

[EXECUTIVE ORDER NO. 631, July 09, 2007]

AMENDING EXECUTIVE ORDER NO. 339, WHICH MANDATED THE RATIONALIZATION OF THE OPERATIONS AND ORGANIZATION OF THE SUGAR REGULATORY ADMINISTRATION (SRA), BY DECLARING THAT THE SRA IS A GOVERNMENT-OWNED AND CONTROLLED CORPORATION

WHEREAS, Republic Act (RA) No. 632 dated June 6, 1951 created the Sugar Regulatory Administration (SRA) as a government agency that needs to pursue institutional reforms to address inconsistencies and redundancies in its present setup considering the current situation of the sugar industry and the sustainability of its operations;

WHEREAS, Executive Order (EO) No. 339 dated July 29, 2004 mandated the rationalization of the operations and organization of the SRA and treated SRA as neither a government-owned and controlled corporation nor a subsidiary, but an administrative agency pursuant to the ruling of the Supreme Court in the case of Republic of the Philippines vs. Court of Appeals dated August 5, 1991;

WHEREAS, EO No. 339 (2004), in Section 2, Paragraph 1, provides a guideline that in the implementation of its rationalization, the SRA shall operate and adopt the organizational structure of a regular agency of the national Government, consistent with existing jurisprudence that the SRA is neither a government-owned or controlled corporation (GOCC) nor a subsidiary but an administrative body;

WHEREAS, Section 2 of EO No. 292, otherwise known as the Administrative Code of 1987, defines a GOCC as *"any agency organized as stock or non-stock corporation, vested with functions relating to public needs whether government or proprietary in nature, and owned by the Government directly or through its instrumentalities either wholly, or, where application as in the case of stock corporations, to the extent of at least fifty-one (51) percent of its capital stock: Provided, That government owned or controlled corporations may be further categorized by the Department of Budget, the Civil Service Commission and the Commission on Audit for purposes of the exercise and discharge of their respective powers, functions and responsibilities with respect to such corporations."*

WHEREAS, the SRA falls within the definition of a GOCC under the Administrative Code of 1987 since (1) its powers and functions as provided in EO No. 18 (1986) relate to public needs, (2) it is endowed with corporate personality and vested with corporate powers, and (3) its predecessors, namely, the Philippine Sugar Institute and the Philippine Sugar Commission, created under RA No. 632, and Presidential Decree No. 388, respectively, were likewise endowed with corporate personality and vested with corporate powers;

WHEREAS, the Department of Justice (DOJ), in its Opinion No. 80 (2006), stated that the Charter of the SRA (EO No. 18, 1986) is a special law and recognized the