

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 557

HOUSE OF REPRESENTATIVES

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INTRODUCED BY REPRESENTATIVES

ARIEL B. CASILAO

**CARLOS ISAGANI T. ZARATE, EMMI A. DE JESUS, ANTONIO L. TINIO,
ARLENE D. BROSAS, FRANCE L. CASTRO, AND SARAH JANE I. ELAGO**

EXPLANATORY NOTE

In 1971, the Marcos regime started collecting a levy on small coconut farmers. On the strength of Republic Act 6260, it imposed a levy on the production of copra. This was followed by Presidential Decree 276 which levied on the sale of copra. Both of these levies, extracted from the sweat of small coconut farmers, were justified as revenue-raising measures for the development of the local coconut industry.

What happened to the more than P 9.625 billion coco levy funds collected from small coconut farmers in more than a decade by the Marcos regime is now a matter of history, presenting a veritable case wherein remedial legislation of the first instance is called for to protect the interests of the real owners of the fund - the small coconut farmers.

First, the funds were used by Marcos cronies to capture vital sectors of the coconut industry and to expand to other interests, such as the acquisition of the United Coconut Planters Bank, the putting up of several coconut oil mills, and the purchase of controlling interests in San Miguel Corporation. Oblivious of the public character of the coco levy funds, Marcos' cronies made these industries into their private domain of economic monopoly, with nary a share of the returns for the small coconut farmers. It is estimated that such funds and their increments have now reached some P 200 billion.

Second, in the aftermath of the fall of the Marcos regime, the funds became the subject of multiple drawn-out recovery suits initiated by the government against Marcos cronies, foremost among them being Mr. Eduardo Cojuangco, Jr. In the course of the recovery suits, the government entered into a series of "compromise agreements" with the Cojuangco camp which enabled the government to control about 27 per cent of SMC shares sourced from the coco levy funds. But in all these "compromise agreements", the small coconut farmers were left out on

the sides. As the government had acquired interests to the funds which are separate from the interests of small coconut farmers, the interests of the latter remain hanging in a precarious balance.

Meanwhile, the local coconut industry lies in a state of deterioration, a testimony of how the professed intent of the levy was bungled by the government and by Marcos cronies who anointed themselves as the “leaders of the industry. Production and the prices of copra are dismally low if not volatile. The potential of the coconut sector for growth and development has been wasted by the government’s neglect, pursuance of agriculture liberalization and promotion of land use conversion. Cutting coconut trees is rampant. Given the state of coconut industry, the small coconut farmers are wallowing in poverty. Denied of their due as owners of the funds, they continue to be victims of exactions such as *resicada* and other semi-feudal exploitation.

The Supreme Court had adjudged the coco levy funds as being “imbued with public character”, affirming what coconut farmers had been saying all along. Notwithstanding this decision, the coco levy funds remain in limbo. In the backdrop of a local coconut industry lying on its death bed, the funds are still under the effective control of Mr. Eduardo Cojuangco, Jr. and his cohorts, with the government showing to have its own distinct interest in the funds, relegating to the background the rights and interests of small coconut farmers to the funds. The funds remain out of reach of small coconut farmers which constitute a grievous denial of their rights and interests to those funds.

On January 24, 2012, the Supreme Court ruled that the 24 percent Coconut Industry Investment Fund (CIIF) block of SMC shares as having been purchased with the coconut levy funds which were in turn declared to be public.

On October 5, 2012, the Presidential Commission on Good Government remitted P56,538,623,400.00 to the National Treasury after the redemption of the 753,848,312 SMC Series 1 Preferred Shares. Along with the escrowed dividend payments and accrued interest which total an additional P13,700,669,652.86, these monies are to be used “only for the benefit of all coconut farmers and for the development of the coconut industry.”

Since 2013, attempts to privatize the multibillion coco levy funds through various Executive Orders issued by the Aquino administration were exposed and strongly contested by coconut farmers.

This bill encapsulates the seven-point proposal raised by small coconut farmers on how the coco levy funds should be used and utilized to the full advantage of small coconut farmers and the entire coconut industry.

This bill seeks to address this concern of small coconut farmers. It is meant to effect the return of the control of the coco levy funds to their rightful owners, the millions of small coconut farmers; providing therefor a mechanism so that their rights and interest to those funds shall be protected; and so they may exercise their ownership rights over the funds and may dispose these as they see fit in line with the development of the local coconut industry.

The small coconut farmers' demand is for the government, which did not contribute a single cent to the funds, return the money forcibly exacted from them.

First filed in the 16th Congress by former Anakpawis Representative Fernando Hicap, this bill is being refiled in the 17th Congress in the hope that the small coconut farmers may finally become the primary beneficiaries of the fund in the form of financial assistance and other social benefits including but not limited to pension benefits, medical and hospitalization benefits, maternity benefits, and educational assistance including scholarships, among others.

In view of the foregoing, the passage of this bill is earnestly sought.



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ANAKPAWIS Party-list



REP. CARLOS ISAGANI T. ZARATE
BAYAN MUNA Party-list



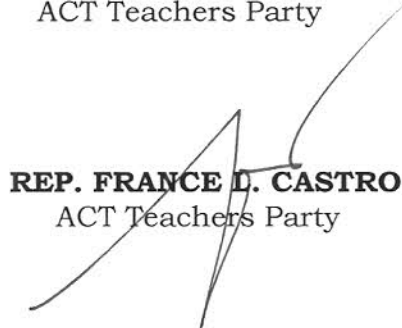
REP. EMMI A. DE JESUS
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AN ACT
CREATING THE GENUINE SMALL COCONUT FARMERS' FUND
AND FOR OTHER PURPOSES

*Be it enacted by the Senate and the House of Representatives of the Philippines in
Congress assembled:*

TITLE I
PRELIMINARY TITLE

SECTION 1. Title. - This Act shall be known as the "**Genuine Small Coconut Farmers' Fund Act of 2016**".

SECTION 2. Declaration of Policies. - It is the policy of the State to promote the welfare of coconut farmers especially the genuine small coconut farmers. The State shall give highest consideration to the promotion of social justice among coconut farmers in accordance with sound rural development and industrialization.

The State shall adopt necessary measures to immediately address the serious problems besetting the coconut industry and protect the socio-economic well-being of coconut farmers especially the genuine small coconut farmers.

To this end, the State shall recognize the right of coconut farmers especially the genuine small coconut farmers as defined in this Act, to participate in the planning, organization, administration and management for the integrated development of the coconut industry, and shall provide support in whatever form.

