

Republic of the Philippines  
PHILIPPINE COCONUT AUTHORITY  
Diliman, Quezon City

ADMINISTRATIVE ORDER NO. 003  
Series of 1981

1 RULES AND REGULATIONS GOVERNING THE EXPORT AND  
2 EXPORT PRICING, MARKETING, TRADING AND DISTRIBUTION  
3 OF COPRA, COCONUT OIL AND OTHER COCONUT PRODUCTS

4 WHEREAS, a major sector of the coconut industry,  
5 the oil milling industry, is suffering from a serious  
6 state of financial distress which threatens with  
7 insolvency the entire oil milling industry to the  
8 ultimate prejudice of the coconut farmers, and of the  
9 coconut industry as a whole;

10 WHEREAS, said state of financial distress was  
11 determined to have been brought about, among others,  
12 by:

- 13 - overcapacity of existing oil mills;
- 14 - cut-throat competition for copra;
- 15 - inefficient and uneconomic flow of copra  
16 supply from island to island without regard  
17 to the respective location of the coconut  
18 oil mills;
- 19 - resultant poor competitive position of  
20 Philippine coconut products in the inter-  
21 national market for fats and oil.

22 WHEREAS, steps are being taken to rationalize  
23 the oil milling industry and insure its survival,  
24 viability and stability through a cooperative  
25 endeavor by which the coconut farmers and oil millers  
26 are pooling their resources and coordinating their  
27 selling and buying, oil milling and marketing efforts  
28 and thereby realize optimum benefits resulting from  
29 economies of scale;

1           WHEREAS, the Government has determined that it  
2 is to the national interest to provide concrete  
3 assistance and support to such cooperative endeavor  
4 and consequently declared it to be the policy of  
5 the State:

6           "to rationalize the coconut oil milling industry  
7 and insure its survival, viability and stability  
8 and thereby assure the consuming countries of an  
9 adequate and continuous supply, at fair and  
10 reasonable prices, of coconut products; that  
11 this policy can be expeditiously and efficiently  
12 realized by the pooling of the resources and the  
13 coordination of the buying and selling, oil  
14 milling and marketing efforts of both the coconut  
15 farmers and the oil millers in order that the  
16 optimum benefit resulting from economies of  
17 scale may be realized; and that the most  
18 appropriate vehicle for such pooling and  
19 coordination is a joint venture company between  
20 the coconut farmers and the oil millers;"

21           WHEREAS, in order to further promote the  
22 rationalization of the coconut oil milling industry,  
23 the Philippine Coconut Authority has been granted  
24 full power and authority: a) to regulate the  
25 marketing and export of coconut products; b) to  
26 initiate and implement such measures as may be  
27 necessary to attain the rationalization of the oil  
28 milling industry; and c) to promulgate such rules and  
29 regulations as may be necessary to fully and  
30 effectively implement said grant of power and  
31 authority;

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WHEREFORE, pursuant to the foregoing premises, the  
PCA Governing Board hereby adopts and prescribes the  
following rules and regulations:

ARTICLE I  
DEFINITIONS

Section 1.1. Definitions. - As used in these  
Rules, the words and phrases enumerated in this  
Section shall, unless the context in which they are  
used indicate otherwise, have the following respective  
meanings:

- (a) "AUTHORITY" or "PCA" refers to the Philippine  
Coconut Authority;
- (b) "Traders" are those engaged in the physical  
and/or selling of coconut products;
- (c) "Processors" are those who transform coconut  
products into other forms through the use  
of technology such as, but not limited to  
mechanical and chemical means;
- (d) "Marine Surveyors" are independent parties  
who <sup>will</sup>superintend, determine and certify to  
the volumes, quality and/or character of  
the coconut products for export and the  
capacity of the vessel;
- (e) "Exporters" are those who ship out coconut  
products to foreign markets;
- (f) "Laboratories", "Chemists" or "Analysts" are  
those who determine the actual physical  
and chemical characteristics of coconut  
products for export;

