

MALACAÑANG  
MANILA

MFN 9349

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 257

**SUSPENDING THE MECHANISM OF REMITTING BY THE PHIVIDEC INDUSTRIAL AUTHORITY OF 50% OF ITS PROFIT TO THE PHILIPPINE VETERANS INVESTMENT AND DEVELOPMENT CORPORATION**

**WHEREAS**, Presidential Decree No. 538 dated August 1974 created and established the PHIVIDEC Industrial Authority (PIA) as the body corporate to carry out the policy of the Government to encourage, promote and sustain the economic and social growth of the country;

**WHEREAS**, to further carry out the above policy, the Decree mandated the establishment of PHIVIDEC Industrial Areas, the first of which is the PHIVIDEC Industrial Estate-Misamis Oriental (PIE-MO) located in the municipalities of Tagoloan and Villanueva in the Province of Misamis Oriental;

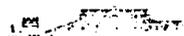
**WHEREAS**, the Decree further mandates the PIA to operate, administer and manage PIE-MO, and for this purpose empowers the PIA to construct, acquire, own, lease, operate and maintain infrastructure facilities, factory buildings, warehouses, dams, reservoirs, water distribution, electric light and power systems, telecommunications and transportation networks, or such other facilities and services necessary or useful in the conduct of industry and commerce or in attainment of the purposes and objectives of the Decree;

**WHEREAS**, the PIE-MO, with the establishment of a container port and terminal, will be the gateway to the East Asia Growth Area/Brunei-Indonesia-Malaysia-Philippine region (EAGA-BIMP);

**WHEREAS**, the Loan Agreement requires the repayment of the loan in accordance with the Amortization Schedule fixed therein and the payment of interest in accordance therewith;

**WHEREAS**, Presidential Decree No. 538 provides that fifty percent (50%) of the profit of the PIA shall be turned over to the Philippine Veterans Investment and Development Corporation (PHIVIDEC);

**WHEREAS**, the GRP has to ensure the repayment of the loan, but to require the PIA to continue remitting to the PHIVIDEC 50% of its profit



including that from the MTCP will prejudice the repayment schedule on the loan and may even cause the GRP to default;

**WHEREAS**, the JBIC has expressed concern over the current mechanism of remitting 50% of the PIA's profit to the PHIVIDEC, and has explained to the GRP the necessity of changing that mechanism;

**WHEREAS**, it is of paramount interest in the full economic development of Mindanao that the MTCP be completed and made operational without delay and that the profits from its operation be plowed back to the MTCP for maintenance, improvement and expansion;

**WHEREAS**, under Presidential Decree No. 1416 dated 9 June 1978, as amended by Presidential Decree No. 1772 dated 15 January 1981, the validity of which Decrees "are unquestionable" as held by the Supreme Court in *Larin vs. Executive Secretary et al.*, G.R. No. 112745, 16 October 1997, the President of the Philippines "shall have continuing authority to reorganize the National Government, x x x including all government-owned or controlled corporations, as well as the entire range of the powers, functions, authorities, administrative relationships, and related aspects pertaining to these agencies, entities, instrumentalities and units;"

**WHEREAS**, under the same Decrees the President of the Philippines has the power to "expand, amend, change, or otherwise modify their powers, functions and authorities, including, with respect to government-owned or controlled corporations, their corporate like, capitalization, and other relevant aspects of their charters" and to take "such other related actions as may be necessary to carry out the purposes and objectives of this Decree;"

**NOW, THEREFORE, I, JOSEPH EJERCITO ESTRADA**, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

**SECTION 1. Suspension of the 50% remittance.** Effective immediately and until the entire loan under Loan Agreement No. PH-P213 is paid in full, or sooner if circumstances warrant and as otherwise directed by the President of the Philippines, the mechanism of remitting by the PHIVIDEC Industrial Authority of 50% of its profit to the Philippine Veterans Investment and Development Corporation is hereby suspended.

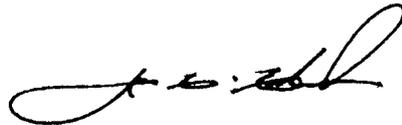


**SEC. 2. Assistance to veterans.** The above suspension notwithstanding, the Board of Directors of the PHIVIDEC Industrial Authority is hereby authorized to fix an amount from its profit every calendar year beginning with CY 2005 for donation/assistance directly to government hospitals for the benefit of veterans.

**SEC. 3. Repealing Clause.** Conformably with Presidential Decree No. 1416, as amended by Presidential Decree No. 1772, all laws, decrees, charters, executive orders, administrative orders, proclamations, rules, regulations and other issuances or parts thereof which are in conflict with the provisions of this Executive Order are hereby repealed or modified accordingly.

**SEC. 4. Effectivity.** This Executive Order shall take effect immediately.

**DONE** in the City of Manila, this *28<sup>th</sup>* day of *June* in the year of Our Lord, Two Thousand.



By the President:

**RONALDO B. ZAMORA**  
Executive Secretary

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Received

JUL 03 2008

Date

