

[PRESIDENTIAL DECREE NO. 1468, June 11, 1978]

REVISING PRESIDENTIAL DECREE NUMBERED NINE HUNDRED SIXTY ONE

WHEREAS, Presidential Decree No. 961 was promulgated to promote the development of the coconut and other palm oil industry and to ensure that the coconut farmers become direct participants in, and beneficiaries of, such development;

WHEREAS, there is a need to restructure the provisions of Presidential Decree No. 961 in order to meet the changes of the times and to provide more effective means of achieving the objectives of the coconut industry as expressed in said Decree;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree and order the following:

ARTICLE I

TITLE AND POLICY OF THE STATE

SECTION 1. Title.—This Decree shall be known as the "Revised Coconut Industry Code".

SECTION 2. Declaration of Policy.—It is hereby declared to be the policy of the State to promote the rapid integrated development and growth of the coconut and other palm oil industry in all its aspects and to ensure that the coconut farmers become direct participants in, and beneficiaries of, such development and growth.

ARTICLE II

SECTION 1. Creation of a Philippine Coconut Authority.—To implement and attain the declared national policy, there is hereby created an independent public corporation to be known as the Philippine Coconut Authority, hereinafter referred to as Authority, directly reporting to, and supervised by, the President of the Philippines.

SECTION 2. Principal Office.—The Authority shall maintain its principal office in the Greater Manila Area but it may establish branches and agencies within the Philippines as may be necessary for the proper conduct of its business.

SECTION 3. Power.—In the implementation of the declared national policy, the authority shall have the following powers and functions:

- a. To formulate and adopt a general program of development for the coconut and other palm oil industry in all its aspects;
- b. To formulate and implement a nationwide replanting program using precocious high-yielding hybrid seednuts and, in the discretion of the authority, the program may include new areas provided that existing coconut farmers shall always be given priority;
- c. To distribute, for free, to coconut farmers the hybrid coconut seednuts herein authorized to be acquired;

- d. To review and revise, and thereafter integrate into the adopted general program of development the existing policies, projects and activities of all other governmental agencies directly relating to the development of the industry;
- e. In coordination with the hybrid coconut seed farm herein authorized to be established, to conduct genetical and agricultural researches and investigations for the improvement of the coconut palm productivity;
- f. To establish, operate and maintain one central experiment station and such sub-stations as it may prescribe to undertake extensive research in the control and eradication of coconut diseases and pests and in the method of making copra; and in connection therewith, all research stations and centers, facilities and equipment operated by any governmental agency or instrumentality in the researches on genetical, agronomical and disease control relating to coconut culture are all hereby transferred to the authority;
- g. To explore and expand the domestic and foreign markets for coconut products and by-products;
- h. To regulate the marketing and the exportation of copra and its by-products by establishing standards for domestic trade and export and, thereafter, to conduct on inspection of all copra and its by-products proposed for export to determine if they conform to the standards established;
- i. To devise and thereafter prescribe by means of rules and regulations a method of measuring the moisture content of copra at its first domestic sale and a scale of deduction according to the percentage of the moisture content;
- j. To impose and collect the levies herein authorized to be collected;
- k. To impose and collect, under such rules that it may promulgate, a fee of ten centavos for every one hundred kilos of dessiccated coconut, to be paid by the dessicating factory, coconut oil to be paid by the oil mills and copra to be paid by the exporters, which shall be used exclusively to defray its operating expenses;
- l. To enter into, make and execute contracts of any kind as may be necessary or incidental to the attainment of its purposes and, generally, to exercise all the powers necessary to achieve the purpose and objectives for which it is organized; *provided, however,* it shall not engage in commercial/industrial activities including the commercial production of hybrid coconut seednuts;
- m. Except in respect of entities owned or controlled by the Government or by the coconut farmers under Section 9 and 10, Articles III hereof, the Authority shall have full power and authority to regulate the production, distribution and utilization of all subsidized coconut-based products, and to require the submission of such reports or documents as may be deemed necessary by the Authority to ascertain whether the levy payments and/or subsidy claims are due and correct and whether the subsidized products are distributed among, and utilized by, the consumers authorized by the Authority;
- n. To issue *subpoena* and *subpoena duces tecum*; to summon witnesses to appear in any investigation conducted by the Authority pursuant to its powers granted herein; and, in appropriate cases, to impose punishment for contempt, direct or indirect;
- o. To authorize officers or agents of the Authority to enter any house, building, or place where subsidized products are stored or kept, or when there are reasonable grounds to believe that said products are stored or kept thereat, so far as may be necessary to examine the same; to seize such products as are found to be unlawfully possessed or kept; and to stop and search any vehicle

- or other means of transportation when there are reasonable grounds to believe that the same unlawfully carries any subsidized coconut-based products;
- p. To utilize hereafter, as the basis for final assessment of the levies herein authorized to be collected, the Central Bank outturn reports of copra and its by-products at the foreign port of destination and for that purpose, the Central Bank shall furnish the Authority with copies thereof;
 - q. To formulate a system for the reward of compensation of persons instrumental in the discovery of violations of this law or implementing rules and regulations, and conviction of the violators; and, whenever necessary, to provide for the appropriate security of the witnesses testifying against such violators; and
 - r. To exercise such other powers as may be necessary and proper for the effective enforcement of this law and the implementing rules and regulations.

