Senate
Office of the Secretary

SIXTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

'14 FEB 11 P1 :39

RECEIVED BY:

SENATE

S. B. No. **2116**

Introduced by **Senator FRANCIS G. ESCUDERO**

AN ACT
REVITALIZING THE COCONUT INDUSTRY, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

EXPLANATORY NOTE

This bill is being filed as a counterpart measure of House Bill No. 1998 filed by Rep. Sharon Garin in the House of Representatives.

It is the policy of the State to recognize the essential role of coconut as a strategic, indigenous, replenishable and renewable source of livelihood for a great number of people.

The coconut industry, which covers 3.563 hectares or 26% of the total agricultural land in the country, is one of the biggest agricultural industries in the country. It produces an annual average of 15.2 billion coconuts, with over 24 million direct and indirect stakeholders in over 69 provinces in the country.

The Philippine Coconut Authority was created pursuant to Presidential Decree 232 in 1973 to promote the accelerated development of the coconut industry and to provide policy directions for such purpose. Subsequent legislations were also enacted for the same purpose, the last being Presidential Decree 1468 in 1978. However, said laws were created to address the conditions of the coconut industry almost 4 decades ago, making the present charter of the Philippine Coconut Authority undeniably deficient.

Thus, this bill brings about the necessary transformations to the Philippine Coconut Authority both at the policy and operational levels, by legislating a Coconut Industry Development Act which will provide an up-to-date overall strategic guidance to the industry. To implement the policy and objectives of this measure, a non-stock, government corporate entity known as the Philippine Coconut Industry Development Authority (PHILCIDA) is created and established, headed by a 7-member Board of Directors with its Chairman as head and Chief Executive Officer of the Authority.

This measure equips the PHILCIDA with solid and multifaceted mandate, which focuses on developmental, governmental, regulatory, research and development, and corporate powers and functions. It also provides assistance to coconut farmers through marketing assistance and other extension services to boost the yield and expand the income of coconut farmers, as well as intermediation and arranging services for investment, financing, and trade, among others. It also presents measures on rehabilitation and fertilization of coconut trees.

Removal of corporate restriction of PCA is also proposed to make it a profitable, sustainable, and development-oriented agency. In 2013, PCA had only a subsidy of around P939.750 million, equivalent to a mere 1.86% of the total allocation of the Department of Agriculture.

Research and development is also provided in the bill to cultivate a culture of scientific excellence and professionalism in its agricultural and industrial research and establish credence to the initiatives, findings, and innovations of PCA. This will allow the development and propagation of new discoveries and technologies.

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

FRANCIS G. ESCUDERO

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ARTICLE I
GENERAL PROVISIONS

SECTION 1. ***Short Title.*** – This Act shall be known as *"The Coconut Industry Development Act."*

SECTION 2. ***Statement of Policy.*** – It is the policy of the State to recognize the essential role of coconut as a strategic, indigenous, replenishable and renewable source of livelihood for a great number of people. Towards this end, the State shall promote the rapid, steady and continuous integrated development and growth of the coconut industry in all its aspects and ensure that the coconut farmers, farm workers, processors, lessees and tillers, and their families, shall become direct participants in, and beneficiaries of, such development and growth thereby increasing their income and uplifting their quality of life.

As used in this Act, "coconut" shall encompass coconut trees and oil palm trees, and coconut and oil palm-based products and by-products.

SECTION 3. ***Goals and Objectives.*** – Pursuant to the above-mentioned policy, the effort of government shall be directed towards the following goals and objectives:

a) Promote the steady, accelerated, and orderly development of the coconut industry consistent with the agrarian reform policy of the government;

b) Develop and establish the coconut farming systems including but not limited to the establishment of model coconut farms;

c) Hasten and advance industrialization in the coconut industry and the diversification and proper utilization of coconut products and by-products, and oil palm products and by-products;

d) Promote the effective utilization and marketing of coconut products and by-products and oil palm products and by-products in the domestic and foreign markets and preserve the competitiveness and reliability of the country as a major producer and supplier of said products, by establishing national standards acceptable in the international market;

e) To increase production by expanding the planting and replanting program of coconut trees in strategic areas identified as having the most potential and the rehabilitation and fertilization of existing coconut trees;

f) Conduct scientific researches and investigations in all areas pertaining to agricultural, industrial, marketing and socio-economic aspect of the coconut industry and encourage the participation of small farm holders in research and technology;

g) Encourage and promote the organization of coconut farmers cooperatives, associations, and organizations and provide them credit and financing schemes;

h) Generate and disseminate information and communication to farmers, producers and other sectors to ensure the appreciation and adoption of appropriate technology and practices, inventions, as well as the proper awareness and correct understanding of issues and development in the coconut industry; and

i) Coordinate and integrate all efforts of various agencies of government and provide general direction for the steady and orderly development of the industry.

