

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

FIFTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 5972



Introduced by Honorable Arthur R. Defensor, Jr.

EXPLANATORY NOTE

As stated in the Constitution, "[t]he State shall promote industrialization and full employment x x x through industries that make full and efficient use of human and natural resources". The country must pursue a resource based and oriented approach to development, wherein our resources are not to simply utilized, but maximized to their full potential.

One resource that the country has in abundance, and may well serve as one of the cornerstones of economic growth, is metal. This bill is in recognition that the metal industry should play a vital role in the country's progress.

Right now, the mining industry is already one of the drivers of the economy. However, in order to uphold the mandate of the Constitution of full and efficient use of our resources, there is a need to press on with the development of our metal resources. The development of our metal resources needs to take a further step from the plain extractive and ore or raw material export orientation of the mining industry.

This bill entitled, "AN CREATING THE PHILIPPINE METAL INDUSTRY CORPORATION, DEFINING ITS POWERS AND FUNCTIONS, PROVIDING FUNDS THEREFOR, AND FOR OTHER RELATED PURPOSES", is renewed government enterprise intervention in the development of our metal resources. It rests on the policy that the creation of an organized government corporate entity, or PHILMICO in this bill, is necessary to assure the full development and maximized utilization of the metal resources of the country.

PHILMICO shall be the government's corporate arm that shall engage primarily in metal processing, to ensure the availability of metal products in the country, at competitive cost. Government enterprise participation through PHILMICO will generate much needed revenue. The added value to our processed metals will boost our exports. The accessibility of processed metal in the economy will create a downstream metal industry to remove our dependence on importation of metal products for our other industries. A downstream metal industry will generate employment and spur domestic business activity.

Government should intervene in order to harness the full potential of the metal industry, and make it a foundation of growth. For this reason, the passage of this bill is urged.



ARTHUR R. DEFENSOR, JR.

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AN ACT
CREATING THE PHILIPPINE METAL INDUSTRY CORPORATION, DEFINING
ITS POWERS AND FUNCTIONS, PROVIDING FUNDS THEREFOR, AND FOR
OTHER RELATED PURPOSES.

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

1 **Section 1. Title.** This Act shall be known as the "Charter of the Philippine Metal
2 Industry Corporation."
3

4 **Section 2. Declaration of Policy.** It is hereby declared to be the policy of the State to
5 promote the economic progress of the country through the effective development of the
6 metal industry. Accordingly, the creation of an organized corporate entity is necessary
7 to assure the full development and maximized utilization of the metal resources of the
8 country, and the availability at all time or increased supply of metal products at
9 competitive cost to all users for the accelerated economic growth and industrialization
10 of the country.
11

12 **Section 3. Creation, Name, Domicile and Term.** To carry out the above policy, there
13 is hereby created a body corporate to be known as the Philippine National Metal
14 Industry Corporation, hereafter referred to as the "Corporation."
15

16 The principal office of the Corporation shall be determined by its Board of
17 Directors. It may also establish such offices, branches, agencies or correspondents or
18 other units in the Philippines or abroad as its business operations may require.

19 The Corporation shall have a term of fifty years from its creation hereof, which
20 shall be deemed renewed for an equal period unless sooner dissolved by law.

21
22 **Section 4. *Purposes and Powers.*** The Corporation shall have the following
23 purposes and powers;

- 24
25 (a) To invest in the metal industry, as well as, in any activity related to metal
26 resources development, and to set up or form business subsidiaries under
27 the Batas Pambansa Blg. 68, or through the acquisition of the controlling
28 interests of existing corporations, which may be necessary or contributory
29 to the economic development of the country, or important in the public
30 interest, or deemed convenient or incidental to the carrying on of any of
31 the purposes of the Corporation, or which will promote the well-being of
32 the Corporation;
- 33
34 (b) To provide and maintain an adequate or increased supply at all times of
35 metal products at competitive cost for domestic requirements and exports;
- 36
37 (c) To reduce the excessive dependence of the country on imports of metal
38 products;
- 39
40 (d) To foster conditions of metal product development conducive to a
41 balanced and sustainable growth of the economy.

