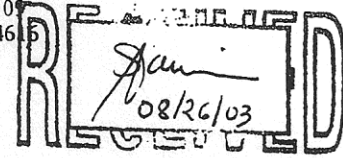


REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF AGRICULTURE
PHILIPPINE COCONUT AUTHORITY

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ADMINISTRATIVE ORDER NO. 02
Series of 2003



RECORDS & COMMUNICATION DIV

IMPLEMENTING RULES AND REGULATIONS
OF THE
REVISED PRICE ADJUSTMENT SCALE
FOR
MOISTURE CONTENT IN COPRA

Section 1. Rationale. The threat of aflatoxin contamination and undesirable substances in copra and copra meal has been a continuing concern for both producing and consuming countries. To mitigate the problem, Administrative Order No. 01, Series of 1991, otherwise known as the New Copra Classification Standards, was promulgated by the Philippine Coconut Authority to prevent the occurrence of high level of Aflatoxin naturally found in copra products.

During the implementation of Administrative Order No. 01, Aflatoxin occurrence was controlled down to the range of 50 to 100 (parts per billion) ppb in copra products, which have been exported to and accepted by buyers in Europe at discounts.

In a recent directive of the European Community, specifically EC Directive 2002/32/EC, the lowest and maximum limit of Aflatoxin B1 in copra meal used for feed material has been set at 20 ppb, which restriction, the member countries have adopted and publicized through legislations and ordinances beginning May 1, 2003 and to be uniformly enforced by the member countries effective on August 1, 2003.

To comply with the said Directive, and to further promote the quality and marketability of Philippine coconut oil and copra, there is an urgent need to review and amend certain provisions of Administrative Order No. 01, Series of 1991 to ensure acceptability of our coconut products in conformity with buyer's standards and consistency with prevailing market prices.

Section 2. Coverage. The revised scale provided for in these rules shall cover all copra traded by copra dealers/traders, copra exporters, oil millers including their buying stations and their agents, for direct use or processing into other products intended for domestic use or for export.

Section 3. Moisture Content. Unless otherwise revised or amended by the Authority, the following rules and the corresponding moisture scale discounts indicated in Table 1 shall govern the treatment of moisture content in copra:

- A) The base price for traded copra shall be applied on the equilibrium moisture content of six percent (6%) resecada (bodega).
- B) Price adjustments through discounts or deductions for moisture in excess of the equilibrium content shall be applied within the moisture range of Six and One Tenth percent (6.1%) up to Thirteen and Nine Tenth percent (13.9%)
- C) The same adjustment shall likewise be applied to moisture below Six percent (6%) or within the moisture range of Five and Nine Tenth percent (5.9%) down to Five percent (5%) to discourage long and over storage resulting in the increase of undesirable free fatty acid in copra.
- D) Copra with moisture content of Fourteen percent (14%) and above shall be rejected by copra buyers, traders, dealers, exporters and millers at millgate & buying stations.

Section 4. Moisture Test. All copra traded under this rules shall be tested and determined for its moisture content.

- A) Copra dealers/traders, copra exporters and oil millers trading in quantities of 500 kilograms or more shall use the Brown-Duvel method or its equivalent, to measure the moisture content in copra deliveries.
- B) Those trading in quantities less than 500 kilograms shall measure the moisture content with the use of appropriate and calibrated copra moisture meter duly registered with the nearest Regional Office of the Philippine Coconut Authority.

Registrants of moisture meters shall pay P500.00 per unit which registration shall be renewed every year while the meter is in use in the trade of copra. Renewal shall cost P250.00 per unit.

- C) In the absence of the appropriate moisture meter device, trading of copra in quantities of less than 500 kilogram, the moisture content may be estimated through the "break" method, provided that the testing shall be done in the presence of the seller, and provided further that where the seller is a coconut farmer, moisture deduction

and adjustment shall not exceed 14%. The buyer shall have the option to reject any copra with moisture content in excess of 14%.

Section 5. Aflatoxin Related Mold. Copra traded under these rules shall be free from excessive contaminating molds and shall be classified into grades based on the presence of yellow-green mold together with penetrating mold, otherwise known as Aflatoxin Related Mold (ARM), causing indentations or holes on the surface of the copra that are visibly seen on the cross section of a split copra. The grading shall be based on the presence and percentage of Aflatoxin Related Mold (ARM) with the corresponding premiums and deductions as provided in Table 2.

Considering the high risk of Aflatoxin contamination, poor oil recovery and free fatty acid caused by Aflatoxin Related Mold (ARM), copra with more than 20% ARM shall be rejected.