ARTICLE II
POWERS AND FUNCTIONS OF THE PHILIPPINE COCONUT INDUSTRY DEVELOPMENT AUTHORITY

SECTION 4. ***Philippine Coconut Industry Development Authority.*** - To implement the policy and objectives of this Act, there is hereby created and established a non-stock, government corporate entity known as the Philippine Coconut Industry Development Authority (PHILCIDA), hereinafter referred to as the Authority.

SECTION 5. ***Powers and Functions.*** - The Authority shall exercise the following core powers and functions:

a) *Developmental Power and Function*
   1) Formulate and adopt a general program of development geared towards increased farm productivity, through planting or replanting of suitable seedling varieties, rehabilitation and fertilization of coconut, integrated coconut-based farming systems and product processing, and whenever necessary, the construction of related support and infrastructure facilities. For this purpose, the Authority shall adopt a special program to maximize the yield of small coconut farmers and their farm families particularly those farms covered by the agrarian reform program of the government;

b) *Research and Development Powers and Functions*
   1) Undertake scientific researches and investigations on crop and varietal improvement, pests and diseases, agronomy and mineral nutrition, coconut wood utilization, virology and biochemistry and epidemiology of *cadang-cadang*, and such other similar studies on varietal and crop improvement of general or local suitability;

2) Undertake scientific researches and investigations on food, non-food products and by-products including bio-diesel, directly or in collaboration with other public agencies or the private sector;
3) Conduct intensive studies and data research, establish and maintain a database of primary, accurate and reliable information on coconut culture, production, pricing capacity, marketing, inventories as well as scientific thesis and treaties in coordination with other government offices, the private sector and international agencies and bodies;
4) Establish, maintain and operate such number of research centers and experiment stations, including laboratories, seed gardens, nurseries, pilot farms and industrial facilities as may be necessary to undertake extensive research in coconut pests and diseases, improvement of copra, manufacture of coconut products and by-products or oil palm products and by-products, and the greater utilization of the coconut for traditional and non-traditional uses;
5) Construct, invest, establish and operate integrated coconut centrals, processing plants and integrated processing mills and other support facilities in aid of its research and development function;
6) Secure or obtain registration of intellectual property rights on any discoveries, new process, or utilization involving coconut products and by-products or oil palm products and by-products resulting from its research and studies;
7) Develop, package, utilize, promote, and transfer viable techniques and technologies: *Provided, however,* That an appropriate royalty or technological transfer fee shall be imposed, the amount of which shall be determined by the PHILCIDA Board of Directors;
8) Purchase or fabricate such machineries, material, equipment and supplies as may be necessary to execute successfully such researches, investigations and experimental work as provided under this Act on its own or in partnership with other agencies.

c) *Regulatory Powers and Functions*
1) Regulate the marketing and the exportation of coconut products and by-products and oil palm products and by-products to conform with quality or food standards recognized by both the domestic and international market;
2) Take samples and conduct examination of any copra, coconut products and by-products and oil palm products and by-products that are subject to domestic and international standards; to conduct laboratory analysis to determine the chemical characteristics of moisture content, contaminants, including the presence of toxin and other contaminants and issue the necessary commodity clearance and export permit: *Provided,* That the Authority may withhold the issuance of such clearance or permit, or suspend or cancel any clearance or permit already issued in case of violation by the holder of any provision of this Act or rules and regulations duly promulgated by the Authority;
3) Develop and recommend for the adoption of the Bureau of Plant Industry and other concerned government agencies measures and methodology quarantine for coconut products and by-products and oil palm products and by-products; to impose such restrictions in the transport movement or handling of the same in accordance with such standards and quarantine procedure determined by the Authority;

