

[REPUBLIC ACT NO. 1135, June 16, 1954]

**AN ACT ESTABLISHING THE PHILIPPINE TOBACCO
ADMINISTRATION, DEFINING ITS OBJECTIVES, POWERS AND
FUNCTIONS, AND FOR OTHER PURPOSES.**

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

ARTICLE I.—Establishment and Objectives

SECTION 1. *Name and domicile.*—There is hereby created the "Philippine Tobacco Administration", called for short the PTA, which shall be organized within sixty days after the approval of this Act. It shall have its main office in the City of Manila, and such branches and agencies within and outside of the Philippines as may be necessary for the proper conduct of its business. The PTA shall be under the supervision of the Administrator of Economic Coordination.

SEC. 2. *Purposes and objectives.*—The PTA shall have the following purposes and objectives:

- a. To promote the effective merchandising of leaf tobacco in the domestic and foreign markets so that those engaged in the industry will be placed on a basis of economic security;
- b. To conduct researches on tobacco and tobacco products in all its phases, either agricultural or industrial, for the purpose of: (1) introducing into the agronomy and industry of tobacco such practices or processes as will increase the yield and quality of the leaves and products, thus reducing the cost of production but materially increasing the profit; (2) developing strains of different types of tobacco seeds through intensive breeding and selection from native and imported stocks; and (3) utilizing and converting factory by-products which are for the present allowed to go to waste into varied articles of economic value, thus achieving greater production and efficiency in the industry;
- c. To improve existing methods of manufacture of tobacco products, such as the preparation of aged leaves for manufacture and the improvement of existing blends of cigars and cigarettes;
- d. To establish and maintain efficient balanced relation between production and consumption of tobacco leaves and tobacco products, and such marketing conditions as will insure and stabilize the price at a level sufficient to cover the cost of production plus reasonable profit;
- e. To insure a permanent, sufficient and balanced production of tobacco leaves, tobacco products and by products for local consumption and exportation;
- f. To create warehousing and marketing facilities in suitable centers and supervise the selling and buying of leaves produced by the farmers on bidding basis;

- g. To supervise and control the classification and grading of leaf tobacco in the packing establishments of wholesale tobacco dealers, exporters, large plantation owners, and auction floors, in accordance with existing rules and regulations; and
- h. To improve the living and economic conditions of the laborers engaged in the tobacco industry by gradual and effective correction of the inequalities in the industry.

ARTICLE II.-Powers

SEC. 3. *Specific and general powers.*—For carrying out the purposes mentioned in the preceding section, the FTA shall have the following powers:

- a. To establish, keep, maintain and operate such experiment stations and seed farms in any part of the Philippines as may be necessary to undertake extensive research in tobacco culture and curing, including studies on the feasibility of mechanizing tobacco farms, development of suitable tobacco varieties and strains suited for the different tobacco regions, control and eradication of tobacco pests and diseases, reduction of the cost of production, and the agronomical studies inherent with the culture of this crop;
- b. To establish, maintain and/or subsidize a chemical tobacco research laboratory for industrialization studies on processing, fermentation and aging to produce a quality leaf for the factories: *Provided*, That this phase of the work shall be under the care and supervision of the Institute of Science and Technology, which shall from time to time submit programs of studies to the PTA for approval and assignment of funds to carry out such program;
- c. To purchase, make or invent such machineries and materials, equipment and supplies as may be necessary to prosecute successfully its researches and experimental work;
- d. To expand and explore the domestic and foreign trades for tobacco leaves, tobacco products and by-products to assure mutual benefits to consumers and producers, and to promote and maintain a sufficient general production of tobacco leaves, tobacco products and by-products by an efficient coordination of the component elements of the tobacco industry of the Philippines;
- e. To buy, sell, assign, own, operate, rent or lease, subject to existing laws, machineries, equipment, materials, merchant vessels, rails, railroad lines and other equipment and materials necessary for the production, processing, manufacture, handling and transportation and warehousing of tobacco leaves, tobacco products and by-products;
- f. To grant loans and credits, on reasonable terms, to tobacco planters when it deems such loans advisable;
- g. To enter, make and execute contracts of any kind as may be necessary or incidental to the attainment of its purposes with any person, firm, or public or private corporation, with the government of the Philippines or of the United States, or of any state, or with any person therefrom, or with any foreign government with treaties with the government of the Philippines;
- h. To buy, process, and age, and sell all tobacco leaves, as well as stabilize and guarantee prices of just cured tobacco leaves, based on grades;
- i. To provide credit facilities to registered tobacco Planters directly or through credit cooperative associations or any other financial institutions;
- j. To promote, foster and encourage the organization cooperative associations among tobacco planters, producer or dealers;

- k. To act as agent, broker or commission merchant of producers' cooperative associations or act as tobacco manufacturers' agent;
- l. To do all such things, transact all such business perform such functions directly or indirectly necessary incidental or conducive to the attainment of the purposes of the PTA; and
- m. Generally, to exercise all the powers of a corporation under the Corporation Law, insofar as they are not inconsistent with the provisions of this Act.

ARTICLE III.—*Governing Body*

SEC. 4. *Composition and appointment.*—The powers of the PTA shall be vested in, and exercised by, a Board of Directors consisting of five members to be appointed by the President with the consent of the Commission on Appointments. The President of the Philippines shall appoint the Chairman of the Board from among its members who shall act as the General Manager. Of the five directors first appointed as above prescribed, the President of the Philippines shall designate one to serve for one year, one for two years, one for three years, one for four years, and one for five years; and thereafter, each director appointed shall serve for five years. Whenever a vacancy shall occur among the directors, the person appointed to fill it shall hold office for the unexpired term of the member whose place he is selected to fill. Any director shall be subject to removal by the President of the Philippines. Three members of the Board of Directors shall constitute a quorum for the transaction of business. Before entering upon the discharge of their duties, each of the directors shall take the oath prescribed by law. The members of the Board shall each receive a *per diem* of not to exceed twenty pesos for each day of meeting actually attended by them, except the General Manager who shall receive a salary of not to exceed twelve thousand pesos *per annum*: *Provided*, That the meetings of the Board shall not exceed four meetings a month: *Provided, further*, That the provisions of paragraph one—General Provision seven of Commonwealth Act Numbered Two hundred forty-six to the contrary notwithstanding, no officer or employee of the Government receiving a fixed compensation or salary from public funds and serving as director of the Administration shall be paid the per diem herein provided. Directors of the Administration shall not be allowed to receive more than one hundred pesos per month in *per diem*.

SEC. 5. *Powers and duties of the Board of Directors.*— The Board of Directors shall have the following powers:

- a. To prescribe, amend, modify or repeal by-laws, rules and regulations, not inconsistent with the provisions of this Act, governing the manner in which the general business of the PTA may be exercised, subject to the approval of the Administrator of Economic Coordination;
- b. To appoint and fix the compensation of the Assistant General Manager, subject to the approval of the Administrator of Economic Coordination and consent of the President of the Philippines, and to appoint and fix the compensation of the other officers of the PTA with the approval of the Administrator of Economic Coordination;
- c. To approve the annual budget of the PTA and/or such supplemental budgets thereof as may be submitted to the Board by the General Manager from time to time; and
- d. To perform such other duties as may be assigned to it by the President of the Philippines and/or by the Administrator of Economic Coordination.