

# [ PRESIDENTIAL DECREE NO. 1890, November 14, 1983 ]

## 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 loans 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 (P6 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.