

ASSOCIATION OF PHILIPPINE COCONUT DESICCATORS, PETITIONER, VS. PHILIPPINE COCONUT AUTHORITY, RESPONDENT.

G.R. No. 110526. February 10, 1998

Ponente: MENDOZA, J.

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MENDOZA, J.:

At issue in this case is the validity of a resolution, dated March 24, 1993, of the Philippine Coconut Authority in which it declares that it will no longer require those wishing to engage in coconut processing to apply to it for a license or permit as a condition for engaging in such business.

Petitioner Association of Philippine Coconut Desiccators (hereafter referred to as APCD) brought this suit for certiorari and mandamus against respondent Philippine Coconut Authority (PCA) to invalidate the latter's Board Resolution No. 018-93 and the certificates of registration issued under it on the ground that the resolution in question is beyond the power of the PCA to adopt, and to compel said administrative agency to comply instead with the mandatory provisions of statutes regulating the desiccated coconut industry, in particular, and the coconut industry, in general.

As disclosed by the parties' pleadings, the facts are as follows:

On November 5, 1992, seven desiccated coconut processing companies belonging to the APCD brought suit in the Regional Trial Court, National Capital Judicial Region in Makati, Metro Manila, to enjoin the PCA from issuing permits to certain applicants for the establishment of new desiccated coconut processing plants. Petitioner alleged that the issuance of licenses to the applicants would violate PCA's Administrative Order No. 02, series of 1991, as the applicants were seeking permits to operate in areas considered "congested" under the administrative order.[1]

On November 6, 1992, the trial court issued a temporary restraining order and, on November 25, 1992, a writ of preliminary injunction, enjoining the PCA from processing and issuing licenses to Primex Products, Inc., Coco Manila, Superstar (Candelaria) and Superstar (Davao) upon the posting of a bond in the amount of P100,000.00.[2]

Subsequently and while the case was pending in the Regional Trial Court, the Governing Board of the PCA issued on March 24, 1993 Resolution No. 018-93, providing for the withdrawal of the Philippine Coconut Authority from all regulation of the coconut product processing industry. While it continues the registration of coconut product processors, the registration would be limited to the "monitoring" of their volumes of production and administration of quality standards. The full text of the resolution reads:

RESOLUTION NO. 018-93

POLICY DECLARATION DEREGULATING

THE ESTABLISHMENT OF NEW COCONUT

PROCESSING PLANTS

WHEREAS, it is the policy of the State to promote free enterprise unhampered by protective regulations and unnecessary bureaucratic red tapes;

WHEREAS, the deregulation of certain sectors of the coconut industry, such as marketing of coconut oils pursuant to Presidential Decree No. 1960, the lifting of export and commodity clearances under Executive Order No. 1016, and relaxation of regulated capacity for the desiccated coconut sector pursuant to Presidential Memorandum of February 11, 1988, has become a centerpiece of the present dispensation;

WHEREAS, the issuance of permits or licenses prior to business operation is a form of regulation which is not provided in the charter of nor included among the powers of the PCA;

WHEREAS, the Governing Board of PCA has determined to follow and further support the deregulation policy and effort of the government to promote free enterprise;

NOW THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, that, henceforth, PCA shall no longer require any coconut oil mill, coconut oil refinery, coconut desiccator, coconut product processor/factory, coconut fiber plant or any similar coconut processing plant to apply with PCA and the latter shall no longer issue any form of license or permit as condition prior to establishment or operation of such mills or plants;

RESOLVED, FURTHER, that the PCA shall limit itself only to simply registering the aforementioned coconut product processors for the purpose of monitoring their volumes of production, administration of quality standards with the corresponding service fees/charges.

ADOPTED this 24th day of March 1993, at Quezon City.[3]

The PCA then proceeded to issue “certificates of registration” to those wishing to operate desiccated coconut processing plants, prompting petitioner to appeal to the Office of the President of the Philippines on April 26, 1993 not to approve the resolution in question. Despite follow-up letters sent on May 25 and June 2, 1993, petitioner received no reply from the Office of the President. The “certificates of registration” issued in the meantime by the PCA has enabled a number of new coconut mills to operate. Hence this petition.

Petitioner alleges:

I

RESPONDENT PCA’S BOARD RESOLUTION NO. 018-93 IS NULL AND VOID FOR BEING AN UNDUE EXERCISE OF LEGISLATIVE POWER BY AN ADMINISTRATIVE BODY.

