

EDUARDO SUAREZ, ET AL., PLAINTIFF-APPELLEE, V.S. MOUNT ARAYAT SUGAR CO. INC. LA CENTRAL AZUCARERA DE LA CARLOTA AND PAMPANGA SUGAR DEVELOPMENT CO., DEFENDANTS-APPELLANTS.

G.R. No. L-6435. April 11, 1956

Ponente: REYES, J.B.L., J.

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REYES, J.B.L., J.:

While agreeing to the decision of this Court that the sugar quota is indivisible, both parties have filed motions for reconsideration seeking a pronouncement in favor of the right of planter and. Sugar mill to transfer, one independently of the other, their respective rights in the sugar quota.

It is insisted on behalf of the planter that, upon the Central's decision not to resume the manufacture of sugar, the entire quota must be held to belong to the planter alone, because under sec, 9, of Act 4166(the Philippine Sugar Limitation Act), the "allotment" attaches to the land; and this all allotment, it is argued, refers to the entire sugar "production allowance", as distinguished from the "marketing allotment" that is divided between the planter and the mill. We have shown in our main decision, however, that this contention is untenable .because under the terms of the basic sugar limitation regulations (Exec. O. Nos. 477, 512 and 873, series of 1934 and 1935), the "plantation owner's allotment" is only the sugar that may be "marketed by the planter alone"; and is arrived at by taking the plantation's pro-rata share in the average sugar production of the mill district and multiplying it "by the plantation share expressed in percentage". Neither definition results in the "plantation owner's allotment being equivalent to the totality of the sugar produced from the cane raised in the plantation,

From the fact that the sugar quota is indivisible, coup led with the further circumstance that under the law the quota in its entirety is held by both planter and sugar central, we are led to the inevitable conclusion that the disposition of the quota,must be by their joint action. But when no such concerted action is possibles then the state, through the Sugar Quota Administrator, should Intervene to reallocate the quota as required by the general Interest; forth recognize in the planter or the mill the absolute ownership of their quota shares is to declare that either or both have the right to refuse to produce the sugar and thereby dislocate the economy of the country.

Of course, in making this reallocation, the Sugar quota Administrator is bound to consider the plain fact that the decision of the Central (sugar mill) to forego manufacturing sugar can not result in compelling the planter to do like-wise and stop planting sugarcane; nor can such decision reduce the planter's share below the amount; that he was entitled to receive had the Central continued to manufacture sugar, which would be an indirect way of compelling the planter to abandon production because of diminished incentives. Consequently, in reallocating the quota, the Sugar Administrator must not only determine the central to which the planter can resort for the delivery of his cane; but also see to it that the new quota allocation will be sufficient to permit the planter to maintain his original share under the "corresponding quota, taking into account the conditions of the planter's" agreement with

the new contra that should be found willing, to mill the planter's cane.

The contention of the appellant Mount Arayat Sugar Co. Inc., that the sugar limitation laws gave it absolute title to its corresponding share of the sugar quota for every succeeding year, whether or not the central or mill ceases to manufacture sugar, does not take into account that the central was given a share in the sugar quota precisely in consideration of its participation in the process of production. The share in the sugar quota, as we pointed out in our main decision, was not a bounty or reward for past services of the sugar mills; but a recognized of their contribution to the production of the sugar coining under the Quota. Not only this, but the laws plainly contemplate that the mill's share was to be taken precisely out of the sugar manufactured from the cane raised by the adherent planter within the mill district, and not from any other manufactured sugar, regardless of origin.

We see not merit in the argument that by virtue of the provision in the milling Contract reserving to the sugar mill the right to discontinue operations, without liability to the adherent planters, the sugar central is entitled to inflict upon the planters a reduction of their sugar quota shares, if only for the reason that It is now admitted that the term of the sugar milling contracts have expired, and the justifying stipulation invoked by the central has ceased to be effective.

No argument can gloss over the obvious injustice that the planter, who is ready and willing to continue producing sugar and help the country's economy in the process, should suffer a reduction in his quota share; by having to pay part of it to the new central, while the old sugar mill that has discontinued sugar manufacture retains its original share in full. The least that could be demanded would be that the reduction should proportionately borne by both parties, as it would be if both had transferred the quota by common consent to other parties and the amicably divided the proceeds in the proportion in which the sugar produced by their joint effort was originally apportioned between them.

It is contended that the manufacture of sugar is a joint venture of planter and sugar central, and that the loss due to the war should be borne by both. This is incorrect, for even under the milling contracts, the losses of either party were not communicable to the other. Whether the planter's share of the quota sufficed to meet his operational costs was never a concern of the sugar central; nor did the latter even claim a share in the planter's profits. Similarly, the adhered planter, as such, was not expected to participate in the not profit of the sugar mill's operations, Why then should ha be asked to share in the central's losses?

We find no justification to deviate from the basic conclusions reached in our main decision to the effect that the original sugar allotments, being indivisible, are transferable only as a whole, by joint action of the interested parties; that where such parties fail to reach an agreement, the State may, through the Sugar Administrator, redistribute or reallocate the sugar quota but, as can be clearly inferred from our main decision, such reallocation should be made so as not to reduce the planter's share below its original amount.

Wherefore, the motions to reconsider are DENIED. So Ordered.

Paras, C.J., Bengzon, Padilla, Montemayor, Reyes, A., Jugo, Bautista Angelo, Labrador, Concepcion, and Reyes, J.B.L., JJ., concur.

RE MOTIONS FOR CONSIDERATION

BAUTISTA ANGELO, J. , dissenting:

I wish to reiterate by dissent from the original opinion of the majority that, while a sugar mill is in operation, the quota or production allowance is single and indivisible and can only be transferred in its entirety upon such terms or conditions as planter and miller may agree but that, when the mill stops "operation for reasons beyond its control, either can transfer the quota within or outside the milling district freely subject only to the approval of the Sugar Quota Office. This result obtains with greater force in the case of the Mt. Arayat Sugar Co., Inc. considering the proviso in its milling contract that it can stop operations in case of destruction of its factory resulting from war. And it appearing that the transfer made by the Mt. Arayat Sugar Co., Inc. of its allotted quota to Elizalde & Co., Inc. was made with the approval of the Sugar quota Office, such transfer must, be deemed to be within the meaning of the majority opinion and should be declared valid and effective. To this effects I vote to grant the motion for partial reconsideration filed by the Mt. Arayat Sugar Co., Inc.

In line with my theory that the sugar quota allocated to the mill and the planter can be transferred without the consent of each other when the joint operation ceases through causes beyond their control subject only to the approval of the Sugar quota Office, I deemed it unjustified to intimate in the resolution of the Court that in making the reallocation of the quota that Office should give to the planter an allocation that would maintain his original share taking into account the planter's agreement with the new central for that would give a planter an advantage to which he is not entitled under the law on the matter.

(SGD.) FELIX BAUTISTA ANGELO

I concur in the above dissent.

(SGD.) CESAR BENGZON

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