

[PRESIDENTIAL DECREE NO. 1960, January 11, 1985]

PRESCRIBING MEASURES FOR THE STRUCTURAL ECONOMIC ADJUSTMENT PROGRAM FOR THE COCONUT INDUSTRY

WHEREAS, a rationalization program for the coconut industry was mandated by LOI 926 in 1979 to save the coconut oil milling industry from financial collapse whereby a cooperative endeavor was organized among coconut farmers, oil millers and exporters of coconut products to pool and coordinate their respective resources in the buying, milling and marketing of copra and its by-products;

WHEREAS, a self-reliance energy program was instituted by the Government whereby the energy requirements of the country would be serviced from indigenous and renewable local sources and thereby diminish its dependence on imported energy;

WHEREAS, the Coco-Diesel Program was conceived and implemented as a substantial element in the country's self-reliance energy program such that coconut oil, one of the country's indigenous and renewable sources, would be utilized as a diesel fuel extender and fuel blending stock;

WHEREAS, to ensure a continuous supply of coconut oil for the Coco-Diesel Program and at the same time strengthen the rationalization program for the coconut industry, Presidential Directive dated 1 September 1982 was issued mandating that the coconut oil production of intermittent exporters of coconut products and the excess production of those primarily engaged in the domestic market be instead channeled into the Coco-Diesel Program rather than into the world market, and pursuant to which, the Philippine Coconut Authority ("PCA") issued Administrative Order No. 002, Series of 1982 establishing Rules and Regulations to implement the said Presidential Directive;

WHEREAS, the severe drought in 1982-83 caused a substantial reduction in the copra production of the country and compelled the Government thru PCA to adopt measures to meet Philippine and world market requirements for coconut oil; to prevent cutthroat competition for copra; and to forestall short term cycles of artificially high prices of coconut products in the domestic and world market including the issuance of PCA Administrative Order No. 002, Series of 1983;

WHEREAS, since the promulgation of the Presidential Directive and the PCA Administrative Orders, copra production of the country has dropped even further as a result of numerous typhoons in late 1983 and two (2) super typhoons in 1984;

WHEREAS, in 1974, the Government launched a national hybrid coconut replanting program with actual replanting commencing in 1979 as a viable means of increasing copra production and thereby enhance the country's competitiveness in the international market of fats and oils, which was however suspended in 1982 in response to the public clamor against the coconut levy which financed the replanting program;

WHEREAS, pending review of alternative schemes for financing the replanting program, the Government ordered, as a result of the super typhoons in 1984, the

replanting of the devastated areas with high-yielding hybrids with this limited replaing program not bearing fruit until the 1990's;

WHEREAS, external forces beyond the control of the Government plunged the country into a severe economic and financial crisis compelling the Government to seek a standstill and a restructuring of its external debts;

WHEREAS, to enable the country to restructure its external debts, the Government has implemented a series of substantial economic policy measures which include reforms in the production, pricing, marketing, credit and institutional arrangements of the coconut industry;

WHEREAS, after a thorough review, it is deemed to be in the interest of all that there be less Government intervention in the marketing of coconut products and allow the private sector greater access to the markets, and at the same time encourage and require the private sector to establish and adopt appropriate measures to enhance the competitiveness of coconut products in the world market;

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

SECTION 1. PCA Administrative Order No. 002, Series of 1982, and PCA Administrative Order No. 002, Series of 1983, and all other rules and regulations promulgated by various governmental agencies in consonance with the aforesaid PCA Administrative Orders are hereby repealed and all oil millers are hereafter permitted and authorized to export their coconut products to the world market subject only to such rules and regulations that the Ministry of Trade and Industry, the Central Bank and PCA may prescribe to ensure that coconut products are sold at competitive prices in relation to other fats and oils and that the proceeds of such sales, less actual expenses, are remitted to the country; *Provided, however,* that no rule or regulation shall be promulgated which may delay or restrict the expeditious exportation of coconut products to the world market.

SECTION 2. To help planters and processors organize themselves into associations and/or cooperatives to give them greater control in the marketing of their products, the coconut farmers, and/or the copra buyers and/or millers/refiners and/or exporters of coconut products are encouraged and authorized to form such cooperatives or associations as may be appropriate to achieve economies of scale; avoid the ruinous competition for copra which pushed the coconut oil milling industries to the brink of financial collapse in late 1979; maximize foreign exchange earnings; ensure that the coconut farmers receive a fair share of the proceeds from exports and/or domestic sales, and at the same time continue to assure consuming countries an adequate and continuous supply of coconut products at fair and reasonable prices; *Provided however,* that the Government or any of its agencies or instrumentalities, including government owned or controller corporations, shall not, unless expressly permitted by law, or by the President of the Philippines, directly or indirectly engage in the marketing of coconut products in the world market.

SEC. 3. To ensure the survival of the coconut oil milling/refining industry while there is an excess of copra crushing/refining capacity and to encourage fresh equity to be invested in existing coconut oil milling/refining capacities, no new copra crushing/refining capacity shall be allowed without respective approvals of the Ministry of trade and Industry, the Ministry of Agriculture and Food and the PCA, all