II

ASIDE FROM BEING ULTRA-VIRES, BOARD RESOLUTION NO. 018-93 IS WITHOUT ANY BASIS, ARBITRARY, UNREASONABLE AND THEREFORE IN VIOLATION OF SUBSTANTIVE DUE PROCESS OF LAW.

III

IN PASSING BOARD RESOLUTION NO. 018-93, RESPONDENT PCA VIOLATED THE PROCEDURAL DUE PROCESS REQUIREMENT OF CONSULTATION PROVIDED IN PRESIDENTIAL DECREE NO. 1644, EXECUTIVE ORDER NO. 826 AND PCA ADMINISTRATIVE ORDER NO. 002, SERIES OF 1991.

On the other hand, in addition to answering petitioner’s arguments, respondent PCA alleges that this petition should be denied on the ground that petitioner has a pending appeal before the Office of the President. Respondent accuses petitioner of forum-shopping in filing this petition and of failing to exhaust available

administrative remedies before coming to this Court. Respondent anchors its argument on the general rule that one who brings an action under Rule 65 must show that one has no appeal nor any plain, speedy, and adequate remedy in the ordinary course of law.

I.

The rule of requiring exhaustion of administrative remedies before a party may seek judicial review, so strenuously urged by the Solicitor General on behalf of respondent, has obviously no application here. The resolution in question was issued by the PCA in the exercise of its rule-making or legislative power. However, only judicial review of decisions of administrative agencies made in the exercise of their quasi-judicial function is subject to the exhaustion doctrine. The exhaustion doctrine stands as a bar to an action which is not yet complete^[4] and it is clear, in the case at bar, that after its promulgation the resolution of the PCA abandoning regulation of the desiccated coconut industry became effective. To be sure, the PCA is under the direct supervision of the President of the Philippines but there is nothing in P.D. No. 232, P.D. No. 961, P.D. No. 1468 and P.D. No. 1644 defining the powers and functions of the PCA which requires rules and regulations issued by it to be approved by the President before they become effective.

In any event, although the APCD has appealed the resolution in question to the Office of the President, considering the fact that two months after they had sent their first letter on April 26, 1993 they still had to hear from the President's office, meanwhile respondent PCA was issuing certificates of registration indiscriminately to new coconut millers, we hold that petitioner was justified in filing this case on June 25, 1993.^[5] Indeed, after writing the Office of the President on April 26, 1993^[6] petitioner sent inquiries to that office not once, but twice, on May 26, 1993^[7] and on June 2, 1993,^[8] but petitioner did not receive any reply.

II.

We now turn to the merit of the present petition. The Philippine Coconut Authority was originally created by P.D. No. 232 on June 30, 1973, to take over the powers and functions of the Coconut Coordinating Council, the Philippine Coconut Administration and the Philippine Coconut Research Institute. On June 11, 1978, by P.D. No. 1468, it was made "an independent public corporation . . . directly reporting to, and supervised by, the President of the Philippines,"^[9] and charged with carrying out the State's policy "to promote the rapid integrated development and growth of the coconut and other palm oil industry in all its aspects and to ensure that the coconut farmers become direct participants in, and beneficiaries of, such development and growth."^[10] through a regulatory scheme set up by law.^[11]

Through this scheme, the government, on August 28, 1982, temporarily prohibited the opening of new coconut processing plants and, four months later, phased out some of the existing ones in view of overproduction in the coconut industry which resulted in cut-throat competition, underselling and smuggling of poor quality products and ultimately in the decline of the export performance of coconut-based commodities. The establishment of new plants could be authorized only upon determination by the PCA of the existence of certain economic conditions and the approval of the President of the Philippines. Thus, Executive Order No. 826, dated August 28, 1982, provided:

SECTION 1. Prohibition. - Except as herein provided, no government agency or instrumentality shall hereafter authorize, approve or grant any permit or license for the establishment or operation of new desiccated coconut processing plants, including the importation of machinery or equipment for the purpose. In the event of a need to establish a new plant, or expand the capacity, relocate or upgrade the efficiencies of any existing desiccated plant, the Philippine Coconut Authority may, upon proper determination of such need and evaluation of the condition relating to:

- a. the existing market demand;
- b. the production capacity prevailing in the country or locality;
- c. the level and flow of raw materials; and
- d. other circumstances which may affect the growth or viability of the industry concerned,

authorize or grant the application for, the establishment or expansion of capacity, relocation or upgrading of efficiencies of such desiccated coconut processing plant, subject to the approval of the President.

