

**CENTRAL BANK
OF THE
PHILIPPINES**

Twenty-Seventh
Annual Report

1975

BANGKO SENTRAL NG PILIPINAS



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Manila, Philippines

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**RESPONSIBILITIES AND OBJECTIVES
OF THE CENTRAL BANK**

“It shall be the responsibility of the Central Bank of the Philippines to administer the monetary, banking, and credit system of the Republic.

“It shall be the duty of the Central Bank to use the powers granted to it under this Act to achieve the following objectives:

“(a) Primarily to maintain internal and external monetary stability in the Philippines, and to preserve the international value of the peso and convertibility of the peso into other freely convertible currencies; and

“(b) To foster monetary, credit and exchange conditions conducive to a balanced and sustainable growth of the economy.”

—Section 2 Article I Re-
public Act No. 265, as amended.

Central Bank of the Philippines

MANILA

OFFICE OF THE GOVERNOR

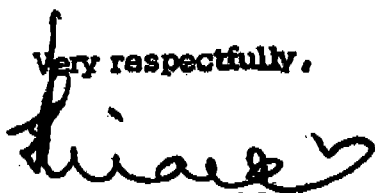
March 26, 1976

His Excellency
The President of the Philippines
Malacañang, Manila

Dear Mr. President:

Pursuant to the provision of Section 37 of Republic Act No. 265, as amended, I have the honor to submit the Twenty-Seventh Annual Report (1975) of the Central Bank of the Philippines.

Very respectfully,

A handwritten signature in dark ink, appearing to read 'Licaros', with a large, sweeping flourish at the end.

G. S. LICAROS
Governor

CENTRAL BANK OF THE PHILIPPINES

THE MONETARY BOARD MEMBERS

Gregorio S. Licaros
Chairman
Governor, Central Bank of the Philippines

Cesar E. A. Virata
Secretary of Finance

Gerardo P. Sicat
Director-General
National Economic and Development Authority

Vicente T. Paterno
Chairman, Board of Investments

Cesar C. Zalamea

PRINCIPAL OFFICERS

Gregorio S. Licaros
Governor

Amado R. Briñas
Senior Deputy Governor

R. Marino Corpus
Deputy Governor
Domestic Operations Sector

Benito Legarda, Jr.
Deputy Governor
Research Sector

Jaime C. Laya
Deputy Governor
Supervision and Examination Sector

Cesar J. Lomotan
Deputy Governor
International Operations Sector

Gabriel C. Singson
Deputy Governor and General
Counsel

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SOURCES.—Statistics are derived mainly from government bureaus and offices through direct communications with the entities concerned and from published statistical reports and bulletins.

Data on money and banking are derived from Consolidated Statements of Condition of Other Banks (commercial banks, savings banks and rural banks) and information supplied by other departments of the Central Bank.

UNITS.—The word “thousand” is used to mean 10 hundred units, “million”, 1,000 thousand units; and “billion”, 1,000 million units.

Gregorian calendar years and months are used. Data for fiscal years ending June 30 are properly noted whenever used.

SYMBOLS.—The following symbols are used to convey the information in each case.

Symbol	Information
. .	Data not available.
. . .	Data not applicable or appropriate.
—	Nil or zero.
--	Data too small to be expressed.
p	(Set up as a superior index) Preliminary.
r	(Set up as a superior index) Revised.
e	(Set up as a superior index) Estimate.
n.e.s.	Not elsewhere specified.

ROUNDING OF FIGURES.—Any slight discrepancy that may be noticed between the sum of the constituent items and the total as shown in some tables may be attributed to the rounding of numbers.

I. ECONOMIC REVIEW

A. OVERALL

For the Philippine economy, the year 1975 was still a period of adjustment to the impact of the twin problems of recession and inflation which had plagued both developed and developing countries since early 1974. The modest and delayed recovery of the world's industrialized nations, not to mention the time lag involved in the transmission of spill-over effects of recovery to developing countries, accounted for the unfavorable balance of payments of the Philippines during the year. Consequently, domestic measures were aimed at compensating for the effects of external developments while stimulating the growth of key domestic sectors and activities. The favorable performance of the agricultural and construction sectors indicated a positive response to the government's intensified food production and infrastructure programs and augured well for the recovery of other economic sectors via increased demand from the rural and farm areas and the need for more construction inputs.

On the other hand, the main thrust of foreign exchange policy dealt with mitigating the adverse effects of depressed export prices and rising import costs, protecting local industries from unfair foreign competition in domestic markets, assisting industries faced with depressed markets abroad, and strengthening the control of monetary authorities on the movement of foreign exchange within the economy.

In spite of the 19 per cent increase in the quantity of Philippine exports, a substantial trade deficit of \$1,196 million was registered by the end of the year. This was due to depressed world prices for exports which fell by 27 per cent, the continued acceleration in prices of imports or an average increase of 8 per cent as well as a slight rise in the import volume of 1 per cent. The value of exports aggregated \$2,295 million, down 16 per cent from 1974, of which 72 per cent came from the ten principal exports notably sugar, coconut oil, copper concentrates and logs and lumber. On the other hand, the import bill for the year amounted to \$3,459 million, up 10 per cent over 1974, with oil imports accounting for 20 per cent or \$710 million.

The deterioration in the merchandise trade accounted for the unfavorable balance of payments position of \$521 million as the positive balance of \$744 million in non-merchandise trade, transfers and capital accounts could not fully compensate for the trade shortfall. In spite of the reversal in the balance of payments position of the country from the \$110 million surplus recorded in 1974, its impact on the international reserve was partly cushioned by Central Bank net compensatory borrow-

ings amounting to \$444 million. As of year-end the international reserve, which registered a \$76 million or 7 per cent decline from the previous year's level, still stood at \$1,089 million, or a level equivalent to at least three months import requirements.

In view of the dampening effects of the country's external transactions, demand-stimulating measures were adopted. These were reflected in the behavior of money and domestic credit aggregates. Money supply during the twelve months of 1975 exceeded its year-previous levels by as high as 23 per cent and hit the ₱10 billion mark at year-end. The increase was accounted for by internally generated money as external transactions brought about a drain of ₱255 million in total money supply. Likewise, domestic credits rose by 38 per cent on an annual basis to reach an unprecedented level of ₱34,673 million. Credits of the Central Bank exhibited a 194 per cent annual increase, the bulk of which went to development-oriented public projects and expenditures like infrastructure and oil financing while the commercial banking system continued to provide pump-priming credits to the private sector.

The Central Bank also actively participated in the money market as a net supplier of funds coming in the form of repurchase operations of Central Bank Certificates of Indebtedness (CBCIs) with the end in view of stabilizing widely fluctuating interest rates, particularly during the latter part of 1975. In like manner, the rediscount window of the Central Bank served as a liquidity-injecting mechanism in the monetary and credit system although on a selective basis, specifically in favor of agricultural loans.

The cash surplus of ₱2,568 million obtaining at the end of 1974 and the fiscal restraint adopted in succeeding months brought about a favorable cash position for the National Government during the first semester of 1975. However, as a means of synchronizing fiscal policy with the government's effort to buoy up the domestic economy, the thrust of the government's fiscal operations in the second half of 1975 was toward deficit spending, the magnitude of which was large enough to cause a deficit of ₱735 million for the year as a whole. The expansionary stance adopted during the second semester was effected through accelerated infrastructure spending and disbursements for other priority programs, thus bringing a total expenditure level which was 45 per cent higher than that of 1974. In spite of the 21 per cent increase in tax receipts, the National Government had to avail itself of borrowings totalling ₱6,354 million to make up for the cash deficit. In sum, a cumulative Treasury cash balance of ₱7,096 million was registered in 1975 or an improvement of almost 4 per cent over the end-1974 balance.

Performance indicators on the agro-industrial sector of the economy reflected the combined effects of various government policies on the one hand, and major dislocations in the world economy on the other.

Agricultural production was at a higher level compared to the previous crop year although the growth momentum of 6 per cent last year was not maintained. Instead, an overall increase of 3 per cent was obtained notably in the production of corn, copra, pineapple, rootcrops and other vegetables. Credit and technical assistance to the agricultural sector such as "Masagana 99", "Masaganang Maisan" and "Gulayan sa Kalusugan" generated favorable influences in the noted hike in crop volume while the decline in output of the logging industry may be traced partly to the government's log export-phase-out program.

The mining industry, an export-oriented sector, reflected its sensitivity to international economic developments, particularly the continued fall in prices and weak demand for the country's leading metal exports: copper, gold, iron ore and chrome. The mining production index for the year showed a 34 per cent cutback as compared to the 46 per cent increase in 1974.

Output of the manufacturing sector registered an over-all lag of 0.8 per cent but posted a significant improvement over 1974's downturn of 2.4 per cent. The drop in manufacturing production continued to reflect the effects of shortages of raw materials, higher prices of inputs, reduced foreign demand for some manufactured products and inventory accumulations which were felt since early 1974.

The year under review was also characterized by brisker construction activity as measured by permit valuation in Manila and suburbs and other chartered cities. Led by the non-residential group, the increase in value of construction partly made up for the decline in number of units put up in the city of Manila as the expected increase in tourist traffic in 1976 and the setting up of multinational regional offices in the city provided the necessary stimuli. Likewise, the noted hike in volume and value of residential and non-residential building construction in the outskirts of Manila and 32 chartered cities was largely an offshoot of growing population and urbanization in the areas.

The over-all employment index of the Central Bank for 1975 showed a decline of 3 per cent as against the 5 per cent gain registered the previous year. The observed decline was traceable to a slow-down in business activity in some sectors such as in the logging and forestry, mining, commerce and transport, storage and communications industries. On the other hand, the employment index in the construction industry went up by 24 per cent while the manufacturing and utility industries also exerted an upward influence on employment levels.

In the capital market, stock transactions were generally bearish throughout the year. The volume of stock turnover went down by 29 per cent and consequently, gross value of traded stocks represented a 45 per cent deceleration over the previous year's record. Price indices of stock issues dipped by as much as 36 per cent in the case of mining

oil shares while the appreciation of 21 per cent in sugar stock issues provided the only stimulus to the bleak stock exchange picture during 1975.

In contrast, the money market showed an annual increase of 37 per cent in volume of transactions while exhibiting a relatively wider range of rate fluctuations. The first half of 1975 was generally a period of relative ease as reflected in the weighted average rate of as low as 10 per cent in June. By the beginning of the second semester, short-term money rates moved up as a result of the selective tightening of the Central Bank's rediscounting facility and the suspension of the peso-dollar swap mechanism. Moreover, during the fourth quarter, domestic and foreign developments such as the huge oil remittances in October and speculations on the further deterioration of the balance of payments triggered a soaring of money market rates to as high as 65 per cent for demand paper and 43 per cent for commercial paper. Towards the end of the year weighted average money rates settled to about 18 per cent, still showing the effects of Christmas spending and traditional window-dressing of the year-end portfolios of financial institutions.

One of the more encouraging developments during the year was the continued easing of inflationary pressures. The period under review saw general price levels still rising but at considerably decelerated one-digit rates of 3 per cent at wholesale, 7 per cent at retail and at the consumer level, 8 per cent in Manila and 7 per cent in regions outside Manila. The tapering of price increases in 1975 may be attributed to the glut in vegetable-fruit-root-crop supply and adequate cereal stocks as a result of intensified financial assistance to the agricultural sector, sharp falls in major export prices, decelerated rate of increase in domestic liquidity and socialized pricing policy.

Domestic and foreign developments in 1975 suggested a relative easing of monetary policy. However, the move towards ease had to be tempered in order to avert resurgence of excessive demand pressures, and this was reflected in the annual expansion of money supply and domestic credits at a decelerating pace relative to that in 1974. Reflationary measures took the form of preferential treatment to agriculture and other productive activities while measures with longer-run implications laid the foundation for a stronger and larger financial system in order to gear it to the needs of a growing economy and make it a potent and flexible mechanism in coping with internal and external disturbances.

Although indicators showed that recession had hit bottom in industrialized countries in 1975, the Philippines may still have to rely considerably on deliberate growth-stimulating activities to tide over the economy for some time because of the trade lag and the balance of payments

situation which is not expected to improve substantially in the near future. These considerations provide the ground for expecting a moderate growth for 1976 as in 1975 which may arise more from domestic demand than from external demand.

B. MONETARY AND CREDIT POLICY

With the inflation rate on a decelerating trend in 1975, monetary policy was aimed at cushioning the impact of economic slowdown brought about by foreign-transmitted recession.

As a general strategy, monetary policy during most of 1975 sought to achieve growth in the money and domestic credit aggregates at rates that would support economic recovery, but so controlled as to avert resurgence of excessive demand pressures. Thus, the move towards ease was made cautiously and monetary and credit measures adopted during the period were centered basically on providing financial support to food production-oriented industries and other preferred economic activities, such as the following:

- 1) guidelines on the release of required loans to farmers under the "Sabog-Tanim" Program;
- 2) guidelines on the implementation of Phases IV and V of the "Masagana 99" Rice Production Program;
- 3) preferential rediscounting treatment accorded to supervised loan papers arising from the 1975 Food Production Program;
- 4) granting of loans to land reform beneficiaries and fishing boat operators for medium-and long-term projects under the Third Rural Credit Program;
- 5) lending guidelines under the "Gulayan sa Kalusugan" Program;
- 6) maximum maturities of loans from the Central Bank to rural banks ranging from 90 to 360 days for vegetables, farm crops, poultry, fish and livestock; and
- 7) rules and regulations governing agricultural credit and rediscounting under the agrarian credit scheme.

In a Memorandum Circular to All Development Banks, Savings and Mortgage Banks, and Stock Savings and Loan Associations dated February 4, 1975, the Central Bank promulgated rules and regulations governing the privilege of access by thrift banks to the credit facilities of the Central Bank, specifically under Sections 87 and 88-A of R.A. No. 265, as amended. This marked the opening of the rediscount window of the Central Bank to thrift banks which used to be available only to commercial and rural banks. On the other hand, the policy of geographical dispersion of credit institutions, particularly in underbanked areas, was trans-

lated in a number of rules and regulations issued regarding the opening of additional bank offices, savings agencies and money shops.

The year 1975 also marked the last phase of the Central Bank's capital build-up program which required every private domestic commercial bank to increase its paid-in capital to at least P100 million. As of December 31, 1975, paid-up capital of domestic commercial banks aggregated P3.6 billion, exceeding the targeted level by P400 million. The program saw the equity participation of foreign banks and other financial institutions as well as the merger of 3 banks and the consolidation of 3 commercial banks. This brought the number of local commercial banks operating in the country to 27 compared to 34 at the beginning of the bank capitalization program in 1973.

The institution of a regular framework for the operation of non-bank financial intermediaries and quasi-banking institutions was also undertaken and this was reflected in such measures as the standardization of pawntickets of pawnshops (Circular No. 445); payment of interest by non-bank financial intermediaries on deposit substitutes (Circular No. 461); reiteration of the policy of closing the Greater Manila area to quasi-banking activities for branches, extension of offices or agencies of non-bank financial intermediaries (Circular-Letter dated May 23, 1975), and rules governing equity investments by financial intermediaries engaged in quasi-banking functions (Circular No. 449).

At the same time, in line with stabilization objectives, the Central Bank continued to issue CBCIs at the rate of P200 million per month, as the unique open-market-tool-cum-financial-tap for agricultural development. With the end in view of channeling resources to government preferred activities, a closer monitoring of bank credit was instituted by the Central Bank by requiring all banks to submit periodic reports of their credit extensions with specific reference to types of projects financed.

Likewise, in recognition of the significant influence of National Government deposits on the credit situation, Central Bank Circular No. 481 stressed the role of the Central Bank as the official depository of the Government. In this connection, it enjoined all banks and non-bank financial institutions (other than pawnshops) with outstanding holdings of government deposits, deposit substitutes, borrowings and/or marginal deposits to comply immediately with Circular Nos. 220 and 446 requiring them to clear outstanding unauthorized holdings. However, an amendment to Circular No. 481 was issued (Circular No. 488) excluding marginal deposits on import letters of credit from among the government deposits subject to the requirements of the former Circular. On the other hand, credits of the Central Bank experienced dramatic expansion as part of counter-recessionary measures and in particular aided in funding tourism infrastructure in anticipation of increased tourist traffic next year.

Other measures promulgated in pursuance of the Central Bank's function of administering the financial system included the following:

1. Amendments and/or regulations governing the composition of required reserves against deposit liabilities in local currency of all banks (Circular No. 468);
2. Rules and regulations on required reserves against deposit liabilities in local currency of all banks (Circular No. 469);
3. Maximum interest rate on time deposits in banking institutions with maturities of over two years (Memorandum to All Banks, June 25, 1975);
4. Guidelines on the grant of authority to rural and thrift banks to invest in equities of allied undertakings (Circular Nos. 462 and 480);
5. Regulations governing bank advertisements (Circular No. 457); and
6. Requirement on proper "Disclosure of Loan/Credit Transaction" of non-bank financial intermediaries (Circular No. 484).

C. MONEY SUPPLY AND LIQUIDITY

Money supply as of end-December 1975 reached the ₱10 billion level or a total of ₱10,315 million. This represented the highest monthly increment (10 per cent) during the year as compared to changes of as low as minus 4 per cent in July. Money supply experienced seven monthly upward changes and 5 downward changes in 1975, thus registering a monthly average expansion rate of 3 per cent. On an annual basis, the end-December 1975 money stock marked an increase of 14 per cent, with the January level registering the highest growth rate (23 per cent) and the August 1974–August 1975 period showing the lowest at 7 per cent.

The month of December marked the highest level for both components of money supply: currency in circulation amounted to ₱4,749 million while peso deposits subject to check reached ₱5,566 million. However, in terms of share to aggregate money supply, currency in circulation reached its highest share of 47 per cent in February, August and October as compared to its lowest of 43 per cent in June.

The ₱1,307 million annual rise in money supply may be traced to money of internal origin. Both the public and private sectors generated expansionary impacts on money supply, particularly the drawdown in National Government cash balances, the increase in Central Bank loans to local and semi-government entities and stepped-up lending operations of the commercial banking system.

The ₱5,197 million added to money supply by money of internal origin was, however, partially dampened by contractionary pressures emanating from the country's foreign transactions. The year 1975 was a contractionary period for money of external origin due largely to unfavorable balance of payments developments.

The growth in money supply together with an expansion in the level of savings and time deposits and deposit substitutes bolstered domestic liquidity to an aggregate level of ₱28,886 million as of the end of 1975. This represented a 19 per cent annual growth rate as compared to the end-1974 level while an average increase of 2 per cent was obtained during the twelve-month period in review.

Savings and time deposits amounted to ₱8,939 million or 31 per cent of total liquidity. Month-to-month changes in the level of savings and time deposits ranged from minus 2 per cent in July to 9 per cent in December while an annual growth rate of 15 per cent was registered. On the other hand, deposit substitutes which were at lower levels compared to regular deposits during the first seven months of 1975 exhibited dramatic accelerations thereafter, thus exceeding the August to December regular deposit levels, and in some instances, the aggregate money supply level. As of December 31, 1975, deposit substitutes amounted to ₱9,632 million or 33 per cent of total liquidity. The highest incremental rate in deposit substitutes was registered in July (9 per cent) and the lowest in December (-3 per cent). On an annual basis, deposit substitutes grew by ₱2,162 million or 29 per cent.

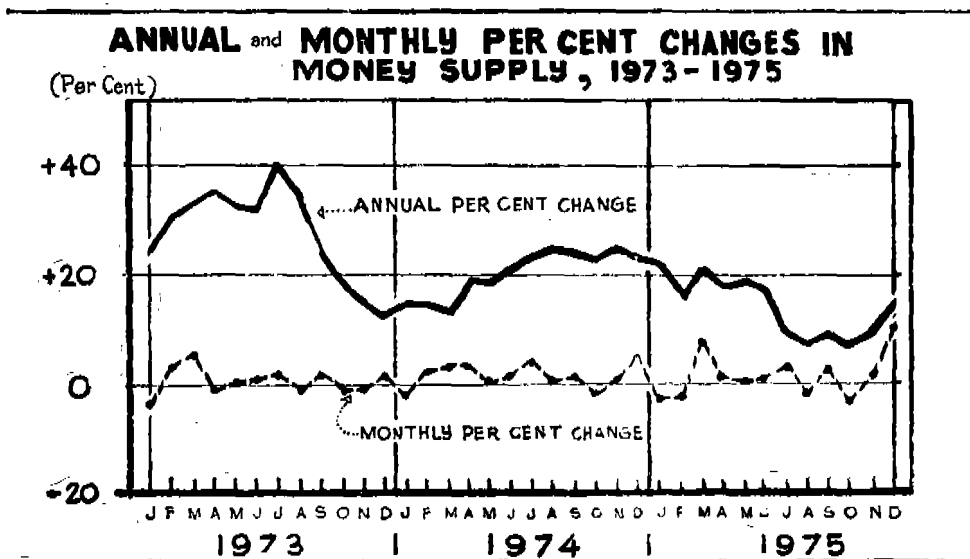


Chart 1

TABLE 1. FACTORS RESPONSIBLE FOR MONEY SUPPLY MOVEMENTS

Decembe 31, 1974 and 1975
(Amount in Million Pesos)

Item	1975	1974	Net Effect on Money Supply ¹
I. MONEY OF INTERNAL ORIGIN			
A. Public Sector ²			
1. National Government			
a. Securities held by Central Bank ..	3,359.9 ^a	3,263.9 ^a	+96.0
b. Securities held by the KBS ³	1,251.8 ^b	1,379.9 ^b	-128.1
c. Central Bank loans	143.2	131.4	+11.8
d. Account to Secure Coinage	34.5	34.5	—
Less: e. Treasury IMF Account	-113.0	-109.1	+3.9
f. Total National Government Bal- ances	1,735.2	3,935.4	+2,200.2
Cash in Treasury Vault	14.2	33.5	+19.3
Demand deposits with com- mercial banks	470.8	534.1	+63.3
Demand deposits with Central Bank	1,140.7	3,294.0	+2,153.3
Trust funds with Central Bank	109.5	73.8	-35.7
g. Total savings and time deposits..	1,922.9	1,923.4	+0.5
Total	1,244.3	-940.0	+2,184.3
2. Local Gov't. and Semi-Gov't. Entities			
a. Securities held by Central Bank ..	26.4	23.2	+3.2
b. Securities held by the KBS ³	1,079.2	608.8	+470.4
c. Central Bank loans	320.8	251.6	+69.2
d. Loans of the KBS	3,501.0	1,090.6	+2,410.4
Less: e. Savings and time deposits	609.2	576.3	-32.9
f. Net Misc. Accounts of Central Bank	2,065.1	1,826.2	-238.9
Total	2,253.1	-428.3	+2,681.4
Total Public Sector	3,497.4	-1,368.3	+4,865.7
B. Private Sector			
a. Loans, discounts, overdrafts and customers' liability acceptances of the KBS	26,870.4	22,861.5	+4,008.9
b. CB loans to DBP, SBs, non- DDRBS and repurchase agree- ment of non-banks	1,493.2	1,008.1	+485.1
c. Security holdings of the KBS	107.1	237.2	-130.1
d. CB holdings of DBP bonds	31.1	29.1	+2.0
Less: e. Savings and time deposits	8,330.1	7,188.0	-1,142.1
f. Marginal deposits	1,859.9	1,781.3	-78.6
g. Deposit Substitutes	9,631.7	7,469.8	-2,161.9
h. Net Misc. Accounts of the KBS ..	1,607.3	994.5	-612.8
Total Private Sector	7,072.8	6,702.3	+370.5
C. Total Public and Private Sectors	10,570.2	5,334.0	+5,236.2

TABLE I (Concluded)

II. MONEY OF EXTERNAL ORIGIN

a. International Reserves	6,841.5	7,221.9	—380.4
Less: b. Compensatory borrowings abroad	7,096.9	3,548.1	—3,548.8
1. Use of Fund Credits	1,778.9	906.4	—872.5
2. U.S. Banks—Special Advances	220.5	606.0	+385.5
3. U.S. Banks—Others	2.3	3.0	+0.7
4. Oil Financing Scheme	1,777.5	1,356.3	—421.2
5. 1974 Stand-by Credit Agreement	1,194.0	—	—1,194.0
6. Foreign Banks Direct Deposits (Cir. 343)	960.0	70.8	—889.2
7. Concessional Loans (Cir. 343)	172.4	114.2	—58.2
8. Concessional Loans, CBCI-FC	991.3	491.4	—497.9
Total of External Origin	—255.4	3,673.8	—3,929.2
III. MONEY SUPPLY	10,314.8	9,007.8	+1,307.0

¹ Plus sign (+) indicates the magnitude of the increase and minus sign (—), the decrease in money supply.

² Consisting of National Government, local governments and semi-government entities.

³ Net of CBCI held by commercial banks.

⁴ Excludes Treasury Notes against Japanese Commodity Loan amounting to ₱1,036.4 million for December 1975 and ₱855.8 million for December 1974.

⁵ Excludes PNB capital notes issued by the National Government as subscription payment amounting to ₱715.0 million for December 1975 and ₱415.0 million for December 1974. Additional information: National Government expenditures abroad amounted to \$78.9 million or ₱591.8 million.

D. DOMESTIC CREDITS OUTSTANDING OF THE MONETARY SYSTEM

Domestic credits outstanding of the monetary system rose by ₱9,503 million or 38 per cent on an annual basis, reaching ₱34,673 million by end-December 1975. The behavior of the credit aggregate reflected the shift in emphasis of monetary policy from combating inflation to counter-acting the economic slowdown triggered by recessionary influences emanating from abroad and to encouraging growth in key sectors of the economy. Thus, the monetary authorities permitted a higher-than-usual growth in credits in order to compensate for the deflationary impact of the deterioration in the balance of payments position on domestic liquidity and to stimulate, on a selective basis, the more productive and other priority sectors of the economy.

Classification by end-user revealed public sector credits moving up by ₱5,138 million or by more than 397 per cent on an annual basis, reaching ₱6,172 million by the end of the year. This occurrence was brought about mainly by the heavy drawdown in National Government deposits accumulated a year earlier which were utilized primarily for infrastructure and other development-oriented expenditures. With this development, the proportion of public sector credits to the total rose from a relatively low 4 per cent in 1974 to 18 per cent in 1975.

In comparison, the share of the private sector declined from 96 per cent in 1974 to 82 per cent in 1975. This ensued as private sector

credits, at ₱28,501 million by year-end, though expanding by a bigger absolute amount (i.e., ₱4,365 million), rose at a much lower annual percentage rate of 18 per cent.