4) Order the closure of any mill, refinery, processing firm, copra warehouse or any place or building where coconut products and by-products or oil palm products and by-products are stored or to intercept any vehicle or ship or vessel carrying or transporting coconut products and by-products or oil palm products and by-products, and seize the contents thereof, where there is reasonable ground to believe that the owner, possessor or person or persons in control of such place, building, vehicles, ship or vessel, of such products have violated the provisions of this Act or any rules and regulations promulgated thereto in a manner that is prejudicial and detrimental to the coconut industry, or the consuming public;

d) *Corporate Powers and Functions*

1) Create subsidiaries or enter into partnerships or joint ventures with any public or private foreign or local entity, natural or juridical, and acquire, own or hold shares of stock or interest therein for the purpose of fully utilizing the commercial value of pioneer and new technology generated in the industry, or of financing the manufacture, on commercial scale of coconut products and by-products or oil palm products and by-products: *Provided,* That such subsidiary, partnership, joint venture, which the Authority is authorized to create, shall be governed by the provisions of general laws applicable to corporations and such entities: *Provided, further,* That after such partnership, subsidiary, or joint venture with private Filipino citizens or entities authorized to be created shall have become fully viable for commercial operation, and the Authority has recovered its investments or contributions, the Authority shall immediately divest itself of its interest over the partnership, subsidiary, or joint venture in favor or any private person or entity. For purposes of this paragraph, the Authority shall make studies and investigations of the enterprises and projects for which the loans, contributions and subscriptions to the capital of the enterprise or investments mentioned are needed, and determine the advisability of financing the same;
2) Lease real estate, lands and interest in lands owned and acquired by the Authority including buildings or other structures with their appurtenances in pursuance of any partnership or joint venture to implement its technology or developmental projects and programs;
3) Borrow, raise or obtain funds; to issue bonds and other instruments of indebtedness; or to enter into any financial or credit arrangement from any financial or lending institutions, local or foreign, in order to support or carry out its objectives and purposes, subject to pertinent laws governing public debts and expenditures; and when necessary, subject to the approval of the President;
4) Receive grants, subsidies, donations or contributions from corporations, trusts, foundations, associations and other sources from any private or government office, agency or corporation, local or foreign;
5) Purchase, own, lease, hold, or otherwise acquire real estate, lands and interest in lands and to own, hold, improve, develop, and manage any real estate so acquired and to erect, rebuild, enlarge, alter or improve buildings or other structures with their appurtenances on any lands so owned or occupied;
6) Purchase, own, lease, hold, or otherwise acquire such machineries, equipment, tools, materials, supplies, or other parts as may be

necessary, convenient or appropriate for any of the purposes for which the Authority is formed;

7) Invest and deal with the funds of the Authority in stocks, bonds and other secured collaterals with skill, care, prudence and diligence, in order not to make such funds idle and unproductive pending their full utilization for the principal objects and purposes for which the Authority has been organized: *Provided, however,* That such investment or investments shall be subject to the approval of the President.

e) *Extension Services and Market Development Powers and Functions*

1) Render training, extension service programs and disseminate information to coconut farmers, farm workers and processors relative to production technology, marketing systems, entrepreneurial and other technical skills and values, attitude formation and socio-economic development strategies;
2) Promote, encourage and assist coconut [planters,] farmers, processors and workers organize themselves into associations and cooperatives, equip them with greater capability of marketing their products, and assist them obtain more credit facilities; to register and accredit such associations and cooperatives for purposes of participation in the developmental programs of the Authority: *Provided,* That the Authority shall not directly or indirectly influence the farmers in the exercise of their choice or selection of candidates or leaders in the organizations;
3) Provide, in coordination with the private sector, a system of accreditation of association of traders, millers, desiccators, farmers, exporters and end-users of coconut products and by-products and oil palm products and by-products;
4) Undertake or participate in trade missions to obtain better preferential trading arrangements with importing countries, and enter or otherwise participate in behalf of the coconut trading industry in all agreements, arrangements, missions or conventions with any foreign government or entity with respect to trading relations, market quotas, tariff and non-tariff barriers and such other matters affecting the export of coconut products and by-products, and oil palm products and by-products;
5) Assist coconut farmers, organizations in marketing their products locally or abroad when the need arises;
6) Assist coconut farmers organizations in establishing farmer owned bonded warehouses and processing facilities;
7) Develop credit assistance programs and funding mechanisms for coconut [planters,] farmers, processors, workers, and organizations;
8) Engage in the business of manufacture and merchandise of coconut consumer products and by-products and distribute the same in the local market to avert the short supply of such products for the interest of the consumers;
9) promote the expansion and development of the domestic and foreign market for coconut products and by-products and oil palm products and by-products.