1 (g) "Trade Intermediaries" are those who provide  
2 services relative to commercial transactions  
3 involving coconut products, which includes,  
4 among others, the arrangement of trade  
5 negotiations and preparation of the necessary  
6 documentation therefor, and dissemination of  
7 market information, including its evaluation  
8 and analysis;

9 (h) "Unfair Trade Practice" is any false, falsely  
10 disparaging or misleading oral or written  
11 statement, visual description or other  
12 representation of any kind in connection with  
13 sale, or offering for sale, which has the  
14 capacity, tendency, or effect of deceiving or  
15 misleading buyers;

16 (i) "Adulteration" is the act of corrupting or  
17 debasing coconut products, the act of mixing  
18 such coconut products with other matters of  
19 inferior quality and usually of a more or  
20 less deleterious quality;

21 (j) "Fraudulent Designation" means the representation  
22 made which is known to be false and intended  
23 for the victim or injured party to act and rely  
24 upon the same;

25 (k) "Misbranding" means the branding of coconut  
26 products intended for sale for sale for which  
27 a definition and standard or identity has been  
28 prescribed. It may also be the putting in  
29 place, or substitution of one product for  
30 another;

1 (1) "Admixture" is the co-mingling of one or more  
2 coconut products with another coconut product  
3 which has been previously declared as one  
4 specific or homogenous coconut product.

5 ARTICLE II

6 COVERAGE

7 Section 2.1 Coverage. - These Rules shall apply to  
8 natural or juridical persons who are directly or indirectly  
9 functioning as:

- 10 a) Traders
- 11 b) Processors ✓
- 12 c) Exporters
- 13 d) Marine Surveyors
- 14 e) Trade Intermediaries
- 15 f) Laboratories, Chemists or Analysts

16 dealing with the following products:

- 17 a) Coconut, either whole or husked nuts
- 18 b) Copra
- 19 c) Desiccated Coconut ✓
- 20 d) Coconut Oil
- 21 e) By-products of copra and coconut oil such as,  
22 but not limited to: paring oil, crude  
23 coconut oil, cochin oil, refined edible oil,  
24 acid oil, glycerine, methyl ester, fatty  
25 alcohol, and copra paring me

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ARTICLE III  
REGISTRATION

Section 3.1 Coverage. - No individual or firm shall engage in the activities covered by these Rules without first being registered pursuant to these Rules. In the case of persons already registered for the year 1981 under the provisions of PCA Administrative Order No. 2, Series of 1969, no initial registration pursuant to this Section is required.

The registration prescribed herein shall be mandatory for both the principal and his agents in the case of natural persons, and all central or main offices and their agencies and subsidiaries in the case of juridical persons.

Section 3.2. Application for Registration. - The applicant must fully accomplish an application form in at least four (4) copies stating, among others, the following:

- a) full name of applicant-registrant, business address and nationality;
- b) list of incumbent directors/officers;
- c) nature of business and area(s) of operation;
- d) product lines;
- e) facilities owned and capacity(ies);
- f) capitalization or paid-up capital; and
- g) volume of business expected, if new; or, in the case of renewal, the volume of transaction for the preceding year.

1           Section 3.3. Cost of Registration. - The authority  
2 shall collect a fee of Two Hundred Pesos (P200.00) for  
3 every registration or renewal thereof to cover adminis-  
4 trative costs. This amount shall be remitted together  
5 with the application in the form of cheques or postal  
6 money order drawn in favor of the authority.

7           Section 3.4. Issuance of Certificate. - Upon  
8 compliance by the applicant with all the requisites for  
9 registration stated herein, the Acting Administrator of  
10 the PCA shall issue a Certificate of Registration  
11 permitting him to engage in any of the activities  
12 mentioned in Section 2.1.

13           All persons or firms to whom a Certificate of  
14 Registration has been issued shall advise PCA in writing  
15 of any change in their address.

16           Section 3.5. Posting Requirement. - All persons  
17 or firms to whom certificates have been issued must  
18 exhibit said certificates by posting them in a  
19 conspicuous place in their business premises.

20           Section 3.6. Validity of Certificate. - A  
21 Certificate of Registration shall be valid only for the  
22 calendar year covered therein.

