

CREATING THE PHILIPPINE COTTON CORPORATION AS A CENTRAL AUTHORITY TO UNDERTAKE, IMPLEMENT AND SUPERVISE COTTON PRODUCTION IN THE PHILIPPINES ON A COMMERCIAL SCALE

PRESIDENTIAL DECREE NO. 350, December 22, 1973

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WHEREAS, the Philippines consumes 200,000 bales of cotton worth \$35 million annually requiring the expenditure of precious foreign exchange;

WHEREAS, experiments and experts' opinions have proven conclusively that cotton can be grown in the Philippines on a commercial scale with the proper effort and financing;

WHEREAS, growing of cotton locally will save foreign exchange, provide additional employment, reduce the cost of cotton to textile millers and assure the supply of cotton regardless of the foreign exchange reserves position of the country;

WHEREAS, a cotton-growing program is fraught with complex problems and requires massive capital, the solution of which will need the cooperation and coordination of the Government and private sectors; and

WHEREAS, the successful implementation of a program of this magnitude will require a centralized direction, management, and supervision;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines, and pursuant to Proclamation No. 1081, dated September 21, 1972, and General Order No. 1, dated September 22, 1972, as amended, do hereby create the Philippine Cotton Corporation which shall be the central authority vested with the responsibility of organizing and implementing the Philippine cotton-growing program and which shall be organized in accordance with the following guidelines:

- The authority shall be called the "Philippine Cotton Corporation,"
- The Corporation will be registered with the Securities and Exchange Commission in accordance with the Corporation Law.
- The objective of the Corporation is "self-sufficiency of the Philippines in cotton." To enable the Corporation to achieve this objective in the shortest possible time, the Corporation will have the following general powers:
 - To undertake all the appropriate studies and experiments necessary to select or develop the cotton strain(s) most suited to Philippine climatic and soil conditions;
 - To purchase, own, hold, lease, and dispose of all types of property, real or chattel, essential for carrying out its functions;
 - To hire, employ and dismiss personnel and to enter into contracts or agreements with them;
 - To enter into contracts with any person or juridical entity in the pursuit of its objective;

- To coordinate the development of roads, irrigation, facilities and other infrastructure requirements necessary for the efficient growing and marketing of cotton;
- To select the general areas for growing cotton, to educate fanners, to provide financing and agricultural services and generally to perform such activities as are necessary for the successful growing of cotton of high quality in commercial quantities;
- To direct, supervise, coordinate or otherwise encourage the growing of cotton;
- To purchase, store, gin, grade, bale, and market all cotton produced under the program; and
- To perform such functions as are necessary to ensure a successful cotton-growing program in the Philippines.

Depending on the findings of subsequent studies, the Corporation will have the option to exercise all or only some of the powers enumerated above.

- The Corporation will be a joint venture between the Philippine Government and the private sector on a 60-40 ownership ratio. The Philippine Government shall be represented by the Department of Agriculture and Natural Resources. The private sector shall be represented by the textile millers presently using cotton as a raw material in its textile-milling operations.

- The Corporation will have an initial authorized capital stock of P20 million and an initial paid-up capital of million.

- Initial contributions of the Philippine Government and the private sector will be P600,000 (60%) and P400,000 (40%), respectively. The 60-40 ownership ratio between the Government and private sector shall be maintained at all times.

- The contribution of the Philippine Government shall be paid out of the funds held in trust by the Philippine Textile Research Institute (PTRI). The contribution of the private sector shall be made by the individual cotton-consuming textile millers through the Textile Millers Association of the Philippines. The share of each cotton-consuming textile mill in the capital contribution of the private sector shall be established pro rata based on the actual cotton consumption of the mills.

- The Corporation shall be governed by a Board of eleven members, six from the government sector and five from the private sector.

The government sector will be represented in the Board by the incumbent Secretary of Agriculture and Natural Resources, the Director of the PTRI, the Chairman of the Advisory Committee of the PTRI and three others who will be appointed by the Secretary of Agriculture and Natural Resources.

The private sector shall be represented by the incumbent president of the Textile Millers Association and four others appointed by the Board of the Textile Millers Association. The Secretary of Agriculture and Natural Resources shall be the Chairman of the Board.

- The administration of the Corporation will be directed by a qualified General Manager who will come from the private sector and who will be appointed by the Board.

- The Corporation shall coordinate its research efforts with the PTRI and the National Science Development Board (NSDB).

- In financing its developmental functions, the Philippine Cotton Corporation will approach international sources of financing, both multilateral and bilateral, for assistance in terms of either grants or loans, or both.

- In order to provide additional financing for research and development or feasibility studies, the PTRI will make available as a grant to PCC, not later than 30 days after the beginning of each fiscal year, the minimum sum of P5 00,000. This funding from PTRI should, in no case, prejudice the efforts of PCC to obtain financing from other sources as mentioned in paragraph 11 above.

The PTRI is hereby authorized to invest the Special Textile Research Fund in any financial instruments, including commercial papers, which will yield a sufficiently high level of earnings to enable the organization to assist the Philippine Cotton Corporation and other cotton research projects contemplated by Republic Act No. 4086.

- Upon its organization, the Corporation will cause to be prepared a thorough feasibility study of the cotton-growing project which will be the basis for further action by the Corporation. The feasibility study should recommend specifically the detailed steps, the timetables and the financial requirements thereof, necessary to carry out the project. In general, the feasibility study should include the following:

- the organization study of the Philippine Cotton Corporation, including manning requirements, personnel compensation and other organizational requirements;
- financial study, including the timing of financial requirements and the sources of financing; and
- technical study, including all agriculture and agronomic aspects of the project, such as what experiments to carry out, the areas to be planted with cotton, project timetables, etc.

The Corporation should be organized and registered with the Securities and Exchange Commission before the end of January 1974.

This Decree takes effect immediately.

Done in the City of Manila, this 22nd day of December, in the year of Our Lord, nineteen hundred and seventy-three.

(Sgd.) FERDINAND E. MARCOS

President

Republic of the Philippines

By the President:

(Sgd.) ROBERTO V. REYES

Assistant Executive Secretary

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