

LETTER OF INSTRUCTION NO. 311, August 26, 1975

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TO:

The Secretary
Department of National Defense
The President
Philippine National Bank
The Chairman
Development Bank of the Philippines

WHEREAS, it was imperative to issue Letter of Instructions No. 189-A in view of the following: (1) the Pampanga Sugar Mills (PASUMIL), as one of the country's largest sugar milling firms, ought to be geared towards meeting our sugar commitments to the United States and the world market as well as our domestic requirements; and (2) the management of PASUMIL has, by issuing quedans in the absence of sugar supposedly represented by them, incurring indebtedness not related with the operations of the mill, diverting the funds and assets of PASUMIL to affiliate companies, destroying the facilities of the mill and allowing milling operations to deteriorate, committed a grave violation of our laws, undermined our country's credit standing in the sugar markets of the world and impaired our capability to meet our export commitments and our domestic sugar requirements;

WHEREAS, by virtue of Letter of Instructions No. 189-A, the Philippine National Bank took possession of the assets of PASUMIL, reconditioned the sugar central and resumed its operations in time for the 1974-1975 milling season;

WHEREAS, the experience of the Philippine National Bank in operating PASUMIL has shown that the objective of keeping PASUMIL in continuous and proper operation in furtherance of the policy to bring about a coordinated and efficiently-managed production of sugar cannot be attained under the present ownership of PASUMIL on account of their grave financial predicament and the numerous claims of creditors;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution and pursuant to Proclamation No. 1081, dated September 21, 1972, do hereby order and direct:

- The Philippine National Bank to acquire the assets of PASUMIL which were foreclosed by the Development Bank of the Philippines;
- The Philippine National Bank and the Development Bank of the Philippines to agree on the terms and conditions in the acquisition of said assets that will effectively carry out the objectives of this Letter of Instructions;
- The Philippine National Bank to continue the management and operation of the assets by itself or through a subsidiary corporation;

The Philippine National Bank to make a study of, and submit recommendations on, the eventual dispersal or its interest over these assets to the public, particularly to sugar planters, in line with the Government policy to broaden the ownership of sugar centrals;

- The Philippine National Bank to , likewise, make a study of, and submit recommendations on, the problems concerning the claims of PASUMEL's creditors;

The Philippine National Bank to look into the feasibility of taking care of the interest of the present employees of PASUMIL within the limits of the existing legal and economic framework;

- The Secretary of National Defense to extend full assistance to the Philippine National Bank in carrying out this Letter of Instructions particularly on the aspect of providing the required security measures in safeguarding the assets and properties of the mill.

This Letter of Instructions supersedes Letter of Instructions No. 189-A of May 25,1974

Done in the City of Manila, this 26th day of August, in the year of Our Lord, nineteen hundred and seventy-five.

27 VITAL LEGAL DOCUMENTS, 101 (1972 —)

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