

REPUBLIC ACT NO. 2265

AN ACT ESTABLISHING THE VIRGINIA TOBACCO ADMINISTRATION; DEFINING ITS OBJECTIVES, POWERS AND FUNCTIONS, AND FOR OTHER PURPOSES

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

SECTION 1. Name and domicile. – There is hereby created the "Philippine Virginia Tobacco Administration", hereinafter referred to as PVTA, which shall be organized upon approval of this Act. It shall have its main office in the City of Manila, and such branches and agencies within and outside of the Philippines as may be necessary for the proper conduct of its business.

SECTION 2. Purposes and Objectives. – The PVTA shall have the following purpose and objectives:

- a. To promote the effective merchandising of Virginia Tobacco in the domestic and foreign markets so that those engaged in the industry will be placed on a basis of economics security;
- b. To establish and maintain balanced production and consumption of Virginia Tobacco and its manufactured products, and such marketing conditions as will insure and stabilize the price at a level sufficient to cover the cost of production plus reasonable profit both in the local as well as in the foreign market;
- c. To create, establish, maintain, and operate processing, warehousing and marketing facilities in suitable centers and supervise the selling and buying of Virginia Tobacco so that the farmers will enjoy reasonable prices that secure a fair return of their investments;
- d. To prescribe rules and regulations governing the grading, classifying, and inspecting of Virginia tobacco; and
- e. To improve the living and economic conditions of the people engaged in the tobacco industry.

SECTION 3. General Powers. – The PVTA is hereby authorized to adopt, and use a corporate seal which shall be judicially noticed; to make contracts; to lease or own real and personal property, and to sell or otherwise dispose of the same; to sue and to be sued; to make an annual report to the President of the Republic of the Philippines and to Congress; to prescribe such regulations as are necessary to carry out the functions vested in it by this Act; to make such expenditures necessary to carry out the purposes and functions of the PVTA.

The PVTA may acquire and hold such assets and incur liabilities resulting directly from operations authorized by the provisions of this Act. Or as are essential to the proper conduct of such operations.

SECTION 4. Specific Powers. – The PVTA is authorized and directed:

- a. To take over and assume, and thereafter exclusively direct, supervise, and control, all functions and operations with respect to the processing, warehousing and trading of Virginia Tobacco, the provisions of any existing law to the contrary notwithstanding;
- b. To buy Virginia Tobacco grown in the Philippine for resale local bonafide tobacco manufacturers and leaf tobacco dealers;
- c. To give priority in the purchase of the Virginia tobacco that are sold through farmers' cooperative marketing association, or federations thereof, dealing principally in Virginia tobacco for any 100% Filipino firm or corporation the majority of the stocks of which are owned by said farmers' cooperative marketing associations, or federations thereof, and to utilize the facilities of said associations, federations, firms, or corporations, in the buying of the farmers' produce;
- d. To export directly or through farmers' cooperative marketing associations, or federations thereof, dealing principally in Virginia tobacco, or any 100% Filipino firm or corporation the majority of the stocks of which are owned by said farmers' cooperative marketing associations, or federations thereof, locally grown Virginia tobacco either through direct sales or barter: Provided, that in no case shall there be barter of locally grown leaf Virginia tobacco for foreign grown leaf Virginia tobacco or its manufactured products; And provided, further, that only such locally grown leaf Virginia tobacco as cannot be sold profitably in dollars may be bartered;
- e. To give priority in the use of facilities, equipment, trucking service, warehouses, processing plants and machineries owned or operated by farmers' cooperative marketing association, or federations thereof, dealing principally in Virginia tobacco, or any 100% Filipino firm or corporation the majority of the stocks of which are owned by said farmers' cooperative marketing associations, or federations thereof, to carry out the purposes of this Act;
- f. To develop and expand the domestic and foreign markets for Virginia tobacco, its products and by-products in order to promote and expand production of Virginia tobacco, its products and by-products;
- g. To grant loans and credits on reasonable terms, for trading purposes, to farmers' cooperative marketing associations or federations thereof, dealing principally in Virginia tobacco, or any 100% Filipino firm or corporation the majority of the stocks of which are owned by said farmers' cooperative marketing associations or federations thereof, whenever it deems such necessary to carry out the provisions of this Act: Provided, That the interest charged shall not exceed seven per centum per annum;
- h. To enter into, make and execute contracts of any kind as may be necessary or incidental to the attainment of its purposes with any person, firm or corporation, with the Government of the Philippines or with any foreign government, subject to existing laws;
- i. To promote, foster and encourage the organization of cooperative associations among tobacco planters, producers or dealers in Virginia tobacco producing regions in collaboration with the ACCFA;
- j. To do any and such other things as may be necessary or incidental to the attainment of the purposes of this Act; and
- k. Generally, to exercise all powers of a corporation under the Corporation Law, insofar as they are not inconsistent with the provisions of this Act.

