

11/11/87

Office of the President
of the Philippines
Malacañang

EXECUTIVE ORDER NO. 133

REORGANIZING THE DEPARTMENT OF TRADE AND INDUSTRY,
ITS ATTACHED AGENCIES, AND FOR OTHER PURPOSES

WHEREAS, under Article II, Section 1, of the Provisional Constitution, as adopted in Proclamation No. 3 dated March 25, 1986, the President shall give priority to measures to achieve the mandate of the people to completely reorganize the government;

WHEREAS, Article XVIII, Section 16, of the 1987 Constitution recognizes that the reorganization of the government shall be continued even after the ratification of the Constitution;

WHEREAS, under Article XVIII, Section 6, of the 1987 Constitution, the President shall continue to exercise legislative powers until the first Congress is convened;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order the following:

SECTION 1. Declaration of Policy. It shall be the national policy to pursue a private sector based growth strategy, centered on a socially responsible program to deregulate business in a manner that shall encourage private initiative and create a dynamically competitive economic environment, but assure equal opportunity to all members of the business community, whether small or large, and whether rural or urban.

Government shall provide institutional services to the private sector, such as: investment and export promotion, market information, product research and development, technological assistance, manpower training, infrastructure support, fiscal incentives, and such other services that shall facilitate increased international trade, improve national productivity and accelerate industrialization.


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Pursuant to this policy, the State shall:

- (a) Uphold the business enterprise as the basis of economic growth, expansion and change;
- (b) Encourage and support private sector initiative, not compete with it;
- (c) Encourage and support the establishment of - and protect - trade, industry and consumer protection institutions that will harmonize and safeguard their members' interests, free from pernicious restraints and practices;
- (d) Institutionalize advisory councils with compositions that are representative of those affected in the concerned industry, for the purpose of private sector participation in trade and industry policy formulation, program implementation and evaluation;
- (e) Assist the private sector in creating just and viable socio-economic structures in trade and industry conducive to greater productivity and higher incomes through cooperative systems of production, processing, marketing, distribution and credit services where applicable, especially among small and medium-scale enterprises;
- (f) Support the development of timely, affordable and appropriate financing schemes for its constituencies;
- (g) Undertake a thorough study of all trade and industry related laws and regulations for streamlining, simplification and reorientation towards increased entrepreneurial activity and improved industrial productivity.

SEC. 2. Mandate. The Department of Trade and Industry, hereinafter referred to as Department, shall be the primary coordinative, promotive, facilitative and regulatory arm of government for the country's trade, industry and investment activities. It shall act as catalyst for intensified private sector activity in order to accelerate and sustain economic growth through: (a) a comprehensive industrial growth strategy, (b) a progressive and socially responsible liberalization and deregulation program, and (c) policies designed for the expansion and diversification of trade, both domestic and foreign.

SEC. 3. Powers and Functions. To fulfill its mandate the Department is hereby authorized to perform the following powers and functions:

