



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Fifteenth Congress
Third Regular Session

HOUSE BILL NO. 6667

Introduced by Honorable Sharon S. Garin

Explanatory Note

Locally known as “bunot,” coco coir is touted as the “golden fiber” that gives hope and holds much promise for our coconut farmers especially with their coconut trees ageing. Not only could it be used as an excellent planting medium additive that could fertilize an otherwise degraded soil, but coco coir could also be used as insulation, carpet, car seat stuffing, mat, upholstery cushion, rope and cordage, fishing net, flooring material, filtration pads, mattress fiber, pot liner, brush, erosion control (coco nets) and many other uses waiting in the wings.

During the State of the Nation Address last July 2012, of President Benigno Simeon “Noy” Aquino expressed enthusiasm about the use of coco coir, stating, among others, that we should not waste the opportunity of its high export demand.

In 2011 alone, there was a 39.15% increase in the quantity of coco coir exports from 4.43 million kilograms (net) worth US\$974,586 in 2010 to 6.16 million kilograms (net) worth US\$2.01 million.

In response to growing demand for coconut coir, the government aims to invest in 2013 a total of P1.75 billion to further develop the coconut industry as well as provide countryside development and employment generation.

Although the country produced more than 15 billion coconuts in 2009 and has a potential coir supply of 723,900 metric tons, it only shipped 4,561 metric tons of coir products which is a pittance compared to other coconut producing countries. One of the reasons for this is that there are only 18 Philippine Coconut Authority (PCA)-registered operating coir producers/exporters from Southern Luzon, Bicol, Visayas, and Mindanao, with 11 of them

producing one metric ton per day, 7 having an actual production of 5 to 20 metric tons per day.

There is also a need to bring together concerned local government units, relevant agencies and institutions to look into and facilitate provision of strategic interventions to the industry in the areas of production and productivity enhancement, technology development and promotion, entrepreneurship and organizational development, market development and promotion, financing and policy support, among others.

During the National Coco Coir Summit held in Davao City last year, Department of Trade and Industry (DTI) Secretary Gregory L. Domingo stated that the coco coir industry can provide more job opportunities in the country-side and we only need to maximize the potentials of the industry and address the gaps. It was projected that the Philippine export earnings for coco products can reach as much as US\$ 6.53 million by 2016 from US\$1.1 million in 2008 as base year (25% average annual growth rate).

This measure makes the Philippine Coco Coir Industry Development a priority program of the government. It creates the Philippine Coco Coir Industry Development Council to provide for the overall policy and program directions through the Philippine Coco Coir Industry Development Plan. The components of the development plan include:

- site identification;
- scientific research and development;
- creation of domestic demand;
- production support and extension;
- market promotion and business development;
- infrastructure development;
- quality assurance for health and proper trading; and
- Philippine Coco Coir Information Center;

Should this measure be enacted, it would provide the policy underpinning for the development and growth of the coco coir industry.

In view of the foregoing, the passage of this measure is earnestly sought.


ATTY. SHARON S. GARIN
Representative
AAMBIS-Owa Party List



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First Regular Session

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AN ACT
TO PROMOTE AND STRENGTHEN THE PHILIPPINE COCO COIR INDUSTRY,
PRESCRIBING ITS UTILIZATION AND DEVELOPMENT AS A PRIORITY PROGRAM, AND
ALLOCATING FUNDS THEREFOR AND FOR OTHER PURPOSES

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

Section 1. Title. - This Act shall be known as the "*Philippine Coco Coir Industry Development Act of 2012*."

Section 2. Declaration of Policy. – It is hereby declared the policy of the State to promote industrialization and full employment based on sound agricultural development and agrarian reform, through industries that make full and efficient use of human and natural resources, and which are competitive in both domestic and foreign markets. To this end, the State shall promote the rapid, steady and continuous integrated development and growth of the coco coir industry, recognizing the coco coir's salient role as a strategic, indigenous, replenishable and renewable source of livelihood and tool for agricultural productivity. It is also hereby declared a policy of the State to acknowledge the great contribution of coco coir in environmental protection and management, more importantly in light of the perils of climate change.

Section 3. Priority Program. – It is hereby authorized and prescribed, as a priority program, the scientific advancement, processing, utilization, and business development of coco coir under the Philippine Coco Coir Industry Development Plan.

Section 4. Implementing Agency. – There is hereby created a Philippine Coco Coir Industry Development Council (PCCIDC), hereinafter referred to as the Council, administratively

attached to the Department of Trade and Industry, charged with the main function of coordinating the activities of various agencies and instrumentalities to ensure the accomplishment of the Philippine Coco Coir Industry Development Plan.

