

MALACAÑANG

RESIDENCE OF THE PRESIDENT
OF THE PHILIPPINES
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER No. 343

CONSIDERING MR. RAMON L. PAGUIA RESIGNED
FROM OFFICE AS SUGAR QUOTA ADMINIS-
TRATOR

This is an administrative case against Mr. Ramon L. Paguia, sugar quota administrator, for alleged gross negligence, grave abuse of discretion and misconduct in office, filed by the Presidential Committee on Administration Performance Efficiency (PCAPE). The charges were investigated by a committee headed by retired Associate Justice Mariano de la Rosa of the Court of Appeals which found them duly proven.

I and II

It is alleged, under the first charge, that respondent "was grossly negligent in the performance of his duties for allowing overshipment of 23,518.20 tons of sugar in 1958; 17,515 short tons in 1959; and 13,783 short tons in 1960," and, under the second, that he "committed a grave abuse of discretion when he granted the request of the Pampanga Sugar Mills and the Binalbagan Isabela Sugar Central to ship their 'C' sugar as a sort of advance shipment of 'A' sugar belonging to other legitimate quota holders without first securing their prior consent thereby causing prejudice to their interest." As the charges refer to the same matter, they will be jointly considered.

Under the Laurel-Langley Agreement, the Philippines is allotted a quota of 952,000 short tons, commercial weight, in continental United States market for each calendar year, or from January 1 to December 31. Any excess thereto, except $\frac{3}{4}$ of 1% for losses in weight and a tolerance of 5,000 tons, is shut out as an overshipment to the United States market. To ensure that only the fixed quota of 952,000 short tons shall enter the continental United States, it is provided that when the shipment of sugar from the Philippines during the year reaches 80% of the absolute quota, no further shipment can be authorized unless it is duly certified by the United States Department of Agriculture (USDA). The said quota of 952,000 short tons is allotted among the 23 mill districts for production and/or manufacture each crop year, and each mill district in turn allots its quota to the planters within its territorial jurisdiction. It is the concern of

respondent's office that the sugar shipment to the United States for each calendar year be not short by more than 10% of the quota, otherwise the export quota would be reduced by the corresponding deficiency in the total calendar year shipment.

To prevent the ruin of the sugar industry through excess production, Act No. 4166 (Sugar Limitation Law) defines the kind of sugar that should be produced—"A" sugar (centrifugal) and "AA" sugar (refined) for export to continental United States, "B" sugar (centrifugal) for local consumption and "C" sugar (centrifugal) as emergency reserve to make up any deficiency in "A" sugar or "B" sugar or for marketing elsewhere than in continental United States or the Philippines. "A" sugar is specifically classified to cover the absolute export quota to the United States.

During the year 1958, shipments from the Philippines to continental United States totaled 998,406.97 short tons of "A" sugar, exceeding the absolute quota by 46,406.97 short tons. In that year, those successively in charge of the Sugar Quota Administration were Mr. V. G. Bunuan, until February 26; Mr. Arturo B. Soriano, until May 26; and respondent, who assumed office as administrator on May 26, 1958, and continued as such until his suspension in June 1960.

Out of said total shipment of "A" sugar of 998,406.97 short tons during the year 1958, Mr. Bunuan cleared 226,425.98 short tons, Mr. Soriano 379,458.72 short tons and respondent 392,522.27 short tons. Hence, up to May 26, 1958, respondent's predecessors had authorized a total shipment of 605,884.70 short tons of "A" sugar, which was still far to fill up the absolute quota, leaving an available margin for further shipment of 346,115.30 short tons. Respondent cleared 392,522.27 short tons which exceeds the available margin and the absolute quota by 46,406.97 short tons.

Of this excess respondent admits the total quantity of 23,518.20 short tons as shut-out for the calendar year 1958. There is no showing that in 1958, after the 80% of the absolute quota had been filled, further shipments were provided with the corresponding certificate from the USDA. Indications are that the shipments cleared by respondent were without any certificate, otherwise this excess or shut-out sugar in the year 1958 could have entered the continental United States.

Respondent's claim that he inherited from his predecessors this excess or shut-out sugar is, under the circumstances, obviously untenable. The same can be said of his explanation that he allowed and cleared the overshipments because they would redound to the benefit

of the sugar planters and exporters. That was against the purpose and intent of the Sugar Limitation Act and the Laurel-Langley Agreement which limit and restrict the quantity of Philippine sugar that may enter the continental United States. He was supposed to follow said law and agreement under which the Sugar Quota Administration was organized and is operating, not his own will, choice, or whim.

The control book of respondent's office shows the daily movements of sugar. When he cleared the sugar shipments in excess of the absolute quota, he did it through gross negligence or in open disregard of the law, the agreement and regulations of his office.

