

EXECUTIVE ORDER NO. 18

CREATING A SUGAR REGULATORY ADMINISTRATION

WHEREAS, the sugar industry is a major component of the socio-economic and political structure of the country;

WHEREAS, the present laws restricting free enterprise within the sugar industry have not only stifled the industry's growth, development and stability, but more importantly, have placed it in the vicious sphere of monopoly;

WHEREAS, national interest requires that the free market forces should be allowed to prevail in the marketing of sugar although the production of the same should be regulated and supported by an innovative research and development program and a socio-economic program which will primarily be the private sector's responsibility.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Declaration of Policy. - It shall be the policy of the State to promote the growth and development of the sugar industry through greater and significant participation of the private sector, and to improve the working condition of laborers.

SECTION 2. The Sugar Regulatory Administration. - In order to carry out the foregoing policy, a Sugar Regulatory Administration under the Office of the President is hereby created with the following objectives:

(A) To institute an orderly system in sugarcane production for the stable, sufficient and balanced production of sugar, for local consumption, exportation and strategic reserves;

(B) To establish and maintain such balanced relation between production and requirement of sugar and such marketing conditions as will insure stabilized prices at a level reasonably profitable to the producers and fair to consumers;

(C) To promote the effective merchandising of sugar and its by-products in the domestic and foreign markets so that those engaged in the sugar industry will be placed on a basis of economic viability;

(D) To undertake such relevant studies as may be needed in the formulation of policies and in the planning and implementation of action

programmes required in attaining the purposes and objectives set forth under this Executive Order.

SECTION 3. Powers and Functions. - The Sugar Regulatory Administration shall have the following powers and functions:

(A) To recommend the establishment of a sugar production coefficient and a production quota which shall be attached to the land for each planter;

(B) To institute regulations for implementing, controlling and monitoring the production quotas;

(C) To establish domestic, export and reserve allocations;

(D) To explore and expand the domestic market and foreign markets for sugar and by-products, to assure mutual benefits to consumers and producers, and to promote and maintain a proper balance of production of sugar and its by-products;

(E) To institute, implement and regulate an orderly system of queuing, disposition and withdrawals of various forms of sugar from warehouses;

(F) To evaluate and recommend to the President new projects involving the production of sugar and its by-products and other products derived from sugarcane and sugar;

(G) To issue permits and licenses and collect corresponding fees and levies on the processing and manufacture of sugar and its by-products and other products derived from sugarcane and sugar;

(H) To enter, make and execute routinary contracts as may be necessary for or incidental to the attainment of its purposes between any persons, firm, public or private, and the Government of the Philippines;

(I) To do all such other things, transact such other businesses and perform such functions directly or indirectly necessary, incidental or conducive to the attainment of the purposes of the Sugar Regulatory Administration.

SECTION 4. Governing Body: Sugar Board. - All corporate powers of the Sugar Regulatory Administration shall be vested in, and exercised by, the Sugar Board. The Board shall be composed of an Administrator, who shall act as its chairman, to be appointed by the President of the Philippines, and two (2) members. The

two members of the Board shall likewise be appointed by the President of the Philippines upon the recommendation of the sugar industry, with one member representing the millers and the other representing the planters.

The Sugar Board shall meet in regular session once a month. The Board may be called by the Chairman or both private sector's representatives to a special session as the need arises.

The Administrator shall be the Chief Executive Officer of the Sugar Regulatory Administration.

SECTION 5. Tenure. - The Administrator shall hold office at the pleasure of the President of the Philippines. The two members from the private sector shall hold office for a period of three (3) years unless sooner removed for cause. No reappointment of the Members shall be made immediately upon termination of their respective terms of office. Any Member appointed to a vacancy shall serve only for the unexpired term of the Member whom he succeeds.

SECTION 6. Functions of the Sugar Board. - The Board shall have the following powers and functions:

- (A) To prescribe, amend, modify, or repeal rules and regulations, governing the manner in which the general business of the Board shall be exercised subject to the approval of the President;
- (B) To establish policies pertaining to the sugar and sugarcane production control, que-danning of sugar produced; withdrawals from sugar warehouses; issuance of permits and licenses in the processing and manufacture of raw sugar, refined sugar and other classes of sugar; issuance of permits and licenses and other related issues pertaining to the specific and general powers prescribed in this Executive Order.
- (C) To enter into contracts, transactions, or undertakings of whatever nature which are necessary or incidental to its functions and objectives with any natural or juridical persons and with any foreign government institutions, private corporations, partnership or private individuals;
- (D) To fix the compensation of the Administrator and the other officers and employees of the Sugar Regulatory Administration, subject to the approval of the Office of the President of the Philippines;
- (E) To approve the annual and/or such supplemental budgets of the Sugar Regulatory Administration as may be submitted to it by the Administrator from time to time; and
- (F) To perform such other duties, like the preparation of a study on particular issues regarding the sugar industry, as may be assigned to it by the President of the Philippines.

