

RATIONALIZING AND STABILIZING THE EXPORT OF SUGAR AND FOR OTHER PURPOSES

PRESIDENTIAL DECREE NO. 579, November 12, 1974

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WHEREAS, the current worldwide shortage of sugar has brought about an increasingly speculative interest in sugar which has further induced uncertainty in its price especially in the world market;

WHEREAS, the uncertain fluctuations in the price of sugar will expose the export of sugar to risky speculation which will depress prices adversely affecting the profitability of the sugar industry and the foreign exchange earnings of the country;

WHEREAS, in the interest of the national objective to promote public welfare, the government should take a direct and active role to protect the sugar industry and our national economy from the deleterious effects of speculative ventures with respect to sugar;

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

SECTION 1. The Sugar Quota Administration shall from time to time and commencing from the crop year 1973-1974, re-allocate such portion of the total sugar production per crop year for export to the United States and world markets as may be necessary to safeguard the sugar industry and the national economy against contingencies brought about by the speculative interests in sugar. In addition to its powers under existing laws, the Sugar Quota Administration shall have the power to issue authorization for the export of sugar in accordance with the re-allocations provided for in the preceding paragraph.

SEC. 2. To carry out the objective of the Decree, the Philippine Exchange Company, Inc. may be authorized by the President of the Philippines to purchase sugar allocated for export to the U.S. and world markets in a quantity and at price to be fixed in accordance with the rules and regulations that shall be established by the Sugar Quota Administration, the Philippine National Bank, and the Department of Trade and approved by the President of the Philippines.

SEC. 3. The Philippine National Bank shall finance these purchases of sugar from the following sources of funds:

- Foreign borrowings that the Bank is hereby authorized to obtain, for and in behalf of the Philippine Exchange Company, Inc.;
- Its available loanable funds that it shall lend to the Philippine Exchange Company, Inc.; or
- Proceeds from the rediscounting of loans or notes with the Central Bank of the Philippines.

SEC. 4. To effectively implement the provisions of the preceding section, loans or advances by the Philippine National Bank to the Philippine Exchange Company, Inc. for the purpose directed in this Decree shall be exempt from the loan limits imposed in the charter of the said Bank.

The Central Bank of the Philippines shall rediscount the loans or notes referred to in paragraph (c) of the of the

preceding section and shall grant the authorization or approval for the foreign borrowings that may be contracted by the Philippine National Bank authorized under paragraph (a) thereof.

Foreign borrowings obtained under these provisions shall be exempt from any and all taxes, including withholding tax.

SEC. 5. The Department of Trade and the Sugar Quota Administration shall extend full cooperation and assistance to the government agencies and entities herein mentioned in order to attain the objectives of this Decree and shall furnish them with such data and information as may be necessary for the effective international marketing of sugar.

SEC. 6. The sugar so purchased by the Philippine Exchange Company, Inc. shall not be disposed of without the prior approval of the President of the Philippines. The Philippine Exchange Company, Inc. shall handle the export and shipment of such sugar to the U.S. and world markets.

SEC. 7. The proceeds of the sugar trading operations of the Philippine Exchange Company, Inc. shall be used to pay its liabilities to the Philippine National Bank, or to the foreign creditors of the Philippine National Bank from whom financing has been obtained.

The Philippine Exchange Company, Inc. shall charge a commission of two and one-half (2 1/2%) per cent of gross sales, of which one (1%) per cent shall cover all its overhead expenses and the balance of one and one-half (1 1/2%) per cent shall be set aside as a fund for the "Sugar Development Program" of the Philippine National Bank.

After deducting its commission of two and one-half (2-1/2%) per cent of gross sales, the balance of the proceeds of sugar trading operations for every crop year shall be set aside by the Philippine Exchange Company, Inc. as profits which shall be paid to a special fund of the National Government subject to the disposition of the President for public purposes.

SEC. 8. The profits realized by the Philippine Exchange Company, Inc. from the sugar trading operations authorized under this Decree shall be exempt from any and all taxes imposed by the National Government and its political subdivisions.

SEC. 9. All laws, executive orders or administrative orders, rules and regulations inconsistent with the foregoing provisions are hereby repealed or amended accordingly.

SEC. 10. This Decree shall take effect immediately.

Done in the City of Manila, this 12th day of November, in the year of Our Lord, nineteen hundred and seventy-four.

(Sgd.)

FERDINAND E. MARCOS

President of the Philippines

By the President:

(Sgd.)

ALEJANDRO MELCHOR

Executive Secretary

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