

# [ PRESIDENTIAL DECREE NO. 272, August 09, 1973 ]

## AN ACT CREATING THE IRON AND STEEL AUTHORITY.

**WHEREAS**, national interest and security require that an adequate supply of iron and steel products at reasonable cost be readily available at all times for the country's needs;

**WHEREAS**, there have been recurrent imbalances between demand and supply of iron and steel products that necessitate the orderly regulation of the market;

**WHEREAS**, excess capacity exists in several sectors of the iron and steel industry while other sectors suffer from a deficiency of investment;

**WHEREAS**, the recurrent shortage and the spiralling cost of steel products in international markets and excessive dependence of the country on imports for its steel supplies render it imperative to explore the backward integration of the steel industry; and

**WHEREAS**, the advance of industrialization in this country is dependent on the development and the promotion of a strong iron and steel industry and the increased availability of low-cost steel;

**NOW, THEREFORE, I, FERDINAND E. MARCOS**, President of the Philippines, by virtue of the powers vested in me by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines and pursuant to Proclamation No. 1081, dated September 21, 1972, and General Order No. 1, dated September 22, 1972, as amended, do hereby order and decree the creation of the Iron and Steel Authority designed to stimulate the growth and regulate the orderly development of the iron and steel industry, as follows:

**SECTION 1. Composition.** — The Iron and Steel Authority shall be composed of the Chairman of the Board of Investments, as Chairman, the Secretary of National Defense, the Secretary of Finance, the Secretary of Trade, the Central Bank Governor, and the Chairman of the Development Bank of the Philippines or their duly designated permanent representatives, and two representatives from the private sector, one of whom shall represent the primary steel manufacturers and the other to represent the secondary manufacturers of steel products, to be appointed by the President, as members. The secretariat of the Authority shall be *provided* by the Board of Investments.

The Authority shall constitute itself immediately and shall exist for a period of five years from the date of this Decree:

**SEC. 2. Objectives.** — The Authority shall have the following objectives:

- a) to strengthen the iron and steel industry of the Philippines and to expand the domestic and export markets for the products of the industry;
- b) to promote the consolidation, integration and rationalization of the industry in order to increase industry capability and viability to service the domestic market and to compete in international markets;

c) to rationalize the marketing and distribution of steel products in order to achieve a balance between demand and supply of iron and steel products for the country and to ensure the industry prices and profits are at levels that provide a fair balance between the interests of investors, consumers, suppliers, and the public at

d) to promote full utilization of the existing capacity of the industry, to discourage investment in excess capacity, and in coordination with appropriate government agencies to encourage capital investment in priority areas of the industry;

e) to assist the industry in securing adequate and low-cost supplies of raw materials and to reduce the excessive dependence of the country on imports of iron and steel.

**SEC. 3. *Sectors Covered.*** — For the purpose of carrying out the foregoing objectives, the following sectors of iron and steel industry shall be subject to whatever regulations the Authority may deem to impose:

a) the import and export of iron and steel products and major raw materials;

b) the accumulation and distribution of iron and steel scrap;

c) all forms of primary iron-and-steel-making, including blast furnace/basic oxygen furnace operations, electric arc furnace and open hearth operations and direct reduction processing;

d) with respect to capacity installation only, of foundries for all types of iron and steel; steel fabrication and welding operations; steel forming operations; steel forging and die-stamping or pressing operations, machining and metal-cutting of iron and steel products;

e) the manufacture and supply of fluxes, additions and alloying elements used in iron-and-steel-making, such as ferro alloys, welding electrodes;

f) all rolling mill operations for steel products, including hot and cold reduction mills, blooming and bar mills, and structural mills;

g) finishing operations for steel products such as galvanizing, tinning, and drawing, pipe-and-tube-forming, slitting and shearing, cold forming;

h) all marketing and distribution operations of the above sectors.

**SEC. 4. *Powers and Functions.*** — The Authority shall have the following powers and functions:

a) to require firms to obtain its approval before entering into any commitments to expand, modernize and/or modify facilities for iron and steel making and/or processing when the expenditures involved may exceed P1 million and in coordination with appropriate government agencies to require firms within the industry to register commitments which would involve foreign currency expenditures of more than \$50,000;