23           Section 3.7. Renewal of Certificate. - A  
24 Certificate of Registration may be renewed by filing an  
25 application for renewal with the authority not later  
26 than December 31 of each calendar year, and paying the  
27 renewal fee of Two Hundred Pesos (P200.00).

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1 A Certificate of Registration applied for renewal after  
2 December 31 shall be subject to an additional fee of  
3 Fifty Pesos (P50.00) for every quarter, without  
4 prejudice to imposition of other penalties.

5 *Handwritten mark*  
6 Section 3.8. Denial of Registration. - The Acting  
7 Administrator of PCA may refuse the registration or renewal  
8 of any applicant who has been: (a) convicted of any crime  
9 involving moral turpitude and in connection with the  
10 operation of its business; or (b) found by the AUTHORITY,  
11 upon investigation, to have committed an act violative of  
12 existing laws, rules and regulations administered by the  
13 AUTHORITY, or of unfair trade practices, as defined in  
14 these Rules.

15 Juridical persons whose owners, Presidents, managers  
16 or other executive officers have been convicted under  
17 letter (a) above may likewise be denied registration or  
18 renewal thereof.

19 Section 3.9. Cancellation, Suspension or Revocation  
20 of Certificate of Registration. - The Certificate of  
21 Registration may be cancelled or suspended voluntarily  
22 at the instance of the registrant upon the termination  
23 of activities or operations involving coca t products,  
24 whether or not such termination has entailed the  
25 closure of the business, or by means of a written  
26 advice and surrender of the Certificate of Registration  
27 to the AUTHORITY.

28 Involuntary suspension or revocation of the  
29 Certificate of Registration shall be instituted by the  
AUTHORITY if, upon administrative investigation and



1 hearing, the registrant is found to have violated  
2 existing legislations and implementing rules and regu-  
3 lations designed to rationalize the oil milling industry.

4 Section 3.10. Grounds for Revocation or Suspension  
5 of Certificate of Registration. - Any of the following  
6 acts shall be deemed sufficient ground for involuntary  
7 revocation or suspension or non-renewal of a Certificate  
8 of Registration:

9 (1) Giving any false statements in the application  
10 for registration;

11 (2) Hoarding of coconut products to manipulate  
12 pricing policies;

13 (3) Misdeclaration in the application for export  
14 clearance of the following data: export  
15 price, volume, destination, periods,  
16 commodity, quality, etc.;

17 (4) Non-reporting or misdeclaration of inventory in  
18 any disposition or location as may be  
19 required by PCA;

20 (5) Non-posting of buying prices in conspicuous  
21 places in the buying stations or place of  
22 business;

23 (6) Giving any false statement in any other reports  
24 as may be required from time to time by PCA;

25 (7) Having been found guilty of unfair trade  
26 practices, such as but not limited to:  
27 adulteration, fraudulent designation,  
28 admixture, misbranding, etc.;

29 (8) Violation of any of the provisions of the laws  
30 intended to rationalize the coconut oil  
31 milling industry and/or of any of their  
32 implementing rules and regulations;

1 (9) Non-compliance with or circumvention of export  
2 policies set by PCA pursuant to the grant of  
3 power and authority in furtherance of the  
4 steps being taken to rationalize the coconut  
5 oil milling industry.

6 Section 3.11. Reinstatement and Replacement of  
7 Certificate. - The Acting Administrator may, upon  
8 application and on justifiable grounds, order the  
9 reinstatement of a suspended/revoked certificate of  
10 registration; Provided that, no suspended/revoked certi-  
11 ficate shall be reinstated within three (3) months  
12 following the suspension or revocation thereof.

13 A lost, destroyed or mutilated Certificate may be  
14 replaced subject to the approval of the Acting Adminis-  
15 trator and upon payment by the applicant of a fee of  
16 Fifty Pesos (P50.00).

