

MALACAÑANG
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 312

ESTABLISHING THE ERAP'S SAGIP NIYUGAN PROGRAM AS AN EMERGENCY MEASURE TO ALLEVIATE THE PLIGHT OF COCONUT FARMERS ADVERSELY AFFECTED BY LOW PRICES OF COPRA AND OTHER COCONUT PRODUCTS, AND PROVIDING FUNDS THEREFOR

WHEREAS, several legislations were enacted imposing coconut levies intended to establish funds for the support and development of the coconut industry and for the benefit of coconut farmers;

WHEREAS, pursuant to the said legislation, the United Coconut Planters Bank as the designated Administrator of the Coconut Levy Funds under the statutory provisions of Presidential Decree No. 755 and Presidential Decree No. 1468, invested a portion of the Coconut Consumers Stabilization Fund (hereinafter referred to as the Coconut Industry Investment Fund ["CIIF"]), not required to be utilized for the purposes for which said Funds were established, in shares of stock of various corporations, including San Miguel Corporation ("SMC");

WHEREAS, the shares of stock in SMC acquired through the use of the CIIF (hereinafter referred to as the "CIIF SMC Shares") are registered in the names of various corporations (hereinafter referred to as the "CIIF Holding Companies") which are likewise owned and controlled by the CIIF;

WHEREAS, said CIIF Holding Companies have been sequestered by the Presidential Commission on Good Government ("PCGG") by virtue of Executive Order Nos. 1, 2, 14 and 14-A;

WHEREAS, by reason of the sequestration of businesses established and the assets and properties acquired through the use of the coconut levy funds, including the CIIF SMC Shares, such businesses, property and assets and the CIIF SMC Shares have not been utilized for the benefit of their beneficiaries;

WHEREAS, the issue of the ownership of the coconut levy funds, as well as the businesses and assets established therewith, including the CIIF SMC Shares, is presently pending before the Sandiganbayan in Civil Case No. 0033, entitled "Republic of the Philippines vs. Eduardo Cojuangco, Jr. et al.";



WHEREAS, the Supreme Court had declared in G.R. No. 75713 that:

"The utilization and proper management of the coconut levy funds, raised as they were by the State's police and taxing powers are certainly the concern of the Government. It cannot be denied that it was the welfare of the entire nation that provided the prime moving factor for the imposition of the levy. It cannot be denied that the coconut industry is one of the major industries supporting the national economy. It is, therefore, the State's concern to make it a strong and secure source not only of the livelihood of a significant segment of the population but also of export earnings the sustained growth of which is one of the imperatives of economic stability. The coconut levy funds are clearly affected with public interest." (Philippine Coconut Producers Federation, Inc. (COCOFED), et al. Vs. Presidential Commission on Good Government (PCGG), et al., G.R. No. 75713, Oct. 2, 1989, 178 SCRA 236, 252);

WHEREAS, the Supreme Court, in a Resolution issued on December 13, 1994 in G.R. No. 96073, entitled "Republic vs. Sandiganbayan (First Division), et al." Resolved to "to DENY the Solicitor General's (a) Urgent Motion to Resolve Legal Question on the Character of the Coconut Levy Funds and to Declare as Unconstitutional Section 5, Article III, P.D. 1468" filed in behalf of the PCGG. Further, in its resolution of March 26, 1996, in the same case, the Supreme Court, resolved "to DENY the Solicitor General's prayer to: (a) declare the coconut levies collected pursuant to various issuances as public funds; (b) declare unconstitutional Section, Article III of Presidential Decree No. 1468";

WHEREAS, the delay in the resolution of the aforestated issues relating to the nature and ownership of the CIIF Investments has been inimical to the coconut industry and the coconut farmers;

WHEREAS, to immediately address the abnormal price situation in the coconut industry sector brought by worldwide glut of fats and oils in the world market, there is a need to launch an income supplement program for coconut farmers entitled "ERAP's Sagip Niyugan Program" that will provide them immediate relief from the adverse effects of extremely low prices of copra and husked nuts;

WHEREAS, the appropriate funding for the ERAP's Sagip Niyugan Program is the coconut levy fund that may be generated from the disposition or sale of CIIF SMC Shares and such other property and assets acquired through or by entities financed by the coconut levy fund ;

WHEREAS, the coconut farmers deserve to avail of the benefits of the coconut levy fund at this time when they suffer from economic hardships and dislocation;



NOW, THEREFORE, I, JOSEPH EJERCITO ESTRADA, President of the Republic of the Philippines, by virtue of the powers vested in me by law, hereby direct and order, as follows:

Section 1. Establishment of the ERAP's Sagip Niyugan Program – The ERAP's Sagip Niyugan Program is hereby created to provide immediate income supplement to coconut farmers and to encourage the creation of a sustainable local market demand for coconut oil and other coconut products.