- (a) Plan, implement and coordinate activities of the government related to trade, industry and investments;
 - (b) Promote, initiate, or conduct Annual Trade and Industry Development Planning Conferences between government and the private sector, to be held at the beginning of the third quarter of the budget year;
 - (c) Build up and maintain the currency of the trade and industry data base of the Department's information system through a continuing and well coordinated program of data search and information processing;
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- (d) Develop and maintain an integrated computerized marketing information system for trade, industry and investments with a domestic and international scope;
 - (e) Encourage and support the formation of People's Economic Councils at regional, provincial and municipal levels as well as other trade, industry and consumer protection institutions or associations;
 - (f) Formulate and implement programs to strengthen industries adversely affected by the economic crisis, particularly those that have a good probability of attaining financial viability;
 - (g) Formulate plans and programs that shall encourage projects which effect dispersal of industries to the rural areas, promote manufactured goods for export, and develop small and medium scale industries;
 - (h) Upgrade and develop the manufacture of local capital goods and precision machinery components;
 - (i) Formulate and administer policies and guidelines for the investment priorities plan and the delivery of investment incentives;
 - (j) Assist the investment one-stop action center in pursuing the latter's objective of providing under one roof all investment assistance services of the government, in accordance with established policies and guidelines;
 - (k) Coordinate efforts in formulating long term industry sectoral plans with the private sector;
 - (l) Formulate the appropriate mechanics to guide and manage the transfer of appropriate industrial technology in the country;
 - (m) Formulate country and product export strategies which will guide the export promotion and development thrusts of the government;
 - (n) Implement programs and activities geared towards the overseas promotion of Philippine exports in overseas markets;
 - (o) Take the primary role in negotiating and reviewing existing international trade agreements, particularly those affecting commodity quotas limiting existing exports of Philippine products to determine programs for renegotiations of more favorable terms;
 - (p) Promote domestic trade, marketing and distribution to ensure the rational, economical and steady flow of commodities from producing and/or marketing centers to areas in short supply;
 - (q) Promote, develop, regulate and accredit repair and service enterprises in accordance with existing laws, Executive Order No. 709 (1981) notwithstanding;
 - (r) Formulate and implement regulations for the protection of industrial property rights and in particular, patents and trademarks;
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- (s) After due notice and hearing, establish orderly marketing arrangements for locally produced and imported manufactured goods, and for raw materials used by manufacturing and construction;
- (t) Administratively adjudicate and impose reasonable fines and penalties for violation of existing trade and industry laws;
- (u) Prepare, for consideration of the Monetary Board, proposed programs in the commercial banking sector for directing commercial lending facilities towards priority areas of commercial and industrial development, as well as coordinate government direct funding and financial guarantee programs to achieve trade and industry growth;
- (v) Create, in cooperation and coordination with the Department of Labor and Employment, a center which will provide assistance to the public relative to industrial relations;
- (w) Issue subpoena and subpoena duces tecum to compel the attendance of witnesses and the production of the necessary information, papers and documents which it may deem necessary in the exercise of its powers and functions;
- (x) Prescribe and enforce compliance with such rules and regulations as may be necessary to implement the intent and provisions of this Executive Order, which rules and regulations shall take effect immediately following their publication in two newspapers of general circulation in the Philippines;
- (y) Perform such other functions as may be necessary or incidental in carrying into effect the provisions of this Executive Order and as may be provided by law.

SEC. 4. Secretary of Trade and Industry. The authority and responsibility for the exercise of the mandate of the Department and for the discharge of its powers and functions are hereby vested in the Secretary of Trade and Industry, hereinafter referred to as Secretary, who shall be appointed by the President.

There is hereby created in the Office of the Secretary the Office of Special Concerns to attend to matters that require special attention, whether involving a matter that crosses several functional areas, demands urgent action, or otherwise necessitates, in the Secretary's opinion, attention by a special group. To enable the Secretary to accomplish said authority and responsibility and exercise said supervision and control, he shall perform the following functions:

- (a) Advise the President of the Philippines on matters related to trade, investments, and industry, and on the promulgation of Department orders, rules, regulations and other issuances related to trade, industry and investments;
 - (b) Establish policies and standards for the effective, efficient, and economical operations of the Department in accordance with the programs of government;
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- (c) Promulgate rules and regulations necessary to carry out Department objectives, policies, plans, programs, and projects;
- (d) Exercise supervision and control over all offices, functions and activities of the Department;
- (e) Delegate authority for the performance of any administrative or substantive function to any Undersecretary or other officials of rank at the Department;
- (f) Considering the complexities involved in matters of trade and industry, ensure the clear delineation of the functions of the personnel and constituent units of the Department, including agencies attached to it, so as to prevent duplications or overlapping thereof;
- (g) Perform such other functions as may be provided by law or appropriately assigned by the President.

SEC. 5. Undersecretaries. The Secretary shall be assisted by five (5) Undersecretaries, who shall all be appointed by the President upon the recommendation of the Secretary, by performing the following functions within the respective area of responsibilities:

- (a) Advise the Secretary in the promulgation of Department orders, administrative orders, and other issuances;
- (b) Exercise supervision over the offices, services, operating units and individuals under their authority and responsibility;
- (c) Formulate office rules and regulations, consistent with those of the Department policies, that will effectively implement the activities of operating units under their authority and responsibility;
- (d) Coordinate the functions and activities of the units under their authority with those of the other Undersecretaries;
- (e) Exercise delegated authority on substantive and administrative matters related to the functions and activities of agencies under their office to the extent granted by the Secretary through administrative issuances;
- (f) Perform other functions as may be provided by law or appropriately assigned by the Secretary.

SEC. 6. Assistant Secretaries. The Secretary shall also be assisted by five (5) Assistant Secretaries who shall be appointed by the President upon the recommendation of the Secretary. The Secretary is hereby authorized to delineate and assign the respective areas of functional responsibility of the Assistant Secretaries. Within his functional area of responsibility, an Assistant Secretary shall assist the Secretary and the Undersecretaries in the formulation, determination and implementation of laws, policies, plans, programs and projects on trade and industry and shall oversee the day-to-day administration of the constituent units of the Department.