On December 6, 1982, a phase-out of some of the existing plants was ordered by the government after finding that “a mere freeze in the present capacity of existing plants will not afford a viable solution to the problem considering that the total available limited market is not adequate to support all the existing processing plants, making it imperative to reduce the number of existing processing plants.”[12] Accordingly, it was ordered:[13]

SECTION 1. The Philippine Coconut Authority is hereby ordered to take such action as may be necessary to reduce the number of existing desiccated coconut processing plants to a level which will insure the survival of the remaining plants. The Authority is hereby directed to determine which of the existing processing plants should be phased out and to enter into appropriate contracts with such plants for the above purpose.

It was only on October 23, 1987 when the PCA adopted Resolution No. 058-87, authorizing the establishment and operation of additional DCN plants, in view of the increased demand for desiccated coconut products in the world’s markets, particularly in Germany, the Netherlands and Australia. Even then, the opening of new plants was made subject to “such implementing guidelines to be set forth by the Authority” and “subject to the final approval of the President.”

The guidelines promulgated by the PCA, as embodied in Administrative Order No. 002, series of 1991, inter alia authorized the opening of new plants in “non-congested areas only as declared by the PCA” and subject to compliance by applicants with “all procedures and requirements for registration under Administrative Order No. 003, series of 1981 and this Order.” In addition, as the opening of new plants was premised on the increased global demand for desiccated coconut products, the new entrants were required to submit sworn statements of the names and addresses of prospective foreign buyers.

This form of “deregulation” was approved by President Aquino in her memorandum, dated February 11, 1988, to the PCA. Affirming the regulatory scheme, the President stated in her memorandum:

It appears that pursuant to Executive Order No. 826 providing measures for the protection of the Desiccated Coconut Industry, the Philippine Coconut Authority evaluated the conditions relating to: (a) the existing market demands; (b) the production capacity prevailing in the country or locality; (c) the level and flow of raw materials; and (d) other circumstances which may affect the growth or viability of the industry concerned and that the result of such evaluation favored the expansion of production and market of desiccated coconut products.

In view hereof and the favorable recommendation of the Secretary of Agriculture, the deregulation of the Desiccated Coconut Industry as recommended in Resolution No. 058-87 adopted by the PCA Governing Board on October 28, 1987 (sic) is hereby approved.[14]

These measures — the restriction in 1982 on entry into the field, the reduction the same year of the number of the existing coconut mills and then the lifting of the restrictions in 1987 — were adopted within the framework of regulation as established by law “to promote the rapid integrated development and growth of the coconut and other palm oil industry in all its aspects and to ensure that the coconut farmers become direct participants in, and beneficiaries of, such development and growth.”[15] Contrary to the assertion in the dissent, the power given to

the Philippine Coconut Authority — and before it to the Philippine Coconut Administration — “to formulate and adopt a general program of development for the coconut and other palm oils industry”[16] is not a roving commission to adopt any program deemed necessary to promote the development of the coconut and other palm oils industry, but one to be exercised in the context of this regulatory structure.

In plain disregard of this legislative purpose, the PCA adopted on March 24, 1993 the questioned resolution which allows not only the indiscriminate opening of new coconut processing plants but the virtual dismantling of the regulatory infrastructure whereby, forsaking controls theretofore placed in its keeping, the PCA limits its function to the innocuous one of “monitoring” compliance by coconut millers with quality standards and volumes of production. In effect, the PCA would simply be compiling statistical data on these matters, but in case of violations of standards there would be nothing much it would do. The field would be left without an umpire who would retire to the bleachers to become a mere spectator. As the PCA provided in its Resolution No. 018-93:

NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, that, henceforth, PCA shall no longer require any coconut oil mill, coconut oil refinery, coconut desiccator, coconut product processor/factory, coconut fiber plant or any similar coconut processing plant to apply with PCA and the latter shall no longer issue any form of license or permit as condition prior to establishment or operation of such mills or plants;

RESOLVED, FURTHER, that the PCA shall limit itself only to simply registering the aforementioned coconut product processors for the purpose of monitoring their volumes of production, administration of quality standards with the corresponding service fees/charges.

The issue is not whether the PCA has the power to adopt this resolution to carry out its mandate under the law “to promote the accelerated growth and development of the coconut and other palm oil industry.”[17] The issue rather is whether it can renounce the power to regulate implicit in the law creating it for that is what the resolution in question actually is.