17 ARTICLE IV

18 EXPORTATION

19 Section 4.1. Initial Reporting of Export Sales. -  
20 All export sales must be reported in writing to the PCA  
21 within forty eight (48) hours after the perfection of the  
22 contract, indicating the following:

- 23 (a) Contract Number
- 24 (b) Date of Contract
- 25 (c) Commodity
- 26 (d) Volume and FOB Value
- 27 (e) Freight and Insurance Cost
- 28 (f) Destination
- 29 (g) Shipping Period
- 30 (h) Name and Address of Importer

- 1 (i) Consignee
- 2 (j) Broker and/or Agent

3 Thereafter, and within six (6) weeks from the date of  
4 the initial report, the exporter must submit to the  
5 AUTHORITY a certified true copy of the sales contract  
6 signed by the parties concerned.

7 Section 4.2. Other Reports. - Subject to the provi-  
8 sions of Section 9.3. hereof, all reports required to be  
9 submitted to the PCA under other existing Rules are  
10 adopted herein by incorporation to be used as basis for  
11 processing export applications.

12 Section 4.3. Cancellation/Expiration of Sales  
13 Contract. - The exporter must, within forty eight (48)  
14 hours, notify the AUTHORITY in writing of any cancellation  
15 or modification of reported export sales stating the  
16 reasons therefor. Contracts which were allowed to expire  
17 must likewise be reported and the reasons therefor given.

18 Section 4.4. Application for Export Clearance. - All  
19 exporters shall file with the PCA not later than ten (10)  
20 days prior to loading an application for export clearance  
21 together with the corresponding Export Declaration or  
22 Export Permit issued by duly authorized agent banks or by  
23 the Central Bank of the Philippines.

24 Section 4.5. Basis for Export Clearance. - An export  
25 clearance shall be issued only if the following requirements  
26 are complied with:

- 27 a) the exporter has complied with all the rules  
28 and regulations herein provided for the  
29 products proposed for export including  
30 payment of fees thereon;

1           b) the contract price, quantity and destination of  
2                   of the product and the period during which it  
3                   is proposed to be exported are in accord with  
4                   the export policies set in furtherance of the  
5                   steps being taken to rationalize the oil  
6                   milling industry, taking into account  
7                   prevailing market factors;

8           c) Submission of reports as required in Sections 4.2.  
9                   and 4.7. hereof.

10           Section 4.6. Commodity Clearance. - No coconut  
11           products shall be allowed for export unless the same are  
12           covered by a commodity clearance duly issued by the  
13           AUTHORITY. This clearance shall be issued only after  
14           the following requisites have been complied with:

- 15           a) An export clearance has been previously issued  
16                   in favor of the exporter;
- 17           b) Inspection and sampling of the products by a  
18                   PCA Inspector;
- 19           c) Laboratory analysis of samples of the product  
20                   and the same is found to be of exportable  
21                   quality; and
- 22           d) Payment to PCA of all fees incidental to the  
23                   inspection, sampling and laboratory analysis  
24                   of the products.

25           Section 4.7. Surveyor's Report. - Within five (5)  
26           days from actual loading of the product, the exporter  
27           shall furnish PCA a copy of the report of its marine  
28           surveyor on the volume, quality and character of the  
29           product to be exported.

ARTICLE V

PROHIBITIONS

Section 5.1. Prohibitions. - No permit or license shall be issued for the establishment, importation and/or operation of any coconut oil mill in addition to those in operation in the country on of September 3, 1979.

In the event that there is a need to establish new coconut oil mills or to expand the capacity of an existing mill, or to relocate an existing mill, or to upgrade the efficiencies of an existing mill in order to fully and economically exploit the available copra or coconuts in a particular locality or region and/or prevent the uneconomical and wasteful flow of the supply of copra or coconuts from one island to another, the private corporation authorized to be organized under Letter of Instruction No. 926 shall have the priority to establish and operate such new mill, or to expand the capacity, upgrade the efficiency or relocate the mills owned or controlled by it or by any mill certified by it as a Participating Mill.

