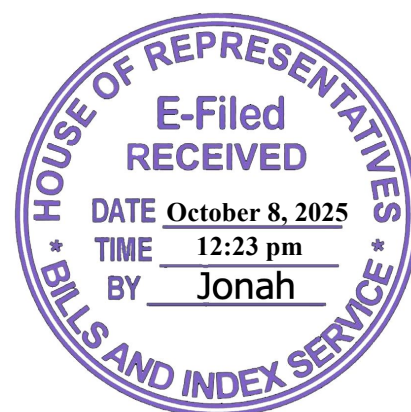


TWENTIETH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
First Regular Session

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



HOUSE BILL NO. 5293

Introduced by Honorable Celso G. Regencia

EXPLANATORY NOTE

Millions of coconut farmers remain poor even as the Philippines continues to rank among the world's largest producers of coconuts.¹ Recent surveys show that a majority of smallholder households earn less than ten thousand pesos a month from coconut farming,² leaving them unable to meet basic needs or invest in their farms. National production has stagnated in recent years,³ with yields constrained by ageing trees, low investment, pest infestations, and inadequate post-harvest support. Lacking bargaining power, farmers are often forced to sell at unstable world prices while others profit from processing and export.

At the same time, many valuable by-products such as shells, husks, and water are either exported in raw form or discarded as waste. Other countries capture the profits⁴ from turning these materials into activated carbon, biochar, fiber composites, and beverages. The Philippines loses not only income but also opportunities for rural job creation and cooperative enterprise.

¹ Philippine Coconut Authority. (2023). *Coconut statistics 2023* [PDF].

https://www.pca.gov.ph/images/statistics/Coconut_Statistics_2023.pdf

² Bentayao, C., Verzosa, R., Vilela, E., & Nemenzo-Calica, P. (2025). Knowledge, attitudes, and agricultural practices of coconut farmers on the impacts of climate change on coconut productivity and sustainability in Barangay Capasnan, Manay, Davao Oriental, Philippines. *Journal of Tropical Crop Science*, 12(1), 158-171.

<https://doi.org/10.29244/jtcs.12.01.158-171>

³ Halili, A. H. (2024, December 9). Coconut output likely flat next year amid aging trees. *BusinessWorld Online*.

<https://www.bworldonline.com/agribusiness/2024/12/09/639963/coconut-output-likely-flat-next-year-amid-aging-trees/>

⁴ Philippine Coconut Authority. (2022). *2022 PCA Annual Report* [PDF].

https://www.pca.gov.ph/images/bidding/v5_2022_PCA_Annual_Report_20230929.pdf

This measure seeks to change that pattern. By restricting the raw export of coconut shells and other by-products, it ensures that domestic processors and cooperatives gain priority access to raw materials. By requiring accurate labeling and gradually raising the minimum coconut oil content in consumer goods such as detergents, it creates a stronger local market for farmer-produced coconut oil, reducing reliance on volatile international demand.

The bill also invests in the industry's future. It supports research into climate-resilient coconut varieties and sustainable farming systems, provides technical assistance to farmers, and opens financing windows for cooperatives and micro-enterprises. By aligning with the Coconut Farmers and Industry Trust Fund, the measure ensures that national resources are directed to post-harvest facilities, training, and enterprise development in coconut-producing communities.

This is not only an industry regulation. It is a social justice reform. It seeks to shift farmers from being mere raw suppliers to becoming stakeholders in value-added production, giving them a fairer share of the prosperity generated by coconuts. By strengthening domestic demand, creating new livelihood opportunities, and building resilience, this measure addresses long-standing inequities in the sector while positioning the Philippines to compete in a global market increasingly demanding sustainable and innovative coconut products.

In view of the foregoing, approval of this bill is earnestly sought.



CELSO GOMERA REGENCIA
Lone District, Iligan City

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

**TWENTIETH CONGRESS
First Regular Session**

HOUSE BILL NO. 5293

Introduced by Honorable Celso G. Regencia

**AN ACT
PROMOTING THE SUSTAINABLE DEVELOPMENT OF THE COCONUT
INDUSTRY THROUGH VALUE-ADDING, REGULATION OF COCONUT BY-
PRODUCTS, AND ENHANCED PARTICIPATION OF FARMERS'
COOPERATIVES IN THE COCONUT VALUE CHAIN**

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

SECTION 1. *Short Title.* — This Act shall be known as the “**Coconut Industry Sustainability and Value-Added Utilization Act of 2025.**”

SECTION 2. *Declaration of Policy.* — It is hereby declared the policy of the State to promote the sustainable development of the coconut industry as a vital pillar of national growth and rural livelihood.

The State recognizes the central role of coconut farmers in sustaining the industry and affirms the need to address long-standing inequities that have left them vulnerable to poverty and exclusion from the benefits of value-added production.

The State shall encourage the domestic processing of coconuts and its by-products to ensure that the industry’s gains are shared more equitably by farmers and their communities. It shall strengthen consumer protection through clear labeling and fair product standards, foster innovation and research in sustainable practices and climate-resilient varieties, and empower farmers’ cooperatives and local enterprises to participate fully in higher-value markets.

