority, in its submission to Congress for its annual budget, shall include such budgetary allocation reserved for the provision of price support mechanism.

SECTION 13. *Penalties.* – Notwithstanding the imposition of applicable administrative sanctions, any person or persons found violating the provisions of this Act shall be penalized with a fine of not less than One Hundred Thousand Pesos but not more than Five Hundred Thousand Pesos or imprisonment of not less than five (5) years and not more than fifteen (15) years or both.

SECTION 14. *Implementing Guidelines.* – In consultation with coconut farmers or their organizations, the Philippine Coconut Authority (PCA) shall, in accordance with this Act, formulate and publish the implementing rules and regulations for the effective implementation of this Act, within ninety (90) days from its enactment.

SECTION 15. *Suppletory Application.* – All previous or existing laws, decrees, executive orders, rules and regulations not inconsistent with this Act shall have suppletory effect.

SECTION 16. *Repealing Clause.* – All previous or existing laws, decrees, executive orders, rules and regulations or parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

SECTION 17. *Separability Clause.* – If, for any reason, any section or provision of this Act is declared null and void, no other sections, provision, or part thereof shall be affected and the same shall remain in full force and effect.

SECTION 18. *Effectivity Clause.* – This Act shall take effect immediately after publication in at least two (2) newspapers of general circulation.

Approved.