ARTICLE VI

GRADES AND STANDARDS

Section 6.1. Copra Grades and Standards. - The following grades and standards for copra are hereby established:

A. Grades

- 1. PHIL FC ----- PCA Food Grade
- 2. PHIL FM ----- PCA Fair Merchantable
- 3. PHIL DOM ----- PCA Domestic

1           B. Standards

2           1. "PHIL PC" is copra which, as established by  
3 descriptive grading and chemical analysis, must have  
4 the following specifications:

5           a - Not more than 5% by weight of moisture;

6           b - Not less than 66% by weight of oil;

7           c - Not more than 0.5% by weight of free fatty  
8 acid (as oleic);

9           d - Color of the oil shall not be deeper than 2 red  
10 and 12 yellow (5 1/4" Lovibond Column);

11          e - Must meet edible/food grade standards;

12          f - Color of the meat ranges from white to pale  
13 white; and

14          g - Meat cut into halves or in quarters of the  
15 whole meat.

16          2. "PHIL PM" is copra which, as established by  
17 visual inspection, descriptive grading and chemical  
18 analysis, contains:

19          a - Not more than 3% by weight of moisture;


20          b - Not less than 60% by weight of oil;

21          c - Not more than 4% by weight of free fatty  
22 acid (as oleic);

23          d - Color of the oil shall not be deeper than 9 red  
24 and 50 yellow (5 1/4" Lovibond Column);

25          e - Not more than 3/4% by weight of extraneous or  
26 defective matter, and whose color ranges from  
27 brown to dark brown.

28          3. "PCA DOMESTIC" is copra which, as established  
29 by visual inspection, descriptive grading and chemical  
30 analysis, contains:



- 1 a - Not more than 15 $\frac{1}{2}$ % by weight of moisture;
- 2 b - Not less than 58% by weight of oil;
- 3 c - Not more than 5% by weight of free fatty
- 4 acid (as oleic);
- 5 d - Not more than 1% by weight of extraneous
- 6 or defective matter.

7 4. Only copra belonging to standards other than "PCA  
8 DOMESTIC" grade shall be allowed for export.

9 Section 6.2. Standards for Coconut Oil. -- The following  
10 standards for coconut oil are hereby established:

11 A. Standards

12 1. Crude Coconut Oil

13	a - Moisture and Impurities,		
14	max.	-----	1.0%
15	b - Free Fatty Acid, max.		
16	(oleio)	-----	5.6%
17	(laurio)	-----	4.0%
18	c - Color (5 1/4" Lovibond		
19	Column), max.	-----	12.0 red
20			75.0 yellow

*FFA for Crude Oil*

21 For Purposes of Scientific Identification:

22	a. Saponification Value	-----	250-264
23	b. Iodine Value	-----	7.5-10.5

24 2. Refined Bleached Coconut Oil (Cochin Oil)

25	a - Moisture (max.)	-----	0.2%
26	b - Free Fatty Acid, max.		
27	(oleio)	-----	0.1% ✓
28	(laurio)	-----	0.07% ✓
29	c - Color (5 1/4" Lovibond		
30	Column), max.	-----	1.0 red
31			10.0 yellow

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For Purposes of Scientific Identification:

- a. Saponification Value - - - - - 250-264
- b. Iodine Value - - - - - 7.5-10.5
- c. Odor - - - - - Soapy Odor

3. Refined, Bleached and Deodorized Edible Coconut Oil

- a - Moisture, (max.) - - - - - 0.1%
- b - Free Fatty Acid, max.
  - (oleio) - - - - - 0.1%
  - (laurio) - - - - - 0.07%
- c - Color (5 1/4" Lovibond Column), max. - - - - - 1.0 red  
10.0 yellow

For Purposes of Scientific Identification:

- a. Saponification Value - - - - - 250-264
- b. Iodine Value - - - - - 7.5-10.5
- c. Odor - - - - - Odorless

Refined, bleached and deodorized edible coconut oil for domestic use shall follow the same standard for export.

4. Coconut Paring Oil

For coconut paring oil, the standards set for crude, refined and edible coconut oil shall be applied.

Other Characteristics:

- a. Saponification Value, max. - - - - - 251
- b. Iodine Value, min. - - - - - 13.