Section 6. Inferior Copra. The grades, associated price adjustments and rejection level for inferior copra are provided in Table 3.

Section 7. Dust and Foreign Matter. Any copra delivery containing dust, dirt and other foreign matter shall be discounted at the rate of one percent (1%) for every one percent (1%) of dust/foreign matter.

The determination of the weight of dust/foreign matter shall be subject to the mutual agreement of buyer and seller.

Section 8. Sampling Procedure. For purposes of determining and measuring moisture content, inferiority of copra, the presence and extent of Aflatoxin Related Mold, dust, dirt, and foreign matters in copra, the sampling procedures prescribed in Annexes 1 and 2 of Administrative Order No. 001, Series of 1991 shall be applied to the extent practicable.

Section 9. Preventive Measures to Control Yellow-Green Mold. Due to the high risk associated with Aflatoxin Related Mold that deteriorates the quality of copra, farmers, traders and copra buyers shall observe the following precautions:

1. Farmers must examine their copra prior to delivery to the primary trader and remove any copra seen to contain the yellow-green aflatoxin-forming mold. Such contaminated copra should be destroyed.
2. Primary traders shall examine all purchases of copra and reject any individual copra cups or pieces found to contain the aflatoxin-forming mold. Such contaminated copra should be destroyed.

3. Copra buyers, dealers and traders are required to have the necessary drying facilities for the immediate redrying of copra in order to prevent the occurrence of Aflatoxin-Related Mold.

Section 10. Information Campaign. To ensure the effective dissemination of this Administrative Order, PCA, through its Regional & Provincial Offices, shall mount an information campaign after fifteen (15) days from the effectivity of this Order.

To facilitate success of this campaign, copra dealers, traders, exporters & buyers as well as oil millers and their buying agents/stations are enjoined to undertake complementary efforts. To this end, the abovementioned industry sectors are required to post in conspicuous places in their offices or places of business, copies (in original English and in the local dialect translation) of this Order within fifteen (15) days after its effectivity. Failure to do so shall be construed as a violation of this Order.

Section 11. Banned Copra. Copra with moisture content of 14% and over or below 5% are banned and considered non-merchantable. Copra buyers, traders, dealers, exporters or millers are prohibited from storing such copra in their bodegas or warehouses and trading of the same.

Section 12. Enforcement & Monitoring. The Regional and Provincial field units of the PCA shall be primarily responsible in the enforcement/implementation and monitoring of compliance or violations of these rules & regulations in their respective operational jurisdictions.

Section 13. Inspection & Confiscation. Upon verified information of any non-compliance or violation of these rules, any official or regulatory officer of the Central, Regional or Provincial Office duly designated and authorized by the Administrator of the Philippine Coconut Authority shall visit and enter any warehouse, bodega or storage where copra is kept or stored, including vehicles by land, sea or air, where copra is kept, stored or transported in violation of the provisions of these rules, and thereby inspect the condition of the copra and if confirmed to be those classified as banned or subject of rejection, the officer shall certify the need for the destruction of the copra by the owner, or otherwise confiscate the same should the owner refuses to destroy it. The Administrator of the Philippine Coconut Authority may request any law-enforcing officer to assist the regulatory officers of the Authority to effectively enforce the provisions of this order.

Section 14. Penalty. Any violation or circumvention of this Administrative Order or any provisions thereto, including all guidelines and directives issued

pursuant thereto shall be subject to any one or more of the following sanctions:

Administrative Sanction:

1. Non-processing of export application, non-issuance of clearance and/or loading permit of copra for export.
2. Cancellation/suspension of the Certificate of Registration.

Section 15. Repealing Clause. All orders, rules and regulations inconsistent with the foregoing provisions are hereby repealed or modified accordingly.

Section 16. Effectivity. These rules and regulations shall take effect after fifteen (15) days from date of publication.