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SEC. 7. Structural Organization. The Department shall consist of the Department Proper, National Service Centers, Regional Offices and Line Corporate Agencies and Government Entities.

SEC. 8. Staff Bureaus and Services. The Bureaus and Service Units shall be responsible for research, formulation of policy, development of standards, framing of rules and regulations, program formulation and program monitoring, related to the concerns covered by the Department's mandate, powers, and functions. Implementation of such policies, standards, rules and regulations, and programs shall be the responsibility of the Department's Line Operating Units.

SEC. 9. Department Line Operating Units. The Department Line Operating Units shall be composed of the following:

- (a) Regional Offices. These are offices which shall be located in the National Capital Region and each of the twelve (12) other administrative regions of the country. They shall be operated and maintained on a Department-wide basis, acting as implementing arms in the regions under their jurisdiction, of the Department's policies, programs, rules and regulations as well as those laws which the Department is mandated to enforce.
- (b) National Service Centers. These are organic units of the Department, as well as government-owned and controlled corporations under the administrative supervision of the Department which are deemed to be integral parts of the Department structure notwithstanding their organizational form, and which perform extension or assistance services to the private sector, the benefits of which transcend the boundaries of regional jurisdictions.
- (c) Line Corporate Agencies and Government Entities. These are the government entities and the government-owned or controlled corporations under the administrative supervision of the Department which are deemed to be integral parts of the Department structure notwithstanding their organizational form, and which perform a focal and implemental role in the Department's programs for the development of trade, industry and investments.


SEC. 10. Department Proper. The Department Proper shall be composed of the following Offices, Bureaus, and Services:

- (a) Office of the Secretary: Office of Policy Research; Office of Operational Planning; Office of Legal Affairs; Human Resource Development Service; General Administrative Service; Management Information Service; Financial Management Service; Public Relations Office; Trade and Investment Information Center; and National Industrial Manpower Training Council. The aforementioned Offices and Services within the Office of the Secretary shall be supervised by the Undersecretary for Policy Planning and Support Services;
- (b) Office of the Undersecretary for Industry and Investments: Board of Investments; Export Processing Zone Authority; Bureau of Small and Medium Business Development; Bureau of Import Services; Iron and Steel Authority; Construction Industry Authority of the Philippines;

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- (c) Office of the Undersecretary for Domestic Trade: Bureau of Patents, Trademarks, and Technology Transfer; Bureau of Trade Regulation and Consumer Protection; Bureau of Domestic Trade Promotion; Bureau of Product Standards; Videogram Regulatory Board;
- (d) Office of the Undersecretary for International Trade: Bureau of Export Trade Promotion; Bureau of International Trade Relations; Philippine International Trading Corporation; Garments and Textile Export Board; International Coffee Organization - Certifying Agency; Foreign Trade Service Corps; Center for International Trade Exhibitions and Missions; Bonded Export Marketing Board; Philippine Shippers' Council; Philippine Trade Training Center; Product Development and Design Center of the Philippines;
- (e) Office of the Undersecretary for Regional Operations: Office for Luzon Operations; Office for Visayas Operations; Office for Mindanao Operations.

SEC. 11. Office of the Secretary. The Office of the Secretary shall consist of the Secretary, his immediate staff, the Undersecretary for Policy Planning and Support Services, and the Offices and Services directly supportive of the Office of the Secretary. The functions of the foregoing shall be:

