

24 September 2019

**REP. WILFRIDO MARK M. ENVERGA**

Chairperson

Committee on Agriculture and Food

House of Representatives

3F Ramon V. Mitra Bldg., House of Representatives

Constitution Hills, Quezon City

Dear **Representative Enverga**:

We are pleased to submit the Department's comments and recommendations on the following enrolled bills, entitled:

**House Bill Nos. 166, 1242, 1417, 2434, 2549, 2552, 2610, 2657, 3223, and 3299, An Act Establishing the Coconut Farmers and Industry Development Trust Fund and Providing for Its Management and Utilization**

**House Bill Nos. 10, 854, and 4346, An Act Declaring the Coconut Levy Assets as a Trust Fund, Providing for Its Management and Utilization, Authorizing the Privatization and Management Office to Dispose the Coconut Levy Assets, and For Other Purposes**

**House Bill No. 255, An Act Creating the Genuine Small Coconut Farmers' Fund and for Other Purposes**

**House Bill No. 2522, An Act Creating the Coconut Industry Trust Fund, Providing for Its Management and for Other Purposes**

This is without prejudice to the Department's submission of additional comments.

With my best regards.

Very truly yours,

  
**RAMON M. LOPEZ**  
Secretary



OFFICE OF THE SECRETARY

DTI Position on

**House Bill Nos. 10, 166, 255, 854, 1242, 1417,  
2434, 2522, 2549, 2552, 2610, 2657, 3223, 3299, 4346**

**“An Act Establishing the Coconut Farmers and Industry Development Trust Fund and Providing for Its Management and Utilization”**

The Department expresses its support to the objective of the proposed measures on the establishment, management, and utilization of the Coconut Farmers and Industry Development Trust Fund for the development of the coconut industry and exclusively for the benefit of coconut farmers, as embodied in the Coconut Farmers and Industry Development Plan. This is aligned with the country's goal of sustained economic growth and reduced poverty leading to inclusive growth.

Coconut continues to be one of the country's major industries and top exports. The Philippines is the second biggest producer of coconut products in the world, next only to Indonesia. The development of the coconut industry is central to the objective of reducing poverty especially in the rural areas. Sixty-eight (68) out of 81 provinces in the Philippines are coconut-producing areas. There are over 3.5 million farmers and farmworkers dependent on coconut-based livelihood.

The Philippines has maintained its competitive advantage<sup>1</sup> in coconut in the last 20 years, continuing to rank among the country's major agricultural industries such as mango, banana, and pineapple. About 3.6 million hectares (ha) of the country's land area were utilized in planting and harvesting coconut, the largest coverage next to palay (4.8 million ha).

The coconut industry has contributed to the country's economic growth with a 4.6% share to gross value added (GVA) in the agriculture sector. In 2018, total production reached 14.73 million metric tons (4.8% growth), 59.9% of which came from Mindanao, 26.4% from Luzon, and 13.8% from Visayas. Coconut exports in 2018 amounted to US\$536.88 million. For the first six months of 2019, about US\$262.81 million worth of coconut products were exported.

About 70% of the country's total coconut production are exported by the country. Coconut export products include coconut oil, desiccated coconut, copra meal, and oleo chemicals. In 2018, the Philippines was the world's top exporter of coconut oil with 52.9% share, or US\$643.95 million of US\$1.22 billion total world exports.<sup>2</sup> Coconut water exports reached 63.00 million liters (US\$89.00 million) worldwide, with the US as its biggest market. Other non-traditional coconut products for export that the industry may further develop are coconut sugar, coconut milk, coconut flour, and coco coir.

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<sup>1</sup> Revealed Comparative Advantage (RCA) is an index used in international economics for calculating relative advantage or disadvantage of a certain country in a certain class of goods and services as evidenced by trade flows.

<sup>2</sup> ITC Trademap

Following are our specific comments and recommendations:

- 1) Inclusion of modernization of the coconut industry and promoting the diversification of coconut-based products, as objectives of the Development Plan to cushion the industry from the impact of the volatile price of coconut oil due to high competition of cheaper vegetable oils in the world market;
- 2) Provision of government incentives for research and innovation to revitalize the coconut industry;
- 3) Identification of vital stakeholders and the appropriate enabling government agencies to ensure optimum utilization of the Fund;
- 4) Creation of a database of legitimate coconut farmers and industry owners and organizations to facilitate effective implementation of social and socio-economic programs to the rightful beneficiaries. The database shall be under the custody of the Philippine Coconut Authority (PCA) for its use in the implementation of coconut industry development programs funded by the General Appropriations Act;
- 5) Formulation of social benefit programs for coconut farmers which may include pension, medical and hospitalization benefits, and scholarship assistance for children of marginalized coconut farmers;
- 6) Development of: (a) well-defined criteria for identifying target beneficiaries and; (b) clear-cut indicators on the impact of social benefits and socio-economic plan to coconut farmers; and
- 7) Inclusion of coconut farmers and industry representatives voted by and registered with PCA as certified farmers and coconut industry enterprisers, with representations from Luzon, Visayas, and Mindanao, in the Committee tasked with the preparation of the Development Plan and the management of the Trust Fund to ensure genuine representation.

Thus, the Department reaffirms its support for the proposed legislations, taking into consideration our specific comments and recommendations, as these are consistent with our thrust to develop industries with the end in view of reducing poverty through sustainable inclusive growth.

  
**Bureau of Trade and Industrial Policy Research**  
**24 September 2019**  
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