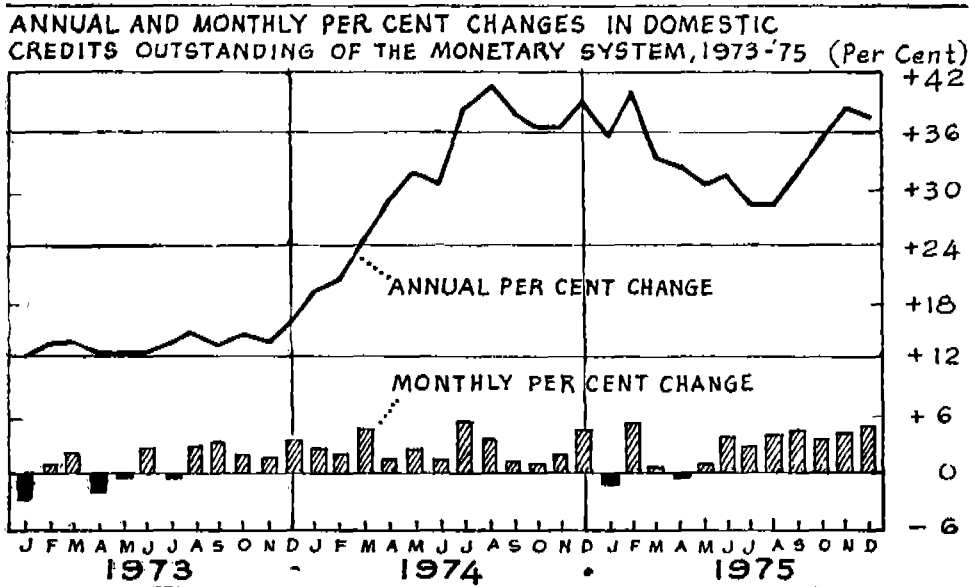


Chart 2

TABLE 2. DOMESTIC CREDITS OUTSTANDING OF THE MONETARY SYSTEM
December 31, 1974 and 1975
(Amount in Million Pesos)

Item	1975	1974	Per Cent Distribution	
			1975	1974
TOTAL	34,673	25,170	100	100
By End-User				
Public	6,172	1,034	18	4
Private	28,501	24,136	82	96
By Source				
Central Bank	4,258	1,450	12	6
Commercial Banking System	30,415	23,720	88	94

SOURCES: Statements of condition of the Central Bank and the Commercial Banking System.

Central Bank

Meanwhile, classification by source showed that the credit portfolio of the Central Bank traced a steep trend in 1975, reaching ₱4,258 million as of the end-December, ₱2,808 million or almost 200 per cent above the previous year level. This more than doubled the Central Bank's share to total credits: from 6 per cent in 1974 to 12 per cent in 1975.

The major portion—76 per cent—of the annual credit increment was accounted for by the P1,137 million drawdown in National Government deposits. Further, the increase in loans outstanding, brought about mainly by increased credit availments of non-demand-deposit rural banks and the Development Bank of the Philippines, contributed an additional P566 million. Finally, an expansionary impact of P105 million was exerted by the net purchase of government securities.

Commercial Banking System

On the other hand, credits outstanding of the commercial banking system which rose by P6,695 million or 28 per cent, aggregated P30,415 million by year-end 1975. Converse with the Central Bank share, the proportion of commercial banking system credits to the total declined from 94 per cent in 1974 to 88 per cent in 1975.

The commercial banking system loan portfolio aggregating P30,371 million by year-end, expanded by P6,420 or 27 per cent and accounted for 38 per cent of the total annual credit increment. Increased lending operations were reflected in bigger accounts of private businesses and individuals (up by P4,366 million or 18 per cent) and semi-government entities (up by P2,953 million or 150 per cent) which more than offset the contractionary influence of the P8 million net repayment by local governments.

Moreover, holdings of domestic securities net of CBCI issues, increased by P212 million or 10 per cent. This was the offshoot of the net purchase of P470 million worth of semi-government entities' securities which more than compensated for the net sales of issues by the National Government (P128 million) and private businesses and individuals (P130 million).

Finally, the P63 million drawdown in National Government deposits likewise contributed to the net expansion of the commercial banking system credit portfolio.

Reserve Position of Commercial Banks—Deposit liabilities of commercial banks, at P16,804 million at end-December 1975, rose by 14 per cent on an annual basis. This necessitated an equal percentage increase in mandatory reserves, totaling P419 million in absolute terms. Since available reserves also rose by P422 million, the excess reserve position of commercial banks improved slightly by P3 million on an annual basis: from the P132 million level registered in 1974 to P135 million by year-end 1975.

It should be noted, however, that end-of-month movements in excess reserves during the whole year of 1975 exhibited swings, fluctuating within the range of an P86 million deficit and a P136 million surplus. This occurrence reflected general credit and money market conditions as influenced by developments both in the domestic sector and especially in the external sector. On the whole, however, commercial

bank liquidity positions were in the black as surpluses were recorded in all months except in June, July and September.

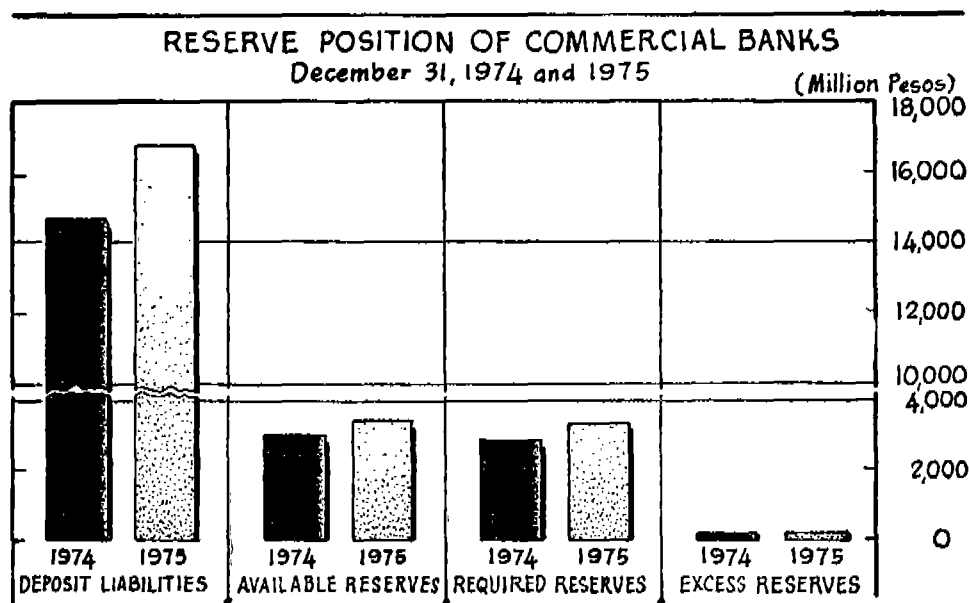


Chart 3

TABLE 3. RESERVE POSITION OF COMMERCIAL BANKS
December 31, 1974 and 1975
(Amount in Million Pesos)

Item	1975	1974
Deposit Liabilities	16,804	14,705
Available Reserves	3,494	3,072
Required Reserves	3,359	2,940
Excess Reserves	135	132

E. CREDIT OPERATIONS OF OTHER BANKING INSTITUTIONS

Rural Banks

The rural banking system granted a total of ₱1,782 million in loans from January to September, 1975. This amount was greater by 37 per cent compared to the preceding year's total due mainly to the growing participation of rural banks in financing the "Masagana 99" rice production program and other special agricultural projects. Thus, agricultural purpose loans reached ₱1,635 million during the first nine months of 1975, registering an increase of 37 per cent over the same period of the previous year. These loans represented 92 per cent of total loans granted during the period under review. The residual (8 per cent) comprised loans extended for commercial, industrial and other purposes.

TABLE 4. LOANS GRANTED BY RURAL BANKS
CLASSIFIED BY PURPOSE

1974 and 1975
(Million Pesos)

Item	1975 *	1974 *	Changes	
			Amount	Per Cent
TOTAL	1,782	1,305	477	36.55
Agriculture	1,635	1,194	441	36.93
Commercial	100	78	22	28.21
Industrial	35	23	12	52.17
Others	12	10	2	20.00

* Totals from January to September.

SOURCE: Department of Rural Banks and Savings and Loan Associations.

Savings Banks

The lending operations of savings banks expanded as loans outstanding reached a total of ₱799.2 million on December 31, 1975, reflecting an expansion of ₱53.5 million or 7 per cent from the corresponding level in 1974. Of the total loans outstanding, about 95 per cent or ₱756.7 million went to private residents which increased by ₱29.5 million compared to the respective level a year ago. The residual amounting to ₱42.5 million represented placements in the money market in the form of call loans to commercial banks and other banks. These placements registered a significant increment of 130 per cent over the level of the preceding year due to higher money rates during the year in review.

Development Banks

Total loans granted by development banks amounting to ₱2,823 million in 1975 increased by 230 per cent over those granted in the previous year. Accounting for the expansion were increments of ₱912 million in real estate, ₱567 million in agriculture (including fishery and forestry), ₱222 million in manufacturing and ₱267 million in other industry groups. Of total loans granted, 67 per cent went to real estate and agriculture. This indicated a significant shift in the direction of lending operations compared to last year's pattern which showed manufacturing as the leading recipient of total credits granted by development banks.

The Development Bank of the Philippines extended loans aggregating ₱2,633 million in 1975, increasing by 260 per cent as against those granted a year ago. The increase was brought about largely by new loans granted to real estate, agriculture and manufacturing industries. This amount represented 93 per cent of total loans granted by all development banks. Meanwhile, private development banks loaned out ₱190 million, up by only 55 per cent from the 1974 level.

TABLE 5. LOANS GRANTED BY DEVELOPMENT BANKS CLASSIFIED
BY INDUSTRY, 1974 and 1975
(Amount in Million Pesos)

Industry	1975	1974	% Distribution		Increase	
			1975	1974	Amount	Per Cent
TOTAL	2,822.5	854.3	100.0	100.0	1,968.2	230.4
Agriculture, Fisheries & Forestry	822.4	255.7	29.1	29.9	566.7	221.6
Mining and Quarrying	32.5	1.6	1.2	0.2	30.9	1,931.2
Manufacturing	491.8	269.8	17.4	31.6	222.0	82.3
Contract Construction	9.7	1.3	0.4	0.2	8.4	646.2
Real Estate	1,076.7	165.2	38.2	19.3	911.5	551.8
Public Utilities	322.4	145.0	11.4	17.0	177.4	122.3
Services	9.5	7.0	0.3	0.8	2.5	35.7
Government	57.5	8.7	2.0	1.0	48.8	560.9

Land Bank of the Philippines

The establishment of additional regional offices and adoption of new guidelines governing the granting of loans facilitated the lending operations of the Land Bank of the Philippines during 1975. Thus, loans granted during the year in review reached ₱19.7 million, more than six times as much as those granted over the same period in 1974. This expansion was largely brought about by a substantial increase in loans for agricultural purposes amounting to ₱12.2 million. Of the total loan releases, loans for agricultural and industrial purposes represented 64 per cent and 23 per cent, respectively. Accounting for the residual were commercial purpose loans (11 per cent) and loans for other purposes (2 per cent).

TABLE 6. LOANS GRANTED BY THE LAND BANK OF THE PHILIPPINES
BY PURPOSE, 1974 AND 1975
(Amount in Million Pesos)

Item	1975	1974	Increase	
			Amount	Per Cent
TOTAL	19.7 ^a	3.2	16.5	516
Agriculture	12.7	0.5	12.2	2,440
Commercial	2.2	2.1	0.1	5
Industrial	4.5	0.6	3.9	650
Others	0.3	—	0.3	—

^a Including cash financing program but excluding loans in transit.
Source: Land Bank of the Philippines

Stock Savings and Loan Associations

Loans granted by stock savings and loan associations amounting to ₱312 million in 1975 (January to November) were released for the

following purposes: commercial (43 per cent), agricultural (31 per cent), consumption (14 per cent), real estate (10 per cent) and industrial (2 per cent). Compared to 1974, the amount expanded by 54 per cent due entirely to increases in loans for agricultural and commercial purposes.

**TABLE 7. LOANS GRANTED BY STOCK SAVINGS & LOAN ASSOCIATIONS
CLASSIFIED BY PURPOSE**
1974 and 1975
(Amount in Million Pesos)

Item	1975	1974	Changes	
			Amount	Per Cent
TOTAL	311.9 ^a	202.5 ^a	109.4	54.02
Consumption	42.1	41.5	0.6	1.45
Real Estate	31.4	39.8	-8.4	-21.11
Industrial	5.6	1.7	3.9	229.41
Commercial	135.5	96.4	39.1	40.56
Agricultural	97.3	23.1	74.2	321.21

^a Total from January to November.

SOURCE: Department of Rural Banks and Savings & Loan Associations.

F. CREDIT OPERATIONS OF OTHER FINANCIAL INSTITUTIONS

Government Non-Bank Financial Institutions

Government non-bank financial institutions granted loans amounting to ₱1,079 million during January–October 1975, down by ₱193 million in contrast to loans granted during the equivalent period in 1974. This downturn was due principally to a ₱318 million decline in loans for real estate and consumption purposes which more than offset the increase of ₱164 million in loans for industrial purposes. As in past years, the bulk of these credits were extended for real estate and consumption purposes.

**TABLE 8. LOANS GRANTED BY GOVERNMENT NON-BANK FINANCIAL
INSTITUTIONS, BY PURPOSE**
1974 and 1975
(Amount in Million Pesos)

Item	January to October		Per Cent Distribution		Changes	
	1975	1974	1975	1974	Amount	Per Cent
TOTAL	1,078.7	1,271.2	100.0	100.0	(192.5)	(15.1)
Agricultural	45.9	56.9	4.2	4.5	(11.0)	(19.3)
Industrial	171.7	7.7	15.9	0.6	164.0	2,130.0
Commercial	0.1	—	—	—	0.1	100.0
Public Utility	7.5	—	0.7	—	7.5	100.0
Real Estate	333.4	491.1	30.9	38.6	(157.7)	(32.1)
Consumption	496.8	657.3	46.1	51.7	(160.5)	(24.4)
Others	23.3	58.2	2.2	4.6	(34.9)	(60.0)

SOURCES OF DATA: Agricultural Credit Administration (ACA), Government Service Insurance System (GSIS), Social Security System (SSS) and National Investment and Development Corporation (NIDC).

Private Non-Bank Financial Institutions

Loans granted by BANCOM and PDCP, on the other hand, reached a total of ₱3,668 million in 1975, exceeding 1974 loan releases by 21 per cent due to a substantial increment of ₱824 million in loans to financial institutions which more than offset the ₱206 million decrement (combined) recorded in agriculture (including fishery & forestry), mining & quarrying, manufacturing, public utilities, construction, services, trade and government. Comprising 79 per cent of total loans granted, credits extended to financial institutions arising wholly from money market operations amounted to ₱2,913 millions, reflecting an expansion of 40 per cent over those of the preceding year. Loans released to trade, real estate, consumption and other industry groups likewise registered increases ranging from ₱1 million to ₱41 million during the comparable periods.

TABLE 9. LOANS GRANTED BY BANCOM AND PDCP¹ CLASSIFIED BY PURPOSE, 1974 AND 1975^a

(Amount in Million Pesos)

Item	January to October		Per Cent Distribution	
	1975	1974	1975	1974
TOTAL	3,668.1	3,043.4	100.0	100.0
Agriculture, Fishery & Forestry	23.0	30.6	0.6	1.0
Mining & Quarrying	11.7	55.3	0.3	1.8
Manufacturing	129.9	294.3	3.5	9.7
Public Utilities	33.7	41.2	0.9	1.4
Construction	3.1	14.1	0.1	0.5
Services	36.5	49.5	1.0	1.6
Financial Institutions	2,912.5	2,088.3	79.4	68.6
Trade	21.8	22.9	0.6	0.8
Real Estate	24.5	20.6	0.7	0.7
Consumption	17.2	11.2	0.5	0.4
Government	0.1	1.6	—	—
Others	454.1	413.8	12.4	13.5

¹ Including foreign loan accounts.

^a Including December preliminary data for PDCP.

SOURCES OF BASIC DATA: BANCOM and Private Development Corporation of the Philippines (PDCP).

Other Non-Bank Financial Institutions

Loans granted by non-stock savings and loan associations and building societies, which reached a total of ₱96.4 million during the first ten months of 1975, were higher by 16 per cent compared to those extended in the same period of the preceding year. Of this total, ₱84.1 million were released for consumption, ₱8.4 million for real estate, ₱2.7 million for commercial, ₱1.0 million for industrial and ₱0.2 million for agricultural purposes. Loans released by non-stock savings and loan associations represented 84 per cent of total credits during the period in review. The rest (16 per cent) were loaned out by building societies.

G. CAPITAL AND MONEY MARKETS

Capital Market

During the year, capital formation in the form of equity investments in business amounted to ₱1,635.5 million. The bulk of capital investments came from domestic resources, of which the most important sources were corporate investors (See Table 10). In 1975, a total of 31,136 new business organizations were registered with the Securities and Exchange Commission and the Bureau of Commerce (18,550 less than in 1974) of which 24,502 were single proprietorships, 4,692 corporations and 1,942 partnerships.

Capital paid-in by these firms aggregated ₱1,635.5 million (₱38.2 million less than in the preceding year) contributed by Filipinos (₱1,576.9 million), Chinese (29.4 million) Japanese (₱8.0 million), Americans (₱5.1 million) and other nationalities (₱16.1 million).

Classified by industry, paid-in capital were channeled to:

	Industry	Per Cent Distribution
Total	100.0
Wholesale and retail trade	26.9
Manufacturing	12.9
Banks and Other Financial Institutions	4.6
Recreation and Personal Services	8.7
Community and Business Services	4.9
Real Estate	9.7
Transportation	11.4
Forestry, fishing and livestock	3.5
Construction	11.7
Agriculture	2.9
Metal Mining	2.0
Electricity, gas and water services	0.3
Non-metallic mining and quarrying	0.3
Insurance	0.2

TABLE 10. CAPITAL INVESTMENTS BY TYPE OF BUSINESS ORGANIZATION
1974 and 1975
(Amount in Million Pesos)

Item	1975	1974	Increase/ Decrease (—)	
			Amount	Per Cent
Total Paid-in Capital	1,635.5	1,668.7	33.2	—2.0
Corporations	842.4	883.1	—40.7	—4.6
Partnerships	121.6	116.4	5.2	4.5
Single Proprietorships	671.4	669.2	2.3	0.3

SOURCES OF BASIC DATA: Securities and Exchange Commission, Bureau of Commerce.

In the stock market, trading activity during 1975 slackened, with both volume and value registering declines in the Manila Stock Exchange. From a turnover of 81,577 million shares in 1974, stock transactions fell to only 58,401 million, or by nearly 29 per cent. Thus, gross value of transactions dropped to ₱1,524.0 million, or 45 per cent below the previous year's record of ₱2,769.4 million.

TABLE 11. AVERAGE STOCK PRICE INDEX FOR MANILA
1974 and 1975
(1965=100)

Item	1975	1974	Per Cent Change
All Items	89.8	125.1	-28.2
1. Banks	92.1	95.4	-3.5
2. Insurance	85.2	87.9	-3.1
3. Commercial/Industrial	104.3	115.4	-9.6
4. Mining	84.2	132.4	-36.4
5. Sugar	72.7	60.3	20.6
Volume (million shares)	58,401.0	81,577.0	-28.4
Value (million pesos)	1,524.0	2,769.4	-45.0

SOURCE OF BASIC DATA: Manila Stock Exchange.

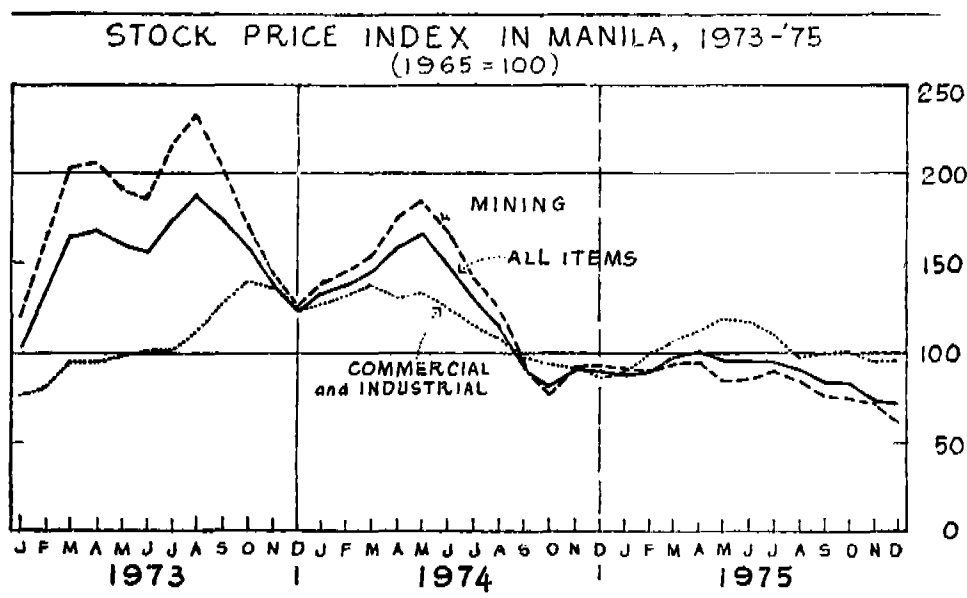


Chart 4

Similarly, price indices dipped significantly,—the 20.6 per cent rise in the price of sugar issues providing the only stimulus to the virtually dull exchanges during the year. Mining-oil shares suffered the biggest losses with nearly a 37 per cent decline from last year's average prices as a result of the softening of world metal prices, particularly copper. Commercial-industrial shares were down by 9.6 per cent, bank issues,

3.5 per cent and the insurance index by 3.1 per cent. The apparent disinterest in most of the major sectors pulled the aggregate index down to 89.8 (1965=100).

Money Market

The volume of money market transactions in 1975 amounted to P176.5 billion, or 36.3 per cent higher compared to the volume of transactions in 1974.

The money market exhibited divergent trends, in general reflecting a condition of relative ease in the first half and increasing tightness in the second part. During the first half, weighted average rates on a monthly basis dropped from 22.069 per cent in December 1974 to 10.398 per cent in June 1975 as funds generated by the government and the export sector flowed into the financial system.

There were, however, exceptions to the apparently relaxed conditions in the market during this period. Isolated upswings in money rates took place in February and in May, in both instances occurring when banks sought to cover their reserve deficiencies, thus pushing average call loan rates to 16 per cent and commercial papers to 35 per cent.

From July to August, money rates moved up again as a result of the selective tightening of the Central Bank's rediscounting facility and the suspension of the peso-dollar swap facility. In September, a slightly improved market situation pulled down the average cost of borrowing to 15.029 per cent only to be pressured again by huge remittances for oil in October which pushed the weighted average money rate to its highest point of 19.696 per cent. Moreover, speculations on the country's balance of payments aggravated the situation. Thus, for the first time

TABLE 12. WEIGHTED AVERAGE MONEY MARKET RATES¹

1974 and 1975

(In Per Cent)

Month	1975	1974
January	17.688	13.866
February	17.709	13.040
March	14.545	15.063
April	9.739	19.272
May	10.490	21.977
June	10.393	19.651
July	13.387	12.781
August	16.233	16.717
September	15.029	16.399
October	19.696	16.294
November	16.606	23.756
December	18.568	22.069

¹ Money market transactions for Greater Manila Area only.

during the year, demand rates soared to a high of 65 per cent and commercial paper trading rates ranged from 7 to 43 per cent. Market tightness continued until the end of the year, to some extent also the result of seasonal holiday spending reaching their peak in December and of traditional window-dressing of the year-end portfolios of financial houses. A weighted average of 16.606 per cent prevailed in November, to reach 18.568 per cent as the year moved to a close.

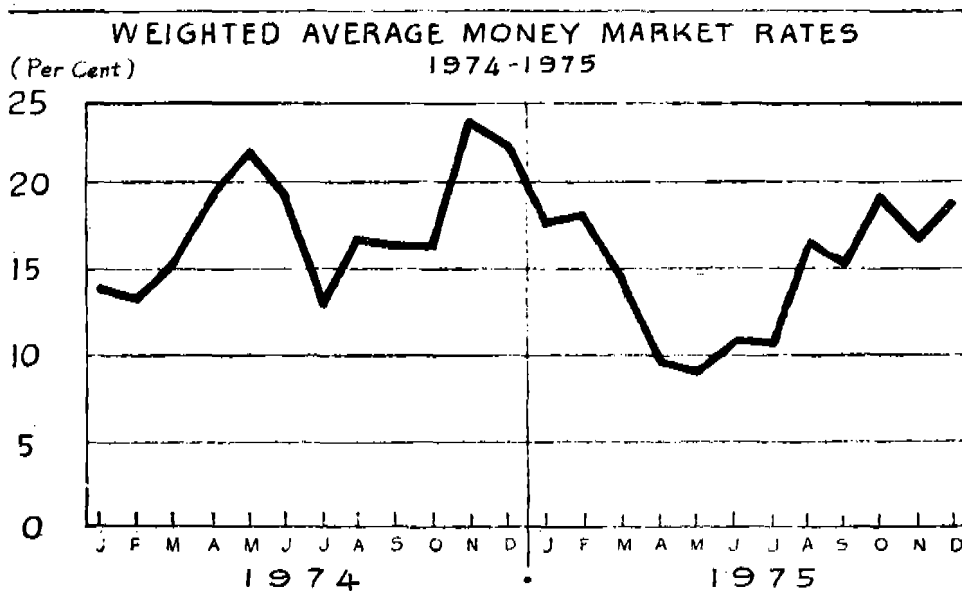


Chart 5

H. PUBLIC FINANCE

Cash Operations of the National Government

Cash operations of the National Government resulted in a deficit of ₱726.6 million in 1975, in large part influenced by developments in the third and fourth quarters during which periods cash disbursements rose and income declined, a reversal of favorable first semester fiscal operations. Cash disbursements in the second semester amounted to ₱12,501.2 million compared to the first semester aggregate of ₱9,650.9 million. At the same time, cash income during the last six months which registered ₱10,734.5 million, increased by ₱43.3 million from the total collections of ₱10,691.2 million in the first six months. Thus, cash operations in July-December wiped out the cash surplus of the preceding semester, with the result that for the year as a whole, a net deficit of ₱726.6 million was incurred in sharp contrast to the ₱2,568.3 million surplus obtained in 1974.

