

AMENDING PRESIDENTIAL DECREE NO. 350 CREATING THE PHILIPPINE COTTON CORPORATION AS A CENTRAL AUTHORITY TO UNDERTAKE, IMPLEMENT AND SUPERVISE COTTON PRODUCTION IN THE PHILIPPINES...

PRESIDENTIAL DECREE NO. 1063, December 16, 1976

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WHEREAS, the Philippine Cotton Corporation in its first two years of operation has shown clearly that commercial-scale cotton cultivation can successfully be undertaken in the Philippines;

WHEREAS, the attainment of self-sufficiency in essential agricultural commodities, one of which is cotton, has been defined as a priority area of concern of the Government;

WHEREAS, there is need to strengthen the Philippine Cotton Corporation and to expand its resources to enable it to effectively implement a cotton development program aimed at making the country self-sufficient in cotton within the shortest time possible;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution of the Philippines, do hereby order and decree the following;

SECTION 1. Number 3 of Presidential Decree No. 350 is hereby amended to include the following:

"J. TO ADMINISTER SUCH FUNDS INCLUDING TRUST FUNDS, AS MAY BE SET UP OR PROVIDED BY THE NATIONAL GOVERNMENT OR BY ANY INSTITUTION OR ENTITY WHETHER PUBLIC OR PRIVATE, DOMESTIC OR FOREIGN, IN CONNECTION WITH THE NATIONAL COTTON DEVELOPMENT PROGRAM; AND

"K. TO ACCEPT DONATIONS AND GRANTS FROM GOVERNMENTS AND PRIVATE ENTITIES, WHETHER LOCAL OR FOREIGN, AND TO ADMINISTER THE SAME IN ACCORDANCE WITH THE TERMS OF THE DONATION OR GRANT, CONSISTENT WITH THE COTTON DEVELOPMENT PROGRAM, OR THE SUCH MANNER AS MAY BE DEEMED APPROPRIATE BY THE BOARD."

SECTION 2. Number 4 of Presidential Decree No. 350 is hereby deleted.

["4. 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."]

SECTION 3. Number 5 of Presidential Decree No. 350 is hereby deleted.

["5. The Corporation will have an [initial authorized capital stock of [P20M] ONE HUNDRED MILLION PESOS (P100M) [and an initial paid-up capital of P1 million.]. THE SUM OF SEVENTY MILLION PESOS (P70M) OF THE CAPITAL STOCK SHALL BE SUBSCRIBED AND PAID FOR BY THE PHILIPPINE GOVERNMENT.

THE SUM OF THIRTY MILLION PESOS (P30M) OF THE CAPITAL STOCK WILL BE AVAILABLE FOR SUBSCRIPTION BY GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS AND/OR PRIVATE INVESTORS."]

SECTION 4. Numbers 6 and 7 of Presidential Decree No. 350 are hereby deleted.

["6. 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."]

["7. The contribution of the Philippine Government shall be paid out of the funds held in trust by the Philippine Textiles 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 prorata based on the actual cotton consumption of the mills."]

SECTION 5. Number 8 of Presidential Decree No. 350 is hereby amended to read as follows:

["8. 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 presented in the Board by the [incumbent] Secretary of Agriculture [and Natural Resources], the Director of the PHILIPPINE TEXTILE RESEARCH INSTITUTE (PTRI), [the Chairman of the Advisory Committee of the PTRI and three] AND FOUR others who will be appointed by the Secretary of Agriculture [and Natural Resources] FROM THE GOVERNMENT SERVICE. The private sector shall be represented IN THE BOARD by [the incumbent president of the Textile Millers Association and four others appointed by the Board of the Textile Millers Association] TWO MEMBERS FROM THE TEXTILE PRESIDENT INDUSTRY, ONE OF WHOM SHALL BE THE PRESIDENT OF THE TEXTILE MILLERS ASSOCIATION OF THE PHILIPPINES (TMAP) AND THE OTHER TO BE NOMINATED BY THE TAMP BOARD.

THREE OTHER MEMBERS SHALL BE ELECTED BY THE STOCKHOLDERS.

[The Secretary of Agriculture and Natural Resources shall be the Chairman of the Board.] THE CHAIRMAN AND THE VICE-CHAIRMAN OF THE BOARD SHALL BE ELECTED BY THE MEMBERS THEREOF.