42
43 Subject to governmental policy, the Corporation shall also have the following
44 purposes and powers;

- 45
46 (a) To enter into contracts with any person or entity, domestic or foreign, and
47 with governments for the undertaking of the varied aspects of the metal
48 industry, under such terms and conditions at it may deem proper and
49 reasonable;
- 50
51 (b) To purchase, hold, alienate, mortgage, pledge or otherwise dispose of the
52 stocks, bonds, and other securities or evidences of indebtedness of any
53 other corporation, association, firm or entity, domestic or foreign, and,
54 while the owner or holder thereof, to exercise all the rights and powers of
55 ownership, including the right to vote thereon for any purpose;
- 56
57 (c) To hold lands and acquire rights over mineral lands as may be necessary
58 to accomplish its purposes;
- 59

- (d) Subject to existing rights, to lease or contract for unappropriated public waters and foreshore and offshore areas, which, in the decision of the President of the Philippines, is essential to the exercise of the purposes of the Corporation, and the same shall be granted to the Corporation by the proper government agency concerned, under such terms and conditions as may be mutually agreed upon between them;
- (e) To enter into any lawful arrangements for sharing profits, joint venture, union, interests, reciprocal concession or cooperation, with any person or corporation, association, partnership, syndicate or entity located in or organized under the laws of any authority, in any part of the world, in the carrying on of any business, which the Corporation is authorized to carry on, or any business or transaction deemed necessary in the carrying on of any of the purposes of the Corporation;
- (f) To acquire assets, real or personal, or interest therein, and encumber or otherwise dispose of the same, as it may deem proper, and necessary in the conduct of its business;
- (g) To establish and maintain, for its own use, such communication system, whether by radio, telegraph or any other manner, without the need of a separate franchise therefor;
- (h) To determine its organizational structure, and the number and salaries of its officers and employees, in accordance with existing laws, rules and regulations;
- (i) To design, write, prepare, publish and display, in any manner, advertisements, publicity or promotional devices of all kinds for itself or for others, which are necessary or convenient for the accomplishment of the purposes of the Corporation;
- (j) To exercise the right of eminent domain as may be necessary for the purposes for which the Corporation is created, subject to existing provisions of laws;
- (k) Subject to payment of the proper amount, to enter private lands for the purpose of conducting studies in connection with its purposes, powers and functions;

- 100 (l) To acquire easement over public and private lands necessary for the
101 purpose of carrying out any work essential to its purposes, powers and
102 functions, subject to payment of reasonable considerations;
103
104 (m) To adopt a code of by-laws to complement this Act;
105
106 (n) To adopt and use a corporate seal which shall be judicially noticed; to sue
107 and be sued; and
108
109 (o) To perform such corporate acts, and exercise such corporate functions
110 authorized by the Corporation Law, not inconsistent with this Act, and
111 such other acts necessary for the attainment of the purposes and objectives
112 herein specified.
113

114 The preceding clause shall be construed and interpreted as both purposes and
115 powers, and the matters expressed in them shall, except as otherwise expressly
116 provided, but in no wise limited by reference to or inference from the terms of any other
117 clause, regarded as independent purposes and powers, and the enumeration of specific
118 purposes and powers shall not be construed to limit or restrict in any manner the
119 meaning in general terms of the general powers of the Corporation, nor shall the
120 expression of one thing be deemed to exclude another not expressed, if it be of like
121 nature.
122

123 **Section 6. Governing Body.** The Corporation shall be governed by a Board of
124 Directors, hereinafter referred to as the "Board," which shall be composed of seven (7)
125 members, namely, the Secretary of Environment and Natural Resources, the Secretary
126 of Trade and Industry, the Secretary of Finance, the Secretary of Science and
127 Technology, the Chairman of the Bangko Setral ng Pilipinas, Chairman of the National
128 Economic Development Authority, or their duly authorized representatives, and the
129 President of the Corporation.
130

131 The President of the Corporation shall be appointed by the President of the
132 Philippines.
133

134 The Secretary of Trade and Industry and the President of the Corporation shall
135 be the Chairman and Vice-Chairman, respectively, of the Board. In the absence of the
136 Chairman, the Vice-Chairman shall act as presiding officer of the Board.
137