If ever practicable and required, the Chairman of the PCCIDC shall submit an annual report to both Houses of Congress on the status of the implementation of this Act.

Section 5. Composition. -- The PCCIDC shall be composed of the following:

- a. Secretary of the Department of Agriculture (DA) as Chairman;
- b. Secretary of the Department of Trade and Industry (DTI) as Co-Chair;
- c. Administrator of the Philippines Coconut Authority;
- d. Secretary of the Department of Science and Technology (DOST);
- e. Secretary of the Department of Public Works and Highways;
- f. Secretary of the Department of Agrarian Reform (DAR);
- g. Secretary of the Department of Environment and Natural Resources (DENR);
- h. Secretary of the Department of Labor and Employment (DOLE);
- i. Administrator of Fiber Industry Development Authority (FIDA);
- j. Representative from the League of Municipalities of the Philippines;
- k. Representative from the League of Cities of the Philippines;
- l. Representative from the Philippine Coco Coir Exporters Association, Inc.;
- m. Representative from another reputable Private Industry Association;
- n. Representative from Non-Governmental Organizations (NGOs);

The Council shall regularly meet every two (2) months and may hold special meetings, whenever the need arises, to consider urgent matters upon the call of the Chairman or any eight (8) Council members.

Section 6. Council Secretariat. -- To assist the PCCIDC, a Council Secretariat, headed by the Undersecretary of the DTI-Regional Operations and Development Group (RODG), shall likewise be created. Technical support shall be provided by the Coco Coir Technical Working Group as headed by the Administrator of the PCA. They shall identify the gaps in the coco coir industry value-chain and determine the most appropriate interventions to address those gaps.

The Secretariat and technical staff shall be detailed from the existing personnel of DTI without prejudice to the designation by the Council of such additional staff members as it may deem necessary for the proper discharge of its function and responsibilities.

Section 7. Philippine Coco Coir Industry Development Plan. - The Philippine Coco Coir Industry Development Coordinating Council shall formulate a ten-year Plan for Development, to be validated and updated annually. Such Plan shall serve as guide to the formulation and implementation of plans, projects, programs, and policies for the scientific propagation, processing, utilization, and business development of coco coir. The Framework shall likewise provide for the following:

- a. *Site Identification* -- The DENR, in coordination with the DA, PCA, DAR and the local government units, shall identify the broad areas suitable for the production and development of the Philippine coco coir, within six (6) months after the effectivity of this Act.

- b. *Scientific Research and Development* -- The DENR, PCA and DOST or through its appropriate bureaus and offices shall undertake research and development, development of efficient, effective and affordable technologies (process, machinery and equipment) for other high-value coco coir products, and facilitate promotion and transfer of such technologies.

The same also covers the transfer and improvement of appropriate technology and techniques, which will be utilized in every phase of coco coir production, processing, marketing and distribution. Particular emphasis shall be made on adoption and upgrading of post-harvest technology;

- c. *Creation of domestic demand* – The DPWH shall create the domestic demand for coco coir by requiring the use / application of coco nets in road and related infrastructure projects for erosion control as may be appropriate and provide a mechanism for participation by the processors;

The DENR shall aggressively promote the use / application of coco nets in mining areas for erosion control and related products such as plant liners for the National Greening Program.

- d. *Production Support and Extension* – The DENR, DA, DTI, and the DOST in coordination with the Local Government Units, Non-Governmental Organizations, Technical Education and Skills Development Authority (TESDA), Cooperative Development Authority (CDA), state universities and colleges (SUCs), and other relevant government agencies, shall establish programs which promote and provide adequate training on adapting technologies to individuals engaged in production, processing, marketing and distribution of coco coir, strengthen farmers'/producers'/processors' cooperatives and organizations involved in the sustainable and viable development of the Philippine coco coir, and afford opportunities for participation in international conventions, workshops and fora.
- e. *Market Promotion and Business Development* – The DTI, in coordination with Private Industry Associations and Non-Government Organizations, shall link-up agribusiness cooperatives and organizations directly with consumers' cooperatives and organizations, agro-processing companies, or exporters to provide marketing outlets and assure relatively higher and stable prices of coco coir. This also includes exploring national and international markets and facilitating the participation of local farmers, growers, and exporters in local and international conferences, trade fairs, expositions, and exhibits;
- f. *Infrastructure Development* – Access to post harvest facilities, storage and distribution/transport facilities of existing government agencies shall

be facilitated by the DENR, Local Government Units, and DA. Assistance shall be given to qualified and viable farmers'/producers'/processors' cooperatives and organizations in the availment of soft loans or grants for the construction of post-harvest, processing and storage facilities;