- (a) The Undersecretary for Policy Planning and Support Services shall supervise the Office of Policy Research, the Office of Operational Planning, the Office of Legal Affairs, the Human Resource Development Service, the General Administrative Service, the Management Information Service, the Financial Management Service and the Public Relations Office.
 - (b) The Office of Policy Research shall coordinate and help formulate general trade and industry policies for the Department; evaluate the effectiveness of trade and industry programs as such, and their implementation by the Department's Line Operating Units; and research on trade and industry issues for policy analysis and formulation;
 - (c) The Office of Operational Planning shall develop operating plans, programs and projects of the Department as such: supervise the Annual Trade and Industry Development Planning Conferences between government and the private sector; evaluate the cost-effectiveness of various projects and activities of the Department; coordinate the updating of the Department's operating plans in response to relevant environment changes; review the Department's performance against standards and targets previously established; and provide staff services related to the development, monitoring, reporting and assessment of foreign assisted projects of the Department;
 - (d) The Office of Legal Affairs shall provide the Secretary with legal advice on all policy, program, and operational matters of the Department; serve as Counsel for the Department in cases in which it is a party; handle administrative cases against Department personnel and submit recommendations pertaining thereto; and review legislative proposals;
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- (e) The Human Resource Development Service shall design and implement human resource development plans and programs for the personnel of the Department; provide for present and future manpower needs of the organization; maintain high morale and favorable employee attitudes towards the organization through the continuing design and implementation of employee development programs;
- (f) The Financial Management Service shall formulate and manage a financial program to ensure availability and proper utilization of funds; provide for an effective monitoring system of the financial operations of the Department;
- (g) The General Administrative Service shall provide services relative to procurement and allocation of supplies and equipment, transportation, messengerial work, cashiering, payment of salaries and other Department obligations, office maintenance, property safety and security, and other utility services; and comply with government regulatory requirements in the areas of performance appraisal, compensation and benefits, employment records and reports;
- (h) The Management Information Service shall design and implement a comprehensive management information system, both computerized and manual, for the Department; provide technical assistance to the various information generating units within the Department; and establish data exchange linkages with public and private agencies whenever feasible;
- (i) The Public Relations Office shall perform the Department's public relations function; provide a two-way flow of information between the Department and its constituencies; and coordinate the Secretary's regular press conferences and the Department's relations with the mass media;
- (j) The Trade and Investment Information Center shall, as the primary information arm of the Department, design and operate a computerized system of collection, documentation, storage, retrieval, and timely dissemination of comprehensive and relevant information on trade, industry, and investment for use by other government agencies and the business sector; coordinate and monitor the information campaigns on the Department's services, programs, and projects; develop a communications program to promote Philippine investment opportunities and the country's export products which shall be directed at foreign audiences; and provide creative services to other units of the Department in support of their own information programs;
- (k) The National Industrial Manpower Training Council shall act as the umbrella agency to coordinate and operate the Cottage Industry Technology Centers, the Construction Manpower Development Foundation, and the Construction Manpower Development Center and perform other functions such as initiating specialized industrial training centers and identifying supply-demand factors and industrial skills subject to the direction formulated by the National Manpower and Youth Council.

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SEC. 12. Office of the Undersecretary for Domestic Trade. The Office of the Undersecretary for Domestic Trade shall include all the staff bureaus and services involved in policy formulation, standards development, programs development, and program monitoring of the development, regulatory, and service delivery programs pertinent to domestic trade and commerce being implemented by the Department's line operating units. The Undersecretary for Domestic Trade shall supervise the following:

- (a) Bureau of Trade Regulation and Consumer Protection. This Bureau shall review the products contained in the critical imports list in accordance with established national standards or relevant international standards and buyer-seller specifications; promulgate rules and regulations necessary for the country's shift to the international system of units; formulate and monitor the implementation of programs for the effective enforcement of laws, correct interpretation and adoption of policies on monopolies and restraint of trade, mislabelling, product misrepresentation and other unfair trade practices; monitor the registration of business names and the licensing and accreditation of establishments and practitioners; protect and safeguard the interest of consumers and the public, particularly the health and safety implications of intrinsic product features, product representation, and the like; and establish the basis for evaluating consumer complaints and product utility failures.
- (b) Bureau of Domestic Trade Promotion. This Bureau shall prepare and monitor the implementation of plans and programs directed at the promotion and development of domestic trade, particularly in the area of efficiency, fairness and balance in the distribution of essential products and services and in the strengthening of the domestic base for export activities; conceptualize, monitor, and evaluate programs, plans and projects intended to create awareness of domestic marketing opportunities for new projects, new technologies and investments.
- (c) Bureau of Patents, Trademarks, and Technology Transfer. This Bureau shall examine applications for grant of letters, patent for inventions, utility models and industrial designs, and the subsequent grant or refusal of the same; register trademarks, tradenames, service marks and other marks of ownership; hear and adjudicate contested proceedings affecting rights to patents and trademarks; receive, process for registration and evaluate technology transfer arrangements as to their appropriateness and need for the technology or industrial property rights, reasonableness of the technology payment, and for the prohibition of restrictive business clauses; and publish regularly in its own publication the patents and trademarks issued and approved by it.
- (d) Bureau of Product Standards. This Bureau shall study and/or research on the various reference materials to be used as basis for the start of whatever analysis or evaluation is demanded by the products under examination or investigation; establish standards for all products of the Philippines for which no standards have as yet been fixed by law, executive order, rules and regulations and which products are not

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covered by the standardization activities of other government agencies; participate actively in international activities on standardization, quality control and metrology; ensure the manufacture, production, and distribution of quality products for the protection of consumers; test and/or analyze standardized and unstandardized products for purposes of product standard formulation and certification; extend technical assistance to producers to improve the quality of their products; check length, mass and volume measuring instruments; and maintain consultative liaison with the International Organization for Standardization, Pacific Area Standards Congress, and other international standards organizations.