SECTION 5. Composition and Tenure. – The power and functions of the PVTA shall be vested in, and exercised by, a Board of Directors consisting of a Chairman and six members to be appointed by the President of the Republic of the Philippines from among persons who are natives of provinces

growing Virginia tobacco, with the consent of the Commission on Appointments: Provided, That no person appointed to this Board shall simultaneously serve as director of any government-owned or controlled corporation: Provided, further, That no person who is a candidate for a public elective office at the time of his appointment or was at the general elections immediately proceeding the same shall be eligible for appointment as General Manager or Assistant General Manager, and/or member of the Board of Directors of the PVTA. The seven directors first appointed shall have terms of office in such manner that two shall serve for one year, two for two years, and three, including the Chairman, for three years. Thereafter, such director appointed shall serve for three years, except that any person chosen to fill a vacancy shall hold office only for the unexpired term of the member whom he succeeds.

SECTION 6. Quorum and Compensation. – Four members of the Board of Directors shall constitute a quorum for the transaction of business. The Chairman of the Board shall receive a per diem of fifty pesos and the six members of the Board shall each receive a per diem of not to exceed thirty pesos, exclusive of traveling expenses, for each of meeting actually attended by them. The Board shall meet regularly twice a month. However, the Chairman or a majority of the Board may call a special meeting any time when necessary, but not to exceed four times a month.

SECTION 7. Powers and duties of the Board of Directors. The Board of Directors shall have the following powers:

- a. To prescribe, amend, modify or repeal by-laws, rules and regulations, not inconsistent with the provisions of this Act, governing the manner in which the general business of the PVTA may be done.
- b. To appoint the General Manager and the Assistant General Manager, who shall receive a salary of twelve thousand pesos and nine thousand six hundred pesos per annum, respectively;
- c. To confirm the appointments of other officials and employees of the PVTA, except the Auditor and the employees under him who shall be appointed by the Auditor General;
- d. To approve the annual budget of the PVTA and/or such supplemental budgets thereof as may proposed and submitted to the Board by the General Manager from time to time; and
- e. To perform such other duties related to the welfare of the tobacco industry as may be assigned to it by the President of the Philippines.

SECTION 8. Powers and duties of the General Manager. – The duties of the General Manager shall be:

- a. To manage the affairs of the PVTA subject to the control and supervision of the Board of Directors;
- b. To submit within sixty days before the beginning of each fiscal year an annual budget to the Board of Directors;
- c. To appoint such subordinate officials and employees as may be necessary for the proper discharge of the duties and functions of the PVTA subject to the confirmation of the Board of Directors;
- d. To perform such duties as may be assigned to him by the Board of Directors from time to time;
- e. To submit within sixty days after the close of the fiscal year an annual report to the President through the Board of Directors; and
- f. To attend all the meeting of the Board and participate in deliberations thereof but not to vote.

SECTION 9. Powers and duties of the Assistant General Manager. – The Assistant General Manager shall assist the General Manager and shall perform such other duties as may be assigned to him by the General Manager or the Board of Directors. He shall act as General manager in case of the temporary absence or incapacity of the General Manager, and when the Assistant General Manager acts as General Manager he shall sit in all meetings of the Board and participate in the deliberations, but cannot vote.