Under Art. II, §3(a) of the Revised Coconut Code (P.D. No. 1468), the role of the PCA is “To formulate and adopt a general program of development for the coconut and other palm oil industry in all its aspects.” By limiting the purpose of registration to merely “monitoring volumes of production [and] administration of quality standards” of coconut processing plants, the PCA in effect abdicates its role and leaves it almost completely to market forces how the coconut industry will develop.

Art. II, §3 of P.D. No. 1468 further requires the PCA:

(h) To regulate the marketing and the exportation of copra and its by-products by establishing standards for domestic trade and export and, thereafter, to conduct an inspection of all copra and its by-products proposed for export to determine if they conform to the standards established;

Instead of determining the qualifications of market players and preventing the entry into the field of those who are unfit, the PCA now relies entirely on competition — with all its wastefulness and inefficiency — to do the weeding out, in its naive belief in survival of the fittest. The result can very well be a repeat of 1982 when free enterprise degenerated into a “free-for-all,” resulting in cut-throat competition, underselling, the production of inferior products and the like, which badly affected the foreign trade performance of the coconut industry.

Indeed, by repudiating its role in the regulatory scheme, the PCA has put at risk other statutory provisions, particularly those of P.D. No. 1644, to wit:

Section 1. The Philippine Coconut Authority shall have full power and authority to regulate the marketing and export of copra, coconut oil and their by-products, in furtherance of the steps being taken to rationalize the coconut oil milling industry.

Sec 2. In the exercise of its powers under Section 1 hereof, the Philippine Coconut Authority may initiate and implement such measures as may be necessary to attain the rationalization of the coconut oil milling industry, including, but not limited to, the following measures:

- (a) Imposition of floor and /or ceiling prices for all exports of copra, coconut oil and their by-products;
- (b) Prescription of quality standards;
- (c) Establishment of maximum quantities for particular periods and particular markets;
- (d) Inspection and survey of export shipments through an independent international superintendent or surveyor.

In the exercise of its powers hereunder, the Philippine Coconut Authority shall consult with, and be guided by, the recommendation of the coconut farmers, through corporations owned or controlled by them through the Coconut Industry Investment Fund and the private corporation authorized to be organized under Letter of Instructions No. 926.

and the Revised Coconut Code (P.D. No. 1468), Art. II, §3, to wit:

(m) Except in respect of entities owned or controlled by the Government or by the coconut farmers under Sections 9 and 10, Article III hereof, the Authority shall have full power and authority to regulate the production, distribution and utilization of all subsidized coconut-based products, and to require the submission of such reports or documents as may be deemed necessary by the Authority to ascertain whether the levy payments and/or subsidy claims are due and correct and whether the subsidized products are distributed among, and utilized by, the consumers authorized by the Authority.

The dissent seems to be saying that in the same way that restrictions on entry into the field were imposed in 1982 and then relaxed in 1987, they can be totally lifted now without prejudice to reimposing them in the future should it become necessary to do so. There is really no renunciation of the power to regulate, it is claimed. Trimming down of PCA's function to registration is not an abdication of the power to regulate but is regulation itself. But how can this be done when, under Resolution No. 018-93, the PCA no longer requires a license as condition for the establishment or operation of a plant? If a number of processing firms go to areas which are already congested, the PCA cannot stop them from doing so. If there is overproduction, the PCA cannot order a cut back in their production. This is because the licensing system is the mechanism for regulation. Without it the PCA will not be able to regulate coconut plants or mills.

In the first "whereas" clause of the questioned resolution as set out above, the PCA invokes a policy of free enterprise that is "unhampered by protective regulations and unnecessary bureaucratic red tape" as justification for abolishing the licensing system. There can be no quarrel with the elimination of "unnecessary red tape." That is within the power of the PCA to do and indeed it should eliminate red tape. Its success in doing so will be applauded. But free enterprise does not call for removal of "protective regulations."

Our Constitutions, beginning with the 1935 document, have repudiated laissez-faire as an economic principle.[18] Although the present Constitution enshrines free enterprise as a policy,[19] it nonetheless reserves to the government the power to intervene whenever necessary to promote the general welfare. This is clear from the following provisions of Art. XII of the Constitution which, so far as pertinent, state:

Sec. 6. . . . Individuals and private groups, including corporations, cooperatives, and similar collective organizations, shall have the right to own, establish, and operate economic enterprises, subject to the duty of the State to promote distributive justice and to intervene when the common good so demands.