- (e) Videogram Regulatory Board. This Board shall regulate videogram establishments; prevent unfair practices, unfair competition, pirating of legitimately produced video products, and other deceptive, unfair and unconscionable acts and practices to protect the viewing public and the general public.

SEC. 13. Office of the Undersecretary for International Trade. The Office of the Undersecretary for International Trade shall include all the units involved in policy formulation, standards development, program development, and program monitoring of the development, regulatory, and service delivery programs of the Department pertinent to international trade and commerce being implemented by the Department's line operating units. The Undersecretary for International Trade shall supervise the following:

- (a) Bureau of International Trade Relations. This Bureau shall be the primary agent responsible for all matters pertaining to foreign trade relations, whether bilateral, regional or multilateral, especially market access and market access related matters; formulate positions and strategies for trade negotiations, consultations and conferences as well as supervise trade negotiations, consultations and conferences; coordinate with other Departments and agencies of the Philippine government with the view of assuring consistency in the government's positions in trade negotiations and on other activities pertaining to foreign trade relations; consult with industry groups and provide technical advice and information on the above matters and activities; identify tariff and non-tariff barriers affecting products of export interest to the Philippines, and negotiate measures for liberalizing them at bilateral, regional and multilateral fora; and evaluate and submit recommendations on existing and proposed commercial policies of the Philippines;
- (b) Bureau of Export Trade Promotion. This Bureau shall formulate and monitor programs, plans, and projects pertinent to the development, promotion, and expansion of the foreign trade of the Philippines; formulate country and product export strategies; conduct research on new product development and adaptation opportunities in the export markets, as well as identify the domestic supply base for such products; prepare situation reports on all export production; prepare and update country and regional market profiles; maintain an integrated information system on all aspects of the products and commodities relevant to export marketing; formulate, plan, supervise,

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coordinate and monitor the implementation of both private and official incoming and outgoing missions, and review the results of such; promote and coordinate international subcontracting arrangements between and among foreign and Philippine investors whereby production operations and facilities may be located in the Philippines; formulate and monitor the implementation of policies and guidelines for the registration and certification of bona fide exporters eligible for the various export incentive programs of the Philippines; and review and identify appropriate measures to minimize or deregulate export-import procedures and other foreign trade laws necessary to stimulate the international marketing of Philippine products;

- (c) Foreign Trade Service Corps. This Corps shall assist Philippine businessmen, producers, and exporters with marketing information, project development support, and liaison with foreign government agencies; develop marketing and commercial intelligence for dissemination to Philippine businessmen through the Trade and Investment Information Center; provide direct support to the Department's overseas promotional programs; assist Philippine businessmen handle trade complaints against foreign firms and governments; support Department units in import and export administration, monitoring of trade agreements, and investments promotion; and be accountable for established foreign investment and export targets for their respective areas of responsibility;
- (d) Center for International Trade Expositions and Missions. This Center shall organize official participation in foreign trade fairs, exhibitions, and expositions, in accordance with the trade promotion program of the Department; prepare, review, and approve the exhibit plans and designs for official participation in foreign trade fairs, expositions, and exhibitions and where necessary, contract professional consulting services such as display designers and advertising; supervise the selection, collection, and shipment of display products and materials for use in such official participation; implement Department policies and guidelines for servicing all incoming missions and the conduct of all outgoing missions that are related to international trade fairs and exhibitions; organize official outgoing missions related to international trade fairs and exhibitions; and assist privately organized outgoing missions related to international trade fairs and exhibitions;
- (e) Bonded Export Marketing Board. This Board shall promote the establishment of bonded manufacturing and trading facilities for the re-export of those products where a clear net value added may be generated based on the emerging comparative advantage of the Philippine export industry; study and analyze the international market for specific products where the Philippines has or can develop a comparative advantage; recommend to the Bureau of Customs the licensing of bonded manufacturing facilities and monitor all bonded manufacturing sites, with the objective of ensuring operational efficiency; identify and designate sites where export bonded manufacturing sites shall be located with a view of dispersal to the regions; and initiate studies on the development and maintenance of the country's competitive advantage in export products;

- (f) Philippine Shippers' Council. This Council shall represent Philippine shippers in international liner conferences and negotiate in their behalf, for more favorable freight and shipping rates; evaluate and issue waivers to the use of Philippine flag carriers; and provide assistance and information to Philippine shippers, specially exporters, in matters related to shipping;
- (g) Philippine Trade Training Center. This Center shall develop training modules on export and import techniques and procedures; raise the level of awareness of Philippine businessmen of export opportunities and the availability of alternative sources of import products or diversified markets for exports; offer specialized courses for specific industry groups directed at overcoming barriers to overseas market penetration; and conduct training programs in international trade practices, inspection techniques and exhibition mounting;
- (h) Product Development and Design Center of the Philippines. This Center shall provide product identification, research, and development services to the private sector; conduct seminars and workshops on product design and development; set up design exhibitions; publish product design related materials; and conduct continuing research on product and product packaging design trends and processing technologies.