Section 2. Features of the ERAP's Sagip Niyugan Program – The Program shall provide the coconut farmers and coconut processing sector the following assistance:

- (a) Income Supplement Projects, for coconut farmers to sell their copra and husked nuts at millgate price or better, as follows:
 - (1) Transport allowance to coconut farmers where government shoulders the costs of transport of copra and husked nuts from farm to mill until prices go beyond the production cost of P6.04 per kilogram of copra.;
 - (2) Marketing assistance to coconut farmers, including transport equipment assistance to coconut farmer organizations and accredited oil mills or desiccators;
 - (3) Direct buying of copra by the National Food Authority (NFA) at a base price determined by the Philippine Coconut Authority (PCA);
 - (4) Income support on regular sales of copra and husked nuts directly benefiting coconut farmers through the issuance of incentive coupons the value of which, as determined by PCA, shall be based on the volume delivered; and
 - (5) Livestock and seedling dispersal through the PCA and accredited farmer organizations.
- (b) Coconut Fuel Project which will utilize crude coconut oil (CNO) and coconut methyl ester (coco-diesel) as substitute or extender for bunker fuel and diesel fuel, respectively:
 - (1) Bunker Fuel-Coconut Oil Complementation Project, where bunker fuel users may substitute 5% to 10% of their fuel requirement with CNO;



- (2) Diesel Fuel-Coconut Methyl Ester Complementation Project, where diesel fuel users may substitute up to 70% of their diesel fuel requirement with coco-diesel;
- (c) Accelerate the implementation of priority projects under the Maunlad Na Niyugan Tugon Sa Kahirapan Program adopted by the Administration under E.O. No. 210, dated February 10, 2000, including, but not limited to, processing of coconut products and by-products, establishment of small village type oil mills, operation of sari-sari stores, livestock dispersal, aquaculture and horticulture.

Section 3. Implementation of the ERAP's Sagip Niyugan Program – The Program shall be implemented through a joint venture agreement between the PCA and accredited farmer organizations with nationwide, regional, provincial or municipal memberships and network. The PCA shall issue such guidelines as may be necessary in the proper and expeditious implementation of the joint venture agreement.

Section 4. Funding – Assets acquired through the coconut levy funds or by entities financed by the coconut levy funds identified by the President for appropriate disposal or sale, shall be sold or disposed to generate a maximum fund of ONE BILLION PESOS (P1,000,000,000.00) which shall be managed by a Committee composed of a Chairman and four (4) members to be appointed by the President whose term shall be co-terminus with the Program. The Committee is authorized to organize a Secretariat for the effective performance of its functions and responsibilities. The Committee may authorize the disbursement of an amount not to exceed two percent (2%) of the fund to defray personnel and maintenance and operating costs of the Committee and its Secretariat, consultative meetings with coconut farmers and information dissemination of the Program.

The PCGG, Office of the Solicitor General and other appropriate government instrumentality are hereby directed to take all necessary steps to implement the purposes and objectives of this Executive Order.

Section 5. Audit of Fund and Submission of Report – The Committee, by a majority vote, shall engage the services of a reputable auditing firm to conduct periodic audits of the fund. It shall render a quarterly report on all pertinent transactions and availments of the fund to the Office of the President within the first three (3) working days of the succeeding quarter.

Section 6. Termination of the Program – The Program shall be considered terminated upon the exhaustion of the P1 Billion fund.



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Section 7. Authority of the President to Extend the Program – The President may, by appropriate issuances and when the situation so warrants, extend the effectivity of the Program and provide additional funds therefor.

Section 8. Repealing Clause – All executive orders, rules and regulations inconsistent herewith are hereby revoked, amended revised and superceded accordingly.

Section 9. Effectivity – This Order shall take effect immediately.

Done in the City of Manila, this 3rd day of November, 2000.


JOSEPH EJERCITO ESTRADA

By the President:



Ronaldo B. Zamora



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