The State shall also ensure that programs and resources are effectively aligned with national policies and existing funds to directly benefit coconut-producing communities.

SECTION 3. *Definition of Terms.* — For the purposes of this Act, the following terms shall mean:

- a. **Activated Carbon** refers to a processed form of carbon derived from coconut shells or other biomass, characterized by its high surface area and porosity, and commonly used for filtration, purification, and industrial applications.
- b. **Biochar** refers to a stable, carbon-rich material produced from coconut shells or other biomass through pyrolysis or gasification, intended for use as soil amendment, carbon sequestration, or other environmental and industrial purposes.
- c. **Circular Economy** refers to an economic system aimed at minimizing waste and maximizing the reuse, recycling, and recovery of resources, including the transformation of coconut by-products into new value-added goods.
- d. **Coconut** refers to the fruit of the *Cocos nucifera* tree, in all its forms, whether fresh, dried, processed, or otherwise prepared for human consumption, industrial use, or further processing.
- e. **Coconut by-products** refer to materials derived from coconut processing that are not primarily consumed as food, including coconut shells, husks, coir, copra meal, and other residues, which may be further processed into value-added goods.
- f. **Coconut-derived products** refer to food and non-food items produced from coconuts, including but not limited to coconut oil, virgin coconut oil, coconut milk, coconut sugar, coconut water, coconut flour, and similar products intended for domestic consumption or export.
- g. **Coconut Farmers and Industry Trust Fund (CFITF)** refers to the fund created under Republic Act (RA) No. 11524, also known as the “Coconut Farmers and Industry Trust Fund Act,” intended to finance programs and projects for the benefit of coconut farmers and the development of the coconut industry.

- h. **Farmers' cooperative** refers to an organized association of coconut farmers duly registered under the Cooperative Development Authority (CDA), engaged in the collective production, processing, or marketing of coconut and coconut by-products.
- i. **Gasification** refers to the controlled thermal process that converts coconut shells or other biomass into charcoal and gaseous products for use in heating or energy applications, with systems designed to recover carbon and minimize environmental harm.
- j. **Philippine Center for Postharvest Development and Mechanization (PHilMech)** refers to the government agency attached to the Department of Agriculture (DA) mandated to undertake research, development, and extension activities on postharvest technologies and mechanization, including coconut processing systems.
- k. **Philippine Coconut Authority (PCA)** refers to the government agency attached to the DA created under Presidential Decree No. 232, as amended, mandated to develop the coconut and palm oil industry in all its aspects and ensure the welfare of coconut farmers.
- l. **Processed coconut by-products** refer to coconut by-products that have undergone transformation into higher-value goods, such as activated carbon, biochar, fiber composites, coir mats, charcoal, decorative items, eco-friendly consumer goods, or similar products intended for industrial or commercial use.
- m. **Pyrolysis** refers to the controlled thermal decomposition of coconut shells or other biomass in the absence of oxygen, producing charcoal, biochar, activated carbon, and other processed coconut by-products, while allowing for the recovery of gases and energy for industrial or agricultural use.
- n. **Sustainability** refers to the principle of managing coconut resources in a manner that meets present needs without compromising the ability of future generations to meet their own, ensuring environmental integrity, economic viability, and social equity.
- o. **Value-adding** refers to any process or innovation that increases the economic value of coconuts and their by-products, including but not

limited to processing, packaging, branding, or the application of new technologies.

- p. **Value chain** refers to the full range of activities involved in the production, processing, distribution, and marketing of coconuts and coconut-based products, in which farmers, processors, traders, and enterprises participate to create and capture value.

SECTION 4. *Prohibition on Exportation of Raw Coconut Shells.* — The exportation of raw coconut shells is hereby prohibited. Only processed coconut by-products, including activated carbon, biochar, fiber composites, coir mats, charcoal, decorative items, and other value-added goods, may be allowed for export.

The DA, through the PCA, in coordination with the Bureau of Customs (BOC), shall regulate and monitor compliance with this provision to protect domestic processors, farmers' cooperatives, and enterprises engaged in value-adding activities within the coconut value chain.

SECTION 5. *Regulation on the Use of Coconut Shells as Fuel.* — The use of coconut shells as fuel in boilers, burners, or other heating systems shall be restricted, except when such use is part of a certified gasification or pyrolysis process that converts coconut shells into charcoal, activated carbon, biochar, or other processed coconut by-products, while recovering carbon and minimizing environmental harm.

The PCA, in coordination with the Department of Environment and Natural Resources (DENR), shall issue the necessary guidelines to ensure that such practices are consistent with sustainability principles and the circular economy of coconut resources.

SECTION 6. *Labeling of Coconut-Derived Products.* — The Department of Trade and Industry (DTI), in consultation with the DA, the Department of Health (DOH), the Food and Drug Administration (FDA), the PCA, and other concerned agencies, shall prescribe labeling requirements for coconut-derived products to ensure transparency and consumer protection.