SEC. 14. Office of the Undersecretary for Industry and Investments. The Office of the Undersecretary for Industry and Investments shall supervise all agencies involved in the formulation and implementation of programs and projects pertinent to the development of domestic industries and the promotion of investments in activities or enterprises critical to the Department's trade and industry development program. Such agencies are enumerated in Section 10 (b). The functions of the two (2) bureaus are described below; while the functions and organizations of the other agencies are respectively described and treated in Sections 16 and 18 of this Executive Order.

- (a) Bureau of Small and Medium Business Development. This Bureau shall formulate and monitor development programs for private institutions involved in assisting the trade and industry sector, delivery mechanisms and linkages for marketing, financial and sub-contracting services, and development programs for livelihood and micro, small and medium enterprises.
- (b) Bureau of Import Services. This Bureau shall monitor import levels and prices, particularly liberalized items; analyze and forecast import levels; analyze and publish import return statistics; perform annual review of the substantive components of the Philippine Tariff System and submit recommendations thereon; perform such other functions on import transactions as the President and/or the Central Bank of the Philippines shall delegate or authorize; and ensure that the Department's views on goods under the jurisdiction of other Departments are taken into consideration.

SEC. 15. Office of the Undersecretary for Regional Operations. The Office of the Undersecretary for Regional Operations shall exercise supervision and control over the Department's Regional Offices, described in Section 9 (a) of this Executive Order. It shall be responsible for the field operations of

the Department, ensuring the full compliance with Department policies, rigorous implementation of Department rules and regulations, and the proper implementation of Department plans and programs by the Regional Offices in their respective administrative jurisdictions.

SEC. 16. Line Corporate Agencies and Government Entities. The following are the Line Corporate Agencies and Government Entities, defined in Section 9 (c) of this Executive Order that will perform their specific regulatory functions, particular developmental responsibilities, and specialized business activities in a manner consonant with the Department's mandate, objectives, policies, plans, and programs:

(a) National Development Company. This Company shall promote investments in or establish enterprises for the express purposes of encouraging the private sector to follow suit by proving the financial viability of such enterprises; or of filling critical gaps in the input-output structure of Philippine commerce and industry when the private sector is unwilling or unable to engage in such enterprises because of the magnitude of investments required or the risk complexion of the undertaking.

(b) Garments and Textile Export Board. This Board, which shall be supervised by the Undersecretary for International Trade, shall oversee the implementation of the garment and textile agreements between the Philippines and other countries, particularly garments and textiles quotas; approve quota allocations and export authorizations; issue export licenses and adopt appropriate measures to expedite their processing; provide the necessary information and statistics relating to the administration of garments and textiles export quotas and the flow of garments and textiles exports for monitoring purposes and for negotiations with other countries; implement rules and regulations for the administration of all international textile agreements entered into between the Philippines and importing countries; and fix and collect reasonable fees for the issuance of export quotas, export authorizations, export licenses, and other related services, in accordance with the Department policies, rules and regulations.

(c) International Coffee Organization - Certifying Agency. This Agency, which shall be supervised by the Undersecretary for International Trade, shall oversee the implementation of the coffee agreements between the Philippines and other countries, particularly coffee quotas.

(d) Philippine International Trading Corporation. This Corporation, which shall be supervised by the Undersecretary for International Trade, shall only engage in both export and import trading on new or non-traditional products and markets not normally pursued by the private business sector; provide a wide range of export oriented auxiliary services to the private sector; arrange for or establish comprehensive systems and physical facilities for handling the collection, processing, and distribution of cargoes and other commodities; monitor or coordinate risk insurance services for existing institutions; promote or organize, whenever warranted, production enterprises and industrial establishments and collaborate or associate in joint

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venture with any person, association, company, or entity, whether domestic or foreign, in the fields of production, marketing, procurement, and other related businesses; and provide technical, advisory, investigatory, consultancy, and management services with respect to any and all of the functions, activities, and operations of the corporation.