- g. *Quality Assurance* -- To ensure health and proper trading, the DTI and DOST, respectively, shall establish and enforce standards in grading, sampling and inspection, tests and analysis, specifications, nomenclature, units of measurement, packaging, preservation, conservation or transportation of coco coir products and by-products; and
- h. *Philippine Coco Coir Information Center* -- The DTI in coordination with Local Government Units shall establish a Philippine Coco Coir Information Center in areas identified pursuant to Section 7a of this Act.

Section 8. Coco Coir Livelihood Programs. -- The Department of Labor and Employment, in cooperation with the Council and local government units, shall formulate and implement Coco coir Livelihood Programs for preference employment of special groups and organizations of Persons with Disabilities (PWDs), marginalized sectors, the unemployed, and retrenched Overseas Filipino Workers (OFWs). The program shall have an appropriate training and/or skills-retooling component to be provided by the Commission on Information and Communications Technology (CICT) in coordination with the Technical Education and Skills Development Authority (TESDA) or allied government institution.

Section 9. Philippine Coco Coir Development Fund. - To provide for the funding requirements for the propagation, production, processing, marketing and distribution of the Philippine Coco Coir, there is hereby created a Philippine Coco Coir Development Fund (PCCDF), with an initial amount of Thirty Million (P30,000,000.00) Pesos to be provided by the Department of Budget and Management to the Department of Trade and Industry's Regional Operations and Development Group (DTI-RODG) while the budgetary requirements of cooperating agencies shall be incorporated in their respective locally-funded projects. Other sources of funds, including but not limited to borrowings from local and international funding institutions, shall also be authorized to further support the Fund.

Section 12. Incentives and Tax Exemptions. -- The DA may give cash reward in recognition of the best coco coir farm or plantation in the country. Coco coir farmers, producers, processors, and exporters shall also avail of the following incentives and tax exemptions:

- a. Exemptions from taxes and duties subject to the provisions of Article 62 of Republic Act 6938 or the Cooperative Code of the Philippines;
- b. Exemption from the value-added tax in accordance with Section 103 of the National Internal Revenue Code, as amended;
- c. Exemption from taxes, fees and charges under Title One of Book Two of the Local Government Code of 1991 in accordance with Section 133(n) of the said Code.
- d. Exemption from the payment of duties on the importation of agricultural equipment, machinery and implements as provided under Republic Act 8435 otherwise known as the *Agriculture and Fisheries Modernization Act* as amended by Republic Act 9281;

- e. Zero-rated value-added tax (VAT) on transactions involving the sale/purchase of organic farm inputs;
- f. Provision of preferential rates and special window to coco coir farmers, producers, processors, and exporters by the Land Bank of the Philippines;
- g. Credit, insurance, and financing services under Republic Act 8435 otherwise known as the *Agricultural and Fisheries Modernization Act* and Republic Act 10000 otherwise known as the *Agri-Agra Reform Credit Act of 2009*;
- h. Incentives and benefits under Republic Act 9178 otherwise known as the *Barangay Micro Business Enterprises (BMBE's) Act of 2002* for coco coir business entity or enterprise whose total assets including those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, are not more than Three Million Pesos (P3,000,000.00); and
- i. Coco coir business entity or enterprise to be registered under the Board of Investments (BOI) shall be entitled to the existing pertinent fiscal incentives as provided by the Board of Investments or those provided under Executive Order No. 226, as amended, otherwise known as the Omnibus Investment Code of 1987.

Section 13. Appropriations. – There is hereby authorized to be appropriated from the National Treasury not otherwise appropriated, the sums necessary to carry into effect the provisions of this Act: *Provided, That thereafter*, it shall be included in the annual budget of the General Appropriations act of the year following its enactment into law and every year thereafter.

Section 14. Implementing Rules and Regulations. — The PCCIDC shall formulate and prescribe the necessary implementing rules and regulations to carry out the provisions of this Act.

Section 15. Repealing Clause. - All laws or parts thereof, decrees, orders, rules and regulations inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Section 16. Separability Clause. - If any of the provisions of this Act is declare invalid, the other provisions not affected thereby shall remain in full force and effect.

Section 17. Effectivity Clause. - This Act shall take effect immediately following its publication in two newspapers of general circulation or in the Official Gazette, whichever comes first.

Approved,