138 The members of the Board shall act as such for the duration of the term of the
139 Corporation.
140

141 The Board shall formulate the policies, which may be necessary or incidental to
142 carry out the business of the Corporation, or to the exercise of its express and implied
143 powers, or for the accomplishment of any of its purposes.
144

145 The Board shall meet as often and at such dates, times and places as may be
146 necessary to transact all matters as shall properly come before them, and require their
147 action as the Board. The meetings of the Board may be called by the President of the
148 Corporation, or by the Chairman, or by five members of the Board, as and when
149 necessary. At least five members of the Board shall constitute a quorum and all
150 decisions of the Board shall require the concurrences of the majority of the quorum.
151

152 **Section 7. Capital Stock.** The Corporation shall have a capital stock divided into
153 Two Hundred Million shares with a par value of Fifty Pesos each to be subscribed, paid
154 for and voted as follows:
155

- 156 (a) One Hundred Fifty Million shares shall be originally subscribed and paid
157 for the Government of the Republic of the Philippines.
158
- 159 (b) The remaining shares of stock may be subscribed and paid for by the
160 Government of the Republic of the Philippines or by government financial
161 institutions.
162

163 The voting power pertaining to shares of stock subscribed by the Government of
164 the Republic of the Philippines shall be vested in the President of the Philippines or in
165 such person or persons as he may designate.
166

167 The voting power pertaining to shares of stock subscribed by the government
168 financial institutions shall be vested in them.
169

170 **Section 8. Powers and Duties of the President.** The President, who shall be the chief
171 executive of the Corporation shall have the following powers and duties;
172

- 173 (a) To prepare the agenda for the meetings of the Board, and to submit for the
174 consideration of the Board such policies and measures as he believes
175 necessary to carry out the purpose and objectives of this Act;
176
- 177 (b) To execute, administer and implement the policies and measures
178 approved by the Board;
179
- 180 (c) To direct and supervise the operation and administration of the
181 Corporation;
182

- (d) To appoint and fix the compensation for all the employees, except the officers, of the Corporation;
- (e) To represent the Corporation in all dealings with other offices, agencies and instrumentalities of the government, and with all persons and other entities, public or private, domestic or foreign; and
- (f) To exercise such other powers and perform such other duties provided in the by-laws and as may be vested in him by the Board.

Section 9. Legal Counsel. The Office of the Government Corporation Counsel shall be the *ex officio* legal counsel of the Corporation, and he may designate a representative for that purpose.

Section 10. Auditor. The Chairman of the Commission on Audit shall appoint a representative, who shall be the Auditor of the Corporation, and such personnel as may be necessary to assist said representative in the performance of his duties. The budget of the office of the Auditor shall be appropriated by the Corporation, subject to the approval of the Board. Such representative shall render a semestral report on the financial condition and operations of the Corporation to the Chairman of the Commission on Audit and the Board. The Chairman of the Commission on Audit shall submit to the President of the Philippines an annual report covering the financial conditions and operations of the Corporation. These auditing reports shall contain a statement of the resources and liabilities including earnings and expenses, reserves and profits, as well as losses, bad debts and such other facts which, under the auditing rules and regulations, are considered necessary to accurately describe the financial conditions and operations of the Corporation; Provided, That before such reports are made, the Corporation shall be given reasonable opportunity to examine the reports and make exceptions to any criticisms of the Auditor of the Corporation or the Chairman of the Commission on Audit, as the case may be, to point out, explain or answer any inaccuracies therein, if any, and to file a statement which shall be appended by the Auditor of the Corporation and the Chairman of the Commission on Audit in their respective reports.

The auditors of the business subsidiaries of the Corporation shall be appointed by their respective Boards of Directors.

Section 11. Applicability of Civil Service law and Other Laws. The Corporation and its officers and employees shall be subject to the Civil Service Law, rules and regulations, as well as to all laws, decrees executive orders, circulars, rules or regulations pertaining to government-owned or controlled corporations and relating to government personnel benefits.