f) *Governmental Powers and Functions*

1) Impose and collect all fees, charges, assessments and imposts including interests and surcharges authorized under this Act or its

implementing rules and regulations and disburse funds generated by the Authority from its operations to carry out its functions;

2) Require exporters, traders, millers, refiners, desiccators, oleo-chemical processor, other manufacturers and end-users of coconut products and by-products, and oil palm products and by-products to submit periodic reports of production, receipts of deliveries or purchases or both, sales, inventory, contracts and such other data the Authority may deem necessary to properly and effectively promote the development of the industry;
3) Promulgate its own rules for investigation and procedure to investigate complaints involving violations of this Act or any rules and regulations issued pursuant thereto, or any such other laws, rules and orders affecting the coconut industry; attribute or settle conflicting claims or render the appropriate decision or award including the imposition and administrative penalty of cancellation, revocation and suspension of license, registration, permit or clearance issued in accordance with this Act;
4) Call upon or deputize any official or law enforcement agency of the government as may be necessary to assist the Authority in carrying out and enforcing its functions under this Act;
5) Issue *subpoena* or *subpoena duces tecum and/or subpoena ad testificandum* to summon witnesses to appear in any investigation or hearing conducted by it;
6) Enter into, make, conclude, perform, and carry out contracts of every kind and nature and for any lawful purpose which are necessary, proper or incidental to any business or purpose of the Authority; and
7) Adopt, alter and use a corporate seal; to sue and be sued; and otherwise to do and perform all acts or exercise all powers and functions necessary or incidental to attain the national policy and objectives under this Act.

ARTICLE III
BOARD OF DIRECTORS AND OTHER PERSONNEL

SECTION 6. ***Board of Directors.*** - The corporate powers and duties of the Authority shall be vested and exercised by a Board of Directors, hereinafter referred to as the Board, composed of seven members to be appointed by the President, three of whom shall represent the coconut farmer sector, one (1) from the trading and processing sector, one (1) from the science and research sector, and two (2) from the government sector. The Chairman shall be designated by the President from among the members appointed. in his absence, the chairman may designate any member of the board to preside during the meeting.

SECTION 7. ***Tenure.*** - The members of the Board shall hold office for a term of six (6) years or until their successors shall have been appointed and qualified or unless sooner removed for cause. Appointment to vacant positions shall only be for the unexpired term of the predecessor.

SECTION 8. ***Powers and Functions.*** - The Board shall exercise the following powers and functions:

a) Formulate and adopt a national government plan for the coconut industry and promulgate the necessary rules and regulations, policies and measures in support of the plan;

b) Prescribe the organization of the Authority and fix the compensation and allowances of all its personnel in accordance with law;

c) Reorganize the Authority when there is a need to institute reforms in the organizational structure to effect economy and promote efficiency. For this purpose, the Board may group, coordinate, consolidate or integrate positions and create, reclassify, split and abolish positions;

d) Adopt, promulgate or amend, revise, modify or repeal rules and regulations necessary to implement the provisions of this Act;

e) Appoint the Administrator and deputy administrators and other officers upon the recommendation of the Chairman and Chief Executive Officer;

f) Approve the annual budget and such supplemental budgets of the Authority;

g) Review, revise, modify, increase or decrease the fees and assessment authorized to be collected in this Act as current industry condition may warrant taking into account public interest, cost of services and the prices of coconut products and by-products, and oil palm products and by-products; and

h) Perform such other duties as may be assigned to it by the President of the Philippines, consistent with this act.

SECTION 9. ***Quorum and Meeting.*** - The Board shall meet as often as the exigency of the service may demand. The presence of at least four (4) members shall constitute a quorum and the vote of a majority of the members present constituting a quorum shall be necessary for the adoption of any rule, resolution, decision or any other act of the Board.

