

MALACANANG  
MANILA

PRESIDENTIAL DECREE NO. 1468

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. Powers.** - 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;
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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 an 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 purposes 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 Sections 9 and 10, Article 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 or 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, a 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 Associations 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 them, 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 resecada, or its equivalent in other coconut products delivered to, and/or 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 Sections 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, for this purpose, the contract, including the amendments and supplements thereto as provided for herein, entered into by NIDC as herein authorized is hereby confirmed and ratified, and the bank acquired for the benefit of the coconut farmers under PD 755 shall administer the said contract, including its amendments and supplements, and perform all the rights and obligations of NIDC thereunder, utilizing for that purpose the Coconut Industry Development Fund;

b) To purchase all of the seednuts produced by the hybrid coconut seednut farm which shall be distributed, for free, by the Authority to coconut farmers on a voluntary basis as well as for new areas opened for coconut planting in accordance with, and in the manner prescribed in, the nationwide coconut replanting program, provided, that farmers who have been





paying the levy herein authorized shall be given priority;

c) To defray the cost of implementing the nationwide replanting program which, including the activities described in sub-paragraphs (b) and (d) of this Section, shall upon prior approval of the President of the Philippines, be implemented by the Authority through a private non-profit foundation owned by the coconut farmers in the manner prescribed by Sections 9 and 10 hereof;

d) To finance the establishment, operation and maintenance of extension services, model plantations and other activities as would insure that the coconut farmers shall be informed of the proper methods of replanting; and


e) The balance, if any, shall be utilized for investments for the benefit of the coconut farmers as prescribed in Section 9 hereof.

**Sec. 4. Coconut Industry Development Fund Levy. -**

As the initial funds of the Coconut Industry Development Fund, the Authority is hereby directed to pay to the Coconut Industry Development Fund the amount of One Hundred Million Pesos (P100,000,000.00) out of the Coconut Consumers Stabilization Fund and thereafter the Authority shall pay to the said Fund an amount equal to at least twenty centavos (P0.20) per kilogram of copra resecada or its equivalent out of its current collections of the Coconut Consumer Stabilization Fund Levy. In the event that the Coconut Consumers Stabilization Fund Levy is lifted, a permanent levy of twenty centavos (P0.20) is thereafter automatically imposed on every kilogram of copra or its equivalent in terms of other coconut products which shall be collected and paid to the Coconut Industry Development Fund by copra exporters, oil millers, dessicators and other end-users of copra or its equivalent under rules prescribed by the Authority.

The sale or transfer of the hybrid coconut seednuts herein authorized to be acquired is hereby declared exempt from the payment of the coconut consumers stabilization levy and any and all taxes and fees of whatever kind and nature.

**Sec. 5. Exemptions. -** The Coconut Consumers Stabilization Fund and the Coconut Industry Development Fund, as well as all disbursements as herein authorized, shall not be construed or interpreted, under any law or regulation, as special and/or fiduciary funds, or as part of the general funds of the national government within the contemplation of PD 711; nor as subsidy, donation, levy government funded






investment, or government share within the contemplation of PD 898, the intention being that said Fund and the disbursements thereof as herein authorized for the benefit of the coconut farmers shall be owned by them in their private capacities: Provided, however, That the President may at any time authorize the Commission on Audit or any other officer of the government to audit the business affairs, administration, and condition of persons and entities who receive subsidy for coconut-based consumer products as provided in sub-paragraph (a), Section 2, Article III hereof and those required to pay the Coconut Consumers Stabilization Fund levy as provided in Section 1, Article III hereof.

Sec. 6. Rules and Regulations. - For a proper and effective collection of the levies herein authorized to be imposed and collected, the Authority is hereby given full power and authority to promulgate such rules and regulations it may deem proper and necessary. The Authority may require the persons liable to pay the levies to submit periodic reports of their receipt of deliveries and/or purchases of copra or its equivalent; Provided, however, That the Authority shall have no power to require the disclosure of competitive information and/or trade secrets such as names and identities of their buyers and prices at which they sold the copra or its equivalents.

Sec. 7. Interest and Surcharges. - Hereafter, the Authority shall have the power to impose and collect interest equal to 14% per annum of the levies paid after the due date thereof: Provided, however, that in cases of willful or fraudulent failure to pay the levy, as determined by the Authority, the Authority may impose a surcharge of 25% in addition to the assessable interest on late payments. In disputed assessments where genuine issues of fact and/or law are raised the Authority may, in its discretion, enter into a compromise settlement of the disputed assessment waiving in whole or part the assessable levy, interest and surcharges.