On the whole, operational transactions were at higher levels in 1975. Cash receipts, totalling P21,425.5 million, exceeded last year's receipts by P3,703.2 million. Receipts for the year came from the following:

Sources	(Amount in Million Pesos)	
	1975	1974
TOTAL	21,425.5	17,722.3
Excise Taxes	1,976.5	1,590.9
License and Business Taxes	2,146.4	1,895.1
Income Taxes	3,093.0	3,201.7
Import Taxes	3,622.9	3,352.5
Export Taxes	1,470.1	1,736.2
Other Taxes	1,280.8	937.9
Others	8,024.8	5,008.0

Although receipts registered a 20.9 per cent increase, expenditures rose twice as much. Disbursements which amounted to P22,152.1 million, exceeded the previous year's level of P15,154.0 million by 46.2 per cent. Higher government expenditures reflected accelerated infrastructure development efforts and disbursements for other priority programs in the face of recessionary trends.

Net financial transactions of the government amounted to P988.8 million during the year.

The government borrowed a total of P6,353.6 million principally raised from new issues of Treasury bills totalling P4,645.6 million; Treasury notes and bonds of P737.7 million; and foreign borrowings of P381.2 million.

On the other hand, total debt redemptions, reached P5,364.8 million, or 12.1 per cent less than those in 1974, the bulk of which were for redemption of Treasury bills, Treasury notes and other government securities; as well as for repayment of foreign obligations and provisions for sinking funds.

The inflow of net additional resources helped fund the cash deficit and also improved the end-1975 Treasury position which amounted to P7,105.1 million, or 3.8 per cent higher than the balance as of end-1974, distributed as follows:

Depository	Amount (Million Pesos)
TOTAL	7,105.1
Central Bank	1,224.1
Treasury Vault	13.9
Commercial banks	1,992.7
Treasury field cashiers	1.3
Other financial institutions	3,873.1

TABLE 13. AGGREGATE CASH OPERATIONS OF THE NATIONAL GOVERNMENT

All Funds

1974-1975

(Amount in Million Pesos)

Item	1975	1974
A. Current Transactions:		
1. Operating Receipts	21,425.5	17,722.3
Budgetary Operations	16,620.2	13,706.6
Non-Budgetary Operations	4,805.3	4,015.7
2. Disbursements	22,152.1	15,154.0
Operating	21,483.0	14,647.9
Interest Payments	669.1	506.1
3. Surplus or Deficit (-)	-726.6	2,568.3
B. Financial Transactions	988.8	562.4
1. Debt Redemption	5,364.8	6,104.3
Sinking Fund	221.5	126.2
Treasury Bills	4,506.0	3,570.2
Treasury Notes	397.4	650.6
Foreign Loans	170.4	98.6
Domestic Guaranteed Loans	—	1,216.2
Other Government Securities	69.5	442.5
2. Borrowings	6,353.6	6,666.7
Treasury Bills	4,645.6	3,597.3
Treasury Notes	497.1	710.7
Treasury Bonds	240.6	1,632.5
Foreign Loans	381.2	389.1
Other Government Securities	589.1	337.1
C. Status of Cash Balance:		
Beginning, January 1	6,842.7	3,712.0
Ending, December 31	7,105.1	6,842.7
Change of Status	262.2	3,130.7

SOURCE OF BASIC DATA: Bureau of Treasury

Internal Public Debt

Internal public debt outstanding as of December 31, 1975 amounting to P20,838.5 million increased by 25.3 per cent from the December 31, 1974 level of P16,629.4 million. This was distributed at the following governmental levels:

1. National Government, with an outstanding internal debt of P10,991.1 million or 52.7 per cent of the total, mostly in the form of Treasury notes, bonds and bills. This sector made additional availments in the amount of P6,305.1 million during the year (largely for developmental projects and the funding of other public expenditures authorized under RA 245 as amended) and retired P4,709.5 million or a net additional borrowing of P1,595.6 million.

2. Government monetary institutions whose outstanding obligations increased by 40.6 per cent over the year to P7,892.6 million or 37.9 per cent of the total. The Central Bank, through its Certificate of Indebtedness (CBCIs), accounted for P6,006.8 million of the total recorded by this sector; P1,885.8 million was accounted for by other government monetary institutions.

3. Government corporations, which retired about P404.0 million of debts as against additional borrowings of P687.6 million during the year. These transactions increased their outstanding obligations by 34.1 per cent from the year-end level of P1,513.9 million in 1974 to P1,827.2 million. However, the share of government corporations decreased slightly from 9.2 per cent obtained a year ago to 8.8 per cent.

4. Local governments which increased their outstanding obligations by 18.6 per cent from December 31, 1974 to December 31, 1975. With net additional borrowings of P10.0 million, mostly from this sector's increased borrowings from the DBP, local governments' total outstanding debt settled at P127.6 million or 0.6 per cent of the total internal public debt during the period in review.

External Public Debt

A 42.9 per cent increase in the country's foreign obligations was registered during the year as total outstanding external public debt rose from \$1,562.6 million at end-December 1974 to \$2,233.7 million as of the end of 1975. The expansion for the corresponding period a year ago was 19 per cent.

Borrowings of government monetary institutions accounted for the bulk or 51 per cent of total external public debt. During the year, these borrowings which amounted to \$798.7 million were raised from the following sources: borrowings under the 1974 Credit Agreements, Oil Trade Financing Scheme, RP-Japan Commodity Loan, rural credit loan from the IBRD and borrowings from the ADB. Repayments amounted to \$433.3 million, thus bringing outstanding foreign obligations of government monetary institutions to \$1,130.4 million at end-December 1975.

Foreign debt obligations of the National Government rose similarly from \$559.3 million to \$731.1 million, an increase of 31.7 per cent during the year. Net inflows of \$188.5 million came from availments through the IBRD, sales of RP External Bonds, and loans from Kuwait, Nationalist China, the Government of Denmark as well as various suppliers' credits to finance irrigation, rural electrification, flood control and dredging, railroads and railway equipment and rice processing grain storage projects.

An increase of \$133.9 million in the net borrowings of government corporations during the period in review also raised the level of out-

standing foreign debt of government corporations to \$372.2 million at the end of December 1975. The rise was due primarily to the expansion in outstanding borrowings of the Development Bank of the Philippines, National Power Corporation, National Housing Corporation and the Philippine Aerospace Corporation.

Outstanding obligations of local governments to foreign creditors amounting to \$0.1 million as of the end of 1974 were liquidated in full. No further availments were made by local governments during the year.

TABLE 14. PUBLIC DEBT OUTSTANDING
December 31, 1974 and 1975
(In Millions)

Item	1975	1974
Internal Debt (P)	20,838.5	16,629.4 r
National Government	10,991.1	9,395.5
Local Governments	127.6	107.6
Government Corporations (Guaranteed)	1,540.5	1,257.0
Government Corporations (Non-Guaranteed)	286.7	257.0
Monetary Institutions	7,892.6	5,612.3
External Debt (\$)	2,233.7	1,562.6 r
National Government	731.1	559.3
Local Governments	—	0.1
Government Corporations	372.2	238.2
Monetary Institutions	1,130.4	765.0

SOURCE OF BASIC DATA: DBF, NPC, PNB, and other departments of the Central Bank.

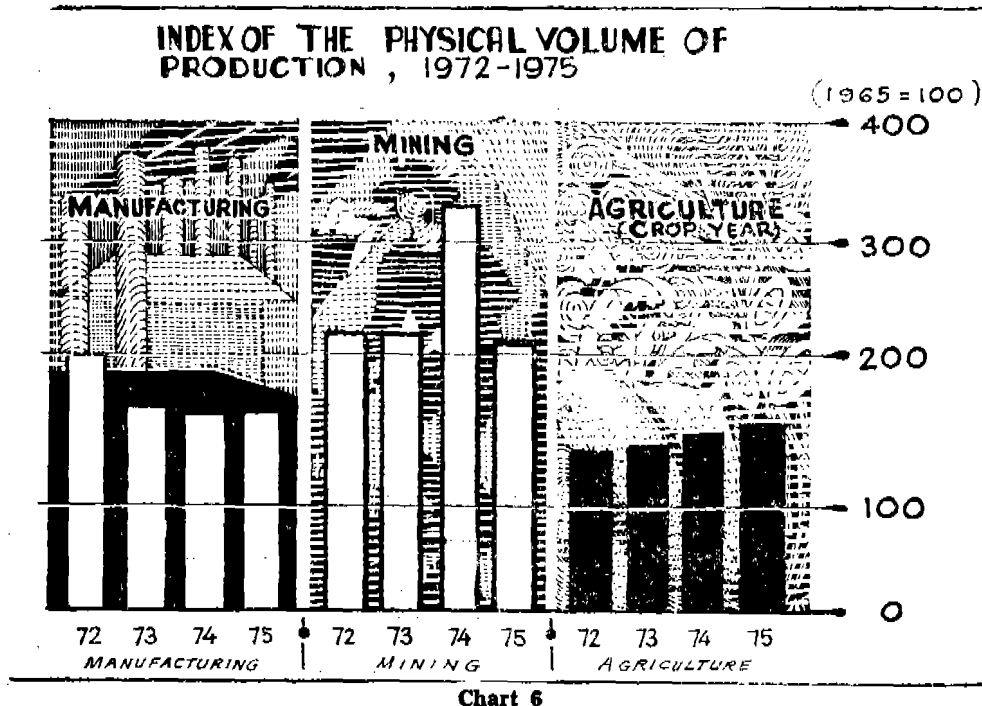
I. PRODUCTION

Performance indicators of the productive sectors of the economy reflected the effects of various government policies geared towards intensifying production on the one hand, and coping with major disturbances in the global economy on the other.

The agriculture sector, despite the hindering effects of prohibitive prices of farm inputs and crop infestations in some areas, registered higher production levels compared to the previous crop year. Largely responsible for this achievement were increased credit and technical assistance via the MASAGANA 99 program and other supportive policies. The industry's growth rate for 1975 is estimated at 3.0 per cent. However, production in the logging industry continued to be affected by the log export phase-out program of the government.

Precipitated by the continued fall in prices and weak demand in the world market for gold and copper, the mining industry showed a sharp downturn during the period. Improved coal production, however, reflected renewed efforts in looking for energy substitutes.

The manufacturing production index reflected the industry's inventory pile-ups resulting from the global slump. On the other hand, 1975 was characterized by brisker construction activity, while the utility sector showed mixed trends.



Agriculture

The agricultural production index for crop year ending June 30, 1975 showed further expansion for the industry although at a reduced rate of 3.0 per cent as compared to 5.7 per cent in the preceding year. Except for forestry and logging, all sub-industry components registered appreciable improvements during the period.

Agricultural crops contributed substantially (5.7 per cent) to the overall gain as all major crops except sugarcane posted production increases. This developed despite the crippling effects on grain crops of various crop infestations aggravated by soaring prices of inputs (fertilizer and chemical insecticides/pesticides) and the uncooperative weather prevalent during the early part of the crop period. Thus, after the bountiful harvest in the previous year, the increase in output of palay in crop year 1975 slowed down to 1.2 per cent despite the 3.8 percent expansion in hectarage. With the support of the "Masaganang Maisan" Program, corn production further improved although likewise at a lower rate of 12.2 per cent.

All principal crops responded favorably to the government's intensified production campaigns; bigger outputs were reported in coconut

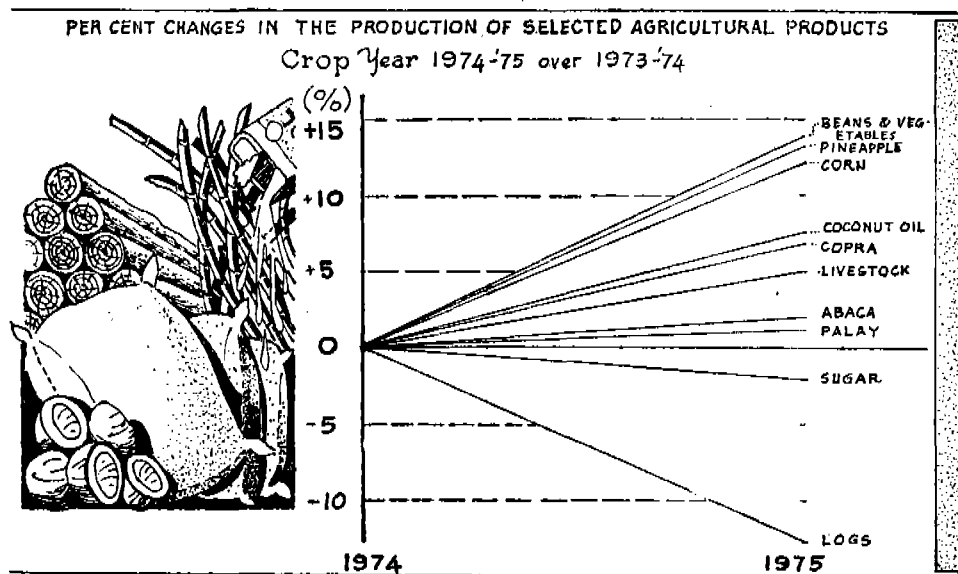


Chart 7

including copra (6.6 per cent), fruits and nuts (12.6 per cent), abaca (2.0 per cent) and tobacco (0.9 per cent). However, following reduced growth in hectareage, sugarcane production was 2.0 per cent down from the previous year level; this was attributed mainly to the depressed export market and the preparatory conversion of a major cane plantation into an agro-industrial estate.

On the whole, production of all minor farm crops expanded at a higher rate of 12.8 per cent. Harvests of rootcrops, beans and vegetables and other crops manifested sustained or higher growth rates, reflecting the influence of the "Gulayan sa Kalusugan" (vegetable including fruits production program). Likewise, bigger pineapple output (13.2 per cent) indicated, aside from an apparent increase of 12 per cent in productivity, continued strong demand and favorable export prices during the period. On the other hand, further expansion in area harvested (4.9 per cent) particularly for coffee partly accounted for the 4.6 per cent continued upsurge in the combined output of coffee/cacao.

Livestock and poultry production sustained a 4 per cent growth rate. The livestock group contributed 5.5 per cent notwithstanding the 6.1 per cent decrease in carabao population (after-effect of the hoof and mouth animal diseases). Similarly, the poultry section improved on the 1974 performance but still failed to recover completely (-0.1 per cent) from the setback of the previous year.

Fish catch in 1975 was estimated at 1,268.4 thousand metric tons —increasing at a normal rate of 2 per cent. On the other hand, log

output continued its downtrend but at a slackened rate of 12.6 per cent compared to -22.4 per cent a year ago.

TABLE 15. INDEX OF THE PHYSICAL VOLUME OF AGRICULTURAL PRODUCTION, CROP YEARS¹ 1973-1975

(1965 = 100)

Item	1973	1974	1975 ²	Per Cent	Change
				1974 /	1975
Agriculture, Fishery, Forestry, &					
Logging	136.6	144.4	148.7	5.7	3.0
Agricultural Crops	125.4	142.7	150.9	13.8	5.7
Palay (rough rice)	110.6	140.1	141.8	26.7	1.2
Corn (shelled)	139.5	174.4	195.7	25.0	12.2
Fruits & nuts except					
pineapple & citrus	145.6	169.1	190.4	16.1	12.6
Coconut including copra	114.8	118.8	126.6	3.5	6.6
Sugar cane	141.7	153.9	150.8	8.6	-2.0
Abaca	89.0	93.9	95.8	5.5	2.0
Tobacco	141.4	138.4	139.7	-2.2	0.9
Agricultural crops, n.o.c.	139.7	155.8	175.7	11.5	12.8
Rootcrops including					
potatoes, camote &					
cassava	80.1	92.5	105.4	15.5	13.9
Pineapple	166.6	192.2	217.5	15.4	13.2
Citrus	90.1	87.0	84.4	-3.4	-3.0
Coffee and cacao	112.8	118.2	123.6	4.8	4.6
Beans and vegetables	153.2	175.4	199.7	14.5	13.8
Other crops	218.7	242.3	277.2	10.8	14.4
Livestock and poultry ²	118.1	122.5	127.4	3.7	4.0
Livestock	129.5	137.2	144.7	5.9	5.5
Carabao	147.5	152.0	142.8	3.1	-6.1
Cattle	134.5	141.2	149.7	5.0	6.0
Hog	124.3	133.0	143.7	7.0	8.0
Horse, goat, sheep,					
etc.	142.9	150.1	159.1	5.0	6.0
Poultry	95.8	94.2	94.1	-1.6	-0.1
Chicken	87.7	84.3	82.4	-3.9	-2.3
Duck	196.6	216.3	237.9	10.0	10.0
Geese, turkey, etc.	—	—	—	—	—
Fishery ²	180.6	186.3	190.1	3.2	2.0
Forestry and Logging	145.6	113.0	98.8	-22.4	-12.6

¹ Crop year (July 1-June 30).

² Calendar year.

SOURCES OF BASIC DATA: Bureau of Agricultural Economics, Philippine Fisheries Commission, Bureau of Forest Development and Sugar Quota Administration.

Manufacturing

Preliminary figures on gross output volume measured through the Central Bank's index of production seemed to indicate a slight dip in the manufacturing industry for 1975 compared to the preceding year. The index (1965 = 100) dropped by 0.8 per cent to 165.1 in 1975, the rate of decline slowing down somewhat from -2.4 per cent in 1974 but still reflecting the worldwide recession that started in early 1974.

The index of physical volume of production for the period showed eleven out of twenty manufacturing groups registering production cutbacks ranging from a high 31.8 per cent for the manufacture of paper and paper products to a low 0.8 per cent for beverages.

Largely responsible for the cutbacks were 1) shortages of required raw materials; 2) higher prices of inputs, particularly energy; 3) reduced foreign demand for some manufactured products, notably wood and sugar; and 4) inventory pile-ups which were carried over from the 1974 slump (sugar, textile).

The pulp and paper group registered the largest production cutback when lower-priced imports of bookpaper from Japan and South Korea captured a large share of the market. The furniture and fixture manufacturing group experienced the second largest setback (down 26.6 per cent) followed by the manufacturing of leather which fell off by 24.5 per cent.

The heavily-weighted food manufactures posted a 7.5 per cent decline compared to an increase of 8.6 per cent in 1974 partly because of the inadequate supply of raw materials such as those required for dairy products.

The rest of the industry groups that reported similar production cutbacks were: the basic metal industries, -22.2 per cent; metal products, -19.7 per cent; rubber products, -10.5 per cent; miscellaneous, -11.3 per cent; tobacco manufactures, -2.0 per cent; wood and cork, -2.4 per cent; and beverages, -0.8 per cent.

On the other hand, marked improvements in output were observed for the rest of the manufacturing industry. Registering the highest increase was the manufacture of footwear, other wearing apparel, and made-up textile group; the 137.8 per cent upsurge in 1975 was largely attributable to the increased demand for infants' and ladies' garments during the early part of the year.

Similarly, the transportation group posted a 65.5 per cent upswing brought up largely by the progressive car manufacturing program of the government. The production of electrical and non-electrical machineries also showed corresponding increases of 17.8 and 13.6 per cent, respectively. After recovering from the previous year's slump, the textile industry intensified its manufacturing activity toward the last quarter to finish with a 9.5 per cent increase in production for 1975 as a whole.

Other gainers during the period were the printing, publishing and allied industries, 13.6 per cent; petroleum and coal, 18.1 per cent; chemical products, 8.5 per cent; and non-metallic mineral products, 3.6 per cent.

TABLE 16. INDEX OF THE PHYSICAL VOLUME OF
MANUFACTURING PRODUCTION, 1973-1975
(1965 = 100)

Industry	1973	1974	1975	Per Cent Change	
				1974	1975
MANUFACTURING	170.5	166.4	165.1	-2.4	-0.8
Food Manufacturing Industries, Except Beverage Industries	160.8	174.7	161.6	8.6	-7.5
Beverage Industries	221.2	215.8	214.1	-2.4	0.8
Tobacco Manufactures	183.4	172.8	169.3	-5.8	-2.0
Manufacture of Textiles	134.0	120.2	131.6	-10.3	9.5
Manufacture of Footwear, Other Wearing Apparel and Made- Up Textile Goods	199.4	189.3	450.1	-5.1	137.8
Manufacture of Wood and Cork, Except Manufacture of Fur- niture	92.3	72.1	70.4	-21.9	-2.4
Manufacture of Furniture and Fixtures	207.2	199.7	146.5	-3.6	-26.6
Manufacture of Paper and Paper Products	112.9	128.6	87.7	13.9	-31.8
Printing, Publishing and Allied Industries	740.0	551.8	627.0	-25.4	13.6
Manufacture of Leather and Leather and Fur Products, Except Footwear and Other Wearing Apparel	75.8	59.1	44.6	-22.0	-24.5
Manufacture of Rubber Products Manufacture of Chemical and Chemical Products	132.8	107.0	95.8	-19.4	-10.5
Manufacture of Products of Petroleum and Coal	144.2	126.8	137.6	-12.1	8.5
Manufacture of Non-metallic Mineral Products, Except Pro- ducts of Petroleum and Coal	172.1	143.0	168.9	-16.9	18.1
Basic Metal Industries	127.9	128.5	133.2	0.5	3.6
Manufacture of Metal Products, Except Machinery and Tran- sport Equipment	485.7	491.0	382.2	1.1	-22.2
Manufacture of Machinery, Ex- cept Electrical Machinery	149.1	172.4	138.4	15.6	-19.7
Manufacture of Electrical Machi- nery, Apparatus, Appliances and Supplies	126.2	171.2	194.4	35.7	13.6
Manufacture of Transport Equipment	82.7	71.2	83.9	-13.9	17.8
Miscellaneous Manufacturing In- dustries	188.3	172.4	285.4	-8.4	65.5
	307.6	239.1	212.1	-22.3	-11.3

SOURCES OF BASIC DATA: Sample firms

Mining

Mining production in 1975 reflected the sensitivity of this industry to international recessionary influences. During the period, the preliminary mining production index of 222.2 (1965=100) dipped by 33.7 per cent, thus reversing the 45.7 per cent gain achieved in 1974. This downturn stemmed from the observed shortfall in production of four leading metals: copper, gold, iron ore and chromium ore.

Output of copper concentrates estimated at 817.9 thousand metric tons dropped 43.9 per cent below the 1974 level. Sharp declines in prices and in demand accounted for the low level of production.

Affected by declining ore tonnage and other technological problems, gold and iron ore production also fell by 7.3 per cent and 11.9 per cent,

TABLE 17. INDEX OF THE PHYSICAL VOLUME OF MINING PRODUCTION
1973-1975
(1965 = 100)

Item	1973	1974	1975	Per Cent Change	
				1974	1975
OVER-ALL	229.8	334.8	222.2	45.7	-33.7
Coal mining	41.2	53.7	98.6	30.3	38.7
Iron ore mining	156.8	111.9	98.6	-28.6	-11.9
Chromium ore mining	104.6	95.5	94.5	-8.7	-1.0
Copper mining	332.1	604.7	339.3	82.1	-43.9
Gold mining	130.8	122.7	113.8	-6.2	-7.3
Other metal mining, n.e.c.	106.1	93.0	162.1	-12.3	74.3
Manganese mining	7.7	1.7	—	-77.9	—
Mercury mining	88.1	33.4	4.8	-62.1	-85.6
Silver mining	202.5	182.7	174.7	-9.8	-4.4
Zinc mining	283.3	300.2	532.3	6.0	77.3
Others	—	—	525.5	—	—
Lead	—	—	5,026.0	—	—
Molybdenum	—	—	19.3	—	—
Stone Quarrying	333.0	266.7	295.9	-19.9	10.9
Adobe	115.6	20.9	9.4	-81.9	-55.0
Gravel and sand	429.2	163.6	142.1	-61.9	-13.1
Unfinished marble	3,725.5	2,686.8	3,616.5	-27.9	34.6
Limestone	241.2	350.4	420.6	45.3	20.0
Other non-metallic mining and quarrying, n.e.c.	96.7	92.9	109.1	-3.9	17.4
Salt	97.7	94.9	109.1	-2.9	15.0
Mining of chemical and fertilizer materials	85.3	65.0	115.6	-23.8	77.8
Guano	0.3	406.7	2,078.4	135,466.7	411.0
Gypsum	88.4	60.0	82.1	-32.1	36.8
Sulphur mining	—	—	—	—	—
Mining and quarrying of other industrial materials, n.e.c.	—	—	—	—	—
Asbestos mining	—	—	—	—	—

SOURCE OF BASIC DATA: Bureau of Mines

respectively. Moreover, in the case of iron ore, financial constraints led to the suspension of the mining operations of a major producer in the early part of 1975. On the other hand, chrome ore production improved from a negative growth of 8.7 per cent in 1974 to only minus 1 per cent, as this was one of the few metals that enjoyed favorable prices in 1975.

The brighter side of the mining industry in 1975 was reflected in other mining groups, which although relatively less significant, experienced production gains ranging from 11 per cent (stone quarrying) to about 75 per cent in other metal mining; the latter was contributed largely by zinc. Stepped-up activity in the construction industry influenced the stone quarrying group to recover strongly (10.9 per cent) from the slump witnessed in 1974.

After the erratic movements observed in previous years, production of coal revealed increasing growth rates in the last three years registering the biggest gain of 38.7 per cent in 1975. This would seem to result from renewed efforts in looking for energy substitutes.

Similarly, during 1975, production in the other non-metallic mining and quarrying division bounced high (from -3.9 per cent to 17.4 per cent), following the shortfall experienced in the previous year. Except for asbestos (no reported production), output levels for all components of this group were up (salt 15.0 per cent and chemical fertilizer materials 77.8 per cent) in response to improved demand and prices for these items.

Electricity

The performance of the electric power industry during 1975 improved markedly over 1974. During the first eleven months of the year, output and sales of electricity by the Manila Electric Company showed gains in sharp contrast to the downtrend observed in the earlier year. The bigger volume of power generated (6,226.5 million kwh or 7.4 per cent more) was attributed partly to an additional power unit installed toward the end of 1974. This enabled the industry to respond to the extensive power requirements for the period brought about partly by brisker construction activity in the City of Manila since the onset of 1975.

Valuewise, total power sales amounting to P1,482.0 million increased by only 22.1 per cent compared to 126.0 per cent in January to November, 1974 as power rates remained constant during the corresponding months in 1975.

During the same period, all types of electricity consumers exhibited expanding rates of purchases. The commercial end-users utilizing 30.8 per cent of total sales volume posted the highest growth

rate in consumption (11.1 per cent for volume and 28.3 per cent for value). Likewise, industrial and residential power consumers each purchased 5.0 per cent more over the preceding year level with corresponding increases of 25.4 per cent and 18.8 per cent in value.

Similarly, the electricity sold for resale as well as for public street lighting expanded by about 3.5 per cent each, reflecting progress in the electrification program in the City of Manila.

On the other hand, the fuel cost adjustment decelerated by 65.6 per cent to P13.0 million from P37.9 million during the same period in 1974.

