

Title: Manila Prince Hotel v. Government Service Insurance System (GSIS)

Facts:

The Manila Hotel Corporation (MHC) was owned by the Government Service Insurance System (GSIS), a government agency. GSIS decided to sell a majority share (51%) of MHC through a public bidding as part of the Philippines' privatization program. The Manila Prince Hotel, a Filipino corporation, and Renong Berhad, a Malaysian firm, participated in the bidding. Renong Berhad tendered the highest bid and was subsequently declared the winning bidder. The Manila Prince Hotel challenged the sale, asserting that as a qualified Filipino bidder, it should be given preference in the purchase of MHC shares under the Filipino First Policy enshrined in the 1987 Philippine Constitution.

Issues:

- Whether the Filipino First Policy provision in the Constitution is self-executing and does not require implementing legislation.
- Whether the 51% shares of the MHC are deemed part of the national economy and patrimony, therefore falling within the protection of the Filipino First Policy.
- Whether GSIS, as a government instrumentality, is mandated by the Constitution to abide by the Filipino First Policy in the negotiation and bidding process.
- Whether the Manila Prince Hotel has the constitutional right to match the bid tendered by Renong Berhad despite the provisions of the bidding rules.

Court's Decision:

- The Court held that the Filipino First Policy provision in the Constitution is self-executing and does not require legislation for enforcement.
- It ruled that the 51% controlling interest in the MHC is part of the national patrimony and economy, thus subject to the Filipino First Policy.
- GSIS, being an instrumentality of the State, is obliged to give preference to qualified Filipinos, such as the Manila Prince Hotel, in the divestment of the shares in MHC.
- Consequently, although not expressly provided in the bidding rules, the Court interpreted that the Manila Prince Hotel has the constitutional right to match the highest bid to purchase the shares being a qualified Filipino entity.

Doctrine:

The Court established that nationalization policies contained in the Constitution are self-executing provisions. Additionally, it was determined that the Filipino First Policy must pervade all aspects of national life, especially in the disposition of the country's economy

and patrimony; preference must always be given to qualified Filipinos.

Historical Background:

This case exemplifies the historical tension between nationalistic principles and economic liberalization policies. While the Philippines has pursued privatization and foreign investment to boost its economy, it has also enshrined protective provisions in its Constitution to prioritize the interests of Filipinos. The Manila Prince Hotel case is a clear manifestation of this, where the historic Manila Hotel, considered part of the national patrimony, became the center of a legal dispute that sought to reaffirm Filipino ownership over key economic assets.