SECTION 6. Number 9 of Presidential Decree No. 350 is hereby amended to read as follows:

["9. 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 BE HEADED BY A PRESIDENT WHO WILL BE APPOINTED BY THE BOARD FROM AMONG QUALIFIED INDIVIDUALS IN THE PRIVATE SECTOR. THE BOARD MAY ALSO CREATE THE POSITIONS OF EXECUTIVE VICE-PRESIDENT AND/OR GENERAL MANAGER AND SUCH OTHER VICE PRESIDENTIAL POSITIONS AS MAY BE DEEMED NECESSARY BY THE BOARD. THEIR COMPENSATION INCLUDING ALLOWANCES SHALL BE DETERMINED BY THE BOARD."

SECTION 7. Number 11 of Presidential Decree No. 350 is hereby amended to read as follows:

"11. In financing its development functions, the Philippine Cotton Corporation [will] MAY approach DOMESTIC AND international sources of financing, both multilateral and bilateral, for assistance in terms of either grants or loans, or both."

SECTION 8. Number 12 of Presidential Decree No. 350 is hereby amended to read as follows:

"12. 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 P500,000. 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 research projects contemplated by R.A. 4086."]

SECTION 9. That new numbers to be known as numbers 14, 15 and 16 shall be added to read as follows:

"14. THE PROVISION OF ANY LAW TO THE CONTRARY NOTWITHSTANDING, ANY FINANCIAL INSTITUTION OWNED OR CONTROLLED BY THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES, WITH THE EXCEPTION OF THE CENTRAL BANK OF THE PHILIPPINES, IS HEREBY EMPOWERED TO GUARANTEE ACCEPTANCE CREDITS, LOANS, TRANSACTIONS, UNDERTAKINGS, OR OBLIGATIONS OF ANY KIND WHICH MAY BE INCURRED BY THE CORPORATION, WHETHER DIRECTLY OR INDIRECTLY, IN FAVOR OF ANY PERSON, ASSOCIATION OR ENTITY, WHETHER DOMESTIC OR FOREIGN."

"15. IN ADDITION TO ANY OTHER POWER HEREIN GRANTED TO THE CORPORATION, WHENEVER THE BOARD DEEMS IT NECESSARY FOR THE CORPORATION TO ISSUE BONDS, WHETHER DENOMINATED IN PHILIPPINE CURRENCY OR ANY CONVERTIBLE FOREIGN CURRENCY, IT MAY DO SO BY RESOLUTION WHICH SHALL DECLARE AND STATE THE PURPOSE FOR WHICH THE PROPOSED BOND ISSUE IS TO BE INCURRED. IN ORDER THAT ANY SUCH BOND ISSUE MAY BE VALID, HOWEVER, IT SHALL BE APPROVED BY THE PRESIDENT OF THE PHILIPPINES, UPON THE RECOMMENDATION OF THE SECRETARY OF FINANCE. THE REPUBLIC OF THE PHILIPPINES SHALL GUARANTEE THE PAYMENT OF BOTH THE PRINCIPAL AND THE INTEREST OF THE BONDS.

INVESTMENT BY BANKING INSTITUTIONS IN SUCH BONDS SHALL BE DEEMED INVESTMENT IN AGRICULTURAL CREDIT, IN COMPLIANCE WITH THE PROVISIONS OF PRESIDENTIAL DECREE NO. 717, AND ITS IMPLEMENTING RULES AND REGULATIONS."

"16. THE REPUBLIC OF THE PHILIPPINES SHALL GUARANTEE THE PAYMENT OF ALL OBLIGATIONS OF THE CORPORATION INCURRED WITH ANY GOVERNMENT-OWNED OR CONTROLLED FINANCIAL INSTITUTION AND SHALL PAY THE PRINCIPAL AND INTEREST ON SUCH OBLIGATIONS IN CASE THE CORPORATION FAILS TO DO SO.

SECTION 10. All laws, executive orders, administrative orders, proclamations or decree or parts thereof inconsistent with any of the provisions of this decree are hereby repealed or modified accordingly.

SECTION 11. This Decree shall take effect immediately.

DONE in the City of Manila, this 16th day of December, in the year of Our Lord, Nineteen Hundred and Seventy-Six.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

By the President:

(Sgd.) JUAN C. TUVERA

Presidential Executive Assistant

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