Sec. 19. The State shall regulate or prohibit monopolies when the public interest so requires. No combinations in restraint of trade or unfair competition shall be allowed. (Emphasis added)

At all events, any change in policy must be made by the legislative department of the government. The regulatory system has been set up by law. It is beyond the power of an administrative agency to dismantle it. Indeed, petitioner charges the PCA of seeking to render moot a case filed by some of its members questioning the grant of licenses to certain parties by adopting the resolution in question. It is alleged that members of petitioner complained to the court that the PCA had authorized the establishment and operation of new plants in areas which were already crowded, in violation of its Administrative Order No. 002, series of 1991. In response, the Regional Trial Court issued a writ of preliminary injunction, enjoining the PCA from issuing licenses to the private respondents in that case.

These allegations of petitioner have not been denied here. It would thus seem that instead of defending its decision to allow new entrants into the field against petitioner's claim that the PCA decision violated the guidelines in Administrative Order No. 002, series of 1991, the PCA adopted the resolution in question to render the case moot. In so doing, the PCA abdicated its function of regulation and left the field to untrammelled competition that is likely to resurrect the evils of cut-throat competition, underselling and overproduction which in 1982 required the temporary closing of the field to new players in order to save the industry.

The PCA cannot rely on the memorandum of then President Aquino for authority to adopt the resolution in question. As already stated, what President Aquino approved in 1988 was the establishment and operation of new DCN plants subject to the guidelines to be drawn by the PCA.[20] In the first place, she could not have intended to amend the several laws already mentioned, which set up the regulatory system, by a mere memoranda to the PCA. In the second place, even if that had been her intention, her act would be without effect considering that, when she issued the memorandum in question on February 11, 1988, she was no longer vested with legislative authority.[21]

WHEREFORE, the petition is GRANTED. PCA Resolution No. 018-93 and all certificates of registration issued under it are hereby declared NULL and VOID for having been issued in excess of the power of the Philippine Coconut Authority to adopt or issue.

SO ORDERED.

Narvasa, C.J., Regalado, Davide, Jr., Puno, Kapunan, Francisco, Panganiban, and Martinez, JJ., concur.

Romero, J., see dissenting opinion.

Bellosillo, Melo, Vitug, Quisumbing, and Purisima, JJ., joined Justice Romero's dissenting opinion.

[1] A.O. No. 02, par. A(5) defines "Congested Area" as "a condition in a particular locality where the ratio of total rated capacity over the total of the nut production capacity is greater than or equal to 1."

[2] *Fiesta Brands, Inc. v. Philippine Coconut Authority*, Civil Case No. 92-3210.

[3] *Rollo*, pp. 41-42.

[4] See generally, 3 Kenneth Culp Davis, *Treatise on Administrative Law* 56-57 (1958).

[5] Cf. *Alzate v. Aldana*, 107 Phil. 298 (1960).

[6] *Petition*, Annex O .

[7] *Id.*, Annex P.

[8] *Id.*, Annex Q.

- [9] Art. I, §1.
- [10] Art. I, §2.
- [11] P.D. No. 1468, Art. I, §2; P.D. No. 961, Art. I, §2; P.D. No. 232, §1.
- [12] Executive Order No. 854, Dec. 6, 1982.
- [13] Id.
- [14] Rollo, p. 88.
- [15] P.D. No. 1468, Art. I, §2; P.D. No. 961, Art. I, §2; P.D. No. 232, §1.
- [16] P.D. No. 232, §3(a); R.A. No. 1145, §§ 2(a)-(c).
- [17] P.D. No. 232, §1; P.D. No. 961, Art. I, §2; P.D. No. 1468, Art. I, §2 and P.D. No. 1644.
- [18] See *Antamok Goldfields Mining Co. v. CIR*, 70 Phil. 340 (1940); *Edu v. Ericta*, 35 SCRA 481 (1970).
- [19] Art. II, §20.
- [20] Rollo, p. 88.
- [21] See Const., Art. VI, §1.

Asso'n of Phil Coconut Desiccators vs Phil Coconut Authority : 110526 : February 10, 1998 : J. Romero's Opinion 110 6 pt 6 pt 0 3

DISSENTING OPINION

ROMERO, J.:

The past decade, a distinct worldwide trend towards economic deregulation has been evident. Both developed and developing countries have seriously considered, and extensively adopted, various measures for this purpose. The Philippines has been no exception.

To this end, the Philippine Coconut Authority (PCA) issued Board Resolution No. 018-93 (PCA-BR No. 018-93) dated March 24, 1993, deregulating the coconut processing plant industry.[1] The Association of Philippine Desiccators (APCD) has filed this instant petition for prohibition and mandamus under Rule 65 of the Rules of Court seeking the annulment of said resolution.