5. Coconut Acid Oil (Acidulated Coconut Oil)

- a - Saponifiable, min. - - - - - 95%
- b - Moisture & Impurities, max. - - - 2%
- c - Iodine Value, max. - - - - - 17
- d - Saponification Value, min. - - - 250
- e - Free Fatty Acid, min. (oleic) - - 85%

6. Shortening

- a - Free Fatty Acid, max.
  - (oleic) - - - - - 0.1%
  - (lauric) - - - - - 0.07%
- b - Moisture, max. - - - - - 0.1%
- c - Color, max. - - - - - 5.0 red

7. Hydrogenated Coconut Oil

- a - Moisture, max. - - - - - 0.1%
- b - Free Fatty Acid, max.
  - (oleic) - - - - - 0.1%
  - (lauric) - - - - - 0.07%
- c - Iodine Value, max. - - - - - 2.0
- d - Saponification Value - - - - - 250-264
- e - Color, max. - - - - - 2.0 red

Section 6.3. Standards for Desiccated Coconut. - The following standards for desiccated are hereby established:

A. Laboratory Analysis

1. Moisture, max.

- a - Coarse, medium, macaroon fine and extra fine - - - - - 3.0%
- b - Special Grades - - - - - 4.0%

- 2. Oil Content, min. ----- 60.0%
- 3. Free Fatty Acid, max.
  - (oleic) ----- 0.3%
  - (lauric) ----- 0.2%
- 4. Must meet the acceptable bacterial contamination levels.

B. Visual and Descriptive Grading

- 1. Color of the meat shall be clear and natural white, except toasted desiccated coconut which shall not be burnt.
- 2. Tastes and smells sweet, pleasant and free from cheesy, smoky, soapy, sour or other undesirable flavors.
- 3. Free from all foreign matters including shell, coconut fibers, metal particles, textile fibers and brown specks due to paring.

Section 6.4. Standards for Copra Meal/Cake/Pellets. -

The following standards for copra meal/cake/pellets are hereby established:

A. Standards

1. Expeller copra meal/cake/pellets and paring cake shall, by descriptive grading and chemical analysis, contain:

- a - Not more than 10% by weight of moisture;
- b - Not more than 12% by weight of oil.

2. Solvent extracted copra meal/cake/pellets shall, by descriptive grading and chemical analysis, contain:

- a - Not more than 12% by weight of moisture;
- b - Not more than 5% by weight of oil.



1 a) Moisture Meter Supervisory Fee

2 b) Analysis Fee

3 c) Export Processing Fee

4 d) *Inspection Fee*

Section 9.2. Moisture Meter Supervisory Fee. - Copra

5 intended for export and copra delivered to oil millers are subject to a  
6 Moisture Meter Supervisory Fee of Five Centavos (P0.05) per one hundred  
7 kilograms (100 kgs.).

8 Exporters and oil millers shall submit sworn statements of their  
9 monthly copra purchases on or before the 15th of every month. To ensure  
10 a more accurate and prompt collection of the Moisture Meter  
11 Supervisory Fee, any duly authorized representative of the PCA may  
12 inspect the purchase books and/or invoices of exporters and oil millers.

13 Section 9.3. Analysis Fee. - All coconut products proposed  
14 for export shall be subject to PCA laboratory analysis. A uniform fee  
15 of Two Hundred Pesos (P200.00) per sample shall be charged for the  
16 laboratory analysis of the samples taken from the lot proposed for  
17 export.

18 Section 9.4. Export Processing Fee. - An export processing  
19 fee of One Hundred Pesos (P100.00) shall be collected upon filing of  
20 the application for commodity clearance at the PCA Manila Customs  
21 Office.

22 Any amendment made by an exporter regarding quantity,  
23 consignee, destination and/or vessel which may require another  
24 inspection, grading and/or analysis shall be considered a new  
25 application.





1 ARTICLE XII  
2 EFFECTIVITY

3 Section 12.1. Effectivity Date. - These Rules and Regulations  
4 shall take effect on March 1, 1981.

(SGD) ROLANDO P. DELA CUESTA  
Acting Chairman

Adopted, approved and confirmed  
by the PCA Governing Board in  
its Meeting on January 30, 1981

CERTIFIED TRUE COPY:

(SGD)  
OSCAR G. YABES  
Acting Corporate Secretary