Transportation

Total receipts from passengers of the Philippine National Railways for calendar year 1975 reached P50.6 million, up 6.7 per cent from the preceding year's level of P47.4 million. The corresponding number of travellers aggregated 8.4 million of which 8.0 million or 95 per cent availed themselves of third class facilities.

Statistics provided by the PNR showed decelerated growth rates in 1975 for both receipts and number of passengers carried. While the number of first class passengers increased by 3.8 per cent, this gain was very small compared to the 15.5 per cent registered in 1974. Correspondingly, receipts from first class passengers barely went up by 0.5 per cent as against the year-ago increase of 37.4 per cent. The economy class reflected similar trends; a reduction in the increase from 25.9 per cent to 8.8 per cent in number of passengers and from 41.1 per cent to 8.9 per cent in receipts.

On the other hand, for cargoes transported, total net tonnage declined by 18.7 per cent from 436 thousand tons to 355 thousand tons, while gross receipts rose moderately by 5.3 per cent compared to the high 85.7 per cent obtained in 1974. Express net tonnage registered the biggest decrease during the calendar year in review; express service handled only 70.7 thousand metric tons of cargo compared to 104.1 thousand metric tons in the preceding year or a decrease of 32.3 per cent. This reduction in railway freight can be traced partly to the increasing shift to motor carriers as a result of the improvement and opening of new roads and bridges under the government's infrastructure program.

On the other hand, despite the slowdown in foreign trade during 1975, international shipping movement in the Port of Manila recovered strongly from the maritime slump experienced a year ago. In 1975, the number of vessel entries and clearances totalling a little over 2,500 each went up by 12.4 and 13.9 per cent, respectively, as against the 2.9 per cent and 2.0 per cent decreases in 1974. Similarly, the respective

net tonnages amounting identically to 9.9 million metric tons were heavier by 13.7 per cent for arrivals and 11.4 per cent for departures, in sharp reversal of the 13.6 per cent and 10.5 per cent decreases registered in 1974.

Several factors were responsible for the increased shipping movement for 1975. Among the more significant were: 1) the decision of the Conference of Inter-Island Shipowners' Association of the Philippines (CISO) to keep shipping fares at their present level thus giving them a comparative advantage over other transport means; 2) the reduction of shipping costs of some wood products exported to the United States, and 3) the Philippines/Europe Conference's decision to cut shipping costs or cargoes passing through the Suez Canal.

Real Estate

The volume of real estate transactions picked up strongly in 1975 increasing by 18.6 per cent, after recovering from the 0.5 per cent decline noted during the previous year; on the other hand, real estate mortgages registered a decline of 3.4 per cent. Valuedwise, however, both sales and mortgages recorded gains of 21.8 and 41.0 per cent, respectively, over 1974 levels.

The City of Manila reported decreases of 7.9 per cent in real estate deals and 13.9 per cent in mortgages. On the other hand, neighboring cities like Caloocan, Pasay and Quezon upped their sales by 28.0 per cent and their mortgages slightly by 0.4 per cent. Geographically, the trend seems to indicate the population's increasing preference for suburban living; subdivisions around Manila offer lower and easier lot payment terms.

The value of real estate sales in Manila likewise dropped to P157.8 million in 1975 from the preceding year's P220.4 million while that of mortgage contracts increased by 50.7 per cent to P332.3 million. For Caloocan, Pasay and Quezon City, mortgage transactions value went up 36.7 per cent to P679.8 million. Similarly, the sales value recorded for these cities rose by nearly 60 per cent during period.

Construction

In the City of Manila, private construction continued to expand in 1975 although not as rapidly as in the previous year. Led by the non-residential group, permit valuation amounting to P400.7 million more than doubled the level of the preceding year; the corresponding number of units put up, however, contracted by 17.4 per cent.

The upsurge in the construction values of all types of non-residential buildings reached as high as 400.1 per cent (industrial and public utility) and 341.3 per cent (commercial). The sustained growth in

tourism and favorable indications from multi-national companies of setting up regional offices in the City of Manila and outlying areas contributed to the brisk expansion (227.7 per cent) observed in this group which constituted more than three-fourths of the aggregate value.

Similarly, the value of residential buildings went up by 7.3 per cent against a smaller volume registered during the period. On the other hand, despite the observed decline in prices of construction materials which apparently failed to offset the higher wages, there were substantially less (-40 per cent) improvements and repairs recorded during 1975 compared to 1974.

In terms of number of new units built, only the non-residential type of buildings increased (by 1.0 per cent), as corresponding decreases of 7.6 per cent and 22.5 per cent were noted in the residential and addition, alteration and repair categories.

For the rest of the Philippines, latest data for the first nine months of 1975 indicated that construction activity in suburban Manila and 32 other chartered cities picked up strongly compared to the same period in 1974. Following a sharp upturn of 27.4 per cent in the corresponding number of units placed, the combined permit valuation reached ₱1,228.7 million on an increase of 112.1 per cent; of this amount, 73.7 per cent came from the outskirts of Manila which showed an increase of 149.0 per cent; for the other cities, the gain, valuwisewise, was about 50 per cent. In both areas, the number of buildings expanded more than 20 per cent.

By category, the non-residential sector-as in the case of Manila-turned out to be the most active builder showing increases of 157.8 in value and 16.4 per cent in units put up. Partly responsible for this impressive performance was the on-going electrification program of the government, which has stimulated industrial/commercial activities in these areas.

The residential and the addition, alteration and repair groups likewise contributed to the expansion of the private building industry during the January-September period of 1975. With an improvement of about 30 per cent in the number of units, both groups posted big advances in value of 73.0 per cent for residential buildings and more than 40 per cent for the addition, alteration and repair category. The recently intensified energization of the outlying areas of Manila apparently reduced urban migrations to the big city, thereby partly increasing the number of residential construction starts, additions/alterations and repairs in its outskirts. On the other hand, growing population and urbanization also boosted residential buildings and improvements in other chartered cities of the country.

J. EMPLOYMENT AND GROSS SALES

Employment

Latest labor force data obtained from the National Census and Statistics Office showed an overall employment of 13,768 thousand in February 1975, reflecting an increase of 196 thousand or 1.4 per cent from the February 1974 figure. Despite the increase of 138 thousand in total labor force amounting to 14,286, the level of unemployment relative to labor total force dropped further from 4.1 per cent in 1974 to 3.6 per cent in 1975.

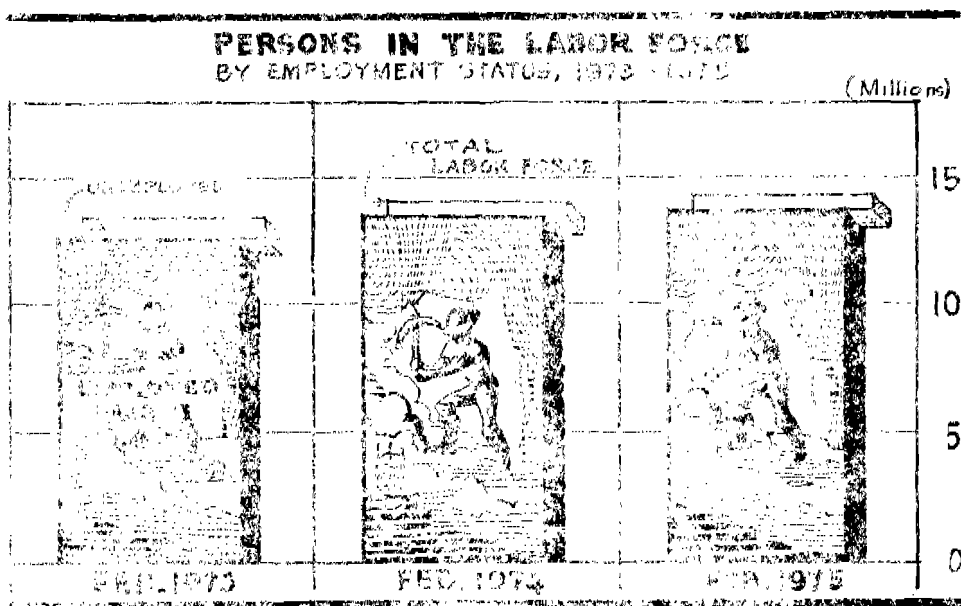


Chart 8

Based on the Central Bank's index of 135.1 (1965=100) covering GSIS and 535 sample corporations, however, the overall employment situation for the whole year 1975 showed a decline of 2.7 per cent as compared to the 5.1 per cent gain registered in 1974. The observed downturn was traceable to the slowdown in business activity in some sectors. In the agricultural industry, employment decreased by 9.6 per cent; massive lay-offs occurred mostly in those employed in logging and forestry. Similarly, mining which continued to be plagued by a slump in foreign demand and prices suffered the biggest production setback during 1975, thus forcing it to cut its employed force by 9.5 per cent. In addition, employment failed to catch up with the brisk sales activity noted in the commerce and transport, storage and communication industries during 1975.

On the other hand, the construction industry registered a big 23.9 per cent increase during the period in review mainly because of the

TABLE 18. PERSONS IN THE LABOR FORCE BY EMPLOYMENT STATUS
1973-1975

(Thousands)

Labor Force Status	Feb. 1973	Feb. 1974	Feb. 1975
LABOR FORCE	13,472	14,148	14,286
Employed	12,777	13,572	13,768
By Industry:			
Agriculture, forestry, hunting & fishing	6,851	7,432	7,497
Mining & quarrying	72	53	44
Construction	476	359	418
Manufacturing	1,357	1,453	1,440
Electricity, gas, water & sanitary services ..	34	36	42
Commerce	1,513	1,526	1,574
Transport, storage & communication	481	506	527
Government, community, business & recrea- tional services	1,052	1,235	1,234
Domestic services	673	687	718
Personal services other than domestic	250	263	238
Industry not reported	18	23	38
Unemployed	695	576	518
AS PER CENT OF LABOR FORCE:			
Employed	94.8	95.9	96.4
Unemployed	5.2	4.1	3.6

Source: National Census and Statistics Office

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TABLE 19. EMPLOYMENT INDEX BY INDUSTRY DIVISION¹
1973-1975

(1965 = 100)

Industry Division	1973	1974	1975 ^p	Per Cent Change	
				1974	1975
ALL ITEMS	132.2	138.9	135.1	5.1	(2.7)
Agriculture	147.6	149.3	134.9	1.2	(9.6)
Mining and quarrying	138.6	139.7	126.4	0.8	(9.5)
Manufacturing	135.5	142.7	143.5	5.3	0.6
Construction	56.8	58.5	72.5	3.0	23.9
Electricity, gas, water and sanitary services	120.5	131.6	150.6	9.2	14.4
Commerce	111.3	123.7	118.9	11.1	(3.9)
Transport, storage and communication ..	149.0	149.6	141.5	0.4	(5.4)
Services	143.2	152.3	161.4	6.4	6.0

¹ Revised series

SOURCES OF BASIC DATA: GSIS and 535 sample corporations

unabated infrastructure program undertaken by the public sector and stepped-up activity in private building. Unlike in other industries, marked improvement in sales by the manufacturing, electricity, gas, water and sanitary services groups particularly toward the second half of 1975 exerted an upward influence on employment levels which showed increases of 0.6 per cent and 14.4 per cent, respectively, over those of 1974.

Wages and Earnings

In 1975, money wage rates improved for both skilled and unskilled labor in industrial establishments located in Manila and suburbs. Compared to a year ago, money wages increased correspondingly by 4.0 per cent and 8.2 per cent. In real terms, the wage rate index of 64.5 (1965=100) for skilled workers moved down but at a much decelerated rate of 4.0 per cent as compared to 19 per cent in 1974. After a similar fall of 20 per cent for unskilled labor, the real wage rate index for this category remained unchanged at 72.5 in 1975.

TABLE 20. WAGE RATES INDEX OF LABORERS IN INDUSTRIAL ESTABLISHMENTS IN MANILA AND SUBURBS
1973-1975
(1965 = 100)

Wage Rates	1973	1974	1975	Per Cent 1974	Change 1975
Money Wage Rates:					
Skilled laborers	154.4	168.6	175.3	9.2	4.0
Unskilled laborers	168.7	182.1	197.0	7.9	8.2
Real Wage Rates: ¹					
Skilled laborers	82.8	67.2	64.5	(18.8)	(4.0)
Unskilled laborers	90.4	72.5	72.5	(19.8)	0.0

¹ Money wage rate index deflated by the consumer price index (1965 = 100) in Manila.

SOURCE OF BASIC DATA: Private Firms.

The overall gain in nominal wages during 1975 slowed down for skilled jobs and was slightly bigger for unskilled work. Nonetheless, the grant of monthly allowances by both government and private employers as early as the second half of 1974, in addition to the sharp drop of the inflation rate (from 34.3 per cent in 1974 to only 8.0 per cent in 1975) contributed substantially to the vastly improved movement of real wages during the period under review.

Based on reports of 787 establishments, the average monthly earnings of salaried employees and wage earners in selected non-agricultural industries continued to improve in 1975. Under the first category, the increase was at a higher rate of 10.1 per cent, while wage earners registered a smaller gain of 8.4 per cent.

**TABLE 21. INDEX OF AVERAGE MONTHLY EARNINGS IN SELECTED
NON-AGRICULTURAL INDUSTRIES IN THE PHILIPPINES
1973-1975
(1965 = 100)**

Industry Division	1973	1974	1975 ¹	Per cent Change	
				1974	1975
ALL WORKERS:					
Salaried Employees ¹	157.3	172.8	190.2	9.9	10.1
Wage Earners	176.1	198.6	215.3	12.8	8.4
Mining & Quarrying:					
Salaried Employees	135.3	150.4	167.6	11.2	11.4
Wage Earners	184.3	207.6	215.1	12.6	3.6
Manufacturing:					
Salaried Employees	173.4	180.8	197.0	4.3	9.0
Wage Earners	190.4	200.8	211.6	5.5	5.4
Electricity, gas & heat, water & sanitary services:					
Salaried Employees	181.0	200.0	231.8	10.5	15.9
Wage Earners	181.5	204.7	234.5	12.8	14.6
Commerce:					
Salaried Employees	164.8	186.6	198.7	13.2	6.5
Wage Earners	162.7	198.2	219.1	21.8	10.5
Transport & Communication:					
Salaried Employees	148.2	161.4	174.3	8.9	8.0
Wage Earners	167.1	184.1	193.9	10.2	5.3

¹ Salaried employees include executives and supervisors.
Source of Basic Data: 787 Cooperating establishments.

Based on reports of 787 establishments, the average monthly earnings of salaried employees and wage earners in selected non-agricultural industries continued to improve in 1975. Under the first category, the increase was at a higher rate of 10.1 per cent, while wage earners registered a smaller gain of 8.4 per cent.

Industry-wise, manufacturing and the utility group showed the biggest advance in take-home pay during 1975; compared to 1974, the corresponding salary earnings moved at a much faster pace of 9.0 per cent and 15.9 per cent while receipts of wage earners in both industries manifested appreciable gains of 5.4 per cent and 14.6 per cent, respectively.

Gross Sales

The Gross Sales Index registered further increases for 1975 but this time at a decelerated pace compared to the high growth rates obtained during the preceding year.

Among the five major industry groups covered by the index, the transport, storage and communications group (the only group which showed an accelerated growth rate) experienced the steepest increase

from 22.0 per cent in 1974 to 63.9 per cent in 1975. The marked expansion reflected the government's effort to solve the persistent land transportation problem especially in the Metropolitan Manila area. Also

TABLE 22. GROSS SALES AND/OR RECEIPT INDEX BY INDUSTRY DIVISION
1973-1975
(1965=100)

Industry	1973	1974	1975	Per Cent Change	
				1974	1975
All Items	333.8	433.6	583.9	44.9	20.7
Manufacturing	428.7	613.3	754.0	43.1	22.9
Electricity, gas water and sanitary services	312.8	653.0	838.4	108.8	28.4
Commerce	307.6	475.6	506.7	54.6	6.5
Transport, storage and communication	152.7	186.3	305.4	22.0	63.9
Services	185.9	241.4	282.1	29.9	17.3

SOURCE OF BASIC DATA: 408 Corporations

partly responsible for this uptrend were the new and improved highways and roads resulting from the government's continuing infrastructure program.

Adjusted for the effects of inflation, which tapered off substantially from an annual increase of 39.8 per cent in 1974 to 7.4 per cent in 1975, the overall deflated gross sales index rebounded from a negative 6.2 per cent growth rate to a positive 17.4 per cent in 1975 thereby reflecting a great improvement in sales volume in all of the five industry groups. The manufacturing transport and service industries more than recovered from the slump that occurred in 1974 as the 1975 index pointed to very heavy trading in these industries during the period.

TABLE 23. DEFLATED GROSS SALES AND/OR RECEIPTS INDEX BY INDUSTRY DIVISION, 1973-1975
(1965=100)

Industry	1973	1974	1975	Per Cent Change	
				1974	1975
All Items	152.8	143.3	168.2	(6.2)	17.4
Manufacturing	196.3	181.7	217.2	(7.4)	19.5
Electricity, gas, water and sanitary services	143.2	193.5	241.5	35.1	24.8
Commerce	140.8	140.9	145.9	0.1	3.5
Transport, storage and communication	69.9	55.2	88.0	(21.0)	59.4
Services	85.1	71.5	81.5	(16.0)	14.0

SOURCE OF BASIC DATA: 408 Corporations

K. PRICES

The year under review saw general price levels still rising but at considerably decelerated rates: 3 per cent at wholesale, 7 per cent at retail, and at the consumer level, 8 per cent in Manila and 7 per cent in Regions outside Manila. The slowdown in price changes was primarily indicative of recessionary trends in the economy coming in the wake of last year's double-digit fluctuations which were largely caused by the sudden surge in oil import costs.

Price movements throughout the country reflected the following major developments: a milder price increase in food items compared with non-food items, one not similarly observed since 1970 to 1974; relatively stable prices of cereals, vegetables and fruits; generally higher consumer price indices of food and clothing in Regions outside Manila; collapse of wholesale export prices of coconut oil, beverages and tobacco, crude materials (oil nuts, logs and lumber, hemp, copper concentrates) and cork manufactures accompanied by a simultaneous jump in import costs especially of mineral fuels, manufactured fertilizers and miscellaneous manufactures. Although retail prices of fuel remained at high levels (about four times those of 1965 prices), increases in 1975 on an annual basis subsided during the second half of the year due to minimized price adjustments by the Organization of Petroleum Exporting Countries (OPEC) and the intervention of the Price Stabilization Council in the domestic scene.

Concurrent with these developments were changes in monetary and real aggregates which moved with the tapering of inflation rates.

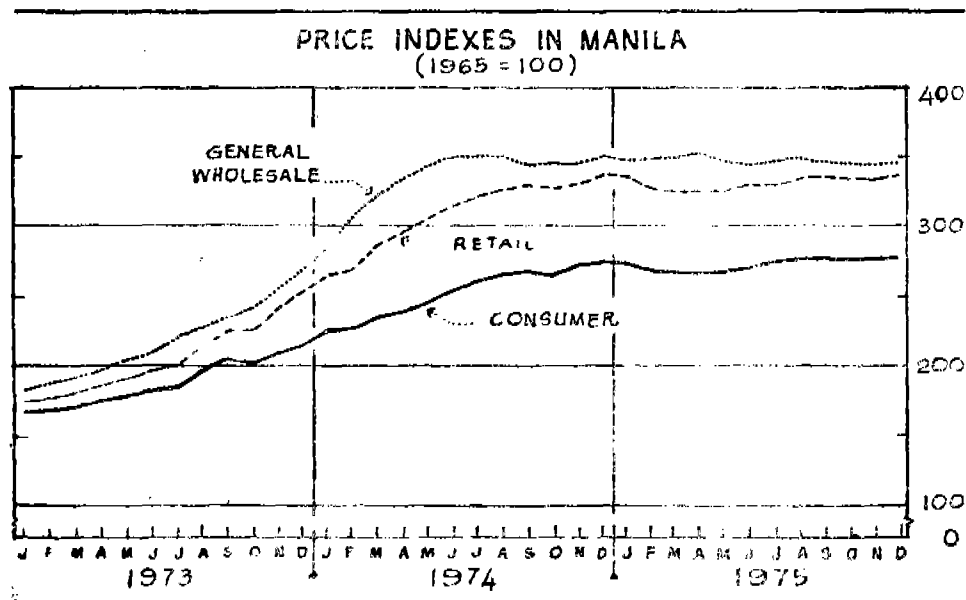


Chart 9

Most notable were the diminished expansion in domestic liquidity, especially money supply of external origin; the decelerated increase in nominal gross sales receipts from the industries except in transport, storage and communication; decline in employment indices especially agriculture and mining coupled with rise in construction and service sectors; and a slight advance in agricultural and manufacturing output weighed down by the decline in mining activities. Except for liquidity increases, the inflation rate in 1975 rose at a faster pace than most of the aforementioned indicators.

With the economy pressured by "reflationary" trends, current price policy continued to be a mixture of socialized pricing favoring the average consumer while at the same time maintaining supply prices at levels that would sustain production and employment. Supportive of this stance was a vigorous drive on the part of the financial system and the government in granting preferential loans to the agricultural and export sectors.

Inflation in 1975 may be characterized as an externally-induced cost-push type, basically a hold-over from 1974 price developments. Despite heightened costs of production per unit, current inflation rates of all price groupings slowed down because of the following factors: (1) decelerated rate of increase in domestic liquidity; (2) seasonal glut in vegetable-fruit-root crop supply midway through the period as well as adequate cereal stocks; (3) sharp falls in major export prices; (4) socialized pricing policy; and, (5) intensified government efforts to finance and step up agricultural production. On the other hand, the rise in wholesale and retail import prices of essential foodstuffs, machinery and transport equipment, mineral fuels and fertilizer exerted additional pressure on prices.

TABLE 24. PER CENT CHANGES IN THE WHOLESALE PRICE INDEX
IN MANILA

(1975 over 1974 Averages)

Item	General	Home Consumption Goods			
		Domestically Produced	Imported	All Goods	Export Goods
All Items	2.9	9.4	18.0	10.9	-30.6
Food	9.7	11.8	12.5	11.8	-2.8
Beverages & Tobacco	22.4	25.2	10.9	25.1	-21.1
Crude Materials	-30.9	-4.5	6.1	-2.5	-42.0
Mineral Fuels	14.6	13.5	19.9	14.6	15.3
Animal & Vegetable Oils	-53.9	-51.1	14.4	-48.2	-58.8
Chemicals	16.0	15.4	17.0	16.1	9.8
Manufactured Goods	7.5	7.4	9.3	7.8	-1.2
Machinery & Transport equipment ...	25.4	17.2	32.3	25.4	—
Miscellaneous Manufactures	8.1	5.8	28.1	8.0	29.4

SOURCES OF BASIC DATA: Domestic Trade, private and public markets.

The general wholesale price index at 347.2 (1965 = 100) rose slightly by 3 per cent in contrast to last year's increase of 54 per cent

When broken down into its components and corresponding weights, wholesale prices reflected these changes: domestically produced home consumption goods, accounting for 69 points, (of which 39 were attributable to home produced goods with imported raw material content and 30 for home use chiefly of domestic origin) became more expensive by 9 per cent; imported home consumption goods with a weight of 16 points similarly strained purchasing power by 18 per cent, while export goods contributing 15 points to total weights, exhibited a negative price growth rate of 31 per cent. This was a complete reversal of 1974 when export prices soared by as high as 76 per cent.

Global recessionary trends particularly in Philippine major trade partners weakened demand for and prices of the country's primary exports (coconut oil and other coconut-based products, logs and lumber, hemp, copper concentrates), and consequently mitigated the pressure on the general wholesale price index. At the same time, high import costs of mineral fuels, lubricants, machinery and transport equipments, fertilizers and some essential consumer food items continued to push wholesale prices upwards.

TABLE 25. PER CENT CHANGES IN THE CONSUMER PRICE INDEX

(1976 Over 1971 Averages)

Region	All Items	Food	Clothing	Housing	Fuel Light water	Miscel- laneous
Philippines	7.4	4.8	14.4	2.3	9.9	14.1
I. Manila	8.0	6.6	10.0	4.1	11.1	12.2
Regions Outside Manila	7.3	4.5	15.1	0.2	9.6	14.7
II. Ilocos	7.2	5.6	7.8	0.1	8.3	14.8
III. Cagayan	8.8	5.7	13.0	2.3	3.2	19.0
IV. Central Luzon	7.9	5.0	9.5	-1.3	3.9	12.0
V. Southern Tagalog	6.2	4.0	11.0	-0.6	11.6	12.3
VI. Bicol	5.4	-0.2	9.2	2.4	16.9	18.9
VII. Western Visayas	6.4	3.9	19.8	1.8	-6.3	14.3
VIII. Eastern Visayas	9.1	5.0	31.9	2.3	13.3	16.2
IX. Northern Mindanao	8.4	4.5	19.6	1.5	7.3	17.4
X. Southern Mindanao	6.9	3.8	14.7	-2.5	20.8	14.6

SOURCES OF BASIC DATA: Public markets, private firms and residential houses.

Overall consumer prices which reflect the cost of living of an average consumer in the Philippines settled at 292.1 (1965 = 100) exceeding by 7 per cent the 1974 index. A comparison of CPI changes throughout the country indicated a slightly higher rate of 8 per cent in Manila as against 7 per cent in Regions Outside Manila. This could be traced to the higher price increase of fish, milk and dairy products in Manila despite the absolute decline in consumer prices of cereals and root-vegetable-fruit items. Housing-and-repairs indices of Central Luzon, Southern Tagalog, and Southern Mindanao also slid down further, dampening the inflation rate in Regions outside Manila. Average consumer

prices however remained at high levels in Regions outside Manila, a trend observed since the adoption of the floating rate policy.

After last year's staggering oil price hikes, the most prominent feature of this year's price inflation was the general slowdown in food prices, particularly cereals and fruits-roots-vegetables. From a high 43 per cent in 1974 the average price of foodstuffs scaled up by a moderate 5 per cent in 1975. Numerous supports on the part of the government through agricultural credit financing, price control, price subsidy, and improved marketing distribution partially stabilized fluctuations in food prices. In terms of absolute indices, items rated according to the most expensive to the least expensive were as follows: fish, roots-vegetables-fruits, meat, miscellaneous foodstuffs, eggs, and milk and dairy products. Leading price gainers in terms of price changes however were milk and dairy products (18 per cent) in all regions, fish (11 per cent) in Manila, and meat and eggs (9 per cent) in Regions outside Manila. In contrast, prices of roots-vegetables-fruits in all regions declined by 4 per cent.