- (e) Board of Investments. This Board, which shall be supervised by the Undersecretary for Industry and Investments shall be responsible for coordinating the formulation and implementation of short, medium and long term industrial plans as well as promoting investments in the Philippines in accordance with national policies and priorities; register, monitor, and grant investment incentives to individual enterprises; formulate policies and guidelines aimed at creating an environment conducive to the expansion of existing investments or attracting prospective investments in the Philippines: Provided, That the Board shall place primary emphasis on its promotive functions.
- (f) Export Processing Zone Authority. This Authority which shall be supervised by the Undersecretary for Industry and Investments, shall develop and manage export processing zones, in consonance with Department policies and programs.

SEC. 17. Regional Offices. The Department is hereby authorized to establish, operate and maintain a Department-wide regional office in each of the country's administrative regions. Each Regional Office shall be headed by a Regional Director who shall be assisted by an Assistant Regional Director. A Regional Office shall have, within its administrative region, the following functions:

- (a) Implement pertinent laws, and the rules, regulations, policies, plans, programs and projects of the Department;
- (b) Provide efficient and effective service to the people;
- (c) Coordinate with the regional offices of other departments, offices and agencies in the region;
- (d) Coordinate with the local government units;
- (e) Perform other functions as may be provided by law or appropriately assigned by the Secretary.

SEC. 18. Organizational Changes. The following organizational changes shall apply to the various agencies enumerated hereunder:

- (a) The Bureau of Industrial Development is hereby abolished and its powers and functions transferred to the appropriate units of the Department.
 - (b) The Philippine Cement Industry Authority, the Commission for Heavy Engineering Industries, and the Presidential Advisory Committee on the Copper Industry are hereby abolished. Their policy formulation and planning functions are hereby transferred to the Board of Investments and their implementing functions are transferred to the pertinent line operating units of the Department.
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- (c) The Construction Industry Authority of the Philippines and the Iron and Steel Authority are hereby retained as attached agencies of the Department: Provided, That these Authorities shall review annually the capability and trustworthiness of the entities accredited by it.
- (d) The Construction Manpower Development Center and the Construction Manpower Development Foundation are transferred to the National Industrial Manpower Training Council.
- (e) The National Cottage Industries Development Authority is hereby reorganized into the Cottage Industry Technology Center and its functions other than technology development and training, are hereby transferred to the Bureau of Small and Medium Business Development and relevant line operating units of the Department.
- (f) The Price Stabilization Council is hereby abolished, but its powers and functions may be exercised by the Secretary of Trade and Industry in emergency situations as the Secretary deems appropriate.
- (g) The Philippine Patents Office is hereby converted into the Bureau of Patents, Trademarks and Technology Transfer.
- (h) The Technology Transfer Board is hereby abolished and its powers and functions transferred to the Bureau of Patents, Trademarks and Technology Transfer and the appropriate line operating units of the Department.
- (i) The Bureau of Domestic Trade is hereby abolished and its appropriate powers and functions are hereby transferred to the Bureau of Trade Regulation and Consumer Protection and the Bureau of Domestic Trade Promotion, respectively.
- (j) The Bureau of Foreign Trade is hereby abolished and its appropriate powers and functions are hereby transferred to the Bureau of Export Trade Promotion and the Bureau of Import Services, respectively.
- (k) The Bureau of Small and Medium Industries is hereby reorganized as the Bureau of Small and Medium Business Development.
- (l) The Trade and Industry Information Center is hereby reorganized as the Trade and Investment Information Center.
- (m) The Planning Service is hereby reorganized as the Office of Operational Planning.
- (n) The Legal Service is hereby reorganized as the Office of Legal Affairs.
- (o) The Administrative Service is hereby reorganized as the General Administrative Service.
- (p) The Financial and Management Service is hereby reorganized as the Financial Management Service.

- (q) The Product Standards Agency is hereby reorganized as the Bureau of Product Standards.
- (r) The Public Relations Office, the Human Resource Development Service and the Management Information Service are hereby created.
- (s) The NDC-Nacida Raw Materials Corporation is hereby abolished, and its powers and functions transferred to the appropriate units of the Department.
- (t) The Metals Industry Research and Development Center is hereby transferred to the National Science and Technology Authority; Provided, however, That the transfer shall be covered by a memorandum of agreement defining the relationship of the Department and the Center and the manner by which equipment and resources shall be accessed, and that the investment and trade promotion aspects pertaining to the metals industry are recognized to be the functions of the Department in cooperation with the National Science and Technology Authority.
- (u) The Philippine Textile Research Institute is hereby transferred to the National Science and Technology Authority; Provided, however, That the transfer shall be covered by a memorandum of agreement defining the relationship of the Department and the Institute and the manner by which equipment and resources are accessed; Provided, further That the investment and trade promotion aspects pertaining to the textile industry are recognized to be the functions of the Department in cooperation with the National Science and Technology Authority.
- (v) The Philippine Trade Exhibition Center is hereby merged with the Center for International Trade Expositions and Missions, with the latter as the surviving entity.
- (w) The Trade Policy Office is hereby reorganized as the Bureau of International Trade Relations.
- (x) The Videogram Regulatory Board is hereby attached to the Department.
- (y) The Design Center of the Philippines is hereby reorganized into the Product Development and Design Center of the Philippines.

