

[EXECUTIVE ORDER NO. 180, March 18, 2015]

**PROVIDING THE ADMINISTRATIVE GUIDELINES FOR THE
RECONVEYANCE AND UTILIZATION OF COCO LEVY ASSETS FOR
THE BENEFIT OF THE COCONUT FARMERS AND THE
DEVELOPMENT OF THE COCONUT INDUSTRY, AND FOR OTHER
PURPOSES**

WHEREAS, Presidential Decree (PD) No. 755 mandated the acquisition of a commercial bank for the benefit of the coconut farmers (now the United Coconut Planters Bank, "UCPB") through the use of the Coconut Consumers Stabilization Fund (CCSF) and the distribution, for free, of the shares of stocks in UCPB to coconut farmers;

WHEREAS, pursuant to Section 9 of PD No. 1468, the Philippine Coconut Authority (PCA) was mandated to ascertain the amount of collections out of the CCSF and/or the Coconut Industry Development Fund (CIDF) which may be treated as surplus, and subsequently this ascertained surplus came to be known as the Coconut Industry Investment Fund (CIIF);

WHEREAS, UCPB was authorized under PD No. 1468 to utilize the CIIF in making investments in the form of shares of stocks in corporations organized for the purpose of engaging in the establishment and operation of industries and commercial activities and other allied business undertakings;

WHEREAS, pursuant to the foregoing mandate, and Letter of Instructions (LOI) No. 926 (s. 1979), UCPB acquired six coconut oil mills corporations using the CIIF (collectively, the "CIIF Companies");

WHEREAS, the CIIF Companies thereafter acquired or organized fourteen holding companies (collectively, the "CIIF Holding Companies");

WHEREAS, the CIIF Holding Companies later acquired shares of stock of San Miguel Corporation (SMC);

WHEREAS, the Supreme Court held, in *Philippine Coconut Producers Federation, Inc. (COCOFED), et al. v. Republic of the Philippines, et al.* (G.R. Nos. 177857-177858 and G.R. No. 178193), and *Republic of the Philippines v. Sandiganbayan, et. al.* (G.R. No. 118661), that:

1. Coconut levy funds are in the nature of taxes;
2. Coconut levy funds cannot be used to purchase shares of stocks to be given for free to private individuals, and thus the so-called Farmers' UCPB Shares, covering 64.98% of the UCPB shares of stock, are owned by the Republic of the Philippines; and
3. The CIIF Companies, the CIIF Holding Companies, and the Converted SMC Series 1 Preferred Shares totaling 753,848,312 shares together with all

dividends, are owned by the Government, and to be used only for the benefit of the coconut farmers and for the development of the coconut industry;

WHEREAS, PD No. 1234 requires that all income and collections for special funds authorized by law, including the Coco Levy Funds, shall be remitted to the Treasury in the General Fund of the State but shall be treated as Special Accounts in the General Fund and shall be released to the implementing agencies subject to the approval of the President; and

WHEREAS, without prejudice to other actions as may be directed by the President from time to time, it is necessary to prescribe administrative guidelines for the reconveyance and utilization of the Coco Levy Assets already declared by the Supreme Court as owned by the Government, to ensure that Coco Levy Assets will only be utilized for the benefit of the coconut farmers, and the Philippine coconut industry.

NOW, THEREFORE, I, BENIGNO SIMEON AQUINO III, President of the Philippines, by virtue of the powers vested in me, do hereby order and direct:

SECTION 1. *Reiteration of Policy.* All Coco Levy Funds and Coco Levy Assets reconveyed to the Government, whether voluntarily or through lawful order from a competent court, and all proceeds of any privatization of the Coco Levy Assets, shall be used solely and exclusively for the benefit of all the coconut farmers and for the development of the coconut industry.

Any disposition and utilization shall be guided by the following objectives:

- a. Improving coconut farm productivity, developing coconut-based enterprises, and increasing the income of coconut farmers;
- b. Strengthening coconut farmers' organizations; and
- c. Attaining a balanced, equitable, integrated, and sustainable growth, rehabilitation and development of the coconut industry.

SEC. 2. *Definition of Terms.*

2.1 *Coconut Levy* shall refer to the levies, taxes, enforced contributions, collections, assessments, or exactions imposed by the government pursuant to or in connection with the sale, delivery or purchase of copra, copra resecada, or its equivalent in other coconut products, and collected for the most part from coconut farmers, planters, millers, refiners, processors, exporters, desiccators and other end-users of copra resecada or its equivalent in other coconut products, under, but not limited to, the following:

- a. Republic Act No. 6260, otherwise known as the Coconut Investment Act;
- b. PD No. 276 (s. 1973), entitled "Establishing a Coconut Consumers Stabilization Fund;"
- c. PD No. 582 (s. 1974), entitled "Further Amending Presidential Decree No. 232, as amended,"
- d. PD No. 961 (s. 1976), entitled "An Act to codify the laws dealing with the development of the Coconut and Other Oil Palm Industry and for other purposes;"