Non-food items showed prices rising at comparatively steeper rates within the neighborhood of 10 per cent (fuel-light-water) to

TABLE 26. PER CENT CHANGES IN THE CONSUMER FOOD PRICE INDEX
(1975 Over 1974 Averages)

Item	Philippines	Manila	Regions Outside Manila
All Items	4.8	6.6	4.5
Cereals	2.1	-1.2	2.6
Fish	6.9	11.1	6.3
Meat	9.1	8.5	9.3
Eggs	8.8	7.7	9.1
Milk & Dairy Products	17.7	19.4	17.0
Roots, Vegetables & Fruits	-3.9	-5.0	-3.6
Miscellaneous	9.4	14.6	8.0

SOURCES OF BASIC DATA: Public markets, private firms and residential houses.

14 per cent (clothing and miscellaneous items which include household operations, household furnishings and equipment, beverages and tobacco, school supplies, medical and personal care, transportation and communication, recreation). Housing-and-repairs index moved up slightly by 2 per cent due in part to rent control and to lower prices of housing materials. Clothing and miscellaneous items sustained price increases noted since the first half of 1974, while movements in the fuel-light-water index weakened in momentum, despite the price hikes in fuel last May and August 1975.

At 332.4 (1965 = 100), average retail prices in Manila reflected a 7 per cent increment in 1974-1975 as against 52 per cent in 1973-1974. Imported items manifested a higher price growth at 9 per cent with foodstuffs (coffee, cocoa, tea, canned and preserved fruits, fish and meat) heading the list. On the other hand, prices of domestic goods advanced by 7 per cent with drugs and medicine coming out as this year's price pace-setter, as against construction materials for last year.

In heavily-weighted food items, current price increases slowed down to 56 per cent (1974-1975) from 39 per cent (1973-1974). Except for cereals and vegetables and fruits whose prices decreased by about 1 per cent and 5 per cent, respectively, all other foodstuffs turned more expensive with eggs and meat registering a moderate uniform price expansion of 8 per cent, and dairy products, the highest increment at 19 per cent.

The fuel index magnified its base fourfold and increased at an annual rate of 13 per cent. Drugs and medicine, school supplies, beverages and tobacco indicated relatively stable price levels equal to about twice 1965 prices. Considering however the heavily import-based drug industry, prices of drugs and medicine advanced at a high rate of 18 per cent. Meanwhile, construction materials became less expensive by almost 1 per cent.

TABLE 27. PER CENT CHANGES IN THE RETAIL PRICE INDEX OF
SELECTED COMMODITIES IN MANILA

(1975 Over 1974 Averages)

Item	Per Cent Changes
All Items	7.0
Food	5.3
Wearing Apparel	10.0
Construction Materials	-0.6
Fuel	12.6
Drugs & Medicines	18.4
School Supplies	4.6
Beverages & Tobacco	11.7
Household Supplies	16.6
House Furnishing & Equipment	10.7
Domestic Items	6.8
Imported Items	9.0

SOURCES OF BASIC DATA: Public markets and private firms.

L. FOREIGN EXCHANGE POLICY

Central Bank foreign exchange policy in 1975 continued to be directed principally towards minimizing the effects of adverse world economic developments on the balance of payments, assisting local industries facing

foreign competition in the domestic market and those industries experiencing depressed overseas outlets, and improving the control of monetary authorities on the movement of foreign exchange within the system. The promotion of foreign investments also continued to be an objective of foreign exchange policy during the year. Presented below are the more significant Central Bank circulars, memoranda and circular-letters issued during the year to implement said policy considerations:

1. To minimize the strain on the balance of payments and the international reserve, efforts to improve exports and conserve foreign exchange were further intensified. Export payment liberalization designed to expand existing and develop new markets for Philippine products was pursued mainly through:

a. extension of the repatriation period for export proceeds from thirty (30) days to sixty (60) days from date of shipment (Circular No. 491 dated December 16, 1975); and

b. extension of the liquidation period for undrawn balances from 120 days to 150 days from date of shipment for exports to Europe, from ninety (90) days to 150 days for exports to Africa and Latin America, and from ninety (90) days to 120 days for exports to other countries (MAAB No. 81 dated December 15, 1975).

2. To minimize foreign exchange payments for imports, Circular No. 490 dated December 16, 1975 was issued, limiting importations allowed to be made under open account and/or documents against acceptance arrangements in accordance with Circular No. 347 (July 28, 1972) to commodity items falling under the essential producer (EP) goods category only. Moreover, various memoranda were issued requiring prior referral to the Central Bank of certain commodity imports, particularly textile machinery and equipment (MAAB No. 31 dated May 30, 1975) and steel products (MAAB No. 36 dated June 23, 1975) and vessels and appurtenances thereto (MAAB No. 73 dated October 20, 1975).

3. In line with the government's policy of giving full assistance to the domestic poultry and hog industries (LOI No. 322), importation of animals, animal effects, animal products and meat from Argentina, Paraguay, India, Thailand, Indonesia, Pakistan, Bangladesh, and Hong-kong was disallowed unless the same was authorized by the Bureau of Animal Industry (MAAB No. 40 dated July 7, 1975). This regulation was effected to prevent entry of diseased animals which might contaminate local livestock. Entry of canned mackerel imports was also subjected to prior Central Bank consideration (MAAB No. 68 dated October 8, 1975) to prevent dumping by foreign competitors and help support the local fishing industry.

4. Circular No. 463 dated April 23, 1975 allowed primary gold producers to borrow from authorized gold dealers up to 100 per cent of the

value of refined gold shipments used as collateral, subject to the condition that the loan would be liquidated within 360 days. This was intended to encourage production of gold in the country by helping producers meet high production and inventory stocking costs. However, gold used as collateral for pesos borrowed by producers was to be covered by a duly executed chattel mortgage or deed of assignment (Circular No. 486 dated November 3, 1975).

5. A number of regulations were issued to prevent foreign exchange leakages, discourage blackmarket activities, and encourage selling of foreign exchange to the banking system. These included:

a. Circular-Letter dated March 21, 1975, prohibiting banks from accepting foreign currency deposits under Circular No. 343, funded by currency notes/coins;

b. Circular-Letters dated January 24, 1975 and February 11, 1975, requiring all foreign exchange received by agents/branches of shipping/airlines companies in the Philippines, local commission agents, representatives, indentors, contractors and others as advances from their principals, to be reported to the Central Bank; and

c. Circular No. 447 dated January 31, 1975, under which resident individuals and firms with fixed businesses/establishments within a radius of around twenty (20) meters from post offices in cities and municipalities might qualify as Foreign Exchange Dealers (Money Changers) of the Central Bank.

6. To provide for flexibility in foreign cash investments in Philippine securities and encourage foreign investors to maintain their foreign exchange investments in the country, cash dividends and proceeds of sale of stock dividends accruing on foreign cash investments in Philippine securities registered pursuant to Circular No. 365 were allowed to be reinvested in other Philippine securities listed in the stock exchange and registered under Circular No. 365 (MAAB No. 29 dated April 21, 1975).

M. BALANCE OF PAYMENTS

An overall deficit of \$520.8 million was registered in the balance of payments in 1975. This negative position was experienced as adverse economic developments prevailed abroad. The shortfall in the external account resulted entirely from the substantial trade gap which could not be totally offset by gains in other accounts.

The trade imbalance of \$1,196.6 million developed from the weak performance of Philippine exports and the continuous rise in imports. Totalling \$2,262.6 million, annual exports were \$431.2 million or 16.0 per cent lower than in 1974. The decline was traced to generally lower world

TABLE 28. BALANCE OF PAYMENTS OF THE PHILIPPINES
1974 and 1975
(Million U.S. Dollars)

Item	1975	1974
A. Goods and Services:		
Exports, f.o.b.	2,262.58 a	2,693.85 a
of which non-monetary gold	76.35	74.31
Imports, f.o.b.	— 3,459.18	3,143.26
of which crude oil	709.81	573.20
other petroleum products	58.13	77.18
Trade balance	— 1,196.60	— 449.41
Transportation and merchandise insurance	— 256.75	— 271.20
Travel	82.66	41.06
Investment income	— 125.58	— 54.34
Services rendered to US military	49.62	47.91
Pensions from US government	86.58	78.39
Private transfers	165.27	122.79
Others	211.90	202.88
TOTAL A	— 982.90	— 281.92
B. Official Grants and Long-Term Capital:		
Reparations from Japan	31.96	44.94
Other grants	34.19	30.33
Private Loans	125.96	32.23
Official loans	232.71	112.45
Other private capital	125.15	28.02
Other official capital	1.69	
TOTAL B	548.28	247.97
C. Private Short-Term Capital and Net Errors and Omissions:		
Private short-term capital	— 17.96	231.26
Net errors and omissions	— 63.20	— 87.37
TOTAL C	— 86.16	143.89
D. Overall Position (A thru C)	— 520.78	109.94
E. Monetary Movements:		
Net IMF accounts	110.54	— 10.62
Central Bank liabilities	333.90	190.20
Special Drawing Rights	5.76	— 4.54
Central Bank foreign exchange assets		
(increase—)	136.10	— 460.92
Commercial banks foreign exchange assets		
(increase—)	— 243.08	— 96.86
Commercial banks liabilities	177.56	272.80
Monetary gold	—	—
TOTAL E	520.78	— 109.94

a Exclusive of value added to exports of finished products and of raw materials previously imported under consignment. Such value added is reported under other services.

market prices for the country's export products. Although the quantity shipped increased by 19.1 per cent from a year earlier, prices went down by about 27.2 per cent.

Imports expanded from \$3,143.3 million in 1974 to \$3,459.2 million in 1975 or by 10.0 per cent. The rise was traced mainly to higher prices which on the whole increased by 8.0 per cent and partly to a 1.0 per cent increase in volume.

In 1974, the trade gap of \$449.4 was completely offset by gains in private transfers, official loans, and private short-term capital. The more than doubling of the trade imbalance in 1975, however, could only be partly compensated for by the positive performance in non-merchandise trade and capital accounts.

The goods and services account registered a deficit of \$928.9 million, compared to negative \$281.9 million in 1974. Aside from the trade imbalance, an increase from negative \$54.3 million to negative \$125.6 million in investment income contributed to the shortfall in goods and services. The other entries in this account showed improvements from a year ago, notably travel, which almost doubled and reached \$82.7 million and private transfers, which rose by 38.4 per cent to \$165.3 million. Other changes were observed in transportation and merchandise insurance, which decreased from negative \$271.2 million to negative \$256.8 million; as well as in services rendered to U.S. military, pensions from the U.S. government, and others whose combined total hit \$348.1 million, approximately 5.0 per cent higher than the total in the previous year.

From \$248.0 million in 1974, net official grants and long-term capital inflows more than doubled to \$548.3 million in 1975. Private loans increased by more than two times, official loans by 106.9 per cent and other private capital by more than three times. These accounts had a combined net amount of \$483.8 million and accounted for about 88.2 per cent of total official grants and long-term capital inflows. Reparations from Japan declined by 13.0 per cent to \$32.0 million.

The favorable balance of \$231.3 million in the private short-term capital account a year ago reverted into a net outflow of \$18.0 million in 1975. This development could be traced principally to the substantial pre-payment made for oil imports in the first quarter of the year. With net errors and omissions placed at negative \$68.2 million, the overall balance of payments deficit totalled \$520.8 million, compared to a surplus of \$109.9 million in 1974.

Central Bank compensatory loan operations registered net availments of \$444.4 million. This reduced the effect of the external deficit on the international reserve, which decreased by \$76.4 million or 6.6 per cent from the previous year's level to \$1,089.1 million.

N. INTERNATIONAL RESERVE

The total international reserve amounted to \$1,089.1 million as of December 31, 1975. The decline of \$76.4 million or 6.6 per cent from the level of \$1,165.5 million a year earlier was brought about entirely by a decrease of \$141.9 million in Central Bank foreign exchange holdings. The decline in the latter was partly offset, however, by an improvement of \$65.5 million in the net foreign exchange liabilities position of commercial banks.

From \$1,502.5 million at end-1974, the Central Bank reserve dropped by 9.4 per cent to \$1,360.6 million at the end of 1975. The decrease was manifested mainly in time and demand deposits of the Bank which showed decreases of \$162.8 million and \$12.5 million, respectively. At end-1975, these deposits totalled \$1,194.7 million, constituting approximately 87.8 per cent of the Central Bank reserve. The other components of the reserve hardly changed from a year ago, except investments in foreign securities which increased by \$40.9 million and holdings of SDRs which decreased by \$5.8 million.

The net foreign exchange holdings of commercial banks, on the other hand, improved by about 19.4 per cent, from negative \$337.0 million at end-1974 to negative \$271.5 million in December 1975. Although commercial banks' liabilities went up by \$177.6 million to \$990.0 million,

TABLE 29. INTERNATIONAL RESERVE OF THE PHILIPPINES

As of Dates Indicated
(Million U.S. Dollars)

Item	Dec. 31, 1975	Dec. 31, 1974
TOTAL INTERNATIONAL RESERVE	1,089.14	1,165.48
CENTRAL BANK	1,360.65	1,502.51
Time Deposits	1,131.10	1,293.90
Demand Deposits	62.64	76.12
Investments—Foreign	57.00	16.10
Gold	44.58	44.58
Holdings of SDRs	27.56	33.32
Accrued Interest Receivables	31.28	32.97
Foreign Currencies	5.49	5.52
OTHER BANKS (NET)	(271.51)	(337.03)
Assets	718.52	475.44
Liabilities	990.03	812.47

SOURCES OF DATA: Foreign Exchange Department (Central Bank of the Philippines) and Commercial Banks.

their assets increased by \$243.1 million, bringing the total to \$718.5 million.

A general downtrend characterized the monthly movement of the international reserve in 1975. After moving up strongly in January and February by \$128.5 million as a result of compensatory borrowings, the reserve went down continuously in the next four consecutive months. In the process, a total loss of \$164.5 million was incurred. The drop in the reserve level in March was relatively substantial (\$70.0 million) despite a small trade surplus, because of the pre-payment made for oil imports during the month.

INTERNATIONAL RESERVE, 1973-1975

(Million U.S. Dollars)

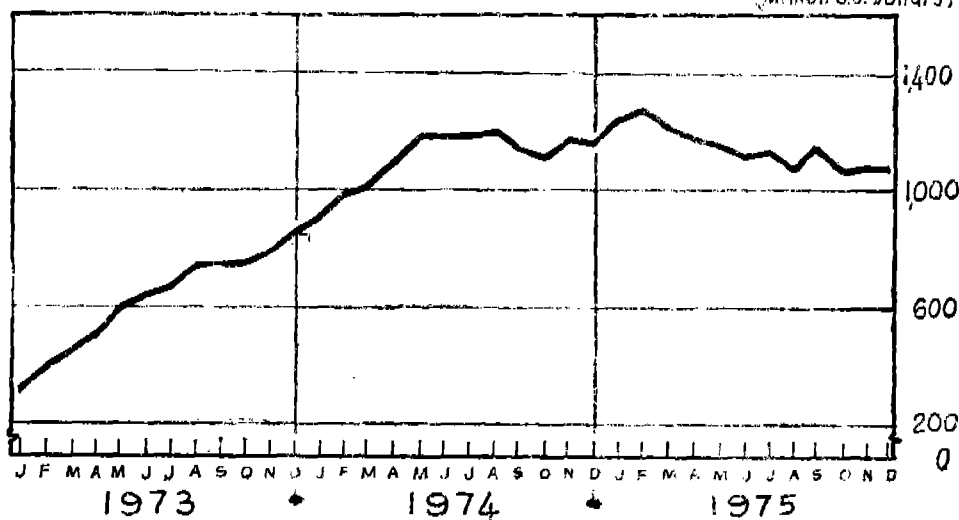


Chart 10

The downtrend in the reserve level was reversed in July when a slight recovery of \$13.6 million was attained. This favorable movement however, could not be sustained and another setback of \$60.4 million was experienced in August as the trade deficit continued to expand. With the first external surplus for the year being realized in September and with net compensatory borrowings, an increase of \$78.1 million in the international reserve was realized during the month.

The reserve hit its lowest level in October at \$1,072.3 million as foreign trade continued to be characterized by unimproved exports and growing imports. However, the reserve level exhibited an increase of \$17.5 million in November and a slight decrease of \$0.6 million in December. Accounting for the relative strength of the international reserve during these months were the positive non-monetary and monetary capital balances in the external account.

O. EXTERNAL TRADE

Developments in the international economy during 1975 continued to adversely affect the Philippines' external trade. The unprecedented combination of inflation and deepening recessionary tendencies in major industrial countries resulted in rising import bills in the face of sluggish external demand and falling prices for most of the country's export products during the greater part of the year.

Total overseas trade in 1975 amounted to \$5,753.7 million, a decrease of 2.0 per cent from \$5,868.3 million in 1974. This developed as the reduction in exports exceeded the expansion in imports, resulting in a trade deficit of \$1,164.7 million, approximately three times the deficit of 1974.

Import arrivals which accounted for 60.1 per cent of total trade, rose by 10 per cent or \$315.9 million to \$3,459.2 million. Aside from the inter-acting effects of inflation, oil price increases, world-wide commodity shortages, the marked increase in imports for the year was also influenced to a large extent by increased arrivals of essential producer and consumer goods.

Export shipments which in the preceding year manifested a sharp increase of 44.5 per cent, dropped by 15.8 per cent or \$430.5 million to \$2,294.5 million. The restrictive/deflationary policies adopted by the developed countries to counteract inflationary tendencies led to a general slowdown in prices and demand for most of the Philippines' exports.

The country's net terms of trade index averaged 72.2 (1965=100), a decline of 32.6 per cent from the average of 107.2 in 1974 due to the drop in export prices aggravated by an increase in import prices. As a result of the unfavorable movement in the terms of trade which more than offset the improvement of 19.1 per cent in the quantum index of exports, the purchasing power of exports went down by 19.8 per cent to 109.8.

Japan occupied the top position among the major trading partners of the country, dislodging the United States during the year. Japan dominated both the export and import markets, accounting for almost 31.8 per cent of total Philippine trade. Total trade with the United States on the other hand, dropped to 24.7 per cent from last year's 32.0 per cent. Except for the United Kingdom displacing West Germany as the Philippines' fifth ranking trading partner, no other significant changes were noted in the rankings of other countries.

Exports

Exports, which for the previous year rose by 44.5 per cent due to improved world market prices, were down by 15.8 per cent from \$2,725.0 million to \$2,294.5 million. The marked slackening of economic activity

in major industrial countries substantially weakened world market prices of the country's principal exports for the current year.

The country's ten principal exports which accounted for 71.5 per cent of total exports (as against 78.7 per cent last year), dropped by almost 22.0 per cent from \$2,103.5 million to \$1,640.9 million. The first four major products representing 74.2 per cent of total ten principal exports weakened considerably, and offset improvements in other export commodities.

Sugar accounted for 25.3 per cent of total export earnings for the year, maintaining its position as the country's principal source of foreign exchange. At \$580.7 million, sugar earnings were, however, 21.3 per cent below those of last year, as the improvement in price failed to fully compensate for the sharp drop of 37.0 per cent in volume of shipments. The United States, which up to 1974 absorbed almost three-fourths of total sugar exports accounted for only 25.0 per cent for the year under review. With the termination of the preferential status of Philippine sugar in the US market, sugar exports were diverted to relatively new markets. Japan for the first time, became the principal outlet for sugar as it purchased approximately 55.0 per cent of total exports for the year.

Coconut oil exports at \$230.3 million outranked copper concentrates as the second leading dollar earner but were short by \$150.4 million or 39.5 per cent from the level a year earlier. The shortfall was brought about by the considerable slash in prices which could not be fully offset by the improvement in volume of shipments.

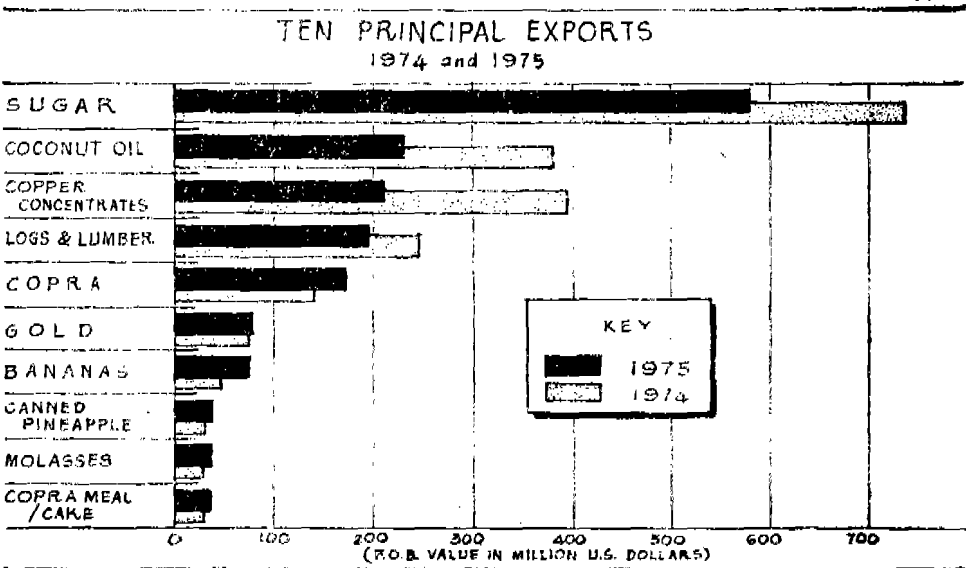


Chart 11

TABLE 30. TEN PRINCIPAL EXPORTS

1974 and 1975

(F.O.B. Value in Million U.S. Dollars)

Item	1976		1974		Per Cent Changes in Value
	Value	Cumulative Per Cent of Total Exports	Value	Cumulative Per Cent of Total Exports	
Sugar	580.7	25.3	737.4	27.1	-21.3
Coconut oil	230.3	35.3	380.7	41.0	-39.5
Copper concentrates	212.1	44.6	393.2	55.5	-46.1
Logs and lumber	194.1	53.0	246.4	64.5	-21.2
Copra	172.3	60.6	139.8	69.6	23.2
Gold	76.4	63.9	74.3	72.4	2.8
Bananas	73.1	67.1	45.5	74.0	60.7
Canned pineapple	34.7	68.6	30.6	75.2	13.4
Molasses	33.9	70.1	27.7	76.2	22.4
Copra meal/cake	33.3	71.5	27.9	77.2	19.4
Total Ten Principal Exports	1,640.9	71.5	2,103.5	77.2	-22.0
Total Exports	2,294.5	100.0	2,725.0	100.0	-15.8

SOURCE: National Census and Statistics Office.

Because of depressed prices and demand, earnings from copper concentrates dropped by 46.1 per cent or \$181.1 million to \$212.1 million. The bearish market for copper was due partly to Japan's huge stockpile which led to the cancellation of some of its purchase orders during the early part of the year.

Shipments of logs and lumber, which maintained the fourth position, amounted to \$194.1 million, 21.2 per cent or \$52.3 million less than the previous year's figure. The slump in construction activities in the United States and Japan considerably damped both price and volume of logs and lumber.

Copra earnings at \$172.3 million registered an increase of 23.2 per cent as the upsurge in volume more than compensated for the downtrend in prices. Despite the rise in aggregate value, however, copra remained as the country's fifth major export.

Improved prices and buoyant demand brought earnings from bananas to \$73.1 million, an increase of 60.7 per cent or \$27.6 million from the previous year's receipts.

Other major exports also yielded appreciable gains—gold, \$2.1 million; canned pineapple, \$4.1 million; molasses, which replaced desiccated coconut, \$6.2 million; and copra meal/cake easing out abaca from the tenth berth, \$5.4 million.

Imports

At \$3,459.2 million, imports rose by 10.0 per cent from \$3,143.3 million last year. Volume increased by only 1.0 per cent but import costs on the whole, moved up by 8.0 per cent as generally higher prices, par-

ticularly for the country's oil requirements prevailed during most of 1975. Of the total import bill, approximately 20.5 per cent or \$709.8 million represented oil imports for the year. The oil price increase of 15.0 per cent together with a 7.7 per cent rise in volume pushed up the oil bill by 23.8 per cent.

The ten principal imports, which accounted for 78.2 per cent of total imports, posted an overall increase of \$314.2 million or 13.1 per cent. Increments in mineral fuels, lubricants and related products (\$116.5 million); machinery other than electric (\$230.9 million); electric machinery (\$51.6 million); and manufactures of metal (\$33.7 million); and transport equipment (\$36.3 million) were influenced to some extent by: (a) vigorous activities in some industrial sectors; (b) intensified mechanization of agriculture; (c) continued implementation of the infrastructure program of the government; and (d) intensified effort to improve the transport system.

Imports of cereals and cereal preparations also increased by \$20.5 million to sustain the country's basic food requirements and to ensure adequate supply particularly during periods of inclement weather.

Other principal imports registered a combined decrease of \$161.0 million, with base metals, chemical elements and compounds accounting for 90 per cent of the decline.

TABLE 31. TEN PRINCIPAL IMPORTS, 1974-1975
(F.O.B. Value in Million U.S. Dollars)

Item	1975		1974		Per Cent Changes in Value
	Value	Cumulative Per Cent of Total Imports	Value	Cumulative Per Cent of Total Imports	
Mineral fuels, lubricants & related materials	769.9	22.3	653.4	20.8	17.8
Machinery other than electric	654.9	41.2	424.0	34.3	54.4
Transport equipment	301.6	49.9	265.3	42.7	13.7
Base metals	212.8	56.1	295.7	52.1	-28.0
Cereals & cereal preparations	175.4	61.1	154.9	57.1	13.2
Electric machinery, apparatus & appliances	156.9	65.7	105.3	60.4	49.0
Chemical elements & compounds	153.6	70.1	216.1	67.3	-28.9
Explosives & misc. chemical materials & products	109.3	73.3	113.8	70.9	-4.0
Manufactures of metal	93.8	76.0	60.1	72.8	56.1
Textile fibers not mftd. into thread & yarn	77.6	78.2	88.7	75.6	-12.5
Total Ten Principal Imports	2,705.8	78.2	2,377.3	75.6	13.8
Total Imports	3,459.2	100.0	3,143.3	100.0	10.0

SOURCE: National Census and Statistics Office.

Classified by end-use, producer goods at \$3,187.3 million registered a 9.4 per cent increase with machinery and equipment and unprocessed

raw materials accounting for the accretion. Likewise, consumer goods grew by 18.2 per cent to \$271.9 million.

