

**MALACAÑANG  
MANILA**

PRESIDENTIAL DECREE NO. 1890

CREATING THE PHILIPPINE SUGAR CORPORATION

WHEREAS, among the export products of the Philippines, sugar has proven to be one of the biggest and most reliable sources of foreign exchange earnings, accounting for an industry average of US\$450 million annually for the last ten years;

WHEREAS, many of the obligations of the sugar mills, refineries and other sugar facilities acquired after the war at heavy financing cost to rehabilitate the damaged sugar industry remain unpaid and in arrears, creating an onerous burden not only to their owners but to the local financing institutions;

WHEREAS, in view of their vital role in our economy, it is hereby declared as a governmental policy to continue assisting the sugar industry through a government corporation especially charged and empowered to design and implement a program for sugar mills, refineries and other sugar facilities;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, hereby order and decree:

SECTION 1. Philippine Sugar Corporation. —

There is hereby created a body corporate to be known as the Philippine Sugar Corporation.

SEC. 2. Primary Purposes. —

The primary purposes of the Corporation shall be as follows:

- (a) To provide financing in the acquisition, rehabilitation and/or expansion of sugar mills, refineries, and other related facilities used in the manufacture, packing, storage, distribution, and shipment of sugar and its by-products and derivatives;
- (b) To see to the viability and stability in the operation of the aforesaid entities; and
- (c) To provide for the eventual redemption and/or reacquisition of the aforesaid entities by the private sector.

SEC. 3. Functions. —

The Corporation shall have the following functions:

(a) To render assistance to sugar mills, refineries, and other related facilities either in the form of loans, guarantees, investment in equity, outright purchase, lease, management, including other suitable credit accommodations or arrangements;

(b) To borrow and lend money for itself or for sugar accounts, to issue bonds and debentures from time to time as may be necessary and/or to guarantee obligations in accordance with its corporate purposes and functions;

(c) To assist in the repayment and/or restructuring of the accounts of sugar mills, refineries, and other related facilities used in the manufacture, packing, storage, distribution, and shipment of sugar and its by-products and derivatives;

(d) To provide assistance in the preparation, financing and execution of sugar development or expansion programs including the formulation of specific project proposals;

(e) To acquire during the duration of the indebtedness of each mill through importation and/or local purchase of such equipment, machinery, spare parts as may be necessary for the development, expansion, and/or rehabilitation of such sugar mills, refineries, transport systems, storage facilities and other activities in the manufacture, packing, distribution and shipment of sugar and hauling or transportation of sugar cane in which Philippine Sugar Corporation may have an interest, including agricultural machinery and road construction and maintenance equipment to be used in the Mill Districts concerned;

(f) To acquire, operate, lease, or manage sugar mills, refineries, and other related facilities used in the manufacture, packing, storage, distribution, and shipment of sugar and its by-products and derivatives.

#### SEC. 4. Corporate Powers. —

The Corporation is hereby authorized to enter into contracts or own real and personal property, and to pledge, encumber, transfer or otherwise dispose of the same; to borrow and lend money and/or guarantee obligations in accordance with its corporate purposes and functions; to sue and be sued; and otherwise to do and perform any and all things that may be necessary or proper to carry out its purposes and functions as specified in this Decree, or as essential to the proper conduct of its operations.

#### SEC. 5. Borrowing and Other Miscellaneous Powers. —

In addition to the powers specified elsewhere in this Decree, the Corporation shall have the power:

(a) To borrow funds locally through loan as debtor or guarantor of loans of sugar mills, refineries and other related facilities and subsidiaries of the Corporation, float bonds and debentures, and avail of other credit accommodations and facilities; and in the case of foreign loans, to negotiate for itself or as Guarantor, in accordance with Central Bank

rules and regulations and upon the recommendation of the Minister of Finance and finally subject to the approval of the President of the Philippines;

(b) To buy and sell securities that the Corporation has issued or guaranteed, or those issued by entities in which the Corporation may have an interest;

(c) To underwrite or participate in the underwriting of securities issued by any domestic entity or enterprises for purposes consistent with the purposes of the Corporation;

(d) To invest funds not needed in its operations;

(e) To exercise such other powers and establish such rules and regulations as may be necessary and appropriate in furtherance of its purposes and functions;

(f) To have subsidiaries either by investment in existing companies or by organizing new companies.

#### SEC. 6. Operating Guidelines. —

The operations of the Corporation shall be conducted in accordance with the following guidelines:

(a) The Corporation may borrow funds for re-lending, subject to a service charge, to sugar mills, refineries, etc. or as an investment in equity.

(b) The Corporation may float bonds from time to time up to Six Billion Pesos (₱6 Billion) under such terms and conditions as may be approved under existing procedures.