SEC. 19. Transitory Provisions. In accomplishing the acts of reorganization herein prescribed, the following transitory provisions shall be complied with, unless otherwise provided elsewhere in this Executive Order.

- (a) The transfer of functions which results in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The abolished unit's remaining appropriations and funds, if any, shall revert to the General Fund and its remaining assets, if any, shall be allocated to such appropriate units as the Secretary shall determine or shall otherwise be disposed of in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its liabilities, if any, shall likewise be

treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its personnel, shall, in a hold-over capacity, continue to perform their duties and responsibilities and receive the corresponding salaries and benefits: Provided, That the personnel, whose positions are not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 21 hereof or who are not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided for under the second paragraph of the same Section 21.

- (b) The transfer of functions which does not result in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The liabilities, if any, that may have been incurred in connection with the discharge of the transferred functions, shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its personnel shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits: Provided, That the personnel, whose position is not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 21 hereof or who has not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided for under the second paragraph of the same Section 21.
- (c) In case of merger or consolidation of government units, the new or surviving unit shall exercise the functions (subject to the reorganization herein prescribed and the laws, rules and regulations, pertinent to the exercise of such functions) and shall acquire the appropriations, funds, records, equipment, facilities, other assets, liabilities if any, and personnel of (1) the units that compose the merged unit or (2) the absorbed unit, as the case may be. Its personnel shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits: Provided, That any personnel, whose position is not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 21 hereof or who is not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided under the second paragraph of the same Section 21.
- (d) The transfer of a government unit shall include the functions, appropriations, funds, records, equipment, facilities, if any, of the transferred unit as well as the personnel thereof, as may be necessary, who shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits: Provided, That the personnel of the transferred unit whose positions are not included in the new position structure and staffing pattern approved and prescribed by the Secretary or who are not reappointed shall be deemed separated from the service and shall be entitled to the benefits provided under the second paragraph of Section 21 hereof.

(e) In case of termination of a function which does not result in the abolition of the government unit which has performed such function, the appropriations and funds intended to finance the discharge of such function shall revert to the General Fund, while the records, equipment, facilities, choses in action, rights and other assets used in connection with the discharge of such function shall be allocated to the appropriate units as the Secretary shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The personnel who have performed such functions, whose positions are not included in the new position structure and staffing pattern approved and prescribed by the Secretary under Section 21 hereof or who have not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided under the second paragraph of the same Section 21.

(f) In case of the abolition of a government unit which does not result in the transfer of its functions to another unit, the appropriations and funds of the abolished unit shall revert to the General Fund, while the records, equipment, facilities, choses in action, rights, and other assets thereof shall be allocated to such appropriate units as the Secretary shall determine. The liabilities of the abolished unit shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations, while the personnel thereof, whose position is not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 21 hereof or who has not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided under the second paragraph of the same Section 21.

SEC. 20. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Department.

SEC. 21. New Structure and Pattern. Upon approval of this Executive Order, the officers and employees of the Department and agencies attached to it, shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits.

The new position structures and staffing patterns of the Department and agencies attached to it, shall be approved and prescribed by the Secretary within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President, as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one-month basic salary for every year of service, or the equivalent nearest fraction thereof favorable to them on the basis of highest salary received, but in no case shall such payment exceed the equivalent of twelve (12) months salary.

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SEC. 22. Periodic Performance Evaluation. The Secretary is hereby required to formulate and enforce a system of measuring and evaluating periodically and objectively the performance of the Department and submit the same annually to the President.

SEC. 23. Notice or Consent Requirement. If any reorganizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such as notice to or consent of creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

SEC. 24. Prohibition Against Change. No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SEC. 25. Implementing Authority of Secretary. The Secretary shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SEC. 26. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SEC. 27. Repealing Clause. All laws, ordinances, rules, regulations, other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SEC. 28. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 27th day of February, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

Prison B. Aquino

By the President:

[Signature]
ROKER P. ARROYO
Executive Secretary