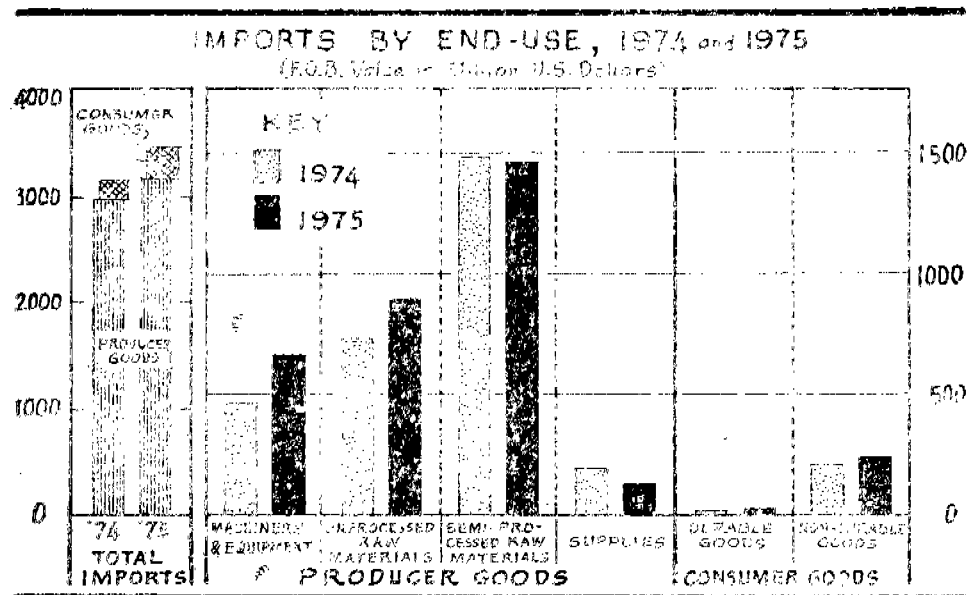


Chart 12

TABLE 32. IMPORTS BY END-USE
1974 and 1975
(F.O.B. Value in Million U.S. Dollars)

Item	1975		1974	
	Value	Per Cent Distribution	Value	Per Cent Distribution
Total	3,459.0	100.0	3,143.3	100.0
Producer Goods	3,187.2	92.1	2,913.2	92.7
Machinery and equipment	675.1	19.5	472.3	15.0
Unprocessed raw-materials	908.3	26.5	746.7	23.8
Semi-processed raw-materials	1,471.0	42.5	1,491.9	47.5
Supplies	132.7	3.8	202.3	6.4
Consumer Goods	271.8	7.9	230.1	7.3
Durable Goods	15.2	.5	9.5	.3
Non-durable Goods	256.6	7.4	220.6	7.0

Terms of Trade

The country's net terms of trade in 1975 at 72.2 (1965 = 100) deteriorated by 32.6 per cent from 107.2 last year. Approximately 95.6 per cent of the trade deficit of \$1,164.7 million for the year was brought about by adverse terms of trade.

Export prices, which were at generally depressed levels due to recessionary trends and weak demand in major foreign markets, accounted for about 77.1 per cent of the trade imbalance arising from unfavorable terms of trade. The effect of lower prices was, however, cushioned by an increase in export volume. The country's major commodities that experienced substantial shortfalls in prices were abaca, copra, coconut oil, copper concentrates and desiccated coconut.

On the import side, approximately 22.9 per cent of the trade gap traced to deteriorating terms of trade was due to higher import prices. However, decreases in import volume somewhat abated the effects of the increased prices brought about by inflationary pressures in countries of origin. The country's major imports which were heavily affected by rising prices were mineral fuels, lubricants and related materials, chemical elements and compounds, and machinery other than electric.

TABLE 33. TRADE INDICES
1974 and 1975
(1965 = 100)

Item	1975	1974	Per cent change
Exports			
Price Index	202.9	278.9	-27.2
Quantum Index	152.1	127.7	19.1
	308.6	356.2	-13.4
Imports			
Price Index	280.9	260.2	8.0
Quantum Index	150.7	149.2	1.0
Value Index	423.3	388.2	9.0
Net Terms of Trade	72.2	107.2	-32.6
Purchasing Power of Exports	109.8	136.9	-19.8

Direction of Trade

Japan, the Philippines' principal trading partner during the current year absorbed \$1,831.3 million or 31.8 per cent of total trade, dominating both imports and exports.

Imports from Japan representing 27.9 per cent of total imports rose by 11.8 per cent to reach a record high of \$966.3 million. As the biggest source of imports, Japan was the main supplier of seven of the top ten imports of the country, namely; machinery other than electric, transport equipment, chemical elements and compounds, base metals, explosives and miscellaneous chemical materials, and manufactures of metal.

Exports to Japan amounting to \$865.0 million or comprising 37.7 per cent of total exports were down by 8.9 per cent due to sluggish industrial activity in Japan. This country nonetheless remained the

principal outlet for copper concentrates, bananas, logs and lumber and gold. Furthermore, by purchasing 55.0 per cent of all sugar exports this year, Japan dislodged the United States as the leading market for this commodity. At year-end, trade with Japan ended with an unfavorable balance of \$101.3 million.

Philippines—United States trade was relatively weak as total trade valued at \$1,418.5 million was 24.9 per cent below that of last year. The United States' share to total Philippine trade similarly contracted from 32.2 per cent to 24.7 per cent.

Purchases from the United States, representing 21.8 per cent of all imports, made a slight gain of 2.9 per cent. The bulk of the country's requirements for textile fibers and cereals and cereal preparations were supplied by this country. Substantial importations of machinery other than electric, electric machinery, apparatus and appliances, manufactures of metal, explosives and miscellaneous chemical materials and transport equipment were also noted during the year.

Shipments to the United States totalling \$664.3 million, comprised 29.0 per cent of total exports compared to 42.4 per cent for the previous year. The American market absorbed the bulk of coconut oil, desiccated coconut, abaca and canned pineapple exports, but was only second to Japan in its share of Philippine sugar exports.

As a result of these developments, the trade balance with the United States showed a deficit of \$89.9 million for the first time since 1967.

Trade with the European Common Market (ECM) comprising 13.9 per cent of total trade, showed signs of improvement as exports expanded at a faster rate than imports. Trade for this year at \$801.0 million picked up by 12.8 per cent.

Purchases from this bloc representing 12.4 per cent of all imports climbed by 11.0 per cent to \$429.4 million. The greater portion of these imports was made up of capital goods like mining & industrial machinery, motor vehicles, electric machinery, apparatus & appliances and aircrafts. Deliveries of raw materials and intermediate goods were also at high levels.

Of the nine countries comprising the bloc, West Germany was the principal source of these imports followed closely by the United Kingdom while a far third was France.

Exports at \$371.6 million advanced by 14.9 per cent and accounted for 16.2 per cent of total Philippine exports. Moreover, the share of this bloc to total exports improved by 4.3 percentage points.

The Netherlands, the country's principal outlet for copra, was the main market within the bloc by absorbing a total of \$176.1 million

DIRECTION OF EXTERNAL TRADE, 1975
(Per Cent Distribution)

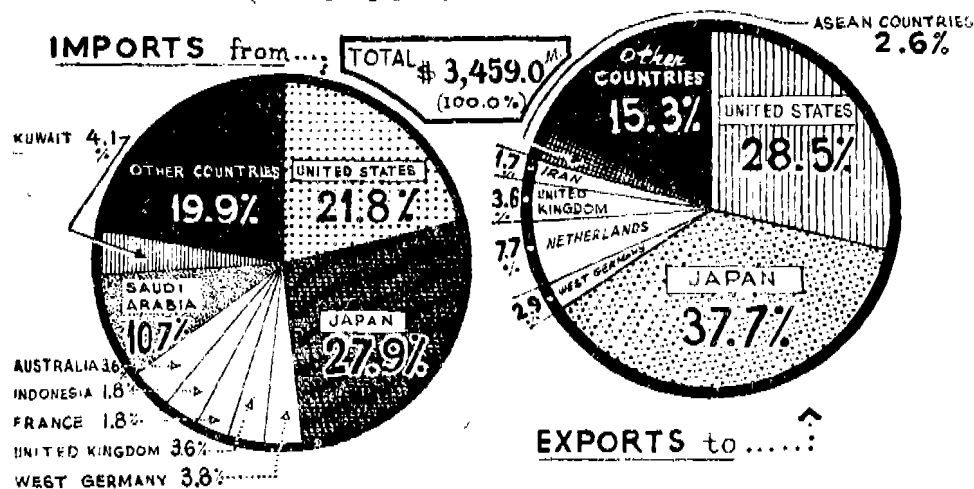


Chart 13

worth of Philippine goods. Other large buyers were the United Kingdom (\$82.3 million) and West Germany (\$66.4 million).

For the year, the trade imbalance with the ECM narrowed down slightly to \$57.5 million from \$63.3 million. Except for the \$131.0 million surplus enjoyed with the Netherlands, trade deficits were incurred with the rest of the ECM members.

Trade with member countries of the Economic and Social Commission for Asia and the Pacific (ESCAP) was likewise on the upswing as it hit a high \$534.7 million—\$109.2 million or 25.7 per cent over the figure a year ago. Out of this total, about 43.6 per cent was accounted for by countries comprising the Association of Southeast Asian Nations (ASEAN).

As a source of imports, ESCAP countries supplied the Philippines with goods amounting to \$391.4 million, representing almost 11.3 per cent of total imports. Australia, the country's main source of dairy product needs, emerged as the leading supplier from the region. The next three largest suppliers were from the ASEAN group: Indonesia (\$63.1 million); Malaysia (\$54.1 million) and Thailand (\$34.4 million). Other countries from the region that delivered commodities above \$20 million were New Zealand, Hongkong and Singapore. As a market for exports, this region absorbed 6.2 per cent of all exports for the period worth \$143.5 million. The top buyers from the ASEAN countries were Singapore (\$31.7 million) and Indonesia, (\$19.6 million), while Australia with \$31.6 million and Hongkong at \$27.5 million, led all non-ASEAN countries.

TABLE 34. DIRECTION OF TRADE

1974 and 1975

(F.O.B. Value in Million US Dollars)

Country	Imports				Exports			
	1975	% Dis- tribution	1974	% Dis- tribution	1975	% Dis- tribution	1974	% Dis- tribution
TOTAL (all countries)	3,459.2	100.0	3,143.2	100.0	2,294.5	100.0	2,725.0	100.0
United States	754.2		733.0	23.3	664.3	29.0	1,156.7	42.4
Japan	966.3	27.9	864.6	27.5	865.0	37.7	949.2	34.8
European Common Market	429.4	12.4	386.7	12.3	371.6	16.2	323.4	11.9
Belgium	20.1	0.6	17.7	0.6	4.6	.2	6.5	.2
Denmark	13.2	0.4	11.9	0.4	8.8	.4	6.8	.2
France	61.7	1.8	41.0	1.3	23.5	1.0	17.6	.6
West Germany	132.1	3.8	122.6	3.9	66.4	2.9	88.5	2.5
Italy	29.6	0.8	19.9	0.6	9.8	.4	7.6	.3
Netherlands	45.1	1.3	38.7	1.2	176.1	7.7	160.0	5.9
United Kingdom	125.4	3.6	132.6	4.2	32.3	3.6	56.4	2.1
Ireland	1.7	0.1	2.1	0.1	.1	—	—	—
Luxemburg	0.5	—	0.2	—	—	—	—	—
Middle East Countries	603.5	17.5	538.3	18.7	48.2	2.1	19.3	.7
Iran	31.2	0.9	38.8	1.2	39.6	1.7	1.1	—
Iraq	26.3	0.8	—	—	—	—	—	—
Kuwait	141.9	4.1	147.7	4.7	1.2	—	.9	—
Qatar	3.6	0.1	24.5	0.8	.3	—	—	—
Saudi Arabia	389.4	10.7	346.7	11.0	3.4	.1	7.1	.3
Others	31.1	0.9	30.6	1.0	3.7	.2	10.2	.4
ESCAP Countries (Excl. Jap. U.S.S.R. & Peoples Rep. of China)	391.2	11.3	363.5	9.7	142.5	6.2	122.1	4.5
a) ASEAN Countries	172.9	5.0	75.1	2.4	60.5	2.6	26.0	1.3
Indonesia	63.1	1.8	4.5	0.1	19.6	.9	9.5	.3
Malaysia	54.1	1.6	23.0	0.9	4.8	.2	4.6	.2
Singapore	21.3	0.6	27.1	0.9	31.7	1.4	18.5	.7
Thailand	34.4	1.0	15.8	0.5	4.4	.2	3.4	.1
b) Other ESCAP Countries	218.4	6.3	228.1	7.3	83.0	3.6	86.1	3.2
Australia	125.8	3.6	134.2	4.3	31.6	1.4	30.1	1.1
Brunei	—	—	—	—	1.8	.1	.9	—
Burma	—	—	0.6	—	.3	—	—	—
Hongkong	32.9	1.0	27.4	0.9	27.5	1.2	31.7	1.2
India	10.1	0.3	5.3	0.2	4.8	.2	.9	—
South Korea	12.0	0.3	8.4	0.3	14.5	.6	12.6	.7
Pakistan	5.1	0.1	2.5	0.1	.9	—	.4	—
New Zealand	32.5	0.9	49.2	1.6	1.5	.1	2.8	.1
Khmer Rep.	—	—	—	—	—	—	.6	—
Sri-Lanka	—	—	—	—	.1	—	.1	—
Socialist & Communist Countries	57.5	1.7	47.2	1.5	36.0	1.6	31.7	1.2
Bulgaria	—	—	0.1	—	—	—	—	—
Peoples Rep. of China	47.0	1.4	23.9	0.8	2.2	1.0	13.3	.5
Romania	4.6	0.1	3.2	0.1	—	—	—	—
U.S.S.R.	0.3	—	—	—	10.5	.4	18.2	.7
Poland	—	—	4.3	0.1	.3	—	—	—
Yugoslavia	4.7	0.1	14.7	0.5	.4	—	.2	—
Czechoslovakia	1.0	—	1.0	—	—	—	—	—
Other Countries	257.0	7.4	220.0	7.0	165.9	7.2	122.6	4.5

SOURCE OF BASIC DATA: National Census and Statistics Office.

Within the region, the Philippines enjoyed favorable balances with Singapore, South Korea, Burma, Brunei and Sri Lanka. These surpluses were negated, however, by deficits suffered with other countries. On the whole, the Philippines came out with a deficit amounting to \$247.8 million.

Trade with the Middle East countries resulted in a deficit of \$555.3 million as imports continued to outpace exports. Import arrivals, composed entirely of mineral fuel, lubricants & related materials, rose slightly by 2.6 per cent to \$603.5 million. Saudi Arabia which contributed more than a half of the country's crude oil consumption was the top seller followed by Kuwait, Iran and Iraq. In the case of exports, the stepped-up campaign of the government to penetrate the Middle East market resulted in heavy shipments to that bloc. Exports at \$48.2 million rose by almost two and half times and accounted for 2.1 per cent of total exports. Iran led in the purchase of these goods absorbing \$39.6 million followed by Saudi Arabia and Kuwait with \$3.4 million and 1.2 million, respectively.

Trade with socialist and communist countries, comprising 1.6 per cent of total trade aggregated \$93.5 million, an increase of 18.2 per cent over last year's level. Significantly, this year, trade with this bloc was marked by the signing of trade treaties with Romania, Bulgaria and the People's Republic of China.

On the import side, purchases amounting to \$57.5 million rose by about 21.8 per cent on account of larger deliveries of cereals, fertilizers, petroleum and manufactures of metal. Imports from the People's Republic of China (\$47.0 million) were the heaviest, followed by Yugoslavia (\$4.7 million) and Romania (\$4.6 million).

In the case of exports, shipments comprising 1.5 per cent of all exports expanded by 13.6 per cent to \$26.0 million as the largest purchaser from the bloc, the People's Republic of China, increased its order by \$11.9 million. Exports to the region consisted mainly of the country's traditional exports such as coconut oil, copra and logs & lumber.

The trade balance with this bloc which had been on the surplus side a year earlier turned to a deficit of \$21.5 million. The USSR and Poland were the only countries with which the Philippines registered positive trade balances.

P. FOREIGN EXCHANGE MARKETS

The average inter-bank rate performed strongly during the first half of 1975 only to weaken during the rest of the year. From ₱7.062 at the end of 1974, the average inter-bank rate consistently improved to ₱7.015 in June. It, however, abruptly weakened to ₱7.272 the following month and worsened to ₱7.509 in September as a result of speculative activities fueled by the deterioration of the balance of payments. The rate eased down to ₱7.499 in December.

During the year, the margin of the selling rate over the buying rate remained constant at P0.0880 for the first semester and fluctuated from P0.910 to P0.940 for the second semester. On the other hand, the margin by which the buying rate remained below the interbank rate was maintained at P0.0350 throughout the first half of the year and fluctuated from P0.036 to P0.0380 during the second half, all of which were well within the allowable 4-1/2 per cent spread.

The Central Bank's intervention in the FOREX market during the year consisted of \$24.11 million in purchases and \$725.10 million in sales.

Total outstanding commitments of the Central Bank under various swap arrangements amounted to \$292.97 million-\$62.71 million or 27.2 per cent more than the end-December 1974 figure. Of the total amount: \$118.15 or 40.32 per cent were swaps under Circular No. 343; \$91.14 or 31.10 per cent were special dollar-peso swaps approved by the Monetary Board on a case to case basis; \$83.60 or 28.53 per cent were swaps governed by MAAB dated February 23, 1971 (sales of spot exchange against forward cover with a forward premium); and \$.08 million or .02 per cent were under MAAB dated May 8, 1970 (sales of spot cover for unnegotiated letters of credit).

Purchases under swap agreements during the year reached \$257.59 million while deliveries amounted to \$235.90 million. Purchases which consisted mainly of swaps with forward cover were heaviest during the first quarter and from September to November. Deliveries, on the other hand, were effected largely during the first quarter and the months of June, July, November and December.

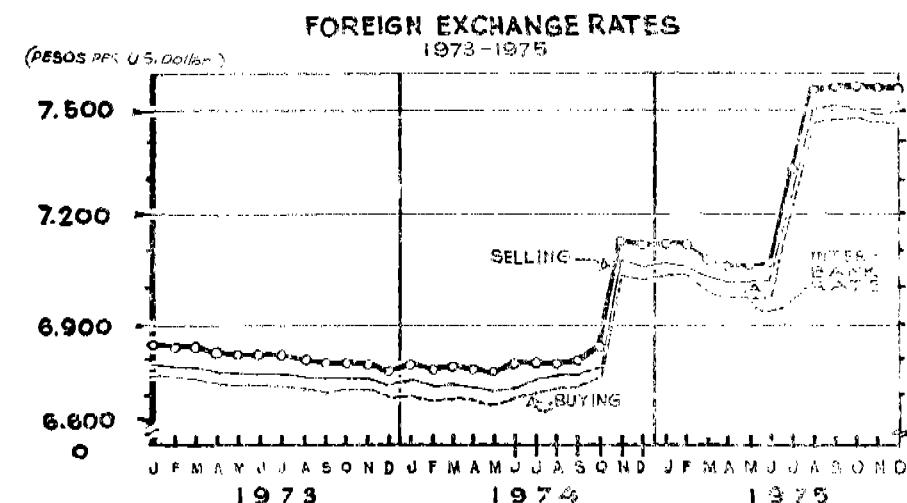


Chart 14

II. ACTIVITIES OF THE CENTRAL BANK

Central Bank activities in 1975 were mainly directed at assuring adequate credit flows to preferred areas of growth; expanding and encouraging the inflow of foreign exchange/capital; moderating inflation, and strengthening the financial system. The Central Bank also continued to participate actively in the National Savings campaign; the country's food production drive and in special task groups assigned to undertake studies and researches for the formulation and/or implementation of national economic policies.

A. MANAGEMENT OF EXTERNAL ACCOUNTS

External Debt Management

In line with the over-all objectives of the country's economic plans and programs, the Central Bank during 1975 adopted and implemented measures directed at assuring the continuous inflow of much-needed external capital to preferred sectors of the economy, consistent however, with the constraints of maintaining the statutory debt-service levels required under the provisions of R.A. 6142.

During the year, 463 applications from the private sector relating to the availment of foreign borrowings, restructuring/refinancing of foreign loans, inward remittance of foreign loan proceeds and other requests/applications of external financing involving an amount of \$1,093.1 million were evaluated and processed. In terms of user-industry, most of the foreign loans approved in 1975 were for mining and other mineral resource industries, sugar, agro-business, shipping, and hotel and tourism.

In the area of government borrowings, 59 applications valued at approximately \$1,936.6 million were submitted to the Monetary Board for approval and/or appropriate action. External financing in the government sector was primarily directed at projects designed to sustain the growth momentum of the economy and support the government's infrastructure development program, as well as other activities designed to counter recessionary influences on the economy. The major projects financed were on electrification, irrigation, and small and medium scale industries.

On foreign investments, 614 applications with a total amount of approximately \$260.6 million covering requests for approval of capital inflows/outflows and outward investments as well as the registration of previously approved foreign investments were processed and evaluated in accordance with the provisions of R.A. 5455, CB Circular No. 365 and other pertinent policy guidelines set by the Monetary Board.

For the purpose of effectively monitoring importations of capital and other items essential for economic development and to ensure that

importations by firms with regular foreign exchange authorizations have not exceeded such authorizations, 17,200 import applications were processed. On that basis, 9,072 letters-authority to import various items involving a total amount of \$564.8 million were issued for the private sector. Reflecting the accelerated implementation of infrastructure projects, during the year, a total of 288 import applications amounting to \$82.1 million for the importation of machineries, spare parts and materials for government projects were acted upon. Other requests/applications on imports processed and/or evaluated were for exemption from the marginal deposit requirement on Import Letters of Credit, conversion into revolving and fixed terms credits of past due D/A and O/A accounts, and for authority to use the Futures Market/Hedging.

In addition to the processing, evaluating and approving of applications relating to external financing, periodic analysis and reporting of statistical data on foreign credits and equity investments for a more effective management of the country's external debt were undertaken.

Foreign Exchange Investment Portfolio

Significant improvements were noted in the foreign exchange investment portfolio of the Central Bank during 1975—both in composition and income. Total foreign exchange investments increased by almost 20 per cent from the end-1974 figure while the return on investments on the whole, rose by 4.1 per cent despite world-wide declines in interest rates.

From \$1,309 million as of the end of 1974, foreign exchange investments of the Bank rose to \$1,657 million or at a monthly average growth of 3.3 per cent. Classified by type of investment, time deposits still constituted approximately 96 per cent of the Bank's foreign exchange investments, the balance in other assets, mostly foreign securities.

Investments in foreign securities, as of the end of 1975 were at \$49.1 million from \$16.1 million the year previous. In line with the basic objective of maximizing income at minimum risk, investments in bonds of international financial institutions were almost tripled while holdings of foreign government Treasury bills and/or notes were likewise considerably increased during the year.

The yield on the Bank's foreign exchange investments increased to \$135.4 million from \$130.1 million in 1974. This was, however, mainly brought about by the growth in total holdings as average rates of interest in the international market were generally lower than last year's. On an annual basis, the return of 8.7 per cent (compared to 10.4 per cent in 1974) on the Bank's foreign investment was still higher than the average rates of interest prevailing in the money markets.

Import-Export Regulations

Import regulations in 1975 ~~were~~ directed mainly to expediting action on import applications covering items urgently required by local indus-

tries with the end in view of reducing import costs for the benefit of consumers by way of lower prices. Emphasis was also given on the importation of banned items required as raw materials by export-oriented industries for purposes of accelerating exports. To provide further incentives to the tourist industry, foreign exchange allocations for importation of banned items were likewise granted hotels and tourist-oriented establishments. Studies were also made on the inclusion of new commodity items and/or the reclassification of existing import commodity categories in the CB Commodities Classification Manual taking into consideration domestic and international development.

Total foreign exchange allocations granted to export oriented firms for their imported raw materials and other manufacturing requirements for 1975 amounted to \$9.1 million, nearly six (6) times the amount (\$1.6 million) granted to non-export oriented firms.

For the period from January to October, 1975, the bulk of regular import L/C transactions (\$1.28 billion or 75 per cent) of imports were for Essential Producer (EP) goods, the balance of 25 per cent representing importation of other categories ranging from 1 to 7 per cent.

The main thrust of export regulations during the year, continued to ensure the proper accounting and/or monitoring of export proceeds to bolster the country's foreign exchange reserves.

Regulations on Other Invisibles

In pursuance of the objective to ensure maximum inflow of foreign exchange earnings from invisibles into the banking system, resident individuals and firms with fixed business/establishments within a radius of around 20 meters from post offices in different cities and municipalities were allowed to qualify foreign exchange dealers (money changers) of the Central Bank. Eighty-two (82) additional establishments were granted authority to operate as foreign exchange dealers during the year increasing the total number of such dealers from 346 in 1974 to 428 as of the year in review. However, only a minimal increase in earnings of \$6.9 million or 1 per cent was registered by identified foreign exchange earners as their aggregate earnings for the year amounted to \$663.9 million as against \$627.0 million in 1974.

Incentives were provided foreign exchange dealers/earners such as tourist hotels, restaurants and shops in the form of import privileges in order to promote the domestic tourist industry. Thus, a total amount of \$9.0 million was allocated for importation of banned items for use in the operations of first class hotels and tourist oriented establishments.

There were only 120 requests for approval of Royalty/Licensing agreements under CB Circular No. 393 for 1975 compared with 287 in 1974. These were referred to the Board of Investments for recom-

mendation and/or returned to the parties concerned for renegotiation to amend objectionable features disclosed. A total of 815 requests for authority to remit foreign exchange due under other agreements were also acted upon.

Despite the delegation of authority to authorized agent banks of the processing and approval of application for the purchase of foreign exchange for travel abroad in July 9, 1974, 4,314 applicants were still serviced by the Central Bank during the year in review.

Foreign Currency Deposit System

Total foreign currency deposits under Circular No. 343 during 1975 continued to show substantial improvements both in volume and in number of deposits. At \$614.2 million at the start of the year, outstanding foreign currency deposits registered a general uptrend except for declines in May, June and October. As of the end of 1975, total outstanding foreign currency deposits reached \$764.0 million, a monthly average increase of \$12.49 million or 24.4 per cent during the year. The number of depositors similarly increased by 11.2 per cent from 54,566 to 50,690.

Domestic firms continued to avail themselves of the facilities of the Foreign Currency Deposit System for their expansionary/operating requirements. As of the end of 1975, outstanding foreign currency loans which were fully secured by holdouts on foreign currency deposits with authorized agent banks totalled \$110.8 million.

Foreign currency deposits swapped with pesos (for lending to export-oriented enterprises) on open-ended arrangements approved in 1975 amounted to \$76.3 million, compared to \$53.0 million last year. Availments for 1975, however, were only \$10.6 million as against \$30.1 million in 1974.