APCD questions the validity of PCA-BR No. 018-93 for being violative of the principle of non-delegability of legislative power. It contends that in issuing the resolution deregulating the coconut industry, the PCA exercised legislative discretion, which has not been delegated to it by Congress. It add that when PCA deregulated the coconut industry, it ran counter to the very laws[2] which mandated it to regulate and rationalize the industry.

We see no merit in this contention. PCA's authority to issue PCA-BR No. 018-93 is clearly provided in Section 3(a) of P.D. No. 232, reading as follows:

“x x x To formulate and adopt a general program of development for the coconut and other palm oil industry.”

Similar grants of authority were made in subsequent amendatory laws.[3]

In this regard, we have ruled that legislative discretion, as to the substantive contents of a law cannot be delegated.

What may be delegated is the discretion to determine how the law is to be enforced, not what the law should be, a prerogative of the legislature which can be neither abdicate nor surrender to the delegate.[4] The principle is based on the separation and allocation of powers among the three departments of government.[5]

Thus, there are two accepted tests to determine whether or not there is a valid delegation of legislative power, namely, the completeness test and the sufficient standard test. Under the first test, the law must be complete in all its terms and conditions when it leaves the legislature such that when it reaches the delegate, the only thing he will have to do is to enforce it. Under the sufficient standard test, there must be adequate guidelines or limitations in the law to map out the boundaries of the delegate's authority and prevent the delegation from running amiss.[6]

We have accepted as sufficient standards "interest of law and order,"[7] "adequate and efficient instruction,"[8] "public interest,"[9] "justice and equity,"[10] "public convenience and welfare,"[11] "simplicity, economy and efficiency,"[12] "standardization and regulation of medical education,"[13] and "fair and equitable employment practices." [14] Consequently, the standard may be express or implied. In the former, the non-delegation objection is easily met. The standard though does not have to be spelled out but need only be implied from the policy and purpose of the act considered as a whole.[15] It may also be found in other statutes on the same subject as that of the challenged legislation.[16]

In no uncertain terms must it be stressed that the function of promulgating rules and regulations may be legitimately exercised only for the purpose of carrying out the provisions of a law. The power of administrative agencies is confined to implementing the law or putting it into effect. Corollary to this guideline is that administrative regulation cannot extend the law and amend a legislative enactment.[17]

In the instant case, we believe that the PCA did not overstep the limits of its power in issuing the assailed resolution. We need not belabor the point that one of the economic goals of our country is the increased productivity of goods and services provided by the nation for the benefit of the people,[18] since from a purely economic standpoint, the increase in agricultural productivity is of fundamental importance.[19]

Considering the responsibilities and powers assigned to the PCA, as well as its underlying policy, namely, that "the economic well-being of a major part of the population depends to a large extent on the viability of the industry and its improvement in the areas of production, processing and marketing," the irresistible conclusion is that PCA-BR No. 018-93 is a valid exercise of delegated legislation by the PCA. Such resolution is in harmony with the objectives sought to be achieved by the laws regarding the coconut industry, particularly "to promote accelerated growth and development of the coconut and other palm oil industry,"[20] and "the rapid integrated development and growth of the coconut and other palm oil industry." [21] These are sufficient standards to guide the PCA. Thus, measures to achieve these policies are better left to the administrative agencies tasked with implementing them.

It must be stressed that with increasing global trade and business and major upheavals in technology and communications, the time has come for administrative policies and regulations to adapt to ever-changing business needs rather than to accommodate traditional acts of the legislature.[22] Even the 1987 Constitution was designed to meet, not only contemporary events, but also future and unknown circumstances.[23]

It is worth mentioning that the PCA, after conducting its studies, adopted the policy of deregulation to further enhance the coconut industry competition, since any continuation of the restrictive regulation in the industry would have detrimental effects.[24] This is in consonance with the constitutional mandate that the State must "adopt measures that help make them (locally produced goods) competitive." [25] Undoubtedly, an "agency, in light of changing circumstances, is free to alter interpretative and policy views reflected in regulations construing an underlying statute, so long as any changed construction of the statute is consistent with express congressional

intent or embodies a permissible reading of the statute.”[26]

Furthermore, the Constitution is cognizant of the realities of global interdependency, as it requires the pursuit of “a trade policy that serves the general welfare and utilizes all forms and arrangements of exchanges on the basis of equality and reciprocity.”[27]

In sum, the policy of deregulation must be determined by the circumstances prevailing in a certain situation.[28] As we have stressed in the past, this Court is only concerned with the question of authority, not the wisdom of the measure involved which falls within the province of the Legislature.

