

LETTER OF INSTRUCTION NO. 790, January 09, 1979

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TO:

: The Chairman
Board of Investments

: The Secretary
Ministry of Agriculture

: The Governor
Central Bank of the Philippines

SUBJECT:

Amending the Total Hectarage Limitation of 21,000 Hectares Under L. O. I. No. 58 of February 22, 1973 for Export Banana Plantations

WHEREAS, one of the government's present economic thrust is to increase the nation's foreign exchange earnings through intensified export promotion especially of non-traditional export products;

WHEREAS, there is definite indication of a growing demand for Philippine export bananas, both in the Japanese market as well as newly-developed markets in the Middle East and other countries as shown by the estimate of the 1983 market which is projected to reach 109.1 million 12-kg. boxes, or an increase of 16.6 million boxes in the next five years. This increase alone requires an additional 4,500 hectares;

WHEREAS, in line with Paragraph 3 of LOI 58, there is now a need to allow the development of additional banana plantation areas over the total acreage presently authorized under LOI No. 58 in order to meet the requirements of new banana export markets, while at the same time providing a "buffer" for the inevitable occurrence of such natural calamities as typhoons, droughts, etc.;

WHEREAS, such additional hectarage of banana plantations should be distributed pro-rata to existing growers presently listed in Annex "A" of LOI No. 58 because these growers have the necessary agricultural expertise and established marketing tie-ups and would, therefore, be in the best position to attain the optimum degree of economic efficiency because of economies of scale deemed necessary to enable the industry to compete in the fiercely competitive banana export markets;

WHEREAS, it has been officially confirmed that there were unauthorized plantings in excess of the total acreage allocated under LOI No. 58 in order to rationalize the industry.

However, considering the substantial foreign exchange earnings and employment generated, by such plantings, and further considering the substantial investment of capital they represent, it is deemed necessary, on the basis of the appeal from the industry, to legalize the existence of these unauthorized plantings under definite guidelines and rules so that they could be incorporated as an integral part of the total acreage authorized for the industry, both for the existing as well as additional markets for Philippine bananas in the foreseeable future.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President and Prime Minister of the Republic of the Philippines, do hereby authorize an increase of 25% over the present hectareage limitation prescribed under LOI No. 58, and hereby direct the Board of Investments, the Ministry of Agriculture, and the Central Bank of the Philippines, which constitute the Banana Export Industry Committee (hereinafter referred to as the Committee) to:

a)

Strictly enforce the system of area allocation hereinbelow proscribed for the distribution of such additional authorized area for export banana plantations;

b)

Verify, monitor, and supervise the operations of banana growers relative to their compliance with this Letter of Instruction.

Section I - System of Allocation - An across-the-board 25% increase in hectareage shall be given to all authorized growers under Letter of Instruction No. 58 on the basis of the survey of planted areas conducted in February, 1977. A confirmatory survey should be conducted by the Committee in order to verify the latest plantings especially of small planters since February, 1977. in order to fully cover all areas planted to export bananas as of the effectivity of this Letter of Instruction. The system of allocation shall be as follows:

a)

Undeveloped areas of authorized growers under LOI 58 shall be deducted from their 25% additional hectareage allocation;

b)

Areas developed by authorized growers in excess of their acreage allocation under LOI 58 shall be legitimized, provided double such excess plantings are deducted from their 25% additional hectareage allocation under this Letter of Instruction; and

c)

Plantations developed by unauthorized growers shall be legitimized but they may not be entitled to any additional area allocation tinder this Letter of Instruction.

Section II - Conditions for Availment of Additional Area Allocation - The Following conditions are hereby prescribed to insure the orderly implementation of the additional plantation areas herein authorized in order to rationalize the supply of bananas with the known world demand therefor, thereby helping provide stability for the world market for bananas;

a)

Growers with undeveloped authorized areas under LOI 58 shall first plant such areas, on or before June 30, 1979, unless the remaining areas are found unsuitable for development, in which case equivalent other areas may be developed provided they are within the total area authorized for the growers concerned;

b)

The additional area allocations should be identified and their suitability for banana development should first be ascertained, including the expected produce thereof, the same to be covered by a fixed marketing contract to ensure that the additional production will be exported;

c)

The growers involved shall have proven management and financial capability to carry out their development plans for the additional areas herein authorized; and

d)

The additional area allocations shown in Annexes A & B must be fully planted on or before June 30, 1982; all unplanted areas after June 1982, shall revert back to the Committee which shall in turn distribute the same to other authorized growers who have complied with the conditions herein set forth.

Section III - Transferability of Authorized Area - Authorized areas that have ceased production for any reason shall revert to the Committee for reassignment or transfer to other qualified growers.

Section IV - Penalties for future Violations - To deter future violations after the promulgation of this Letter of Instruction, the following penalties are hereby prescribed:

a)

Cancellation of export permits and/or licenses of any entity involved in any unauthorized planting;

b)

Destruction at the expense of the guilty grower concerned, of any unauthorized planting as verified by the Committee; and

c)

Imposition on the guilty grower of a cash penalty of P20,000 for each hectare of verified unauthorized planting.