Labels shall clearly indicate coconut content, whether derived from coconut oil, virgin coconut oil, or other coconut-based ingredients, and shall conform to fair trade, value-adding, and sustainability standards.

SECTION 7. *Promotion of Coconut Shell Gasification and Pyrolysis.* — The DA, through the PCA and the Philippine Center for Postharvest Development and Mechanization (PHilMech), shall promote coconut shell gasification and pyrolysis by providing facilities and equipment and supporting research and development to improve efficiency, reduce emissions, and expand industrial applications.

Such technologies shall be designed to produce activated carbon, biochar, and other processed coconut by-products that strengthen sustainability, support the circular economy, and advance value-adding opportunities for farmers and cooperatives.

SECTION 8. *Research, Development, and Innovation.* — The DA, through the PCA, and in partnership with PHilMech, academic institutions, and farmers' cooperatives, shall undertake research and development programs to improve the quality and yield of coconuts and coconut-derived products, and to create new uses for coconut by-products, including activated carbon, biochar, fiber composites, coir mats, and eco-friendly consumer goods.

Such programs shall promote sustainability and circular economy principles, ensuring that farmers and cooperatives are integrated into the value chain and benefit directly from new technologies, financing, and markets.

SECTION 9. *Alignment with the Coconut Farmers and Industry Trust Fund.* — The implementation of this Act shall be harmonized with the programs and objectives of the Coconut Farmers and Industry Trust Fund established under RA No. 11524. The alignment shall ensure that interventions under this Act complement, rather than duplicate, the initiatives funded by the Trust Fund.

Nothing in this Act shall be construed as limiting or altering the management and utilization of the Coconut Farmers and Industry Trust Fund as provided by law.

SECTION 10. *Lead Agency.* — The PCA, under the supervision of the DA, shall serve as the lead agency in the implementation of this Act.

It shall coordinate with the DTI, the DOH, the FDA, the DENR, the PHilMech, and other relevant government agencies to carry out the objectives of this Act.

SECTION 11. *Inter-Agency Council on Coconut Sustainability.* — There is hereby created an Inter-Agency Council on Coconut Sustainability, chaired by the PCA, with the DA, the DTI, the DOH, FDA, the DENR, and the PHilMech as members. Representatives of coconut farmers' cooperatives, academe, and the private sector shall likewise be included to ensure inclusive participation.

The Council shall oversee policy harmonization, program alignment, and monitoring of sustainability targets across the coconut value chain.

SECTION 12. *Role of Farmers' Cooperatives.* — Farmers' cooperatives shall be recognized as key partners in the implementation of this Act.

They shall be given priority access to programs, financing, training, research outputs, and postharvest facilities developed under this Act. Farmers' cooperatives shall be supported in their efforts to engage in value-adding enterprises, to participate in the circular economy of coconut by-products, and to secure a stronger role in the coconut value chain.

SECTION 13. *Appropriations.* — The amount necessary to implement this Act shall be included in the annual General Appropriations Act.

The PCA, in coordination with implementing agencies, shall prepare the budgetary requirements to ensure the effective rollout of programs in line with sustainability and value-adding objectives.

SECTION 14. *Incentives.* — Enterprises, farmers' cooperatives, and processors that engage in sustainable practices, adopt gasification or pyrolysis technologies, or invest in the production of activated carbon, biochar, and other processed coconut by-products shall be entitled to incentives under existing laws, including but not limited to tax exemptions, financing programs, and preferential access to government support facilities.

The PCA, in coordination with the DTI, shall issue the necessary guidelines to operationalize these incentives.

SECTION 15. *Penalties.* — Any person, cooperative, or enterprise that exports raw coconut shells in violation of Section 4 of this Act shall be subject to a fine of not less than One Million Pesos (PhP 1,000,000.00) but not more than Five Million Pesos (PhP 5,000,000.00) for each offense, and forfeiture of the shipment.

Enterprises or facilities that use coconut shells as raw fuel in violation of Section 5 of this Act shall be subject to closure, cancellation of permits, and a fine of not less than One Million Pesos (PhP 1,000,000.00).

SECTION 16. *Monitoring and Reporting.* — The PCA shall, in coordination with the Inter-Agency Council on Coconut Sustainability, submit an annual report to Congress on the implementation of this Act.

The report shall include progress on sustainability targets, participation of farmers' cooperatives, development of activated carbon, biochar, and other processed coconut by-products, and integration of circular economy practices in the coconut value chain.

The Commission on Audit shall conduct annual audits on the use of public funds allocated for the implementation of this Act.

SECTION 17. *Separability Clause.* — If any provision of this Act is declared unconstitutional or invalid, the other provisions not affected thereby shall remain in full force and effect.

SECTION 18. *Repealing Clause.* — All laws, presidential decrees, executive orders, rules, and regulations inconsistent with or contrary to the provisions of this Act are hereby repealed or modified accordingly.

SECTION 19. *Effectivity.* — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,