Sec. 8. Deposit of Collections. - All collections of the levies herein authorized to be imposed and collected shall, upon collection thereof, be immediately deposited for the account of the coconut farmers, interest-free by the Authority with the bank acquired for the benefit of such coconut farmers under PD 755 under such terms and conditions as will insure that said bank can service in full the credit requirements of the coconut farmers: Provided, however, That the deposits shall not be withdrawn for purposes other than those herein authorized until the nationwide replanting program shall have been fully implemented and realized.





Section 9. Investments For the Benefit of the Coconut Farmers. - Notwithstanding any law to the contrary, the bank acquired for the benefit of the coconut farmers under PD 755 is hereby given full power and authority to make investments in the form of shares of stock in corporations organized for the purpose of engaging in the establishment and the operation of industries and commercial activities and other allied business undertakings relating to the coconut and other palm oils industry in all its aspects and the establishment of a research into the commercial and industrial uses of coconut and other palm oil industry. For that purpose, the Authority shall, from time to time, ascertain how much of the collections of the Coconut Consumers Stabilization Fund and/or the Coconut Industry Development Fund is not required to finance the replanting program and other purposes herein authorized and such ascertained surplus shall be utilized by the bank for the investments herein authorized.

Section 10. Distribution to Coconut Farmers. - The investments made by the bank as authorized under Section 9 hereof shall all be equitably distributed, for free, by the bank to the coconut farmers except such portion of the investments which it may consider necessary to retain to insure continuity and adequacy of financing of the particular endeavor. In effecting the distribution of the investments to the coconut farmers, the bank shall provide measures as would ensure the viability and stability of the particular enterprise and afford the widest distribution of the investments among the coconut farmers.

#### ARTICLE IV

#### PENALTIES

Section 1. Whenever any person or entity willfully and deliberately violates any of the provisions of this Act, or any rule or regulation legally promulgated hereunder by the Authority, the person or persons responsible for such violation shall be punished by a fine of not more than ₱20,000.00 and by imprisonment of not more than five years. If the offender be a corporation, partnership or a juridical person, the penalty shall be imposed on the officer or officers authorizing, permitting or tolerating the violation. Aliens found guilty of any offense shall, after having served his sentenced, be immediately deported and, in the case of a naturalized citizen, his certificate of naturalization shall be cancelled.






**Section 2. Unlawful Possession or Utilization of Subsidized Products.** - Any person or entity who owns, utilizes, and/or is found in possession of subsidized coconut-based products in violation of the provisions of this law and the implementing rules shall be liable to the penalty prescribed in Section 1 above. In addition, such unlawfully possessed or removed products shall be confiscated and sold by the Authority, and the proceeds thereof shall form part of the Coconut Consumers Stabilization Fund.

## ARTICLE V

### MISCELLANEOUS PROVISIONS

**Section 1. Abolished Agencies.** - The Coconut Coordinating Council (CCC), the Philippine Coconut Administration (PHILCOA) and the Philippine Coconut Research Institute (PHILCORIN) are hereby abolished and their powers and functions transferred to the Philippine Coconut Authority, together with all their respective appropriations, funding from all sources, equipment and other assets, and such personnel as are necessary; Provided, That personnel separated from the service hereby shall have the same rights and privileges accorded to other government employees separated as a result of implementation of the Integrated Reorganization Plan; Provided, further, That the Authority, through its Board, shall effect the transfer herein provided in a manner that will insure the least disruption of on-going programs and projects; Provided, moreover, That in the period prior to the actual assumption of duties by the Board and its functioning as such, all officers and employees of the abolished agencies shall continue to exercise all their functions and discharge all their duties and responsibilities until ordered otherwise by the Board of the Authority, except that the Board of the PHILCORIN and the PHILCOA as well as the Council itself, shall immediately cease to exist upon the effectivity of this Decree, and their functions shall be exercised by the Authority; and Provided, Finally, That until otherwise so ordered by the President of the Philippines, the incumbent members of the Governing Board of the Authority are hereby automatically appointed as such members of the Board.

**Section 2. Repealing Clause.** - All laws, executive and administrative orders, rules and regulations inconsistent with the foregoing provisions are hereby repealed or amended accordingly including Republic Act Nos. 1145, 1365, 1369 and 2282.





Section 3. Separability Clause. - If any provision of this Decree is held unconstitutional, the same shall apply only to that provision and the remainder hereof remains valid.

Section 4. Effectivity. - This Act shall take effect immediately.

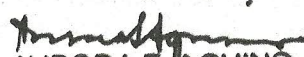
Done in the City of Manila, this 11th day of June, in the year of our Lord, nineteen hundred seventy eight.

  
FERDINAND E. MARCOS  
President of the Philippines

By the President:

  
JOSE C. CLAVE  
Presidential Executive Assistant

CERTIFIED COPY:

  
AURORA T. AGUINO  
Director IV  
Malacañang Records Office

6/10/78