

[EXECUTIVE ORDER NO. 374, November 19, 1941]

**PROVIDING FOR THE CONTROL AND REGULATION OF THE
SHIPMENT OF EXPORT QUOTA SUGAR AND FOR THE
DISTRIBUTION OF THE PROCEEDS THEREOF, AND CREATING A
SUGAR CONTROL AUTHORITY FOR THE PURPOSE**

WHEREAS, due to the effect of the present war on shipping conditions throughout the world and as a result particularly of the diversion of vessels to the Atlantic Ocean for the carriage of cargo essential for the defense requirements of the United States, there exists an acute shortage of tonnage available for the shipment of centrifugal sugar from the Philippines to the United States;

WHEREAS, because of this scarcity it appears that not only will a certain amount of the 1941 export quota sugar not be shipped in time to arrive in the United States before December 31, 1941, but also that sufficient space may not be available for the shipment of the entire export quota for the year 1942 and for the succeeding years, if world conditions should continue as they are;

WHEREAS, in order to safeguard the interests of the various elements engaged in the sugar industry, particularly the planters who, without assistance, are in a disadvantageous position to secure freight space for their sugar, it is incumbent upon the Government to take such measures as may be necessary to extend the sugar producers in general equal opportunities in the exportation of their sugar;

WHEREAS, for the foregoing reasons, it is equally necessary to devise means for the eventual disposal of export quota sugar which it may not be possible to ship during the quota year to which it corresponds; and

WHEREAS, the public interest requires that, for the present, the sugar industry be maintained and preserved in order to prevent increased unemployment and to avoid a drastic reduction in the national income which would bring serious social and economic consequences;

NOW, THEREFORE, I, MANUEL L. QUEZON, President of the Philippines, pursuant to the powers vested in me by Commonwealth Act No. 600, as amended by Commonwealth Act No. 620, in order to safeguard the public welfare, avoid increased unemployment and maintain the national income, do hereby declare that a state of emergency exists in the Philippine sugar industry, to the end that proper measures may be taken to insure to all producers an equal opportunity to export their sugar and receive their proportionate share of the benefit whatever sales thereof may be made. For this purpose, there is hereby created a Sugar Control Authority under the general supervision and control of a board herein designated as the Sugar Control Board, which shall have the power and authority (1) to form a pool of all sugars entitled to be exported in any year to the United States; (2) to control all available shipping space for the transportation of centrifugal sugar; and

(3) to apportion the proceeds from all centrifugal sugar sold on the basis of the amount stated in the export quota-permits legally held or acquired by each participant in said pool. The Sugar Control Board shall be composed of the Secretary of Agriculture and Commerce, as chairman, one vice chairman, and such other members as the President may from time to time appoint or designate. The Board shall have an executive officer to be appointed by the President and shall, subject to the approval of the President, employ the necessary personnel and fix their rates of compensation.

1. The powers and duties of the Sugar Control Authority shall be specifically as follows:

(a) To establish a procedure, with the minimum possible delay, whereby all procedures shall declare by whom their export quota sugar will be handled and sold, and whereby shippers shall submit for the approval of the Sugar Control Authority applications to handle and sell such sugar on behalf of producers; to approve or disapprove such applications where good cause exists that it would not be in the general interest to approve them; and, in general, to establish practical means to carry out the provisions of this Order with the greatest efficiency and dispatch and without undue disruption of the customary channels of trade.

(b) To establish and administer a pool of all centrifugal sugars entitled to be exported to the United States and for this purpose, to require that the proceeds of all such sugars, whether duly exported or whether sold as export quota sugar to a local refinery or otherwise disposed of, be deposited in a special account with the Philippine National Bank, to be held in escrow for equitable distribution to all producers, their heirs or assigns: Provided, however, That shippers to the United States or sellers to a local refinery will be allowed to deduct from the proceeds payable to the pool certain legitimate expenses, commissions and handling charges, as shall be approved by the Sugar Control Authority.

All dispositions of centrifugal export quota sugar shall be immediately reported to the Sugar Control Authority and the proceeds shall be turned over to the pool as hereinabove provided, but in no case shall a sale be allowed at a price lower than the lowest quoted price on the day and place where the sugar has been sold; and in case such a sale is effected, the Sugar Control Authority is empowered to demand that the seller pay to the pool the difference between the sales price and such lowest quoted price: Provided, That in the absence of publicly quoted prices, the Sugar Control Authority itself shall determine the fair minimum price to govern the transactions: And Provided also, That any sale may be allowed which has the prior approval of the Sugar Control Authority for the day on which it is effected.

(c) To distribute such funds as may become available in the escrow account of the pool on the basis of the amount of the export quota-permits issued and legally held or acquired by each participant in the pool at a date or dates to be determined by the Sugar Control Authority, whether or not such sugar has actually been shipped; to require evidence that each shipper handling the sugars of other persons or entities on a commission basis has made proper disposition of the funds which may be paid to him for their account; and to prescribe whatever regulations it may deem necessary for the protection of holders of liens and encumbrances on all centrifugal export quota sugars.