(c) The Corporation may assist the sugar mills, refineries, and sugar facilities in obtaining loans from local and foreign sources at advantageous terms, subject to the guarantee of the Corporation, if necessary.

(d) Where the control of the sugar mills, refineries, or sugar facilities is transferred to the Corporation, the management or supervision may be undertaken through an affiliate or subsidiary of the Corporation organized as a private corporation under the Corporation Law.

(e) The Corporation shall at all times be guided by sound business procedures and principles in its operations.

#### SEC. 7. Capital Stock. —

The authorized capital stock of the Corporation shall be Five Billion Pesos (₱5,000,000,000.00) of which ₱2 Billion shall be initially subscribed by the Philippine Sugar Commission (65%) and the Philippine National Bank (35%), with an initial paid-in capital of One Hundred Twenty Five Million Pesos (₱125 Million).

SEC. 8. Board of Directors, Composition. —

The powers and functions of the Corporation shall be exercised by a Board of Directors, hereinafter referred to as the “Board”, which shall be composed of Eleven (11) members, as follows:

(a) The Chairman of the Philippine Sugar Commission who shall be the Chairman of the Board.

(b) The President of the Corporation, who shall be the Vice-Chairman of the Board, shall assist the Chairman and act in his stead in case of absence or incapacity.

(c) All the eleven members of the Board shall be appointed by the President of the Philippines, seven to be nominated by the Philippine Sugar Commission and four by the Philippine National Bank.

(d) The members of the Board shall hold office for one year, or until their successors have been appointed and qualified.

(e) Vacancies in the Board may be temporarily filled by the action of a majority of the other members of the Board, if there is a quorum.

SEC. 9. Powers of the Board. —

The Board shall have the authority:

(a) To formulate policies to carry out effectively the provisions of this Decree;

(b) To prepare and issue rules and regulations necessary for the effective discharge of the responsibilities and exercise of the powers assigned to the Corporation under this Decree;

(c) To direct the management, operations and administration of the Corporation;

(d) On the recommendation of the President of the Corporation, appoint, fix the remunerations and other emoluments, and remove the personnel of the Corporation;

(e) To authorize such expenditures by the Corporation as are in the interest of the effective administration and operations of the Corporation.

SEC. 10. Meetings. —

The Board shall convene as frequently as is necessary, but meet at least once a month.

Stockholders meetings shall be held annually or as may be fixed by the Board of Directors.

SEC. 11. President. —

The Chief Executive Officer of the Corporation shall be the President who shall be appointed by the Board. He shall be assisted by such executive officials as may be necessary for the efficient operations of the Corporation.

SEC. 12. Powers and Duties of the President. —

The powers and duties of the President of the Corporation shall be:

- (a) To prepare the agenda for meetings of the Board and to submit for the consideration of the Board the policies and measures which he believes to be necessary to carry out the purposes and provisions of this Decree;
- (b) To execute and administer the policies and measures approved by the Board;
- (c) To direct and supervise the operations and internal administration of the Board. He may delegate certain of his administrative responsibilities to other officers of the Corporation, subject to the rules and regulations of the Board; and
- (d) To exercise such other powers as may be vested in him by the Board.

SEC. 13. Remuneration of the President. —

The salary of the President of the Corporation shall be fixed by the Board. The Board may authorize payment of allowances and other emoluments to the President of the Corporation.

SEC. 14. Other Officials and Employees of the Corporation. —

All officials and employees of the corporation shall be appointed and removed by the Board, on recommendation of the President of the Corporation.

SEC. 15. Auditor. —

The Chairman of the Commission on Audit shall act as the ex-officio Auditor of the corporation and, as such, he is empowered and authorized to appoint a representative who shall be the Auditor of the Corporation and, in accordance with law, fix his salary, and to appoint and fix the salaries and number of the personnel to assist said representative in his work, but in all cases subject to the approval of the Board. The salaries and all other expenses of maintaining the Auditor's office shall be paid by the Corporation.

The funds of the Corporation subject to audit shall be limited to the proceeds of the bond issues and the portion of the accountee-Central/s remittances earmarked for the bond redemption, exclusive of the service charge and other income of the Corporation, to the

end that such funds are applied to the specific purposes herein prescribed. The accountee-Central/s shall continue to function as purely private business corporations and shall not be subject to government audit.

SEC. 16. Effectivity Clause. —

This Decree shall take effect immediately.

Done in the City of Manila, this 14th day of November, in the year of Our Lord, nineteen hundred and eighty-three.

(Sgd.) **FERDINAND E. MARCOS**  
President of the Philippines

By the President:  
(Sgd.) JUAN C. TUVERA  
Presidential Executive Assistant