

MALACAÑAN PALACE  
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER No. 356

CREATING THE NATIONAL SHIPYARDS AND STEEL CORPORATION AND DISSOLVING THE NATIONAL SHIPYARD AND HEAVY INDUSTRIES DEPARTMENT, THE ENGINEER ISLAND SHOPS, THE STEEL MILL PROJECT AND THE REPARATION TOOLS DEPARTMENT OF THE NATIONAL DEVELOPMENT COMPANY.

Pursuant to the powers vested in me by Republic Act Numbered Four hundred and twenty-two, I, Elpidio Quirino, President of the Philippines, do hereby order:

CREATION, POWERS AND FUNCTIONS

SECTION 1. There is hereby created a public corporation under the name of the National Shipyards and Steel Corporation which, in short, shall be known as the NASSCO. This corporation shall exist for a period of twenty-five years from the effective date of this Order. It shall have its main office in the City of Manila, and such branches and agencies in other places, within and outside of the Philippines, as may be necessary for the proper conduct of its business.

SEC. 2. The NASSCO shall have the following powers, duties and functions:

(a) To engage in the building and/or repair of ships, vessels, launches, tugs, barges, dredges, ferries, scows, lighters and other floating or marine craft and equipment;

(b) To purchase and/or otherwise acquire, own, control, operate, maintain, build and/or repair slipways, floating and dry docks;

(c) To undertake the fabrication, manufacture and/or repair of light and heavy machinery, equipment, structures, implements, tools, hardware and other articles;

(d) To acquire, construct and operate iron and steel mills, ferrous and non-ferrous foundries, furnaces, smelters and other mills and plants for light and heavy industries;

(e) To acquire the right-of-way to locate, construct and maintain works and/or appurtenances over and throughout the lands and waters owned by the Republic of the Philippines, or any of its branches or political subdivisions; and to exercise the right of eminent domain for the purposes of this Order in the manner provided by law for instituting condemnation proceedings;

(f) To do all such other things and to transact all such business as may be directly or indirectly necessary, incidental or conducive to the attainment of the purposes of the Corporation;

(g) Generally, to exercise all the powers of a corporation under the Corporation Law in so far as they are not inconsistent with the provisions of this Order.

CAPITAL

SEC. 3. The NASSCO shall have as its capital the net worth of the National Shipyard and Heavy Industries

Department, the Engineer Island Shops, the Steel Mill Project and the Reparation Tools Department of the National Development Company, as determined in accordance with section 12 of this Order, and such appropriations as may be authorized by law.

The Government of the Republic of the Philippines shall not be liable for any debt, liability, obligation or damage that might be contracted, incurred or caused by the corporation.

#### MANAGEMENT

SEC. 4. The management of the NASCO shall be vested in a Board of Directors consisting of a chairman and six members, appointed by the President of the Philippines with the consent of the Commission on Appointments. The said members shall serve as designated by the President in their appointments for terms of one, two, and three years, respectively, from the date they qualify and assume office; but their successors shall be appointed for terms of three years, except that any person chosen to fill a vacancy shall serve only for the unexpired term of the member whom he succeeds. For actual attendance at meetings, each director shall receive a per diem of twenty-five pesos.

SEC. 5. The Board of Directors shall have the following powers and duties:

(a) To prescribe, amend and repeal, with the approval of the Secretary of Economic Coordination, by-laws, rules and regulations governing the manner in which the general business of the Corporation may be conducted and the powers granted by law to the Corporation may be exercised, including a provision for the formation of such committee or committees as the Board of Directors may deem necessary to facilitate its business;

(b) To appoint and fix the compensation of the General Manager, subject to the approval of the President of the Philippines, and to appoint and fix the compensation of the other officers of the Corporation, with the approval of the Secretary of Economic Coordination. The Board, by a majority vote of all the members, may, for cause, suspend and, with the approval of the President of the Philippines, remove the General Manager.

SEC. 6. The powers and duties of the General Manager shall be as follows:

(a) To direct and manage the affairs and business of the Corporation, on behalf of the Board of Directors, and subject to its control and supervision;

(b) To sit in all meetings of the Board of Directors and participate in its deliberations, but without the right to vote;

(c) To submit within sixty (60) days after the close of each fiscal year an annual report, through the Board of Directors, to the Secretary of Economic Coordination;

(d) To appoint and fix the number and salaries, with the approval of the Board of Directors, of such subordinate personnel as may be

necessary for the proper discharge of the duties and functions of the Corporation, and, with the approval of the Board, to remove, suspend, or otherwise discipline, for cause, any subordinate employee of the Corporation; and

(e) To perform such other duties as may be assigned to him by the Board of Directors from time to time.

