

AN ACT TO FINANCE THE COCONUT REPLANTING PROGRAM

PRESIDENTIAL DECREE NO. 1972, April 08, 1985

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WHEREAS, a large majority, including domestic and international agencies and institutions assisting the Government in the implementation of the structural economic adjustment program for the country have unanimously recommended that the Government restart the coconut replanting program throughout the country;

WHEREAS, these recommendations recognize that, unless replanting program is implemented, the coconut industry must be reduced to a domestic industry rather than a major export industry as most of the coconut tree population of the country are senile and the coconut trees in major coconut producing areas in the country were destroyed by natural calamities in 1982-1984;

WHEREAS, even international financial institutions had offered to finance the restart of the replanting program by way of assisting the country to overcome and survive the economic crisis and to preserve the role of the coconut industry as a major export industry;

WHEREAS, in its comprehensive report on the coconut industry, the National Economic Development Authority ("NEDA") studied different sources of financing and recommended that, in accordance with the self-reliance program of the country, financing for the replanting program be internally generated and that for this purpose, the export duty and the additional export duty on coconut products be utilized as the initial source of financing;

WHEREAS, in accordance with the self-reliance program the country, there is a need to enlist the resources of the private sector in the efforts to increase the coconut sector production of the country and to encourage the private sector to devise and implement its own new area planting and/or replanting program throughout the country;

NOW, THEREFORE, I FERDINAND E. MARCOS, by virtue of the powers vested in me by the Constitution and the laws, particularly Sections 514 and 515 of Presidential Decree No. 1464, as amended, President of the Philippines, do hereby decreed and order the following:

SECTION 1. The basic export duty imposed by Section 514 of Presidential Decree No. 1464, and the additional export duty imposed by Executive Order No. 920-A, on coconut products, as identified and at the rates prescribed by Executive Order No. 920-A, which is hereby incorporated made part hereof any reference, are hereby made permanently constituted as the initial source of financing for the coconut replanting program to be implemented by the Philippine Coconut Authority ("PCA"), with the active assistance and participation of the recognized organization of the coconut farmers pursuant to the provisions of Act No. 6260.

SEC. 2. In the implementation of the replanting program, the PCA shall service the requirements of small coconut farmers owning not more than twenty-four (24) hectares who volunteer to participate in the replanting program. Initially, the PCA shall give priority to the devastated areas in the Visayas and Mindanao.

SEC. 3. In accordance with the self-reliance program of the country, and to encourage the private sector to devise and implement their own area planting and/or replanting program, copra millers/refiners and other exporters of coconut products which voluntarily form associations and/or cooperatives in accordance with the provisions of Presidential Decree No. 1960, are hereby exempted from payment of the basic export duty and the additional

export duty on coconut products herein imposed, Provided, they conform with the following conditions:

- The association or cooperative is composed of not less than ten (10) millers/refiners and other exporters of coconut products with an aggregate export volume of not less than 200,000 MT of coconut products in copra terms per annum, Provided the association or cooperative includes one or more of the coconut oil mills/refineries owned or controlled by the coconut farmers pursuant to the provisions of Sections 9 and 10, Article III, Presidential No. 1468, as amended, and may include one or more of the millers/refiners which service principally the domestic market.
- The association or cooperation has a viable coconut new area planting and/or replanting scheme on a plantation scale initially of not less than two thousand hectares from which the members can source a portion of their copra requirements, which need not be continuous and may evolve coconut farmers, duly approved by the President of the Philippines. For this purpose, the association or cooperative, or their members, or any corporation they may organize, may acquire lands or interests therein, notwithstanding any prohibitions or restrictions imposed by Commonwealth Ad. No. 141, as amended, otherwise known as the Public Land Act, Provided the proposed owner qualifies under the nationality requirements of the Constitution of the Philippines.
- The members should establish or continue whatever funding scheme they have established for their mutual assistance, by contributing the amounts of not less than the export duties herein prescribed for coconut products that are exported, which shall include the cost of such new area planting and/or replanting program as envisioned and authorized under Section 11, Article III, Presidential Decree No. 1468, as amended. The contribution made, or to be made, by such members to the funding scheme are hereby declared, notwithstanding any general or special law or regulation to the contrary, to be ordinary and necessary business expenses paid or incurred in carrying on the respective business of the contributors relating to the coconut industry and deductible, for income tax purposes, as such ordinary business expense and are hereby exempted from the payment of the donors and the donees taxes. Any and all benefits received, including but not limited to, shares of stock, or other evidence of participation derive by the members pursuant to their duties, are likewise exempt from the payment of any and all taxes, fees, imposts, charges, of whatever kind and nature, including but not limited to, the income tax and the donors and donees taxes.

SEC. 4. Any violation of the provisions of this Presidential Decree, and/or the rules and regulations issued pursuant hereto, shall be punished and penalized in accordance with Section 1, Article IV of Presidential Decree No. 1468, as amended.

SEC. 5. All laws, executive and administrative orders, and/or rules and regulations respectively issued by the governmental agencies concerned, inconsistent herewith except the provisions and tax exemptions provided in the Presidential Decree No. 1960 and Presidential Decree No. 1468, as amended, are hereby repealed, amended or modified accordingly.

SECTION 6. This Decree shall be effective immediately

Done in the City of Manila, this 8th day of April, in the year of Our Lord nineteen hundred and eighty-five.

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

By the President:

(Sgd.) JUAN C. TUVERA

Presidential Executive Assistant

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