DANILO M. CORONACION
Administrator

Adopted and Approved by the
Governing Board in its meeting
held on 08 July 2003

TABLE 2
 GRADES, PREMIUMS and DISCOUNTS for
 AFLATOXIN RELATED MOLD in COPRA

<u>GRADE</u>	<u>AFLATOXIN-RELATED MOLD</u>	<u>Premium/Discount (%)</u>
A	0.0	+ 1.0
B	1 - 10%	- 1.0
C	11 - 20%	- 2.0
	more than 20%	Reject

TABLE 3
 GRADES and DISCOUNTS FOR INFERIOR COPRA

<u>GRADE</u>	<u>INFERIOR COPRA</u>	<u>Discount (%)</u>
A	0.0	0.0
B	1 - 10%	- 1.0
C	11 - 20%	- 2.0
	more than 20%	Reject

TABLE 1
COPRA MOISTURE DISCOUNT TABLE

Moisture Content (%)	Discount (%)	Moisture Content (%)	Discount (%)	Moisture Content (%)	Discount (%)
5.0	2.0	8.0	2.0	11.0	5.8
5.1	1.8	8.1	2.1	11.1	6.0
5.2	1.6	8.2	2.2	11.2	6.1
5.3	1.4	8.3	2.3	11.3	6.2
5.4	1.2	8.4	2.4	11.4	6.3
5.5	1.0	8.5	2.6	11.5	6.4
5.6	0.8	8.6	2.7	11.6	6.5
5.7	0.6	8.7	2.8	11.7	6.6
5.8	0.4	8.8	2.9	11.8	6.7
5.9	0.2	8.9	3.0	11.9	6.8
6.0	0.0	9.0	3.1	12.0	7.0
6.1	0.1	9.1	3.4	12.1	7.2
6.2	0.2	9.2	3.6	12.2	7.4
6.3	0.3	9.3	3.7	12.3	7.6
6.4	0.4	9.4	3.8	12.4	7.8
6.5	0.5	9.5	3.9	12.5	8.0
6.6	0.6	9.6	4.0	12.6	8.2
6.7	0.7	9.7	4.1	12.7	8.4
6.8	0.8	9.8	4.2	12.8	8.6
6.9	0.9	9.9	4.3	12.9	8.8
7.0	1.0	10.0	4.7	13.0	9.0
7.1	1.1	10.1	4.8	13.1	9.2
7.2	1.2	10.2	4.9	13.2	9.4
7.3	1.3	10.3	5.0	13.3	9.6
7.4	1.4	10.4	5.1	13.4	9.8
7.5	1.5	10.5	5.2	13.5	10.0
7.6	1.6	10.6	5.3	13.6	10.2
7.7	1.7	10.7	5.4	13.7	10.4
7.8	1.8	10.8	5.5	13.8	10.6
7.9	1.9	10.9	5.6	13.9	10.8

14.0

Reject

ANNEXURE ORDER NO. 01, SERIES OF 1991

TABLE

This table should be applied to copra with a moisture content of up to 12%. Copra with a moisture content in excess of 12% must be rejected, except for Tapakan dried copra as specified in Table A-2.

Moisture Content (%)	Price Adjustment FACTOR A %	Moisture Content (%)	Price Adjustment FACTOR A %
7.0 and below	+ 5.7	9.6	+ 2.7
7.1	+ 5.6	9.7	+ 2.6
7.2	+ 5.5	9.8	+ 2.5
7.3	+ 5.3	9.9	+ 2.4
7.4	+ 5.2	10.0	+ 2.3
7.5	+ 5.1	10.1	+ 2.2
7.6	+ 5.0	10.2	+ 2.1
7.7	+ 4.9	10.3	+ 1.9
7.8	+ 4.8	10.4	+ 1.8
7.9	+ 4.7	10.5	+ 1.7
8.0	+ 4.6	10.6	+ 1.6
8.1	+ 4.4	10.7	+ 1.5
8.2	+ 4.3	10.8	+ 1.4
8.3	+ 4.2	10.9	+ 1.3
8.4	+ 4.1	11.0	+ 1.1
8.5	+ 4.0	11.1	+ 1.0
8.6	+ 3.9	11.2	+ 0.9
8.7	+ 3.8	11.3	+ 0.8
8.8	+ 3.6	11.4	+ 0.7
8.9	+ 3.5	11.5	+ 0.6
9.0	+ 3.4	11.6	+ 0.5
9.1	+ 3.3	11.7	+ 0.3
9.2	+ 3.2	11.8	+ 0.2
9.3	+ 3.1	11.9	+ 0.1
9.4	+ 3.0	12.0	0
9.5	+ 2.8		

REP. ACT 1365 MOISTURE METER SCALE

Actual Moisture Content %	Approved Table of Premiums and Discounts %	
2		
3		3
4		2
5		1
6		0
7		1
8		2
9		3
10		4
11		5
12		6
13		7
14		8
15		9
15.5		10
16		11
17		12
18		13
19		14
20		15
21		16
22		18
23		19
24		20
25		21
		22

} PREMIUM

} DISCOUNT

"This scale is published in accordance with Sec. 15, Rep. Act 1365"