SECTION 10. ***Compensation.*** - The members of the Board shall each receive *per diems* for every committee and board meetings actually attended in accordance with existing rules and regulations: *Provided, however,* That the total *per diem* collected each month shall not exceed the equivalent *per diem* for four (4) committee/board meetings. Unless and until the President of the Philippines has fixed a higher *per diem* for the members of the Board, such *per diem* shall not be more than six thousand for every committee / board meeting.

SECTION 11. ***Officers and Personnel.*** - The Chairman of the Board, who shall have the rank and privileges of a Department Secretary, shall be the head and Chief Executive Officer of the Authority. Upon his recommendation, the Board shall appoint an Administrator of the Authority who shall be the Chief Operating Officer, with the rank and privileges of a Department Undersecretary. The Administrator shall have the responsibility of managing the day-to-day affairs and operations of the Authority subject to the supervision and control of the Chief Executive Officer and in accordance with the policies established by the Board.

The Administrator shall have a term of six (6) years unless sooner removed.

There shall be such sufficient number of deputy administrators as the Board may prescribe to assist the Administrator who shall be appointed or removed for

cause by the Board. The Administrator and the deputy administrator may be assigned with such powers and duties as the Chairman and Chief Executive Officer may prescribe from time to time.

SECTION 12. ***Application of the Civil Service Law.*** - All officers and employees of the Authority shall be subject to the civil service laws, rules and regulations, and all selection and appointments shall be based on merit and fitness.

ARTICLE IV
MANAGEMENT AND OPERATIONS

SECTION 13. ***Management.*** - The management of the corporate affairs of the Authority shall be the responsibility of the Chief Executive Officer with the assistance of the Administrator, deputy administrator for planning and such other officers as may be determined by the Board.

SECTION 14. ***Duties of the Chief Executive Officer.*** - The Chief Executive Officer shall exercise the following duties and responsibilities:

a) Initiate and develop corporate policies, programs and objectives for approval of the Board;

b) Establish general administrative and operating policies;

c) Appoint all other non-officer employees of the Authority;

d) Execute for and in behalf of the Authority contracts, obligations and agreements which are required to be approved by the Board;

e) Appoint technical consultants;

f) Discipline officers and employees in accordance with civil service laws, rules and regulations;

g) Submit the internal organizational structure of the Authority, financial statements and other reports as may be required by the Board;

h) Delegate or assign any of the foregoing powers and duties except the power to appoint any official in the hierarchy of authority and always subject to his supervision and control; and

i) Exercise such other powers and duties as may be assigned by the Board.

SECTION 15. ***Corporate Planning Office.*** - To assist the Chief Executive Officer in the formulation of general plans and programs, promulgation of policies, the monitoring and evaluation of industry and corporate activities, there shall be a Corporate Planning Office which shall serve as the technical arm under the office of the Chairman, having the status of a branch which shall be headed by director for corporate planning with a rank of deputy administrator. The term of the director for corporate planning shall be co-terminus with the Chairman.

SECTION 16. ***Duties of the Chief Operating Officer.*** - The Chief Operating Officer shall exercise the following duties and responsibilities:

a) Ensure that the administrative and operating policies are carried out under the direction and control of the Chairman and Chief Executive Officer;

b) Prepare and submit to the Chief Executive Officer, within sixty (60) days before the beginning of each calendar year, an annual operational budget of the Authority; and

c) Monitor operational problems, adopt remedial measures and submit policy proposals to improve the day-to-day affairs and operations of the Authority.

d) perform other duties and functions as may be assigned by the chairman of the board.

SECTION 17. ***Branch Offices.*** - The Authority shall have the following branches:

a) ***Agricultural and Industrial Research and Development Branch*** for the execution and implementation of systematic, unified, and credible research and development policies, plans and programs on coconut production, utilization, propagation, and related technologies as guided by principles of scientific excellence and professionalism including the implementation of policies, plans and programs relating to advancement in industrialization and development for the coconut products and by products, and oil palm products and by-products particularly on food, oleo-chemicals, fuels and lubricants;

b) *Market Research and Development Branch* for the formulation and implementation of policies, plans and programs relating to domestic and international markets development affecting the coconut industry including the enforcement of market rules and regulations formulated by the Authority;

c) *Field Operations Branch* for execution and implementation of policies, plans and programs relating to production, marketing and processing activities;

d) *Administration and Finance Branch* for developing and maintaining the delivery of all necessary administrative, financial and manpower support for the whole operations of the Authority; and

e) *Development Information and Communication Branch* for the execution and implementation of policies, plans and programs relating to development information and communication as well as other socio economic research and development.

