

AN ACT CREATING THE IRON AND STEEL AUTHORITY.

PRESIDENTIAL DECREE NO. 272, August 09, 1973

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WHEREAS, national interest and security require that an adequate supply of iron and steel products at reasonable cost be readily available at all times for the country's needs;

WHEREAS, there have been recurrent imbalances between demand and supply of iron and steel products that necessitate the orderly regulation of the market;

WHEREAS, excess capacity exists in several sectors of the iron and steel industry while other sectors suffer from a deficiency of investment;

WHEREAS, the recurrent shortage and the spiralling cost of steel products in international markets and excessive dependence of the country on imports for its steel supplies render it imperative to explore the backward integration of the steel industry; and

WHEREAS, the advance of industrialization in this country is dependent on the development and the promotion of a strong iron and steel industry and the increased availability of low-cost steel;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me 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 order and decree the creation of the Iron and Steel Authority designed to stimulate the growth and regulate the orderly development of the iron and steel industry, as follows:

SECTION 1. Composition. — The Iron and Steel Authority shall be composed of the Chairman of the Board of Investments, as Chairman, the Secretary of National Defense, the Secretary of Finance, the Secretary of Trade, the Central Bank Governor, and the Chairman of the Development Bank of the Philippines or their duly designated permanent representatives, and two representatives from the private sector, one of whom shall represent the primary steel manufacturers and the other to represent the secondary manufacturers of steel products, to be appointed by the President, as members. The secretariat of the Authority shall be provided by the Board of Investments.

The Authority shall constitute itself immediately and shall exist for a period of five years from the date of this Decree:

SEC. 2. Objectives. — The Authority shall have the following objectives:

- a) to strengthen the iron and steel industry of the Philippines and to expand the domestic and export markets for the products of the industry;
- b) to promote the consolidation, integration and rationalization of the industry in order to increase industry capability and viability to service the domestic market and to compete in international markets;
- c) to rationalize the marketing and distribution of steel products in order to achieve a balance between demand

and supply of iron and steel products for the country and to ensure the industry prices and profits are at levels that provide a fair balance between the interests of investors, consumers, suppliers, and the public at

d) to promote full utilization of the existing capacity of the industry, to discourage investment in excess capacity, and in coordination with appropriate government agencies to encourage capital investment in priority areas of the industry;

e) to assist the industry in securing adequate and low-cost supplies of raw materials and to reduce the excessive dependence of the country on imports of iron and steel.

SEC. 3. Sectors Covered. — For the purpose of carrying out the foregoing objectives, the following sectors of iron and steel industry shall be subject to whatever regulations the Authority may deem to impose:

a) the import and export of iron and steel products and major raw materials;

b) the accumulation and distribution of iron and steel scrap;

c) all forms of primary iron-and-steel-making, including blast furnace/basic oxygen furnace operations, electric arc furnace and open hearth operations and direct reduction processing;

d) with respect to capacity installation only, of foundries for all types of iron and steel; steel fabrication and welding operations; steel forming operations; steel forging and die-stamping or pressing operations, machining and metal-cutting of iron and steel products;

e) the manufacture and supply of fluxes, additions and alloying elements used in iron-and-steel-making, such as ferro alloys, welding electrodes;

f) all rolling mill operations for steel products, including hot and cold reduction mills, blooming and bar mills, and structural mills;

g) finishing operations for steel products such as galvanizing, tinning, and drawing, pipe-and-tube-forming, slitting and shearing, cold forming;

h) all marketing and distribution operations of the above sectors.

SEC. 4. Powers and Functions. — The Authority shall have the following powers and functions:

a) to require firms to obtain its approval before entering into any commitments to expand, modernize and/or modify facilities for iron and steel making and/or processing when the expenditures involved may exceed P1 million and in coordination with appropriate government agencies to require firms within the industry to register commitments which would involve foreign currency expenditures of more than \$50,000;

b) to make recommendations on import and export limitations, tariffs, taxes, subsidies or anti-dumping measures affecting the industry;

c) under conditions of acute market shortage or surplus of steel products, plan the establishment and enforcement of sales quotas, distribution areas and such other marketing regulations as it may deem necessary 1) to reestablish a balance between demand and supply on the domestic or export markets; 2) to allocate demand in an equitable, orderly and efficient manner among the firms servicing the market; and 3) to maintain stability until such time as the market imbalance is corrected;

d) to assist in the setting up of marketing outlets for steel products and other related construction materials;

