

MALACAÑANG
MANILA

PRESIDENTIAL DECREE NO. 961

AN ACT TO CODIFY THE LAWS DEALING WITH THE
DEVELOPMENT OF THE COCONUT AND OTHER PALM
OIL INDUSTRY AND FOR OTHER PURPOSES

WHEREAS, the Philippine Coconut Authority (Authority) was created by P.D. No. 232 to integrate and coordinate the then diffuse efforts of the Government of promoting the accelerated growth of the coconut and other palm oil industry;

WHEREAS, the experience accumulated by the Authority in the performance of its delegated duties indubitably affirms the wisdom of the national policy of making the coconut farmers direct participants in, and beneficiaries of, all the aspects of the development and growth of the coconut and other palm oil industry; and


WHEREAS, to make more meaningful the participation of the coconut farmers in the resulting benefits from the growth and development of the industry and to re-affirm the intention of the Government in restricting its role therein to the performance of purely governmental functions and in allowing the coconut farmers to own coconut commercial and industrial enterprises, there is an imperative necessity of accordingly re-structuring the various laws that have been enacted to promote the rapid development of the industry and integrate said laws into a single codified law;

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 "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

THE PHILIPPINE COCONUT AUTHORITY

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 re-planting 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;

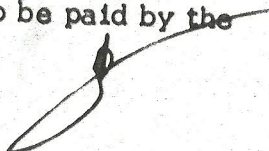
g) To explore and expand the domestic and foreign markets for coconut products and by-products;

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 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 desiccated coconut, to be paid by the



desiccating 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; and

1) 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.

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;

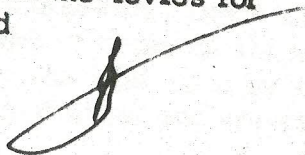
d) One member recommended by the owner and operator of the hybrid coconut seednut farm herein authorized to be established.

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, desiccators and other end-users of copra or its equivalent in other coconut products. The levy shall be paid by such copra exporters, oil millers, desiccators 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;
- b) To refund wholly or in part any premium duty collected on copra or its equivalent sold prior to 17 February 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 prescribed in Section 9 hereof.

Section 3. Coconut Industry Development Fund. - There is hereby created a permanent fund to be known as Coconut Industry Development Fund which shall be deposited, subject to the provisions of P.D. No. 755, with, and administered and utilized by, the Philippine National Bank through its subsidiary, the National Investment and Development Corporation 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 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 high yielding hybrid seednuts and, for this purpose, the contract entered into by NIDC as herein authorized is hereby confirmed and ratified;

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 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;

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.

Section 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, desiccators and other end-users of copra or its equivalent under rules prescribed by the Authority. The Philippine National Bank is hereby authorized to invest the idle portion of the Fund in easily convertible investments and all earnings therefrom shall form part of the Fund.

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.

Section 5. Exemptions. - The Coconut Consumers Stabilization Fund and the Coconut Industry Development Fund as well as all disbursements of said Funds for the benefit of the coconut farmers 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 P.D. 711; nor as a subsidy, donation, levy, government funded investment, or government share within the contemplation of P.D. 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 own private capacities.

Section 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 equivalent.

Section 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.

Section 8. Deposit of Collections. - All collections of the levies herein authorized to be imposed and collected shall be deposited with the banking institutions prescribed by P.D. 755; provided, however, that the deposits made with the commercial bank acquired for the benefit of the coconut farmers shall not be withdrawn for purposes other than those herein authorized until the nationwide replanting program shall have been fully implemented and realized; and provided finally, that the deposits made with the NIDC shall first be utilized in the replanting program.

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 P.D. 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 investment 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 V


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 or 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 sentence, be immediately deported and, in the case of a naturalized citizen, his certificate of naturalization shall be cancelled.

ARTICLE VI

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 transfers 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 respon-



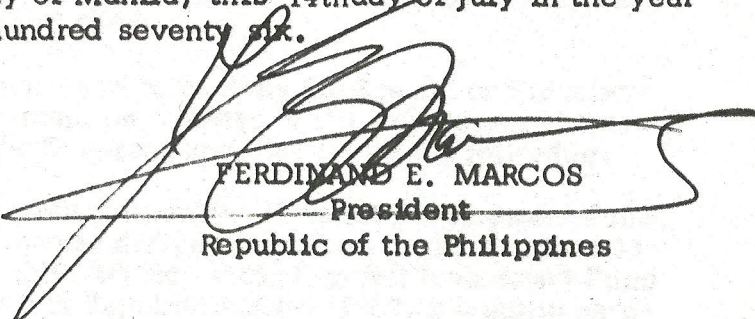
sibilities until ordered otherwise by the Board of Authority, except that the Board of the PHILCORIN and the PHILCOA as well as the Council itself, shall immediately cease to exist upon the effectivity of this Decree, and their functions shall be exercised by the Authority; and Provided, Finally, That 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.

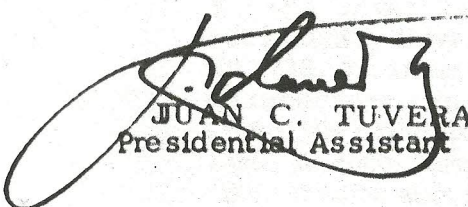
Section 4. Effectivity. - This Act shall take effect immediately.

Done in the City of Manila, this 14th day of July in the year of our Lord, nineteen hundred seventy six.




FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:



JUAN C. TUVERA
Presidential Assistant

CERTIFIED COPY:



AURORA T. AGUINO
Director IV
Malacañang Records Office

10/12/98