SECTION 10. Auditor and Personnel. – The Auditor General shall be ex-officio auditor of the PVTA. He shall appoint a representative who shall be the auditor of the PVTA. The Auditor General shall appoint, or remove personnel of the Office of the Auditor of the PVTA upon the recommendation of the Auditor of the PVTA. The operating expenses of the auditing office and the salaries and traveling expenses of the officials and employees shall be fixed by the Board of Directors and paid by the PVTA.

SECTION 11. Basis. – In the appointment and promotion of officers and employees of the PVTA, merit, seniority and efficiency shall serve as basis, and no political test or qualification shall be prescribed and considered for such appointments and promotions.

SECTION 12. Application of Civil Service Laws and Rules. – All officials and employees of the PVTA shall be subject to the Civil Service Law and Rules, except those whose positions may, upon the recommendation of the Board of Directors, be declared by the President of the Philippines as policy determining, primarily confidential or highly technical in nature.

SECTION 13. Annual Report. – An annual report of the PVTA shall be submitted within sixty days after the close of the fiscal year. A copy of said report shall be furnished to the President of the Philippines, and to both House of Congress. The report shall include a financial statement duly certified by the Auditor of the PVTA.

SECTION 14. Financing. – The Central Bank of the Philippines is hereby directed to grant the PVTA the necessary loans with which to effect the purchase of all locally grown flue-cured Virginia tobacco in accordance with the provisions of the Republic Act No. 1194 pertaining to price scale and classification, and to cover the expenses in connection with the handling, processing, and warehousing thereof as well as the initial outlay to meet administrative expenses: Provided, That no part of these loans shall be used in the purchase of sun-dried Virginia leaf tobacco: and provided, further, That in the implementation of this law, no Virginia tobacco leaf actually flue-cured of any grade or class shall be classified as sun-dried, under penalty of the law; and nothing in this Act shall be construed to except an any flue-cured Virginia leaf tobacco of any grade or class from the benefits of this Act.

SECTION 15. Transfer of ACCFA functions and operations under Republic Act Numbered Eleven Hundred Ninety-Four to the PVTA. – The functions and operations of the ACCFA relative to Virginia tobacco and its products under the provisions of the Republic Act Numbered Eleven hundred ninety-four, are hereby transferred to the PVTA. All FaCoMas dealing primarily with Virginia tobacco trading shall be under the supervision and control of the PVTA. The ACCFA is hereby required to liquidate its tobacco trading operations and dispose of all its tobacco stocks, and the proceeds therefrom shall be applied to the liquidation of all its indebtedness to the Central Bank.

SECTION 16. Applicability of the Corporation Law. – The Provision of the Corporation Law which are not inconsistent with the provisions of this Act shall be applicable to the PVTA.

SECTION 17. Repealing Clause. – The provisions of all Acts, particularly Republic Acts Numbered Six hundred ninety-eight, Eleven hundred thirty-five, and eleven hundred ninety-four, and all executive orders, administrative orders, proclamations, rules and regulations, or parts thereof, which are inconsistent with any of the provisions of this Act, are hereby repealed.

SECTION 18. Separability Clause. – If any provision of this Act or the application of its provision to any persons or circumstance is declared unconstitutional. The remainder of the Act or the application of such provision to other persons or circumstance shall not be affected by such declaration.

SECTION 19. Penal provisions. – It shall be unlawful for any official or employee of the PVTA, directly or indirectly, individually or as a member of a firm, to engage in or have any transaction or dealing with the PVTA or with any its authorized officials or employees whereby money is to be paid, directly, out of the resources of the PVTA.

Any violation of any provision of this Act shall constitute malfeasance in office, and any officer or employee found guilty thereof shall forfeit his office or employment, and shall be punished by a fine of not less than one thousand pesos nor more than ten thousand pesos, or by imprisonment of not less than one year but not more than five years, or both such fine and imprisonment, in the discretion of the Court, in addition to other penalties provided by law.

SECTION 20. Effectivity. – This Act shall take effect upon its approval.

APPROVED, June 19, 1959.