e) whenever price adjustments for raw materials or products of iron and steel cause undue hardships or disagreements among sectors of the industry, their consumers or Suppliers, to call together representatives of the affected parties and government agencies concerned in order to arrive at a satisfactory consensus; if it

deems so necessary, to establish fair and reasonable selling prices at different levels of distribution and to call on the appropriate government agencies for assistance in enforcing the established prices;

f) to require the firms in the industry to conform to established standards, including standards on weights and measures, product quality control, and pollution control;

g) to require any firm in the industry to secure its approval before acquiring or negotiating a loan or a guarantee from a government financial institution, the Philippine Government or any of its agencies;

h) to recommend to the appropriate authorities such policies and measures as may be necessary to stimulate the expansion of the market for the industry;

i) to negotiate, and when necessary, to enter into contracts for and in behalf of the Government, for the bulk purchase of materials, supplies or services for any sectors in the industry, and to maintain inventories of such materials in order to insure a continuous and adequate supply thereof and thereby reduce operating costs of such sector;

j) to initiate expropriation of land required for basic iron and steel facilities for subsequent resale and/or lease to the companies involved if it is shown that such use of the State's power is necessary to implement the construction of capacity which is needed for the attainment of the objectives of the Authority;

k) to plan, organize, implement and control the backward integration of the steel industry;

l) to organize and implement programs for manpower development to benefit the industry, in coordination with the appropriate government agencies, public or private educational institutions, and private firms;

m) to negotiate with its counterparts in other ASEAN countries for the rationalization, complementation and integration of the iron and steel industry in the region;

n) to organize and/or implement programs in coordination with appropriate government agencies for the surveying, exploration and development of iron ore, coal and other deposits that are utilized as raw materials for the industry; to negotiate with sources from other countries to secure for the industry adequate, high-grade, and long-term supplies of such materials at the lowest cost and most advantageous terms possible;

o) to promote product development, new uses and new applications for iron and steel products; to arrange for financial and technical support for product research and commercial development of iron and steel products undertaken by firms in the industry and other entities;

p) to inspect inventories of firms in the industry and, during periods of market shortage, to regulate or confiscate inventories in order to alleviate the shortage;

q) whenever necessary to achieve its objectives and to carry out its functions, to require firms in the industry to submit data on costs, sales, production, deliveries and inventories;

r) to conduct studies on the status and problems of the industry and to maintain comprehensive statistical records and for this purpose, to require any person or entity to submit to it such data, information, papers or document it may deem necessary;

s) to prescribe and enforce compliance with such rules and regulations as may be necessary to implement the intent and provisions of the Decree, which rules and regulations shall take effect immediately following their publication in two newspapers of general circulation in the Philippines;

t) to conduct investigation, hearing and inquiry and for this purpose, to issue subpoena and subpoena duces tecum to compel the attendance of witnesses and the production of the necessary papers and documents;

u) to perform such other acts as may be necessary or conducive to the exercise of its functions and powers and the discharge of its duties under this Decree.

SEC. 5. Power to require assistance.—The Authority may require the assistance of any government agency or any entity or association within the industry in order to ensure the effective implementation of the powers and functions of the Authority.

SEC. 6. Affected Parties. — A party adversely affected by a decision or any order of the Authority may, within a period of seven days from receipt of said decision or order, appeal in writing to the National Economic and Development Authority which shall have authority and jurisdiction to review, reverse, modify or amend the same. The decision of the National Economic and Development Authority shall be appealable to the President in writing within a period of five days from receipt of the said decision or order. The decision of the President shall be final.

SEC. 7. Penal Clause. — Any person who wilfully gives false or misleading data or information or conceals or falsifies any material fact in any investigation, hearing, inquiry or study conducted pursuant to this Decree or commit any violation of the provisions of this Decree shall be punished by a fine not to exceed fifty thousand pesos (P50,000.00) or imprisonment for not more than five (5) years or both, at the discretion of the court: Provided, however, Where such violation is committed by a corporation, partnership or other juridical entity, the penalty provided herein shall be imposed on the responsible officers or directors of such entity: Provided, further, That if the false or misleading data or information shall have been given under oath, the maximum penalty for false testimony under the Revised Penal Code shall be imposed.

SEC. 8. Repealing Clause. — Any provision of law, decrees, or executive orders, instructions, rules, regulations or circulars inconsistent with this Decree is hereby repealed or modified accordingly: Provided, That, all the powers and functions of the Presidential Steel Committee are hereby transferred to the Authority.

This Decree shall take effect immediately after its publication.

Done in the City of Manila, this 9th day of August, 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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