Of the total outstanding deposits as of the end of 1975, \$741.2 or 97 per cent were in US dollars, \$15.8 million or 2 per cent were in Swiss francs and the remainder were composed of Deutsche marks, English pounds, Japanese yens and French francs. Classified by type of deposits, \$650.4 million or 85.1 per cent of the total foreign currency accounts were time deposits; \$111.5 or 14.6 per cent were savings deposits; \$2.0 million or .3 per cent were demand deposits; and the rest were trust accounts.

Interest rates paid by commercial banks fluctuated from 6 per cent to 9-3/8 per cent (minimum) and from 6 per cent to 14 per cent (minimum), maintaining the levels registered a year ago.

B. OPERATIONS AS FISCAL AGENT OF THE GOVERNMENT

Issuance and Placement of Government Securities

In 1975, total transactions in government securities amounted to P21,649.4 million, lower by 27.0 per cent as compared to the 1974 level

of transactions. In net terms, the difference between Central Bank sales (P12,856.3 million) and purchases (P8,793.1 million) resulted in a P4,063.2 million or 28.3 per cent increase in total outstanding issues of government securities which amounted to P18,380.0 million at the end of 1975.

Holdings of non-Central Bank entities (P12,520.0 million) rose by P3,413.4 million or 37.5 per cent. Banks other than the Central Bank and the public enterprise sector increased their investments in government securities by P3,146.6 million and P597.3 million, respectively. Similarly, the value of securities held by foreign investors expanded by P20.1 million while bond holdings of private enterprises and individuals declined by P350.6 million.

Central Banks holdings of government securities through open market operations and through the administration of various trust funds also increased by P649.8 million to P5,860 million. The 12.5 per cent annual increment resulted from net additions to the Central Bank portfolio (P281.8 million), Bond Sinking Fund (P210.8 million), Securities Stabilization Fund, (P33.3 million) and Other Government Trust Funds (P123.9 million).

Collection of Taxes

Total collections of customs duties, internal revenue taxes, export and stabilization tax receipts amounted to P9,473.7 million or 2.5 per cent higher than the collections of P9,238.7 million in 1974. Collections of customs duties (P3,091.8 million) and internal revenue taxes (P4,926.1 million) rose on an annual basis by 11.8 per cent and 4.6 per cent, respectively. Stabilization tax receipts, representing some previously uncollected accounts, totalled P0.4 million. On the other hand, export premium duty dipped by 17.3 per cent largely on account of the decline in export revenues resulting from lower world prices for some of the country's principal exports and because of the elimination of the duty for copper ore, gold, Portland cement, and wood products like logs, lumber, veneer and plywood.

TABLE 35. COLLECTION OF TAXES
1974 and 1975
(Million Pesos)

Item	1974	1975
TOTAL	9,473.0	9,238.7
1. Customs duties, taxes and licenses	3,091.8	2,766.1
2. Internal Revenue Taxes	4,926.1	4,711.1
3. Export Duty	1,454.7	1,759.1
4. Stabilization Tax	0.4	2.4

Debt Servicing

Total interest paid on outstanding government securities amounted to ₱938.4 million, ₱146.9 million or 18.6 per cent over the previous year's level. Interest payments on National Government issues amounted to ₱480.3 million or 52.2 per cent, while interest payments on CBCIs aggregated ₱448.1 million or 47.8 per cent.

The bulk or 48.3 per cent of the interest paid by the National Government arose from long-term debt instruments. Payments on such instruments increased by ₱9.0 million or 3.9 per cent and amounted to ₱236.7 million. Interest payments on short-term Treasury bills also expanded by ₱6.6 million or 4.7 per cent and amounted to ₱145.1 million while those under the medium-term category declined by ₱6.2 million to ₱108.5 million.

TABLE 36. CENTRAL BANK TRANSACTIONS IN GOVERNMENT SECURITIES
1975

(Million Pesos)

Item	Value of Securities Held Jan. 1, 1975	Central Bank Sales	Central Bank Purchases	Value of Securities Dec. 31, 1975	Increased Decreased
TOTAL	14,316.8	12,856.3 ^a	8,793.1 ^b	18,380.0	4,063.2
I. Outside of Central Bank....	9,106.6 ^c	9,890.5	6,477.1	12,520.0	3,413.4
A. Banks Other than the Central Bank	5,139.0	6,033.7	2,887.1	8,285.6	3,146.6
B. Public Enterprises	2,480.7	3,384.6	2,787.3	3,078.0	597.3
C. Private Enterprises and Individuals	1,350.6	447.8	798.4	1,000.0	-350.6
D. Foreign holdings	136.3	24.4	4.3	156.4	20.1
II. Central Bank	5,210.2	2,965.8	2,316.0	5,860.0	649.8
A. Central Bank Portfolio	4,144.7 ^e	1,372.5	1,090.7	4,426.5	281.8
1. Open Market Operations	—	1,366.7	1,090.7	—	—
2. Interfund transfers	—	5.8	—	—	—
B. Bond Sinking Fund	869.4	215.5	4.7	1,080.2	210.3
1. Open Market Operations	—	—	—	—	—
2. Interfund transfers ..	—	—	—	—	—
C. Securities Stabilization Fund (SSF)	180.9	1,253.9	1,220.6	214.2	33.3
1. Open Market Operations	—	1,232.6	—	—	—
2. Interfund transfers	—	21.3	—	—	—
D. Other Government Trust Funds	15.2	123.9	—	139.1	123.9

^a Of the total sales, original issues amounted to ₱10,656.8 million (inclusive of CBCIs)

^b Total purchases included the amount of ₱6,687.4 million for the redemption of outstanding bonds

^c Revised to exclude DBP bonds and Land Bank bonds.

**TABLE 37. COMPARATIVE STATEMENT OF INTEREST PAYMENTS OF
VARIOUS OUTSTANDING GOVERNMENT SECURITIES**

December 31, 1974 and 1975

(Million Pesos)

Type of Security	1975	1974	Increase (Decrease)
TOTAL	938.4	791.5	146.9
A. Issues of National Government and Gov- ernment Corporations	490.8	480.9	9.4
1. Short-term (Treasury Bills)	145.1	138.5	6.6
2. Medium-Term	108.5	114.7	(6.2)
Treasury Certificates of Indebted- ness/Accfa Notes	—	16.7	(16.7)
Treasury Notes	100.4	95.9	4.5
EPZA Bonds	8.1	2.1	6.0
3. Long-Term	236.7	227.7	9.0
PW & ED/Socio-Econ. Bonds	49.2	46.7	2.5
NPC Bonds	24.5	20.5	4.0
Nawasa Bonds	17.5	21.1	(3.6)
MWD/NIA Bonds	14.4	16.2	(1.8)
IPMY/NLC Bonds	0.7	1.0	(0.3)
RP Replacement Bonds	4.3	4.3	—
Premyo Savings Bonds	—	1.0	(1.0)
Treasury Bonds	118.3	115.5	2.8
Land Bank Capital Bonds	0.2	0.4	(0.2)
RP External Loan Bonds	—	1.0	(1.0)
MWSS Cap. Bonds	1.4	—	1.4
Capital Bonds	0.2	—	0.2
CCP	1.8	—	1.8
NPC Capital Bonds	0.7	—	0.7
MWSS Bonds	3.5	—	3.5
B. Issues of the Central Bank	448.1	310.6	137.5
CBCI Regular Series	307.3	188.8	118.5
CBCI Special Series	57.1	59.2	(2.1)
CBCI Concessional Series	83.7	62.6	21.1

C. SUPERVISION OF BANKS AND SAVINGS AND LOAN ASSOCIA- TIONS

Opening of New Banks/Branches

The supervisory responsibility of the Central Bank expanded as the number of financial institutions (including branches, agencies and extension offices) reached a total of 2,191 at the close of 1975, exceeding by 10 per cent those of the previous year. Newly established offices, branches and agencies in 1975 included 99 commercial banks, 16 savings banks, 8 development banks, 5 savings and loan associations, 72 rural banks, 2 of Land Bank of the Philippines and 1 Philippine Amanah Bank branch.

The opening of 64 new rural banks brought the total to 768 head offices in operation at end-December 1975. This number was below the target of 810 units under the Four-Year Development Program for Rural Banks.

TABLE 38. NUMBER OF FINANCIAL INSTITUTIONS¹ IN OPERATION UNDER THE SUPERVISION OF THE CENTRAL BANK 1974 and 1975

Type of Institution	1975	1974
TOTAL	2,191	1,988
Commercial Banks	995	896
Head Offices	36	36
Branches/Agencies/Extension Offices	959	860
Savings & Mortgage Banks ²	92	76
Head Offices	11	11
Branches/Agencies/Extension Offices	81	65
Development Banks	143	135
Head Offices	34	34
Branches/Agencies/Extension Offices	109	101
Rural Banks	820	748
Head Offices	768	704
Branches/Agencies/Extension Offices	52	44
Savings & Loan Associations	124	119
Head Offices	99	93
Branches/Agencies/Extension Offices	25	26
Building & Loan Associations	7	7
Land Bank of the Philippines	4	2
Head Office	1	1
Regional Offices	3	1
Philippine Amanah Bank	6	5
Head Office	1	1
Branches	5	4

¹ Including money shops, teller facilities, service offices, etc.

² Including Postal Savings Bank

Examination

To maintain faith and confidence in the banking system and other financial institutions, the Central Bank increased the number of examinations undertaken from 1,228 in the preceding year to 1,823 during 1975, or an increment of 49 per cent. Of the 1975 total, 1,167 examinations (representing 64 per cent) were performed on rural banks while 656 examinations were made on commercial banks, thrift banks and other financial institutions.

During the year, 51 financial institutions were under Central Bank management, receivership and/or liquidation. The number consisted of 37 rural banks, 8 savings and loan associations, 3 savings banks, 2 commercial banks and 1 development bank.

**TABLE 39. EXAMINATIONS CONDUCTED BY THE CENTRAL BANK
1974 and 1975**

Type of Institution	No. of Exam. conducted	
	1975	1974
TOTAL	1,823	1,228
Commercial Banks	418	437
Savings & Mortgage Banks	51	50
Development Banks	96	86
Rural Banks	1,167	564
Savings & Loan Associations	81	84
Building & Loan Associations	7	5
Other Banking Institutions	3	2

Training Program/Technical Assistance

The Central Bank conducted various seminars and training courses during 1975 aimed at providing and/or increasing fundamental knowledge and skills in the field of banking.

In collaboration with other government agencies to carry out the "Accelerated Food Production Program", the Central Bank held basic and special training courses which were attended by a total of 1,293 trainees. Among those who attended were 6 participants from Nepal, Ghana and Sri-Lanka under the third-country special training program. Also, on-the-job training was conducted by the Bank for the benefit of 57 personnel of newly-created rural banks.

To develop competence in bank management, the Central Bank in coordination with the Development Academy of the Philippines (DAP) held 2 sessions under the Executive Development Program for rural bankers.

CB-IBRD Agro-Industrial Program

The Central Bank released under this program a total of ₱188.6 million in special time deposits to 246 participating rural banks and 13 savings and loan associations for medium and long-term financing of the following projects: farm mechanization (₱130 million), on-farm transportation and equipment (₱28 million), farm support facilities and equipment (₱3.2 million), fisheries development (₱8.9 million), small scale livestock farm development (₱12.5 million) and cottage agro-industries (₱6 million).

Accelerated Food Production Program

Under the supervised credit scheme, the Central Bank released P355.5 million in short-term special time deposits to rural banks for the financing of the following: Masagana '99' (P209.6 million), Masagana '55' (P22.7 million), livestock and poultry (P97.4 million), Gulayan sa Kalusugan (P14.7 million), cotton financing (P0.7 million), tobacco financing (P6.7 million) and other financing (P3.7 million). Of the aggregate releases during the year, Masagana '99' accounted for 59 per cent.

Other Financial Assistance

Under the Rural Bank Trust Fund, the Central Bank likewise released P11.8 million in 1975 to 209 rural banks in the form of capital subscriptions to their preferred shares of stock.

Savings Campaign

During 1975, the Central Bank Committee on Savings introduced new programs, strategies and plans aimed at accelerating capital formation through saving in banks. Although the main theme "Ipagpatuloy ang Kaunlaran, Mag-Impok sa Bangko" was retained, a more direct and personalized heading "Ikaw at ang Bangko, Magkabalikat sa Kinabukasan" was utilized for the purpose of creating a more positive personalized appeal to rural folks and small industry operators. Two color documentary films, "Mag-Impok Nang Di Ka Titiguk-tigok" and "Pagpatak ng Ulan", were produced and released for public viewing.

To encourage people in regions outside Metropolitan Manila to save in banks, regional savings campaigns were conducted during the year. On March 14, 1975, the Bicol Regional Savings Campaign was launched by way of a one-day workshop participated in by banks in the area. The campaign culminated with a kick-off on May 7, 1975, which was highlighted by a motorcade, bankers' conference, press conference, athletic and cultural events in Naga City. Another regional savings campaign was launched in Central Visayas, starting with a workshop in Cebu City on October 9, 1975. However, the kick-off was scheduled for January of 1976.

To develop the habit of saving in banks among the studentry, the TIPID¹ Movement was launched on a pilot basis in selected towns of Rizal province on July 2, 1975, following a series of workshops and conferences with bank representatives and Department of Education and Culture officials and district supervisors.

Although the growth in savings and time deposits may not be entirely attributable to the savings campaign, nationwide promotional activities undertaken by the Committee on Savings undoubtedly encouraged people

¹ Acronym of Thrift Incentives for Progress through Industry and Discipline.

to save in banks. The success was reflected in the increment of 26 per cent in total savings and time deposits from December 1974 to October 1975 which was higher than the 20 per cent expansion during the equivalent period in 1974.

**TABLE 40. GROWTH IN TOTAL PESO SAVINGS AND TIME DEPOSITS
OF BANKING INSTITUTIONS¹
1974 and 1975**

(Amount in Million Pesos)

Institution	INCREASE			
	Dec. 1974 to Oct. 1975		Dec. 1973 to Oct. 1974	
	Amount	Per Cent	Amount	Per Cent
TOTAL	3,257	26	1,946	20
By Institution:				
Commercial Banks	567	6	1,262	17
Thrift Banks	234	19	145	14
Rural Banks	94	17	114	27
Specialized Banks	2,362	178	425	65
By Type of Deposits:				
Savings Deposits	2,123	21	1,354	17
Time Deposits	1,134	44	602	37

¹ Excluding marginal deposits, special savings and time deposits (rural banks), interbank deposits, foreign currency deposits and deposits of non-operating banks (including Phil. Postal Savings Bank).

D. SUPERVISION OF NON-BANK FINANCIAL INSTITUTIONS

At end-December 1975, the Central Bank through the Department of Financial Intermediaries (Non-Bank), formerly Office of Non-Bank Financial Intermediaries, registered a total of 1,016 non-bank financial entities. These financial institutions comprised 13 investment houses, 32 investment companies, 117 securities dealers/brokers, 1 money broker, 194 financing companies, 193 fund managers, 428 pawnshops and 38 lending investors.

Fifty-one (51) of the total number were engaged in quasi-banking functions, broken down as follows: investment houses, 12; financing companies, 34; securities dealers/brokers, 3; and investment companies, 2. As of 31 December 1975, deposit substitutes of these financial intermediaries aggregated P6.1 billion.

To effectively regulate the operations and activities of non-bank financial institutions, the Bank issued new rules and regulations during 1975. Among the essential features were the following: standardization of pawn tickets; limitations in equity investment; penalty on deficiency reserves; payment of interest on deposit substitutes; daily report on required reserves; issuance and negotiation of commercial papers; reporting of repurchase agreements; closing of Metropolitan Manila to branches, agencies or extension offices of quasi-banking institutions; publication of quarterly consolidated balance sheets; and additional guidelines on the capital build-up program.

E. CURRENCY ISSUE AND CLEARING

Net currency issue of the Central Bank at end-1975 amounted to P5,645 million, higher by 12 per cent than the 1974 year-end level. This amount consisted of P5,116 million in notes and P529 million in coins. Among the currency issued were the new "Ang Bagong Lipunan" coinage series in the following denominations: "1000-piso", "50-piso", "25-piso", "5-piso" and the lesser "1-piso", 25, 10, 5 and 1 "sentimo" coins. Included were proof and specimen coins which amounted to P11.2 million, of which P8.9 million were proof and specimen gold coins.

On the other hand, unissued currency amounting to P4,144 million (comprising 91 per cent "Ang Bagong Lipunan" notes and 9 per cent "Filipino" & "Ang Bagong Lipunan" coins) recorded a slight increment of 0.6 per cent from the previous year's level. Securities received as collaterals and held for safekeeping also rose by 197 per cent to P6,905 million.

A total of 30,743,295 checks with a face value of P469.7 billion passed the clearing house during the period under review. Compared to the levels a year ago, the number and value increased by 12 per cent and 18 per cent, respectively.

F. REGIONAL OPERATIONS

The regional offices of the Central Bank in Cebu, Davao and La Union continued to support the country's rural development goals through "Masagana 99" and other supervised credit programs. In 1975, the three regional offices granted a total loan of P413.2 million, of which P125.4 went to Masagana 99 and another P196.0 million to other supervised credits, to 200 rural banks within their jurisdiction.

During the same year, cash operations of the regional offices resulted in a 14.8 per cent increase in bank deposits from P1,168.5 million in 1974 to P1,341.6 million, while withdrawals totalled P1,410.8 million or P271.7 million above the 1974 level. Total receipts amounting to P1,633.9 million exceeded total disbursements by P38.6 million in 1975.

G. ADMINISTRATIVE OPERATIONS

The Administrative sector of the Central Bank is an integration of all auxiliary and staff functions necessary to achieve efficiency, economy and effectiveness in the management of the Bank. The sector is divided into three groups—Personnel Management Group, Planning Group and Property Management and Centralized Office Services Group—under which fall the various departments that perform the administrative functions of the Bank.

The Personnel Management Group is primarily in charge of the recruitment, placement and training of Bank personnel, and other re-

lated activities. In 1975, among the more notable accomplishments of this Group were the administration of nine (9) different training courses which were participated in by a total of 4,269 officials and employees involving 124,569 direct training manhours; the development of qualification requirements for the recruitment of agricultural credit supervisors; a comparative study on gross compensations for Medical and Dental Unit positions among PNB, CB and DBP personnel; and the granting of loyalty service awards and other awards for meritorious services thereby boosting employee morale.

The Planning Group handles organization planning and methods analysis to achieve efficient and effective management of the Bank. During the same period, the Planning Group processed and prepared evaluation reports on a total of twenty-seven (27) proposals involving the restructuring of the organizational structure and staffing patterns of seventeen (17) departments/offices.

Likewise, the Property Management and Centralized Office Services Group, which is in charge of the management, procurement and control of Bank equipment, furniture, books, supplies, etc., as well as the maintenance of adequate property accountability records thereof, reported also increased volume of work load during the year.

H. FINANCIAL CONDITION OF THE CENTRAL BANK

As of year end 1975, total assets of the Central Bank stood at ₱25,974.2 million or 22 per cent higher than the 1974 level. The addition was traceable mostly to the Bank's expanded credit portfolios as reflected in its loans and advances accounts which increased by 61 per cent, and a 171 per cent rise in other assets.

These advances more than offset the slight dip in the Bank's international reserve, almost all entries of which experienced cutbacks notably time deposits which dropped by ₱1,221.08 million, thus resulting in a 4 per cent decline in its overall level; only foreign investments reported an accretion of ₱314.25 million or a gain of 254 per cent, as gold holdings levelled off during the period.

On the liability side, noticeable increases were recorded in demand deposits largely by the International Monetary Fund, and the CB Certificate of Indebtedness (both domestic and foreign currency) accounts. The Bank's ₱113 million availment from the IMF Oil Facility nearly doubled its credit obligation with the Fund. On the other hand, CB concessional loans in 1975 amounting to \$61 million plus additional CBCI domestic issues of ₱2 billion during the same year were mostly responsible for the 54 per cent addition in the CBCI liability account. All these, plus a 13 per cent rise in currency issue resulted in a 22 per cent expansion of the Bank's total liabilities.

Likewise, a 5 per cent increase in the total net worth account was recorded for 1975 due principally to the tripling of the "Reserve for Currency Insurance" account.

TABLE 41. COMPARATIVE STATEMENT OF CONDITION OF THE
CENTRAL BANK, 1974 AND 1975

(Million Pesos)

Item	1975	1974	Increase or Decrease (—)
ASSETS:			
International Reserves	10,204.9	10,629.5	424.6
Domestic Securities	4,426.5	4,144.7	281.8
Loans and Advances	5,516.2	3,428.5	2,087.7
Special Account—Foreign Exchange Differentials	1,414.5	1,361.2	53.3
Account to Secure Coinage	34.5	34.5	—
Government Note—Treasury Certificate Account	27.3	27.3	—
Monetary Adjustment Account, Government Note	330.9	88.1	242.8
Bank Premises, Furniture and Equipment	665.1	321.9	343.2
Other Assets	3,354.3	1,237.9	2,116.4
TOTAL ASSETS	25,974.2	21,273.6	4,700.6
LIABILITIES:			
Currency Issue	5,644.6	4,975.5	669.1
Demand Deposits:			
Banking Institutions	3,647.7	2,629.7	1,018.0
National Government	1,250.1	3,367.7	—2,117.6
International Monetary Fund	2,135.4	1,074.9	1,060.5
Other Deposits	74.0	66.2	7.8
Notes and Loans Payable	4,509.1	2,930.5	1,578.6
Allocation of Special Drawing Rights	453.1	439.5	13.6
CB Certificate of Indebtedness	6,006.8	4,006.5	2,000.3
CB Certificate of Indebtedness (Foreign Currency)	1,103.8	595.6	508.2
Revaluation of International Reserve	193.0	311.9	—118.9
Other Liabilities	615.2	549.4	65.8
TOTAL LIABILITIES	25,632.8	20,947.4	4,685.4
NET WORTH:			
Capital	10.0	10.0	—
Surplus	290.1	283.2	6.9
Reserve for Currency Insurance	15.7	5.2	10.5
Reserve for Refund of Margin Fee	0.3	0.3	—
Undivided Profits	25.3	27.5	—2.2
TOTAL NET WORTH	341.4	326.2	15.2
TOTAL LIABILITIES AND NETWORTH ...	25,974.2	21,273.6	4,700.6

I. OTHERS (CB COMMITTEES)

The Central Bank has time and again organized special committees /commissions/working groups for the purpose of providing the necessary technical assistance that could not otherwise have been extended by existing agencies and/or institutions. In pursuing the various objectives/goals of the Central Bank and the government as a whole, these special task groups generally undertake studies and researches which could subsequently lead to the formulation of new or improvement of existing policies; when required, public hearings are sometimes conducted. Other activities include undertaking and coordinating with other offices of special assignments/projects for implementing presidential directives.

Membership to these organized groups is drawn mostly from the different departments/offices of the Bank; other government agencies as well as the private sector are often times represented or invited to lend the necessary expertise in their respective areas.

In 1975, the more significant committees in operation were:

1) *Joint NEDA-Finance CB Committee on Credit and Interest Rate Policy* (MB Res. No. 2571, December 5, 1975)—Created primarily to correct the disproportionate growth of the money market which drew funds away from regular bank deposits, longer term placements and equity investments, this joint committee recommended the restructuring of interest rates to favor longer term placements.

2) *Committee on IMF Extended Fund Facility* (MB Res. No. 2108, October 3, 1975)—This committee prepared the required information and study to be submitted to the IMF Executive Board to support the proposed Philippine application to avail itself of the IMF Extended Fund Facility.

3) *Joint Department of Finance-Central Bank Committee* (MB Res. No. 1851, August 23, 1974)—This committee was created to undertake a study on government securities with the objective of providing an impetus for the development of a capital market.

4) *Open Market Committee* (MB Res. No. 1036, June 25, 1968)—This committee was organized to make recommendations to the Monetary Board with respect to the use of open market operations as an instrument to achieve the objectives of monetary policy. Through the open market operations group and depending on open market situations, it periodically revises interest rates on repurchase agreements entered into by the Bank. For 1975, it has issued three instructions to that effect. In March 1975, the interest was pegged at 10 per cent down from the existing 11 per cent. In July, it was placed at 13 per cent up from 10 per cent and in August, the interest rate settled at 11 per cent.

5) *Inter-Agency Committee on Dollar-Salting Practices* (MB Res. No. 141, June 17, 1975)—As per the directive from the Office of the President,

dated January 6, 1975, this committee was created to organize, plan, investigate and recommend to the President remedial measures in connection with the dollar-salting practices of certain tour operators, travel agents and hotel owners/operators. In 1975, its operation resulted in the revocation of fourteen (14) and suspension of twelve (12) licenses of authorized foreign exchange dealers (AFXD).

6) *Commission on the Supervision of Financial Intermediaries* (MB Res. No. 40, January 10, 1975)—CSFI was created to conduct an overall and comprehensive study and review of existing Central Bank regulations, examination and audit manuals and procedures, reports, forms and related matters affecting Bank supervision, examination, and regulation of financial intermediaries composing the financial system. The members of the Commission were drawn from both the government and private sectors. As of year end 1975, majority of the manuals were already in their final forms.

7) *CB Advisory Group on Bank Capitalization and Merger* (MB Res. No. 705, April 27, 1973)—This group was organized in 1973 in line with the Bank's objectives of raising the aggregate paid-up capital base of the commercial banking system to ₱3 billion within three (3) years, encouraging increases in paid-in capital of individual banks to at least ₱100 million within two (2) years, and reducing the number of commercial banking units to a desirable and efficient level; the CB-AG invariably rendered assistance and advice to banks, individually or in groups and in 1975 contributed largely to the successful merging of four (4) commercial banks into two (2).

8) *Committee on Import Payments* (Memorandum of the Governor, November 3, 1975)—The committee was charged to undertake an overall review of import payments, including incidental expenses so as to save on foreign exchange, as well as to undertake a review of export practices and accounting for receipts.

The Monetary Board, upon approval of the recommendation of the committee, subsequently approved Circular No. 490 limiting importations under Open Account (OA) and/or Documents against acceptances (D/A) arrangements to "essential producer" goods only, Circular No. 491 amending Paragraph 1(b) of Circular No. 210, dated November 6, 1965, and Memorandum to Authorized Agent Banks No. 81, dated December 15, 1975, regarding liquidation of undrawn balances.

9) *General Liaison Committee* (Office Order No. 271, October 27, 1975)—In connection with the studies of the Philippine Financial Sector and of the feasibility of establishing a securities market liquidity mechanism being undertaken by the Survey Mission Team (International Finance Corporation of the World Bank Group) jointly with the Central Bank and the financial intermediaries, this committee was organized with the members coming from the government, as well as the private sector.