The ponencia presents the issue: whether it is within the power of the PCA to renounce the power to regulate implicit in the law creating it (P.D. No. 232). (It is to be pointed out that this issue was not included in the Assignment of Errors of Petitioner).

Underlying this formulation is the assumption/admission that PCA has the power to regulate the coconut industry, as in fact the power is bestowed upon it by its organic act, P.D. No. 232, viz. “to promote the rapid integrated development and growth of the coconut and other palm oil industry in all its aspects and to ensure that the coconut farmers become direct participants in, and beneficiaries of, such development and growth.” Its broad mandate is “to formulate and adopt a general program of development for the coconut and other palm oil industry.”

It avers that this “legislative scheme” was disregarded when the PCA adopted on March 24, 1993 the assailed Resolution which in effect liberalized the registration and licensing requirements for the granting of permits to operate new coconut plants. But this was effected pursuant to the October 23, 1987 PCA Board Resolution laying down the policy of deregulating the industry and authorizing the creation of additional dessicated coconut plants.

As with any administrative agency established to promote the growth and development of any industry, the PCA has considerable latitude to adopt policies designed to accelerate the attainment of this objective and corollarily, to lay down rules and regulations to implement the same. We can take judicial notice of the fact that during its 25 years of existence, the PCA has achieved enough experience and expertise to introduce measures which shall ensure the dominant role of the crop as a major dollar-producing industry, including the manipulation of market forces to our comparative advantage, certainly an area beyond the Court’s ken.

Hence, guided by guidelines already laid down, it responded to regional developments by:

- (1) taking cognizance of the overproduction in the industry and curtailing the expansion of coconut processing plants in 1982, within reasonable limits and with safeguards (hence the issuance of Executive Order Nos. 826 on August 28, 1982 and No. 854 on December 6, 1982);
- (2) five years later, responding to the demand for dessicated coconut products in the world market, liberalized its former policy by deregulating the industry and authorizing the creation of additional dessicated coconut plants in 1987;
- (3) complementing and supplementing (2), by easing registration and licensing requirements in 1993.

It bears repeating that the above measures were not taken arbitrarily but in careful compliance with guidelines incorporated in the Executive Orders and subject to the favorable recommendation of the Secretary of Agriculture and the approval of the President.

The crux of the ponencia is that, in the process of opening doors to foreign markets, the PCA “limited itself to merely monitoring their volumes of production and administration of quality standards, in effect abdicating its role and leaving it almost totally to market forces to define how the industry will develop.”

Actually, the relevant provisions in the disputed resolution reads:

“Resolved further, that the PCA shall limit itself only to simply registering the aforementioned coconut product processors for the purpose of monitoring their volumes of production, administration of quality standards with the corresponding service fees/charges.”

For the sake of clarity and accuracy, it is to be stressed that the PCA did not limit itself “merely to monitoring...” as the ponencia states, but to “registering the ... processors for the purpose of monitoring their volumes of production and administration of quality standards...”

In the actual words of the Resolution, the PCA recognizes its principal function of registration so as to be able to monitor the production and administer quality standards, both objectives of which are not merely nominal or minimal, but substantial, even vital, aspects of the power to regulate. Put differently, there is no renunciation of the power to regulate, for the regulation is essentially recognized and accomplished through the registration function which enables the PCA to keep track of the volume of production and the observance of quality standards by new entrants into the industry. In sum, trimming down its functions to registration is not an abdication of the power to regulate but is regulation itself.

If the PCA, in light of the crucial developments in the regional and domestic coconut industry decides to open wide its doors, allow the free entry of other players and the interplay of competitive forces to shape the configuration of the industry, who are we to declare such policy as one characterized by “wastefulness and inefficiency... based on its naive faith in survival of the fittest.” Is not this a blatant incursion by the Court into the economic arena which is better left to the administrative agency precisely tasked to promote the growth of the industry, through the exercise of its studied discretion? To be sure, those operators already in the field, such as the petitioner members of the Association of the Philippine Coconut Desiccators, are expected to vigorously protest and work for the nullity of what they perceive as an obnoxious, life-threatening policy. But instead of opposing what the PCA views as a timely, well-considered move, the healthy competition should spur them to improving their product and elevating the standards they have imposed on themselves.