SECTION 7. Appointment and Promotions. - In the appointment and promotion of officers and employees, merit and efficiency shall serve as basis, and no political test or other qualifications shall be prescribed and considered for such appointments or promotions. Any person appointed by the Sugar Regulatory Administration in violation of this prohibition, shall be removed from office by the Office of the President of the Philippines.

SECTION 8. Application of Civil Service Law and Regulation and Compensation and Position Classification. - All officers and employees of the Sugar Regulatory Administration shall be subject to the Civil Service Law, rules and regulations, except those whose positions may be declared by the Board as policy-determining, primarily confidential or technical in nature. The rules and regulations issued by the Office of Compensation and Position Classification shall be applicable to all officers and employees of the Sugar Regulatory Administration.

SECTION 9. Audit Personnel. - The Chairman of the Commission on Audit shall appoint a representative who shall be the Auditor of the Sugar Regulatory Administration and the necessary personnel to assist the said representative in the performance of his duties. The salaries of the Auditor and his personnel shall be determined and paid by the Commission on Audit.

SECTION 10. Audit Report. - The financial transactions of the Sugar Regulatory Administration shall be audited in accordance with law, administrative regulations and the principles and procedures applicable to commercial corporate transactions. A report of audit for each fiscal year shall be submitted by the Auditor, through the Chairman of Commission on Audit, to the Sugar Regulatory Administration and copies thereof shall be furnished the President of the Philippines.

SECTION 11. Financing. - Until otherwise provided, as directed and ordered by the President of the Philippines, the Sugar Regulatory Administration shall continue to receive the proceeds of levies, charges and other impositions as now granted by law, decree and/or executive order, to the Philippine Sugar Commission.

SECTION 12. Suspension of Sole Trade Authority. - The Authority granted by Presidential Decree No. 1971, dated February 21, 1985, and No. 1984, dated October 4, 1985, to Philippine Sugar Marketing Corporation (PHILSUMA) to act as a sole buying and selling agency for export sugar shall cover only all such sugar as of crop year 1985-1986. Thereafter, the said authority shall cease, and free enterprise shall be observed in the marketing of domestic and export sugar. The exemption from R.A. No. 1180, as amended by PD No. 714, granted by Section 5, PD No. 1984, to PHILSUMA is hereby withdrawn.

SECTION 13. Transitory Provisions. - The Philippine Sugar Commission (PHILSUCOM) is hereby abolished. The Sugar Regulatory Administration may retain some of the personnel of said agency as it may deem necessary. Any public officer or employee separated from service as a result of the abolition of PHILSUCOM effected under this Executive Order shall, if entitled under the laws then in force, receive the retirement and other benefits accruing thereunder. In case of lack of funds to support the retirement and separation pay of affected officers and employees of the Philippine Sugar Commission, a special fund shall be set aside by the Ministry of Budget for this purpose.

Assets and records that, as determined by the Sugar Regulatory Administration, are required in its operation are hereby transferred to the Sugar Regulatory Administration.

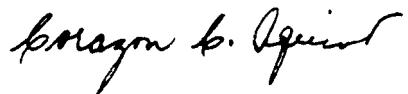
Although the Philippine Sugar Commission is hereby abolished, it shall nevertheless continue as a juridical entity for three (3) years after the time when it would have been so abolished. For the purpose of prosecuting and defending suits by or against it and enabling it to settle and close its affairs, to dispose of and convey its property and to distribute its assets, but not for the purpose of continuing the functions for which it was established, under the supervision of the Sugar Regulatory Administration.

SECTION 14. Repeal or Modification. - Any provision of law, decree, executive orders or other issuances inconsistent with the Executive Order are hereby repealed or modified accordingly.

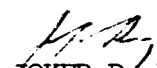
SECTION 15. Severability. - If any provision of this Executive Order shall be held unconstitutional, the other provisions shall not be affected.

SECTION 16. Effectivity. - This Executive Order shall take effect immediately.

DONE in the City of Manila, this 28th day of May in the year of Our Lord, Nineteen Hundred and Eighty-Six.



By the President:



JOKER P. ARROYO
Executive Secretary