Every branch shall be headed by a deputy administrator or such qualified acting or officer in charge as may be designated by the Chief Executive Officer.

SECTION 18. ***Regional Offices.*** - The Authority shall establish and organize regional offices in coconut producing areas in the country in accordance with the political and administrative regions in the country and such number of provincial or district offices, or both, that will assist the Authority in the full implementation of this Act.

SECTION 19. ***Departments, Divisions and Units.*** –There shall be organized such specialized departments, divisions, units or offices as may be necessary to provide the needed administrative, technical and specialized services, as may be deemed proper and expedient by the Board, which shall be headed by a person with the required specialization or expertise as prescribed in the qualification standard for the position or function.

ARTICLE V
SOURCES OF FUNDING

SECTION 20. ***Coconut Development Fund.*** – There is hereby established a national coconut development fund to be administered by the authority for the purpose of financing the growth and development of the coconut industry, including human resource development, training of farmers and other related activities. The sum necessary for the establishment of the fund is hereby authorized to be appropriated in the General Appropriations Acts of the years following its enactment into law.

SECTION 21. ***Other Sources of Funding.*** – In the event the fund as provided in Sections 20 of this Act become insufficient, an amount shall be appropriated from the following sources:

a) The proceeds of loans which the Authority may obtain from financial institutions: *Provided,* That should the total outstanding proceeds shall at any one time exceed One Billion Pesos (P1,000,000,000.00), the transaction shall be subject to the approval of the President;

b) All other proceeds, income, and collections arising from transactions authorized under this Act: *Provided,* That proceeds herein mentioned shall be used to finance socio-economic, developmental, and research and development programs and projects of the Authority;

c) The proceeds of the value-added tax imposed on all coconut products and by-products; except copra, copra cake and meal which are hereby exempted from payment of value added tax and on the services of coconut oil mills, desiccated coconut factories and other processors of coconut products shall be collected by the Bureau of Internal Revenue under Executive Order No. 273, entitled "*Adopting A Value-Added Tax, Amending For This Purpose Certain Provisions Of the National Internal Revenue Code, And For Other Purposes,*": *Provided,* That such proceeds of the value added tax shall be deposited with the Treasurer of the Philippines within the first ten (10) days of each quarter and shall be automatically appropriated to finance the programs and projects of the Authority;

ARTICLE VI
REGISTRATION, LICENSE, PERMITS

SECTION 22. ***Application for Registration.*** – Any person directly or indirectly engaged in the manufacture, processing, and other business involving coconut products and by-products, and other oil palm products and by-products to be

determined by the Authority pursuant to its rules and regulations shall apply for registration with the Authority.

SECTION 23. ***License to Operate.*** - Upon approval of application for registration, the Authority shall issue the corresponding license to operate under such rules and regulations promulgated for the purpose. The application for registration and license shall be mandatory for both the principal and his agents in the case of natural persons, and the central or main offices and their branches or subsidiaries in the case of juridical persons.

ARTICLE VII
COMMODITY SUPERVISION

SECTION 24. ***Application for Export Clearance.*** - Notwithstanding any provision of law to the contrary, all exporters of copra, coconut oil, desiccated coconut, copra cake or meal, and other coconut products and by-products shall file with the Authority, not later than ten (10) days prior to the date of loading, an application for export clearance pursuant to such forms prescribed by the Authority under its implementing rules and regulations.

SECTION 25. ***Use of Moisture Meter.*** - For an accurate determination of moisture content in the copra *resecada,* and in observation of the standard scale for moisture content established by the Authority, all persons or firms engaged in the business involving copra shall use moisture meters duly calibrated, serialized and sealed by the Authority or any duly authorized office.

SECTION 26. ***Fees.*** - The Authority shall collect in addition to the fees for the issuance, renewal or replacement of license and registration such reasonable fees to cover the cost of services under this Act.

ARTICLE VIII
INCENTIVES

SECTION 27. ***Tax Incentives.*** -The coconut industry, its institutions, members and participants shall be entitled to all tax and non-tax incentives under existing applicable laws, decrees, executive orders and similar issuances.