In the case of Arca & Co., Inc., the Sugar Quota Administration approved on July 26 and August 5, 1959, the firm's applications for shipments of "A" sugar consisting of 9,500 long tons and 4,000 long tons, respectively, or 13,500 long tons in all. However, only 2,603.46 long tons were admitted as within the 1959 quota, the balance of 10,896.54 long tons having been declared off-quota. As a consequence, the corporation was compelled to entrust the handling of the displaced sugar to its broker for a fee of \$149,000 and the Philippine Government lost over \$148,000 in dollar reserve. Had respondent been diligent in consulting his control book of sugar shipments to continental United States, before approving the Arca applications, he should have known that the sugar shipments at that time already filled the absolute quota, or if some quantity remained to be filled, he should have required the certificate of the USDA before clearing the shipments. Respondent's actions in the premises caused not only great damage to the corporation but also to the dollar reserve of the Philippine Government.

The filling of the absolute export sugar quota for continental United States turned from bad in 1958 to worse in 1959, during which calendar year respondent authorized excess shipment of 120,216.81 short tons of sugar.

In the early part of 1960, the Binalbagan Isabela Sugar Milling Co. (BISCOM) and the Pampanga Sugar Mills (PASUMIL) applied with the respondent for shipment of "C" sugar to the United States. The milling season of all sugar centrals in the country was then still in full swing and the expectation was for a bountiful harvest, so much so that it would not only cover the "A" sugar quota of 952,000 short tons but that there might even be an excess. Despite these circumstances, respondent allowed the advance shipments of "C" sugar applied for by the BISCOM and the PASUMIL in the total quantities of 17,500 and 9,000 short tons, respectively, which were entered for the 1960 absolute quota.

On June 14 and 15, 1960, "A" sugar shipments on the S/S *Cameron* and the S/S *Glafkos* were also cleared by the respondent. Out of the total quantity of 11,547 short tons shipped on these steamers, the USDA declared 11,341 short tons as off-quota for this year. This would not have happened had it not been for the clearances granted by the respondent to the advance shipments of BISCOM and PASUMIL of "C" sugar. Aside from said 11,341 short tons declared off-quota, there remained stranded in the Philippines as of August 14, 1960, a total of 120,855 short tons of "A" sugar.

Under the law, as stated elsewhere, "C" sugar is to be held as emergency reserve to make up any deficiency in "A" or "B" sugar or for marketing outside continental United States and the Philippines. When respondent allowed the shipment of "C" sugar applied for by the BISCOM and the PASUMIL, there was neither actual nor expected deficiency in "A" sugar to be filled by "C" sugar. Indeed on August 14, 1960, there were stranded in the Philippines 120,855 short tons of "A" sugar. Moreover, respondent did not obtain the approval of the Secretary of Commerce and Industry to the conversion of "C" sugar to "A" sugar in the shipments involved as provided in respondent's own Sugar Order No. 1, dated October 1, 1959.

Respondent says that in permitting the shipment of "C" sugar by the BISCOM and the PASUMIL, he saved them from incurring big losses as they had no "A" sugar to load on certain ships that were then coming, because of which they asked for an advance shipment of "C" sugar in lieu of "A" sugar. This only shows that while he displayed deep concern for the business of said corporations, yet he was unmindful of the rights and interests of the planters and exporters of legitimate "A" sugar. Consequently, the "A" sugar shipments on the *Cameron* and *Glafkes* were shut out from the absolute quota for the calendar year 1960. This is aside from the 120,855 short tons of "A" sugar stranded in the Philippines as of August 14, 1960.

Luckily, the disturbance in Cuba eventually came to remedy the plight of our sugar planters and exporters. But this does not wipe out the irregularities and anomalies committed by the respondent in granting the applications of the BISCOM and the PASUMIL for advance shipments of "C" sugar, which involved flagrant violations of the Sugar Limitations Law, the Laurel-Langley Agreement, and the Philippine Sugar Order No. 1, dated October 1, 1959, and which are penalized under section 16 of Act No. 4166 by a "fine of not more than

six thousand pesos or by imprisonment for not more than three years, or both, in the discretion of the court."

III

Finally, respondent is charged with misconduct in office for supposedly participating in a prohibited game in the house of a certain sugar magnate with whom he had official dealings.

Respondent admits having taken part, as a social gesture, in the *monte* game in the house of the sugar magnate on the occasion of the latter's birthday, to which he was invited. He explains that he was induced to participate in the game by the ladies gathered there to raise funds for the construction of a town chapel.

The game of *monte* is a crime penalized under the Revised Penal Code. It involves moral turpitude and is a cause for removal under Republic Act No. 2260 and the civil service rules.

For all the foregoing, I find the respondent guilty of the three charges filed against him in accordance with the recommendation, by unanimous vote, of the Presidential Investigating Committee headed by former Justice Mariano de la Rosa. However, the damages and other prejudicial effects to legitimate quota holders resulting from the acts of the respondent had been more or less repaired because of the rupture of economic ties between the United States and Cuba.

WHEREFORE, Mr. Ramon L. Pagua is hereby considered resigned from his office as Sugar Quota Administrator, effective as of the date of his preventive suspension

Done in the City of Manila, this 30th day of January, in the year of Our Lord, nineteen hundred and sixty-one, and of the Independence of the Philippines, the fifteenth.

CARLOS P. GARCIA

President of the Philippines

By the President:

NATALIO P. CASTILLO

Executive Secretary