If, in the course of its monitoring which is a piece of the regulatory function, the PCA should detect a violation of its guidelines that would result in a lowering of the quality of the product, or unfairness to other players, surely, it is not powerless to impose sanctions, as categorically provided in P.D. 1469, P.D. 1644, Adm. Order No. 003, Series of 1981 and Adm. Order No. 002, Series of 1991. Any administrative agency is empowered to establish its implementing rules, together with sanctions guaranteed to ensure the observance of such rules, else it would be a mere “toothless” entity.

The ponencia prognosticates, “The result can very well be a repeat of 1982 when free enterprise degenerated into a ‘free-for-all,’ resulting in cutthroat competition, underselling, the production of inferior products and the like, which badly affected the foreign trade performance of our coconut industry.” Are we not encroaching on legislative domain in questioning the wisdom of the action taken by the PCA which was accorded a broad mandate by the Congress? Moreover, let us bear in mind that during those “abnormal times,” forces other than merely economic, e.g. political, dominated the economy effectively supporting, even favoring, destructive capitalistic monopolies and, in the process suppressing healthy competition.

Not to forget, too, that we cannot close our eyes and ignore the worldwide trend towards globalization in the economy, as in other fields, as in fact the Court recognized this economic reality in its decision in the Oil Deregulation Case.

With the enrelenting march of globalization in our economy, the Philippines must find its market niches and be able to adapt to these inevitable changes, for the Asia-Pacific rim is bound to become a truly dynamic region in

the economic, political and cultural arenas in the coming millennium.

ACCORDINGLY, the petition should be DISMISSED.

[1] Annex “A,” Rollo, pp 41-42.

[2] P.D. No. 931 “Coconut Industry Code,” P.D. No. 1468 “Revised Coconut Industry,” P.D. No. 1644 “Granting Additional Powers to the Philippine Coconut Authority,” E.O. 826 “Providing Measures for the Protection of the Dessicated Coconut Authority,” E.O. 854 “Providing for the Rationalization of the Dessicated Coconut Industry.”

[3] Section 3(a), P.D. No. 961; Section 3(a), P.D. No. 962; Section (1) and (2), P.D. No. 1644.

[4] Ynot v. Intermediate Appellate Court, 148 SCRA 659 (1987).

[5] People v. Vera, 65 Phil. 56 (1937); Pelaez v. Auditor General, 15 SCRA 569 (1965).

[6] Eastern Shipping Lines v. POEA, 166 SCRA 533 (1988).

[7] Rubi v. Provincial Board of Mindoro, 39 Phil. 660 (1919).

[8] Philippine Association of Colleges and University v. Secretary of Education, 97 Phil. 806 (1955).

[9] People v. Rosenthal, 68 Phil. 328 (1939).

[10] Amatok Gold Fields v. CIR, 70 Phil. 340 (1940).

[11] Calalang v. Williams, 70 Phil. 726 (1940).

[12] Cervantes v. Auditor General, 91 Phil. 359 (1952).

[13] Tablarin v. Gutierrez, 152 SCRA 731 (1987).

[14] The Conference of Maritime Manning Agencies, Inc. v. Philippine Overseas Employment Administration, 243 SCRA 666 (1995).

[15] Chiong Bian v. Orbos, 245 SCRA 253 (1995).

[16] Rabor v. Civil Service Commission, 244 SCRA 614 (1995).

[17] Land Bank of the Philippines v. Court of Appeals, 249 SCRA 149 (1995).

[18] Article XII, Section 1, 1987 Constitution.

[19] Crosson, P.R. CAPITAL-OUTPUT RATIOS AND DEVELOPMENT PLANNING, 1964.

[20] P.D. No. 232, Section 1.

[21] P.D. No. 931, Section 1; P.D. No. 1468, Section 2; P.D. No. 1644.

[22] Philippine International Trading Corporation v. Judge Angeles, et. al., G.R. No. 108461, October 21, 1996.

[23] Tanada, et. al. v. Angara, et. al., G.R. No. 118295, May 2, 1997.

[24] Board Resolution No. 058-87, October 23, 1987.

[25] Article XII, Section 12, 1987 Constitution.

[26] National Family Planning and Reproductive Health Association v. Sullivan, 298 US App DC 288.

[27] Article XII, Section 13, 1987 Constitution .

[28] Kilusang Mayo Uno Labor Center v. Garcia, Jr., 239 SCRA 386 (1994).

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