

LETTER OF INSTRUCTIONS NO. 857, May 04, 1979

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TO : The Governing Board of the
Philippine Coconut Authority

WHEREAS, in 1973, the drastic price increases in crude oil precipitated by the Organization of Petroleum Exporting Countries (OPEC) unleashed an unprecedented worldwide inflation;

WHEREAS, to cushion the impact of the spiralling costs of essential coconut-based consumer products on the consumers, the coconut farmers volunteered to subsidize the manufacture and processing of these products;

WHEREAS, since then, the OPEC has demanded and implemented continuous hikes in crude oil prices, precipitating a further escalation of prices of other commodities;

WHEREAS, price increases in consumer good is, therefore, an economic reality that must be inevitably accepted by consumers;

WHEREAS, since the coconut farmers themselves bear the burden brought about by the worldwide inflationary spiral, the funds appropriated for the subsidy should now be made to serve a dual purpose, namely:

a)

To insure the continuous and adequate supply of essential coconut-based products for the benefit of the consumers; and

b)

To insure that the impact of the worldwide inflationary spiral on the coconut farmers is likewise cushioned.

WHEREAS, any savings in the subsidy fund should thus be channeled into developmental projects for the benefit of the coconut farmers, particularly those which could assure them of higher farmgate copra prices;

WHEREAS, one of the reasons for low farm-gate prices is the excessive number of middlemen participating in the multi-staged channel through which the copra produced by the coconut farmers is purchased and ultimately sold to end-users of copra;

WHEREAS, with the necessary financial support, the COCOFED and its 950 municipal chapters could establish cooperative copra collecting centers which can be engaged in the direct purchase of copra from the coconut farmers and the direct sale of copra to such end-users which the coconut farmers themselves own or control through the Coconut Industry Investment Fund, thereby eliminating the need for multiple copra middlemen;

WHEREAS, with the reduction of the number of middlemen, the speculative profits that would otherwise be reaped by them could be shared by both the coconut farmers and consumers in the form of higher farm-gate prices of copra and, at the same time, more reasonable prices of essential coconut—based products;

WHEREAS, there is a need to provide additional funds for:

a)

The acquisition of refineries and additional oil mills by the coconut farmers, in order that the objective of the vertical integration of the coconut industry in a manner making the coconut farmers direct participants and beneficiaries thereof may be attained within the shortest possible time; and

b)

The social amelioration program for coconut farmers, in order to further promote the direct personal well-being of the coconut farmers and that of their families.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President and Prime Minister of the Philippines, by virtue of the powers vested in me by law, hereby direct the Governing Board of the Philippine Coconut Authority (PCA) to implement the following:

- Any portion of the amount allocated out of the Coconut Consumers Stabilization Fund (CCSF) levy for the subsidy of essential coconut-based consumer products which may not be needed for the purpose shall be allocated ratably for the following purposes:

25% —

To augment the Coconut Industry Investment Fund (CIIF), to be used to finance the establishment and operation of industries and commercial activities relating to the coconut and other palm oil industry, as prescribed by Article III, Sec. 9, of P.L. 1468.

40% —

As additional fund for the social amelioration of the coconut farmers in the form of mutual assistance, protection and relief, such as for insurance, and for providing health facilities and services, as prescribed by Article III, Section 2(e), of P.D. 1468.

35% —

As the Copra Price Stabilization Fund (CPSF).

- The Authority shall promulgate the rules and regulations for the establishment, administration, operation, and utilization of the C1SF, bearing in mind always that the fund shall be utilized for the benefit of coconut farmers, and under the following guidelines:

a)

To minimize the present intervention of multiple copra middlemen and thereby achieve a more efficient and non—speculative marketing of the copra from the coconut farmers to the end-users such as the oil mills, refineries and copra exporters, the COCOFED and its chapters shall organize and operate cooperative centers which will collect the coconut products directly from the farmers.

b)

The CPSF shall be administered for the coconut farmers by a Committee composed of three (3) members, one (1) of whom shall be designated by the PCA, one (1) by the COCOFED, and one (1) by the administrator of the CIIF. The members shall elect from among themselves the Chairman of the Committee.

c)

The funds of the CPSF shall be utilized initially to finance the capital expenditures necessary to establish and

operate the COCOFED cooperative collecting centers. Thereafter, the CPSF and the profits derived from the operations of the COCOFED cooperative collecting centers shall be returned, if feasible and practicable, as patronage dividends to the coconut farmers who may be entitled thereto as determined by the CPSF Committee, such patronage dividends for each individual recipient to be computed on the basis of copra sold by such recipient, and the patronage dividends shall be paid directly to the farmers concerned at such times as may be conveniently done and as determined by the CPSF Committee.

d)

The copra supported by the CPSF shall be sold to end-users owned or controlled by the coconut farmers thru the CIIF.

e)

To insure the effective implementation and continued viability of the operations of the COCOFED cooperative collecting centers, the PCA may, from time to time, with the concurrence of the COCOFED and the administrator of the CIIF, adjust the ratio of allocation provided in paragraph 1 above or make the necessary reallocation.

Done in the City of Manila, this 4th day of May, in the year of Our Lord, nineteen hundred and seventy-nine.

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

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