225
226 The provisions of the Corporation Law shall apply to the Corporation and its
227 business subsidiaries insofar as not inconsistent with the provisions of this Act.
228

229 **Section 12.** *Loans; Guarantees; Issuance of Bonds.* Subject to the provisions of
230 existing laws, rules and regulations, the Corporation is hereby authorized to contract
231 loans, credits or any indebtedness from time to time from foreign governments, or any
232 financial institutions or fund sources or any other entities, foreign or domestic, on such
233 terms and conditions, as it shall deem appropriate for the accomplishment of its
234 purposes, and to enter into and execute agreements and other documents specifying the
235 said terms and conditions, as well as, do or perform any such acts as may be necessary
236 in connection therewith.
237

238 The Republic of the Philippines, through the President of the Philippines, or his
239 duly authorized representative, is empowered to guarantee, absolutely and
240 unconditionally, as primary obligor and not as surety merely, the payment of the loans,
241 credits and indebtedness contracted by the Corporation, as herein before provided, in
242 accordance with Republic Act Numbered Sixty-One Hundred Forty-Two, as amended,
243 as well as, the performance of all or any of the obligations undertaken by the
244 Corporation, pursuant to loan agreements entered into with foreign governments or
245 any international financial institutions or fund sources.
246

247 The provisions of any law to the contrary notwithstanding, any financial
248 institution owned or controlled by the Government of the Republic of the Philippines,
249 other than the Bangko Sentral ng Pilipinas, the Government Service Insurance System
250 and the Social Security System, is hereby empowered to guarantee also acceptance
251 credits, loans, transactions, undertakings, or obligations of any kind which may be
252 incurred by the Corporation, whether directly or indirectly in favor of any person,
253 association or entity, whether domestic or foreign.
254

255 The Corporation, upon the recommendation of the Secretary of Finance in
256 consultation with the Monetary Board and with the approval of the President of the
257 Philippines, is hereby empowered to issue bonds or other securities, which the
258 President of the Philippines may authorize to be exempt from any or all taxes or to be
259 guaranteed by the Government, to finance its corporations.
260

261 **Section 13.** *Appropriation.* The sum of Seven Billion Five Hundred Million Pesos
262 (P7,500,000,000) is hereby set aside initially and appropriated from the General Funds
263 not otherwise appropriated, and the same shall be applied to the full payment of the
264 subscription of the Government of the Republic of the Philippines referred to in Section
265 7, paragraph (a), of this Decree. Other subsequent requirements shall be contained in
266 the Appropriations Act. Releases from this appropriation shall be in accordance with a

267 schedule to be determined by the Secretary of Finance, subject to the approval of the
268 President of the Philippines.

269
270 **Section 14. *Transfer of Properties, Rights and Interests.*** To enable the Corporation to
271 effectively carry out its purpose and powers under this Decree, the Development Bank
272 of the Philippines and the Secretary of Finance, the latter acting on behalf of the
273 Government of the Republic of the Philippines, are hereby directed and authorized to
274 transfer, assign and convey to the Corporation such properties, rights and/or interests
275 as may be required by the Corporation in connection therewith, under terms and
276 conditions to be mutually agreed upon among them.

277
278 **Section 15. *Reports.*** The Corporation shall, within three months after the end of
279 every fiscal year, submit its annual report to the President of the Philippines. It shall
280 likewise submit such periodic or other reports as may be required of its from time to
281 time.

282
283 **Section 16. *Miscellaneous.*** All heads of Departments, Agencies, Offices and
284 instrumentalities of the National Government as well as political subdivisions are
285 hereby enjoined to extend full cooperation and assistance to the Corporation in the
286 implementation of the provisions of this Decree.

287
288 **Section 17. *Separability Clause.*** Should any provision of this Decree be held
289 unconstitutional, no other provision hereof shall be affected thereby.

290
291 **Section 18. *Repealing Clause.*** All laws, decrees, executive orders, administrative
292 orders, rules or regulations inconsistent herewith are hereby repealed, amended or
293 modified accordingly.

294
295 **Section 19. *Effectivity.*** This Act shall take effect fifteen days after its publication
296 in the Official Gazette.

297
298 Approved.