SECTION 28. ***Tax Exemption.*** - Notwithstanding the provisions of any law to the contrary, all real properties, equipment and machinery acquired by the Authority for its operations under this Act shall be exempt from all taxes, fees, duties, imposts and assessments, both national and local except income tax.

ARTICLE IX
SPECIAL PROVISIONS

SECTION 29. ***Conservation of Coconut Trees.*** - In order to conserve and protect the resources devoted to coconut industry, the Authority shall regulate the cutting or destruction of coconut trees in accordance with the provisions of Republic Act 8048, otherwise known as the Coconut Preservation Act of 1995, including all amendments thereto on the date this Act takes effect and to execute and enforce the police powers granted under this Act.

SECTION 30. ***Measures to Protect the Industry.*** - When the general welfare of the industry for national interest so requires, and when there exist unabated increase in production capacity resulting, singly or collectively, in cutthroat

competition, overproduction, underselling, and smuggling of poor quality coconut products and by-products, or oil palm products and by-products, thereby threatening the viability and stability of the coconut industry or any sector thereof, the Authority shall regulate or otherwise suspend the issuance of license for the establishment and operation of any new coconut oil mill, desiccated coconut plant or refinery or the upgrading of capacities of existing mill, plant or refinery. In granting the license, the Authority shall evaluate and determine the need for the establishment of additional mills or plant or upgrading the capacity of any existing mills or plant in relation to:

a) The existing market demand;

b) The production capacity prevailing in the country, locally or any sector of the industry;

c) The level and flow of supply or raw materials; and

d) Such other circumstances which may affect the viability or stability of the industry concerned.

ARTICLE X
PENALTIES

SECTION 31. ***Penalties.*** – Any person who wilfully or deliberately violates any of the provisions of this Act or rules or regulations duly promulgated hereunder shall be punished by a fine of not less than two hundred thousand pesos (P200,000.00), or by imprisonment of not more than five (5) years, or both: *Provided,* That should the violation constitute an act punishable under the Revised Penal Code, the pertinent provision and penalty prescribed in the said Code shall apply.

If the violation be committed by an association, partnership, corporation or any juridical person, the officer or officers, director or employee responsible for the violation shall be held liable and shall suffer the penalties provided herein. An alien found guilty shall after having served his sentence be immediately deported and in case of a naturalized citizen, his Certificate of Naturalization shall be cancelled. –

SECTION 32. ***Interest and Charges.*** – Assessment and regulatory or service fees or charges which are not paid on the due date thereof shall be subject to penalty interest of fourteen (14%) percent per annum. In addition thereto, a surcharge of twenty five (25%) percent shall be imposed in case of wilful or fraudulent failure to pay as determined by the court in a case filed therefor.

ARTICLE XI
TRANSITORY PROVISION

SECTION 33. ***Implementing Rules and Regulations.*** – The PHILCIDA is hereby given full power and authority to promulgate such rules and regulations it may deem proper and necessary for the effective implementation of this Act.

SECTION 34. ***Abolition.*** – The Philippine Coconut Authority is hereby abolished and its powers and functions transferred to the Philippine Coconut Industry Development Authority together with all the appropriations and funding from all sources, including all its obligations, equipment and other assets and such personnel as are necessary: Provided, That as a result or incident of the abolition ,

no personnel shall be terminated or separated except when the Board shall exercise its authority to reorganize pursuant to Article III, Section 8 of this Act: Provided further, That displaced personnel as a result of the abolition shall be given compensation equivalent to twice their present salary for every year of government service. Provide furthermore, that the Authority through the Board, shall effect the transfer of absorbed personnel in a manner that will ensure the least disruption of on-going programs and projects: Provided finally, that until such reorganization is implemented, all officers and employees of the abolished agency shall continue all functions and discharge all their duties and responsibilities.

ARTICLE XII
MISCELLANEOUS

SECTION 35. ***Separability Clause.*** - If any part or provision of this Act is declared unconstitutional, other parts or provisions thereof which are not affected thereby shall continue to be in full force and effect.

SECTION 36. ***Repealing Clause.*** - All laws, decrees, executive orders, rules and regulations and other issuances or parts thereof, inconsistent with the provisions of this Act, are hereby repealed or modified accordingly.

SECTION 37. ***Effectivity.*** - This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,