

MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 374
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 to 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 in me vested 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 of 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 quotas-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 producers 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 quotas-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.

(d) To revise and approve and, when equitable, standardize all charges to be made for commissions and other shipping expenses, as well as all charges for storage and insurance: Provided, however, That the Sugar Control Authority shall in no case authorize rates in excess of those in force for the crop year 1940-41 unless satisfactory proof has been submitted that the additional charges are justified.

(e) To authorize payment from the funds of the pool in escrow of such storage, insurance or other expenses as it may deem necessary in order to distribute the burden of carrying charges equitably on all producers.

(f) To require that all space which may become available for the shipment of centrifugal sugar to the United States be placed at the disposal of the Sugar Control Authority; and to make the most advantageous and economic allocation thereof to shippers, taking into consideration the requirements of the United States Maritime Commission, the exigencies of warehouse accommodations and other emergency conditions, and the general principle of equitable treatment of all producers as enunciated in this Order.

(g) To take such other measures as it may deem advisable towards the control of the shipment and distribution of the proceeds of refined sugar if, in its opinion, such control is warranted by circumstances which may exist from time to time.

(h) To control the disposition of any pooled sugar which may not be marketed in the United States or sold to a local refinery during the quota year to which it corresponds in so far as may be consistent with the intents and purposes of this Order.

(i) To require all persons, firms and corporations concerned to supply such data and information as may be required to enable the Sugar Control Authority to exercise its powers and perform its duties; to require shippers to sign compliance agreements in regard to the deposit of the proceeds of the sales of sugar in an escrow account with the Philippine National Bank; and to require shippers to comply with the instructions of the Sugar Control Authority in regard to sugar shipments.

(j) To incur the necessary administrative expenses for the maintenance of an office and the necessary personnel to carry out the work involved in the execution of its powers and the performance of its duties under a budget to be drawn by the Sugar Control Board and approved by the President: Provided, however, That the administrative expenses that the Board may incur for any quota corresponding to a given year may be paid by the Philippine National Bank and charged by the Bank to the escrow account of proceeds of sugar shipments.

(k) To issue such rules and regulations as may be necessary for the guidance and observance of all concerned and for the proper execution of the powers and duties vested in the Sugar Control Authority.

2. If, with regard to sugar to be produced for any quota year, the Philippine Government shall, directly or through any of its agencies or instrumentalities, offer to give special financial assistance on a specific percentage of the export quota corresponding to each producer; or, if and when the Philippine Government, by law or otherwise, should establish a limitation of sugar production below the existing export quota rights provided by present legislation, the Sugar Control Authority shall establish provisions for the shipment of the sugar produced in such year and of the carry-over of the export quota sugars of preceding years, as follows:

(a) All export quota sugars produced within the specified limits established in the financing agreements, or by law shall have preference in the allocation of shipping space or in the delivery thereof to local refineries during the corresponding year.

(b) After all such sugars have been shipped to the United States or sold to local refineries, shipping space or permission to sell to local refineries shall next be allocated to sugars carried forward from the pools of preceding years up to the amount necessary to fill the total export quota: Provided, That the Sugar Control Authority shall have the discretion to allocate shipping space to, or permit the sale of, such carry-over sugars before the completion of shipment of the sugars described in subparagraph (a) hereof in cases where serious inconvenience or prejudice to the general interest would otherwise be caused.

(c) After sugars under subparagraphs (a) and (b) hereof shall have been shipped to the United States or sold to local refineries, if the full Philippine export quota shall still not have been covered, shipping space shall be allotted to export quota sugars produced in excess of the specific limit established in the financing agreements or by law, under such conditions as the Sugar Control Authority may determine consistent with the intents and purposes of this Order. Such sugars so defined as are not delivered to the United States or sold to local refineries during that particular year shall acquire the status of carry-over sugars for the succeeding year.

(d) Inasmuch as the comparative quantities of export quota sugar which may be produced or legally acquired may vary as to each producer or export quoda permit holder from one quota year

to another, there shall be established separate pools for the liquidation of the sugar pertaining to each quota year.

(e) Notwithstanding the provisions of this paragraph, the Sugar Control Authority shall have the authority to require the physical substitution and shipment of sugar corresponding to the previous crops for the sugar produced during that particular year in order to dispose of such old stocks before their quality deteriorates.

3. (a) In so far as it may not be incompatible with the enforcement of the Order, the customary channels of trade shall be employed in the production, financing, warehousing, handling and marketing of export quota sugar, the intention of this Order being to effect the necessary control during the present emergency with the minimum possible disruption of the existing business of all the components of the sugar industry.

(b) The Sugar Control Authority shall cooperate with the United States Maritime Commission in its efforts to use all shipping most effectively by allocating such space as may from time to time be available in a manner that shall be in coordination with the conditions of the voyage of their respective vessels as determined by the United States Maritime Commission.

(c) The Sugar Control Authority shall study and recommend to the President means of consolidating production in view of the fact that on the basis of a greatly reduced production which may occur in the future, some producers would be unable to operate at a profit.

4. The funds constituting the escrow account deposited with the Philippine National Bank, which the Sugar Control Authority is empowered to establish under paragraph 1(b), shall be only the contingent property of the producers and shall become their absolute property only upon its disbursement.

5. The Board created in this Order shall meet as often as may be required upon the call of the Chairman. In case the Board fails to arrive at a decision, the question at issue may be brought for settlement to the President of the Philippines.

6. The Board shall have all the powers of an investigating committee within the purview of Sections 71 and 580 of the Revised Administrative Code and may, in the execution of its functions, summon witnesses, administer oaths, take testimony relevant to the investigation of documents under a subpoena duces tecum or otherwise, pursuant to the terms of the aforesaid provisions of law.

7. The Sugar Control Authority shall be authorized to call directly upon any Department, Bureau or Office in the executive branch of the Government or upon any government-owned or controlled entity or agency for such assistance as it may need, and subject to the approval of the President, to requisition for, utilize and make use of the services of their personnel.

8. This Order shall take effect as of November 21, nineteen hundred and forty-one.

Done at the City of Manila, this 19th day of November, in the year of Our Lord, Nineteen hundred and forty-one, and of the Commonwealth of the Philippines, the seventh.

(SGD.) MANUEL L. QUEZON

By the President:
(SGD.) JORGE B. VARGAS
Secretary to the President

Source: Presidential Museum and Library

Office of the President of the Philippines. (1941). [*Executive Order Nos.: 335 - 400*]. Manila: Presidential Museum and Library.