SEC. 7. The Auditor General shall appoint a representative who shall be the Auditor of the NASSCO, and the necessary personnel to assist said representative in the performance of his duties. The number and salaries of the Auditor and said personnel shall be determined by the Auditor General, subject to appropriation by the Board of Directors. In case of disagreement, the matter should be submitted to the President of the Philippines whose decision shall be final. Said salaries and all other expenses of maintaining the Auditor's office shall be paid by the NASSCO.

SEC. 8. The financial transactions of the NASSCO shall be audited in accordance with law, administrative regulations, and the principles and procedures applicable to commercial corporate transactions. A report of audit for each fiscal year shall be submitted, within sixty days after the close of the fiscal year, by the representative of the Auditor General, through the latter, to the Board of Directors of the Corporation, and copies thereof shall be furnished the President of the Philippines, the Secretary of Economic Coordination and the Presiding Officers of the two Houses of Congress. The report shall set forth the scope of the audit and shall include a statement of assets and liabilities, capital and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expenses; a statement of sources and application of funds; and such comments and information as may be necessary, together with such recommendations with respect thereto as may be advisable, including a report of any impairment of capital noted in the audit. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of audit, which in the opinion of the Auditor, has been carried on or made without authority of law.

#### APPOINTMENTS AND PROMOTIONS

SEC. 9. In the appointment and promotion of officers and employees, merit and efficiency shall serve as bases, and no political test or qualification shall be prescribed and considered for such appointments or promotions. Any appointee of the Board or of the General Manager, who is found by the Secretary of Economic Coordination to be guilty of violating this requirement shall be removed from office.

SEC. 10. All officers and employees of the NASSCO shall be subject to the Civil Service Law, rules and regulations, except those whose positions may, upon recommendation of the Board of Directors and the Secretary of Economic Coordination, be declared by the President of the Philippines policy-determining, primarily confidential or technical in nature.

#### TRANSITORY PROVISIONS

SEC. 11. The National Shipyard and Heavy Industries Department, the Engineer Island Shops, the Steel Mill Project and the Reparation Tools Department of the National Development Company are hereby dissolved. Any reference to the said department, shops, project and/or department in any existing law, or in any Executive Order, Administrative Order, or Proclamation of the President of the Philippines shall, with respect to any duty or function assumed by the corporation created in this Order, be deemed hereafter to be reference to the NASSCO.

SEC. 12. The personnel, records, properties, equipment, assets, rights, choses in action, obligations, liabilities, and contracts of the National Shipyards and Heavy Industries Department, the Engineer Island Shops, the Steel Mill Project, and the Reparation Tools Department of the National Development Company are hereby transferred to, vested in, and assumed by the NASSCO, and all their businesses and affairs shall be liquidated, assumed, and continued by the NASSCO; *Provided*, That an inventory and valuation of the properties, equipment, assets, rights choses in action, obligations, liabilities, and contracts of said department, shops, project and/or department shall be made by the Auditor General, and during the inventory and valuation, the accountable officers of said department, shops, project, and department shall continue to be fully accountable therefor, until actual physical transfer to, and acceptance by, the corresponding accountable officers of the NASSCO; *Provided, further*, That the personnel of said department, shops, project and/or department hereby transferred shall be reappointed in the NASSCO and those not reappointed within sixty days from the effective date of this Order shall be considered separated from the service.

#### MISCELLANEOUS PROVISIONS

SEC. 13. All Acts or parts of Acts and all Executive Orders, Administrative Orders, and Proclamations or parts thereof inconsistent with any of the provisions of this Order are hereby repealed or modified accordingly.

SEC. 14. If any provision of this Order should be held invalid, the other provisions shall not thereby be affected.

SEC. 15. This Executive Order shall take effect on October twenty-third, nineteen hundred and fifty.

Done in the City of Manila, this 23rd day of October, in the year of Our Lord, nineteen hundred and fifty, and of the independence of the Philippines, the fifth.

ELPIDIO QUIRINO

*President of the Philippines*

By the President:

TEODORO EVANGELISTA

*Executive Secretary*

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