Section V - Committee Support and Assistance - To effectively carry out this Letter of Instruction,

a)

The Board of Investments, as lead agency of the Banana Industry Export Committee and the Interagency Committee on the Implementation of P.D. 1090, is hereby authorized to use for 1979 P500,000 of its 1978 savings for such staff work and related operations as are necessary to implement this Letter of Instruction as well as to fund the operations of the aforementioned Interagency Committee under P.D. 1090 relative to the determination, administration, supervision, and review of carton box quota allocations and their availment by fresh fruit exporters in accordance with the guidelines established for the purpose; and

b)

To carry out its functions, the Committee may avail of the assistance of any other government office, law enforcement agency and/or instrumentality of the Government.

This Letter of Instruction shall take effect upon approval.x

DONE in the City of Manila, this 6th day of January, in the year of Our Lord, Nineteen Hundred and Seventy-Nine.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

ANNEX "A"

AREA PER
LOI - 58

Excess/
Unauthorized
Planting
(As of Feb. 1977)

Total Effective
Hectarage
(As of Feb. 1977)

Net
Additional
Area Allocation
(Per Annex B)

Total Allowed
Hectarage

STANFILCO GROUP

1. Chechered Farms

1,000

—

1,000

8

1,008

2. Golden Farms

1,000

—

1,000

204

1,204

3. Diamond Farms

600

—

600

—

600

4. Stanfilco Farms/Small Growers

3,400

—

3,400

684

4,084

Sub-total

6,000

—

6,000

896

6,896

Philippine Packing Group

1. Hijo Plantation

1,309

41

1,350

245

1,595

2. Marsman Estate Plantation

1,106

—

1,106

114

1,220

3. A M S F C

825

82

907

42

949

4. F. S. Dizon

458

—

458

39

497

5. Lapanday Dev. Corporation

500

50

550

25

575

6. Farmington Agro Developers, Incorporated

440

71

511

—

511

7. Evergreen Farms, Inc.

500

—

500

32

532

8. Delta Farms, Incorporated

296

124

420

—

420

Sub-Total

5,434

368

5,802

497

6,299

T A D E C O

4,500

—

4,500

1,035

5,535

Davao Fruits Corporation

3,000

—

3,000

516

3,516

Twin Rivers

1,000

—

1,000

—

1000

Desidal Fruits

480

427

907

—

907

Mabuhay Agricultural Corp.

356

58

414

—

414

Mt. Apo

180

—

180

27

207

Sub-Total

9,516

485

10,001

1,578

11,578

[*] Growers involved are:

295 in Davao and 144 in General Santos a complete list of which is on file with the Committee

AREA PER

LOI - 58

Excess/

Unauthorized

Planting

(As of Feb. 1977)

Total Effective

Hectarage

(As of Feb. 1977)

Net

Additional

Area Allocation

(Per Annex B)

Total Allowed
Hectarage

C A D E C O

—

195

195

—

195

Sarmiento/SEI

—

176

176

—

176

Soriano Fruits

—

230

230

—

230

Nova Vista Management &
Investement Corp.

—

108

108

—

108

Sub-Total

—

709

709

—

709

GRAND TOTAL

20,950

1,562

22,512

2,971

25,483

=====

=====

=====

=====

=====

ANNEX "B"

AREA PER

LOI - 58

As of February, 1977

Across-the-Board

Additional Area

Allocation

Net Additional

Area Allocation
Subject to Condition

Planted

Excess
(Deficit)

STANFILCO GROUP

1. Chechered Farms

1,000

758

(242)

250

8

2. Golden Farms

1,000

954

(46)

250

204

3. Diamond Farms

600

412

(188)

150

—

4. Stanfilco Farms/Small Growers

3,400

3,234

(166)

850

684

Sub-Total

6,000

5,358

(642)

1,500

896

PHILIPPINE PACKING GROUP

1. Hijo Plantation

1,309

1,350

41

327

245

2. Marsman Estate Plantation

1,106

944

(162)

276

114

3. A M S F C

825

907

92

206

42

4. F.S. Dizon

458

383

(75)

114

39

5. Lapanday Dev. Corporation

500

550

50

125

25

6. Farming Agro Developers Incorporated

440

511

71

110

—

7. Evergreen Farms, Inc.

500

470

(93)

125

32

8. Delta Farms, Inc.

296

420

124

74

—

Sub-Total

5,434

5,472

38

1,357

497

T A D E C O

4,500

4,410

(90)

1,125

1,035

Davao Fruits Corporation

3,000

2,766

(234)

750

516

Twin Rivers

1,000

718

(282)

250

—

Desidal Fruits

480

907

427

120

—

Mabuhay Agricultural Corp.

356

414

50

89

—

Mt. Apo

180

162

(18)

45

27

Sub-Total

9,516

9,377

(139)

2,379

1,578

AREA PER

LOI - 58

As of February, 1977

Across-the-Board

Additional Area

Allocation

Net Additional

Area Allocation

Subject to Condition

Planted

Excess

(Deficit)

C A D E C O

195

195

Sarmiento/SEI

176

176

Soriano Fruits

230

230

Nova Vista Management & Dev. Corporation

180

180

Sub-Total

—

709

709

—

—

GRAND TOTAL

20,950

20,916

(34)

5,236

2,971

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=====

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