

[PRESIDENTIAL DECREE NO. 1402, June 06, 1978]

CREATING THE PHILIPPINE NATIONAL IRON AND STEEL CORPORATION, DEFINING ITS POWERS AND FUNCTIONS, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES.

WHEREAS, the availability at all times of iron and steel products at reasonable cost is essential for the promotion of the national welfare, economic progress and industrialization;

WHEREAS, it is imperative for the Government to take a more active role in the iron and steel industry in order to so assure an adequate or increased supply at all times of such iron and steel products at reasonable cost.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby create the Philippine National Iron and Steel Corporation, and further order and decree the following, as part of the law of the land, to be the Charter of the Philippine National Iron and Steel Corporation:

SECTION 1. Title.—This Decree shall be known as the "Charter of the Philippine National Iron and Steel Corporation."

SEC. 2. Declaration of Policy.—It is hereby declared to be the policy of the Government to promote the welfare, economic progress and industrialization of the country through the effective development of the iron and steel industry. Accordingly, the creation of an organized corporate entity is necessary to assure an adequate or increased supply at all times of iron and steel products at reasonable cost to all users for the accelerated economic growth and industrialization of the country and the region.

SEC. 3. Creation, Name, Domicile and Term.—To carry out the above policy, there is hereby created a body corporate to be known as the Philippine National Iron and Steel Corporation, hereafter referred to as the "Corporation."

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

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

SEC. 4. Purposes and Powers.—The Corporation shall have the following purposes and powers:

- a. To invest in the iron and steel industry as well as in any activity related to iron or steel operations, and to set up or form business subsidiaries under the Corporation Law or through the acquisition of the controlling interests of existing corporations, which may be necessary or contributory to the economic development of the country and the region, or important in the public interest, or deemed convenient or incidental to the carrying on of any of the purposes of the Corporation, or which will promote the well-being of the Corporation;

- b. To provide and maintain an adequate or increased supply at all times of iron and steel products at reasonable cost for domestic requirements and exports;
- c. To reduce the excessive dependence of the country and the region on imports of iron and steel products;
- d. To foster conditions of iron and steel production conducive to a balanced and sustainable growth of the economy and the region.

Subject to governmental policy, the Corporation shall also have the following purposes and powers:

- a. To enter into contracts with any person or entity, domestic or foreign, and with governments for the undertaking of the varied aspects of the iron or steel industry, under such terms and conditions as it may deem proper and reasonable;
- b. To purchase, hold, alienate, mortgage, pledge or otherwise dispose of the stocks, bonds, and other securities or evidences of indebtedness of any other corporation, association, firm or entity, domestic or foreign, and, while the owner or holder thereof, to exercise all the rights and powers of ownership, including the right to vote thereon for any purpose;
- c. To hold lands and acquire rights over mineral lands as may be necessary to accomplish its purposes;
- 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 arrangement 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 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;

- l. To acquire easement over public and private lands necessary for the purpose of carrying out any work essential to its purposes, powers and functions, subject to payment of reasonable considerations;
- m. To adopt a code of by-laws to complement this charter;
- n. To adopt and use a corporate seal which shall be judicially noticed; to sue and be sued; and
- o. To perform such corporate acts and exercise such corporate functions authorized by the Corporation Law not inconsistent with this decree and such other acts necessary for the attainment of the purposes and objectives herein specified.

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

SEC. 5. *Subsidiaries.*—The controlling interest of the business subsidiaries of the Corporation shall, within a reasonable period from their incorporation or the purchase of their controlling interest by the Corporation, be transferred for value to the private sector: *Provided*, That in consideration of the fact that the business subsidiaries of the Corporation shall be transferred to or controlled by the private sector within a reasonable period as aforementioned and that these business subsidiaries are formed under the Corporation Law, such business subsidiaries shall not be subject to any law, decree, executive order, circular, rule or regulation or restriction which pertains to government-owned or controlled corporations nor shall the said subsidiaries be subject to the Civil Service Law nor the Rules and Regulations or the standards and salary scales prescribed by the Office of Compensation and Position Classification; in addition, the officers and employees of these business subsidiaries of the Corporation shall not be covered by the Government Service Insurance System or by any law, decree, executive order, circular, rule or regulation relating to leaves of absences, retirement privileges, regular working hours, or any other government personnel benefits.

SEC. 6. *Governing Body.*—The Corporation shall be governed by a Board of Directors, hereinafter referred to as the "Board," which shall be composed of seven (7) members, namely, the Secretary of Industry, the Secretary of Finance, the Secretary of National Defense, the Chairman of the Development Bank of the Philippines, the Solicitor General, the Budget Commissioner, or their duly authorized representatives, and the President of the Corporation.

The President of the Corporation shall be appointed by the President of the Philippines who shall act as such until removed or replaced by him. Other officers and minor officials shall be appointed and their salaries fixed, including that of the President, by the Board.

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