SECTION 4. *Governing Board.*—The corporate powers and duties of the Authority shall be vested in and exercised by Board of seven (7) members to be appointed by the President, as follows:

- a. Two representatives of the Government, one of whom shall be designated by the President as Chairman and the other as Vice-Chairman;
- b. Three members recommended by the Philippine Coconut Producers Federation;
- c. One member recommended by the United Coconut Association of the Philippines;
- d. One member recommended by the owner and operator of the hybrid coconut seednut farm herein authorized to be established.

The Board shall have the following additional powers and duties:

- a. To direct and manage the affairs of the Authority;
- b. To prepare and adopt an annual budget;
- c. To disburse the proceeds of the levies for the purposes herein authorized; and
- d. To establish the internal organization of the Authority and fix the salaries and other compensation of its officers and employees.

SECTION 5. *Meeting and Quorum.*—The Board shall meet as often as the exigencies of the service may demand. The presence of at least four members shall constitute a quorum, and the vote of four members shall be necessary for the adoption of any rule, resolution or decision or any other act of the Board.

SECTION 6. *Compensation of the Members of the Board.*—The members of the Board shall receive per diem of two hundred pesos for each meeting actually attended; *Provided*, That such per diems shall not exceed one thousand pesos during any month for each member; *Provided, further*, That no other allowance or any form of compensation shall be paid then, except actual expenses in travelling to and from their residences to attend board meetings.

SECTION 7. *Executive Officers and Personnel.*—The chief executive officer of the authority shall be the administrator assisted by such Deputy Administrators as the Board may prescribe, all of whom shall be appointed, or removed, by the Board and delegated with such powers and duties as it may prescribe.

All officers and employees of the Authority shall be selected and appointed by the Board on the basis of merit and fitness.

SECTION 8. *Departments.*—The Board may establish such departments as it may be convenient for the discharge of its duties; *Provided*, That only one agronomical research department shall be created.

ARTICLE III

LEVIES

SECTION 1. *Coconut Consumers Stabilization Fund Levy.*—The Authority is hereby empowered to impose and collect a levy, to be known as the Coconut Consumers Stabilization Fund Levy, on every one hundred kilos of copra rececada, or its equivalent in other coconut products delivered to, purchased by, copra exporters, oil millers, dessicators and other end-users of copra or its equivalent in other coconut products. The levy shall be paid by such copra exporters, oil millers, dessicators and other end-users of copra or its equivalent in other coconut products under such rules and regulations as the Authority may prescribe. Until otherwise prescribed by the Authority, the current levy being collected shall be continued.

SECTION 2. *Utilization of Fund.*—All collections of the Coconut Consumers Stabilization Fund Levy shall be utilized by the Authority for the following purposes:

- a. When the national interest so requires, to provide a subsidy for coconut-based products the amount of which subsidy shall be determined on the basis of the base price of copra or its equivalent as fixed by the Authority and the prices of coconut-based products as fixed by the Price Control Council; *provided, however*, that when the coconut farmers, who in effect shoulder the burden of the levies herein imposed, shall have owned or controlled, under Section 9 and 10 hereof, oil mills and/or refineries which manufacture coconut-based consumer products, only such oil mills and/or refineries shall be entitled to the subsidy herein authorized;
- b. To refund wholly or in part any premium duty collected on copra or its equivalent sold prior to February 17, 1974;
- c. To finance the developmental and operating expenses of the Philippine Coconut Producers Federation including projects such as scholarships for the benefit of deserving children of the coconut farmers; and
- d. To finance the establishment and operation of industries and commercial enterprises relating to the coconut and other palm oil industry as described in Section 9 hereof; and
- e. To finance the Coconut Farmers Refund which is hereby constituted as the pooled savings of the coconut farmers, to be utilized for their mutual assistance, protection and relief in the form of social benefits, such as life and accident insurance coverage of the farmers.

SEC. 3. *Coconut Industry Development Fund.*—There is hereby created a permanent fund to be known as the Coconut Industry Development Fund, which shall be administered and utilized by the bank acquired for the benefit of the coconut farmers under PD 755 for the following purposes:

- a. To finance the establishment, operation and maintenance of a hybrid coconut seednut farm under such terms and conditions that may be negotiated by the National Investment and Development Corporation (NIDC) with any private person, corporation, firm or entity as would insure that the country shall have, at the earliest possible time, a proper, adequate and continuous supply of selected high-yielding hybrid as well as indigenous precocious seednuts and,