The committee was assigned the task of ensuring that the studies are as comprehensive as possible and in other ways to further the work of the Survey Mission.

10) *Reports Review Committee*—The review committee was created in 1973 and was subsequently reconstituted in September 1975. Among its accomplishments during 1975 were the review of existing annual reports of all departments/offices of the Central Bank, the formulation of a format to be followed by said departments/offices for uniformity, and the review of the type, format and detail of the information contained in reports developed to guide decision-making by the different sectors of the Bank.

11) *Committee on US Dollar Treasury Bill Program* (Office Order No. 86, April 21, 1975)—This committee was created to study the feasibility of the proposal of the Secretary of Finance to issue U.S. Dollar Treasury Bills under R.A. No. 245.

12) *Others*—There were inter-agency committees/commissions/working groups which were not created by the Bank but in which the Central Bank took active participation. These committees include the Commission on Small and Medium Industries, created by virtue of Presidential Decree No. 769, dated August 19, 1975; Committee on Subsidy Programs of the Government, created by virtue of Letter of Instruction No. 305, dated August 13, 1975; Investment Coordinating Committee; Development Budget Coordinating Committee; and the Inter-Agency Committee for the Mid-Term Appraisal of the 4-Year Development Plan.

APPENDIX ON
MAJOR LEGAL AND ADMINISTRATIVE MEASURES
OF ECONOMIC SIGNIFICANCE ADOPTED BY THE
GOVERNMENT AND THE MONETARY BOARD
DURING 1975

EXECUTIVE ORDERS

MALACAÑANG
MANILA

EXECUTIVE ORDER No. 450

REMOVING COPPER AND CEMENT FROM THE LIST OF EXPORT
PRODUCTS SUBJECT TO DUTY PROVIDED FOR UNDER RE-
PUBLIC ACT NO. 1937, OTHERWISE KNOWN AS THE "TARIFF
AND CUSTOMS CODE", AS AMENDED.

Pursuant to the powers vested in me by Section 515 of Republic Act No. 1937, as amended, and upon the recommendation of the National Economic and Development Authority, I, FERDINAND E. MARCOS, President of the Republic of the Philippines, direct and order, as follows:

SECTION 1. Copper and cement are hereby excluded from the list of export products subject to duty as provided under Section 514, title III of the Tariff and Customs Code, as amended.

SEC. 2. This Executive Order shall take effect immediately.

Done in the City of Manila, this 21st day of March, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PROCLAMATIONS

MALACAÑANG

MANILA

PROCLAMATION NO. 1443

**DECLARING JUNE 29 TO JULY 5, 1975 AS SAVINGS
CONSCIOUSNESS WEEK**

WHEREAS, under Executive Order No. 415 dated June 29, 1973, a National Commission on Savings was created with the end in view of hastening capital formation through non-inflationary means, particularly through savings with banks and other financial intermediaries, with the ultimate objective of accelerating the country's economic progress and development;

WHEREAS, the desired objectives of the National Commission on Savings cannot possibly be achieved unless all sectors of society fully realize, and have the continuing awareness of, the extreme and vital importance of saving insofar as it relates to capital formation and the development and progress of the national economy;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by law, do hereby declare the period June 29 to July 5, 1975, as Savings Consciousness Week and hereby direct the Commission created under Executive Order No. 415 dated June 29, 1973 to undertake all such measures as may be necessary to ensure the successful observance thereof and I enjoin all sectors of our society and all levels of the government—national, provincial, city and barrio—to extend their cooperation.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the Republic of the Philippines to be affixed.

DONE in the City of Manila, this 25th day of June, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

PRESIDENTIAL DECREES

MALACAÑANG

Manila

PRESIDENTIAL DECREE NO. 648

AMENDING PRESIDENTIAL DECREE NO. 551

WHEREAS, there is a need to equalize the cost of fuel among those which are generating electric power for residential, commercial and individual uses and those manufacturing "city gas";

Now, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree:

SECTION 1. Any provision of law or local ordinance to the contrary notwithstanding, the franchise tax payable by all grantees of franchises to generate, distribute and sell electric current for light, heat and power for the manufacture, distribution and sale of city gas shall be two per cent (2%) of their gross receipts received from the sale of electric current and from transactions incident to the generation distribution and sale of electric current and of manufactured city gas.

Such franchise tax shall be payable to the Commissioner of Internal Revenue or his duly authorized representative on or before the twentieth day of the month following the end of each calendar quarter or month as may be provided in the respective franchise or pertinent municipal regulation and shall, any provision of the Local Tax Code or any other law to the contrary notwithstanding, be in lieu of all taxes and assessments of whatever nature imposed by any national or local authority on earning, receipt, income and privilege generation, distribution and sale of electric current and of manufactured city gas.

SEC. 2. Tariff Heading No. 27.09 of Sec. 104 of the Tariff and Customs Code, as amended, is hereby further amended as follows:

Tariff Heading No.	Description of Articles	Rate of Duty
27.09	Petroleum oils and oils obtained from bituminous minerals, crude.	
	a. for use as fuel oils for the generation of electric power and for the manufacture of "city gas"	Ad Val. 10%
	b. Others	Ad Val. 20%

SEC. 3. Sec. 106 of the Tariff and Customs Code, as amended, is further, amended by inserting a new paragraph "b" and relettering subparagraph (b), (c), and (d), thereof to (c), (d), and (e), respectively, the new paragraph (b) of the said Sec. 106 to read as follows:

"b. *On Petroleum Oils and Oils Obtained from Bituminous Minerals, Crude Eventually Used for Generation of Electric Power and for the Manufacture of City Gas.*—On Petroleum oils and oils obtained from bituminous materials, crude oils imported by non-electric utilities sold, directly or indirectly, in the same form or after processing, to electric utilities for the generation of electric power and for the manufacture of city gas, a refund or tax credit shall be allowed not exceeding fifty per cent (50%)

of the duty imposed by law upon such oils, which shall be paid or credited under such rules and regulations as may be prescribed by the Commissioner of Customs with the approval of the Secretary of Finance."

SEC. 4. All the savings realized by electric franchise holders from the reduction of the franchise tax under Section 1 and tariff reductions and tax credits under Section 2 and 3, shall be passed on the ultimate consumer. The Secretary of Finance shall promulgate rules and regulations and devise a reporting system to carry out the provisions of this Decree. Violation of this section or the rules and regulations promulgated by the Secretary of Finance to implement it shall be penalized by a fine of not more than ₱50,000.00 and imprisonment of not more than six (6) months. In addition, the Secretary of Finance may order compulsory price or rate reduction, which may be either prospective or retroactive in application. If the offense is committed by juridical person, the manager or person in charge of the management of the business or affairs thereof shall be responsible therefor.

SEC. 5. This Decree shall take effect immediately.

DONE in the City of Manila, this 30th day of January, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ROBERTO V. REYES
Acting Executive Secretary

PRESIDENTIAL DECREE NO. 649

AMENDING SECTION ONE OF REPUBLIC ACT NUMBERED ONE
THOUSAND FIVE HUNDRED THIRTY-THREE

WHEREAS, in the normal course of trading or handling of the interest-bearing securities issued by the Government, its political subdivisions,

instrumentalities, and wholly owned Government corporations, it is understandable that some of the securities would be lost or stolen or so destroyed or defaced as to impair their value to the owners thereof;

WHEREAS, while relief is available under Republic Act No. 1533 to owners of lost, stolen, destroyed or defaced interest-bearing securities which are not payable to bearer and which have not been so assigned as to become, in effect, payable to bearer, no remedy is provided for those holding bearer securities, except where such securities are lost or destroyed in the custody of the Government;

WHEREAS, without any legal remedy, owners of lost, stolen, destroyed or defaced bearer securities would not be able to recover their investments from which the Government has already profited;

WHEREAS, in order to encourage and maintain the patronage and support by the public of the market for bearer government securities and for reasons of justice, fairness, and equity, relief should be afforded to owners of bearer securities which are lost, stolen, destroyed or defaced in their custody without bad faith or gross negligence on their part.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree and order the following as part of the law of the land.

SECTION 1. Section 1 of Republic Act Numbered One thousand five hundred thirty-three is hereby amended to read as follows:

"SECTION 1. Whenever it is clearly shown to the satisfaction of the Central Bank of the Philippines that any interest-bearing security issued by the Government of the Philippines, or any of its political subdivisions, instrumentalities or wholly owned Government corporations, identified by number and description, has, without bad faith or gross negligence on the part of the owner, been lost or stolen, so that it is not held by any person as his own property, or has been wholly or partly destroyed, or so mutilated or defaced as to impair its value to the owner, the Central Bank of the Philippines, as fiscal agent, is hereby authorized to grant relief as hereunder provided—

"(a) Where the security is not payable to bearer and has not been so assigned as to become, in effect, payable to bearer, the Central Bank of the Philippines shall, in case the security has not matured or become redeemable pursuant to a call for redemption, issue a duplicate thereof, having the same time to run, bearing like interest as the security proved to have been lost, stolen, destroyed, mutilated or defaced and so marked as to show the original number and date thereof; or shall, in case the security has matured or become redeemable pursuant to a call for redemption, make payment thereof to the owner, with such interest

only as would have been paid had the security been presented when it became due and payable.

“(b) Where the security has been lost, stolen, mutilated or defaced while the security was in the custody or control of the Government of the Philippines (not including the Postal Service when acting solely in its capacity as the public carrier of the mails) or of a person thereunto authorized as lawful agent of the Government of the Philippines, the Central Bank of the Philippines shall issue a duplicate or make payment thereof in line with paragraph (a) above.

“(c) Where the security is payable to bearer, or so assigned as to become, in effect, payable to bearer, and has been lost, stolen, destroyed or mutilated under circumstances not falling under paragraph (b) above, relief may be granted if the attendant circumstances, in the judgment of the Central Bank of the Philippines, indicate that the security has been destroyed or irretrievably lost and will never become the basis of a valid claim against the issuing Government entity or the Central Bank of the Philippines, and a sufficient period of time has elapsed after the security has matured or become redeemable pursuant to a call for redemption. Relief shall be in the form of payment of the face value of the security together with interest only as would have been paid had the security been presented when it became due and payable.”

SEC. 2. All Acts and parts of Acts inconsistent with the provisions of this Decree are hereby repealed or modified accordingly.

SEC. 3. This Decree shall take effect immediately.

DONE in the City of Manila, this 30th day of January, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ROBERTO V. REYES
Acting Executive Secretary

PRESIDENTIAL DECREE NO. 650

REQUIRING THE TAKING OF ALL INTEGRATED CENSUS OF
POPULATION AND ECONOMIC ACTIVITIES IN MAY 1975 AND
FOR OTHER PURPOSES

WHEREAS, more recent census data on the Philippine population is required for national, social and economic planning and for the formulation of national and sectoral policies on manpower development and utilization, health, education, housing and population control, etc.;

WHEREAS, national censuses are the primary sources of basic data on population that could adequately meet these needs;

WHEREAS, the last census of the Philippines conducted on May 6, 1970, would not truly reflect the changes brought about by recent government programs adopted to accelerate the socio-economic development of the country;

WHEREAS, to provide economic planners and administrators with the data needed for national planning and to properly evaluate the progress made in various fields and measure the impact of on-going projects of the governments, as well as provide the "barangays" with the latest data on their population to effect desired changes and reforms in the social, economic and political structures within their jurisdiction, a total enumeration of the population is necessary;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree that a national census be undertaken in May 1975, in accordance with the National Economic and Development Authority, and such census shall cover an enumeration of the population and their economic activities.

SECTION 1. *Presidential Census Coordinating Board and Provincial City and Municipal Census Boards.*—For the systematic coordination of government agencies and instrumentalities involved in the conduct of the 1975 Integrated Census of Population and Economic Activities, a Presidential Census Coordinating Board to be composed of the following is hereby created:

The Executive Secretary	Chairman
The Director General of the National Economic and Development Authority	Vice-Chairman
The Secretary of National Defense	Member
The Secretary of Labor	Member
The Secretary of Education and Culture	Member
The Secretary of Public Works, Transportation and Com- munications	Member

The Secretary of Department of Public Highways	Member
The Secretary of Agriculture	Member
The Secretary of Natural Resources	Member
The Secretary of Local Government and Community Development	Member

The Board shall issue rules and regulations as may be necessary to successfully carry out this national undertaking.

As a counterpart of the Presidential Census Coordinating Board at the local government level, there shall be established a Provincial, City or Municipal Census Board in each province, city and municipality, as the case may be, which shall provide such facilities and assistance as shall be required by the National Census and Statistics Office. The Provincial Census Board shall be composed of the Provincial Governor, as Chairman, and the Division Superintendent of Schools, Senior District Highway Engineer, PC Provincial Commander, Provincial Development Officer and the Provincial Agriculturist, as members. The City Census Board shall be composed of the City Mayor, as Chairman, and the City Superintendent of Schools, City Engineer and the City Development Officer, as members. The Municipal Census Board shall be composed of the Municipal Mayor, as Chairman, and the Supervisor/Principal Teacher, Municipal Agriculturist, and the Municipal Development Officer, as members.

The Executive Officer of the Presidential Census Coordinating Board shall be the Executive Director of the National Census and Statistics Office while that of the local boards shall be the Provincial Census Officer for provinces and the Municipal Census Officer/Census Assistant or the City/Municipal Census Supervisor for cities and municipalities.

The Boards may call upon any department, bureau, office, agency or instrumentality of the Government for any assistance in the performance of their functions.

SEC. 2. *Census Day*.—The first day of May, 1975 is hereby designated as Census Day from which date the census filed enumeration shall commence and continue until every individual in the country shall have been enumerated. The collection of data will be by enumeration and the respondent shall be the head or any responsible member of the household.

SEC. 3. *Participation of various government agencies and instrumentalities*.—All heads of departments, bureaus, offices and agencies of the government, government-owned and controlled corporations, and provincial, city and municipal officials, including the barangay chairman, are hereby enjoined to organize seminars, meetings and open

forums on the forthcoming nationwide census operation and to make available their facilities as well as the services of such personnel as may hereafter be requested or requisitioned by the National Census and Statistics Office to insure the success of the census.

SEC. 4. Enumeration personnel and government employees drafted for census work.—Whenever feasible, public school teachers and college students under the Youth Civil Action Program (YCAP) shall be utilized for enumeration work; in which case a public school teacher shall be paid an honorarium not to exceed ₱150.00 plus service credits equivalent to the number of days engaged in census work; a college student shall be given an allowance not to exceed ₱100.00 for services as census enumerator; employees whose services are drafted for census work shall be entitled to such allowance as shall be prescribed by the Presidential Census Coordinating Board, payable from census funds.

SEC. 5. Population count.—Before the end of 1975, a count of the population by province, municipality, and *barangay* shall be published by the National Census and Statistics Office, which population count, upon proclamation by the President of the Philippines, shall be considered official for all purposes, until the final count has been determined from the processed census returns.

SEC. 6. Confidentiality of census data.—Data furnished by the National Census and Statistics Office shall not be used as evidence in any court or public office, either as evidence for or against any individual; nor shall such data be divulged to any person except to authorized employees of the National Census and Statistics Office, acting in the performance of their duties; nor shall such data be published except in the form of summaries or statistical tables in which no reference to an individual shall appear. Any person violating the provisions of this section shall be punished by a fine of not more than five hundred pesos or by imprisonment for not more than six months, or by both.

SEC. 7. Punishable acts.—Any person who refuses access to his premises of duly appointed census enumerators; or refuses to be interviewed, or fails or refuses to furnish the information called for in the census questionnaire; or knowingly gives data or information which shall prove to be materially untrue in any particular shall, upon conviction, be punished by a fine of not more than five hundred pesos or by imprisonment of not more than six months, or by both.

SEC. 8. Cooperation of the mass media and the general public.—The cooperation of the various types of media in giving the 1975 census as wide a publicity as possible to promote the attainment of this Decree is enjoined. **FURTHER:** The general public is enjoined to give true and accurate information to census enumerators to insure the reliability of the data collected.

SEC. 9. *Appropriation.*—The Commissioner of the Budget shall provide the National Census and Statistics Office with the amount of NINETEEN MILLION PESOS (P19,000,000.00) or so much thereof as is necessary to undertake the 1975 Integrated Census of Population and Economic Activities, including the processing, tabulation and publication of the census results in pursuance to Sec. 4, paragraph 28 of Presidential Decree No. 503.

SEC. 10. *Repealing clause.*—All laws and executive orders, or parts thereof, contrary to or inconsistent with the provisions of this Decree are hereby repealed, amended or modified accordingly.

SEC. 11. *Effectively.*—This decree shall take effect and be implemented immediately.

Done in the City of Manila, this 31st day of January in the year of Our Lord, Nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ROBERTO V. REYES
Acting Executive Secretary

PRESIDENTIAL DECREE NO. 653

AMENDING SECTION 13 OF REPUBLIC ACT NUMBERED THIRTY-FIVE HUNDRED AND NINETY ONE, AS AMENDED, ENTITLED "AN ACT ESTABLISHING THE PHILIPPINE DEPOSIT INSURANCE CORPORATION, DEFINING ITS POWERS AND DUTIES AND FOR OTHER PURPOSES".

WHEREAS, the Philippine Deposit Insurance Corporation, as insurer of bank deposits, is entrusted with the vital role of protecting depositors from loss resulting from bank closures and in helping a sound and stable banking system;

WHEREAS, the Corporation is empowered under its Charter to borrow from the Central Bank for purposes such amounts not exceeding the aggregate amount of P100 million at any one time;

WHEREAS, the Corporation has been resorting to its authority to borrow from the Central Bank in the payment of insured deposits;

WHEREAS, considering that deposits covered by the Corporation have considerably increased in recent years, there is a need to remove the ceiling on the Corporation's borrowings from the Central Bank;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree and order the following as part of the law of the land:

SECTION 1. Section 13 of Republic Act No. 3591 is hereby amended to read as follows:

"SEC. 13. The Corporation is authorized to borrow from the Central Bank of the Philippines and the Central Bank is authorized and directed to loan the Corporation on such terms as may be fixed by the Corporation and the Central Bank, such funds as in the judgment of the Board of Directors of the Corporation are from time to time required for insurance purposes including those provided for in Section 12(c) of this Act: *Provided*, That the rate of interest to be charged in connection with any loan made pursuant to this Section shall not be less than the current average rate on outstanding marketable and non-marketable obligations of the Republic of the Philippines as of the last day of the month preceding the making of such loan. Any such loan shall be used by the Corporation solely in carrying out its function with respect to such insurance."

SEC. 2. This Decree shall take effect immediately.

Done in the City of Manila, this 1st day of February, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ROBERTO V. REYES
Acting Executive Secretary

PRESIDENTIAL DECREE NO. 655

AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NO. 4155,
AS AMENDED

WHEREAS, there is an urgent necessity to make further amendments to existing laws governing the importation of foreign leaf tobacco for blending purposes in order to make them more responsive to the needs of the local cigarette manufacturers and thereby transform them into a more effective instrument by which the government may generate more revenue without unduly disturbing the price levels already attained by the locally-produced Virginia leaf tobacco:

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines by virtue of the powers vested by the Constitution, do hereby decree and order that Section 4 of Republic Act No. 4155, as amended by Presidential Decree Nos. 62, 446 and 504, be further amended to read as follows:

"SEC. 4. Importation of foreign leaf tobacco only for blending purposes.—No person will import leaf tobacco except as herein provided. When the Philippine Virginia Tobacco Administration believes that it is necessary to improve the quality of locally made cigarettes and there are no sufficient stocks of foreign leaf tobacco for blending purposes available in the country, it may authorize any bona-fide cigarette manufacturer, owned or controlled by Filipino citizens, to import foreign leaf tobacco for blending purposes, subject to limitations, requirements, rules and regulations to be promulgated by the Philippine Virginia Tobacco Administration. In no case shall the total importation into the country exceed six (6) million kilograms in any year unless the exigencies of the industry require otherwise."

This Decree is hereby made part of the law of the land and shall take effect immediately.

Done in the City of Manila, this 4th day of February, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 659

PENALIZING THE ILLEGAL TRADING AND THE ILLEGAL
EXPORTATION OF PHILIPPINE SUGAR

WHEREAS, the current worldwide shortage of sugar has brought about an increased speculative interest in that essential commodity and has induced rampant illegal trading and illegal exportation of Philippine sugar;

WHEREAS, it is imperative, in order to stabilize the prices of Philippine sugar exported abroad, and to safeguard our supply of sugar for domestic consumption, that the Government should put an immediate stop to this illegal trading and exportation of Philippine sugar;

WHEREAS, there is no law at present specifically penalizing the illegal trading and the illegal exportation of Philippine sugar and it is essential and in the public interest that adequate deterrents and/or penalties be provided therefor;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree and order:

SECTION 1. *Coverage of the Decree.*—This Decree shall apply to sugar in any form produced within the territorial jurisdiction of the Republic of the Philippines.

SEC. 2. *Acts Punishable.*—The following acts shall constitute illegal trading in or illegal exportation of Philippine sugar, as the case may be:

(a) The sale, transfer, or assignment of sugar by any planter, producer, miller, central or refinery or any other person or entity engaged in the production of sugar in the Philippines to any person or entity other than the Philippine Exchange, Inc. and/or the Philippine National Bank. In this case, each of the parties to the transaction shall be liable and subject to the penalties herein provided.

(b) Loading or unloading sugar on board any vessel or aircraft at points other than ports of entry or sub-ports of entry designated in or pursuant to the Tariff and Customs Code of the Philippines.

(c) Loading sugar on board any vessel or aircraft for shipment to any point outside the jurisdiction of the Republic of the Philippines without an authority to load from the Bureau of Customs, after securing the corresponding export permits therefor from the Sugar Quota Administration and the Central Bank of the Philippines.

(d) Loading sugar on board any vessel or aircraft for shipment to any point within the jurisdiction of the Republic of the Philippines without first furnishing the customs authorities at the port of departure, a notification duly executed under oath and containing the names and addresses of the shippers and the name, if any, type and registry num-

ber of the vessel or aircraft, the exact quantity of sugar to be shipped, and the port of destination: Provided, that it shall be the ministerial duty of the customs authorities to stamp and acknowledge receipt of such notification, if duly accomplished, upon presentation of the same; Provided, that: a copy of such notification duly stamped as received by the customs authorities shall be kept and produced by the shipper or carrier of such sugar upon inspection by proper authorities in the course of shipment; and upon arrival at the port of destination, such copy of the notification must have to be presented to the customs authorities thereat for inspection of the shipment: Provided, further, That: loading sugar in excess by more than two hundred fifty kilos over the quantity stated in the notification shall, to the extent of such excess, likewise be punishable under this paragraph.

Failure of the sugar shipment to arrive at the port of destination within a reasonable time shall be considered *prima facie* evidence of the illegal trading or illegal exportation of such sugar. A disparity of more than two hundred fifty kilos between the quantity of sugar stated in the notification and the actual quantity of sugar reaching the port of destination shall likewise be *prima facie* evidence of the illegal trading in or the illegal exportation of sugar to the extent of such disparity in quantity.

In the cases of the offenses described in paragraphs (b), (c), and (d) above, both the shipper of the sugar if he loads more than two hundred fifty kilos and the captain or patron or pilot of the vessel or aircraft on which more than two hundred fifty kilos of sugar is loaded shall be liable and be subject to the penalties herein provided.

If the offense is committed by a juridical person or entity, the officers thereof who knowingly participated in the acts herein described shall be liable and be subject to the penalties herein provided. If the offender is an alien, he shall be deported after serving his sentence, without further proceedings.

SEC. 3. Penalties.—Persons found guilty of violating the provisions of this Decree shall be punished as follows:

(a) Imprisonment of not less than six months nor more than two years if the quantity of sugar involved is more than two hundred fifty kilos but not more than ten thousand kilos.

(b) Imprisonment of not less than two years nor more than five years if the sugar involved is more than ten thousand kilos but not more than fifty thousand kilos.

(c) Imprisonment of not less than five years nor more than ten years if the sugar involved is more than fifty thousand kilos.

SEC. 4. Exceptions.—The loading of sugar on a vessel or aircraft in an amount not exceeding two hundred fifty kilos for any one vessel

or aircraft without any of the permits, notifications or other requirements mentioned in paragraphs (b), (c), and (d) of Section 2 hereof, shall not constitute an offense and shall not be punishable hereunder. Likewise, the trading of sugar in violation of Sec. 2(a) of this Decree, if done by small planters and/or millers producing less than one thousand kilos of sugar per month, and provided the total quantity traded by them each month does not exceed their actual production for that month, shall not be punishable under this Decree. In case of islands wherein there are no customs authorities or which are not sub-ports of entry, loading or unloading sugar thereon in excess of two hundred fifty kilos may be allowed, but with proper Notification, as provided in Sec. 2 (d) of this Decree, submitted to the Commander of the Philippine Constabulary in said area or his duly authorized representative thereat.

SEC. 5. *Confiscation of Sugar, Vessel or Aircraft.*—The sugar traded or loaded in violation of this Decree shall be confiscated and surrendered to the nearest PNB or Philippine Exchange, Inc. office for reallocation, without prejudice to the rights of the parties involved, who shall be entitled to the return of sugar of the same kind and quantity, should they be found later on by the proper authorities to be innocent of the offenses herein defined. The vessel or aircraft used in violation of the provisions hereof shall, after final judgment by the court, be confiscated in favor of the Government, thereafter to be disposed of in accordance with the provisions of the Tariff and Customs Code.

SEC. 6. All laws, executive orders, instructions, rules and regulations inconsistent with these provisions are hereby repealed or amended accordingly.

SEC. 7. This Decree shall take effect immediately.

Done in the City of Manila, this 21st day of February, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 660

ADDITIONAL SUBSCRIPTION OF THE PHILIPPINES TO THE
CAPITAL STOCK OF THE INTERNATIONAL DEVELOPMENT
ASSOCIATION (IDA) AND APPROPRIATING FUNDS THERE-
FOR.

WHEREAS, the International Development Association through the Board of Governors has decided to augment the financial resources of the International Development Association through a Fourth Replenishment Program;

WHEREAS, there is now a call for member countries to participate in the Fourth Replenishment Program of the International Development Association;

WHEREAS, the Philippines has benefited from the resources of the International Development Association, being a recipient of development credits in the aggregate amount of \$32.2 million for the various development projects of the Government;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree that the peso equivalent of United States \$71,698.72 be appropriated out of the funds not otherwise appropriated in the National Treasury for the purpose of paying the additional subscription of the Philippines to the capital stock of the International Development Association under its Fourth Replenishment Program.

This Decree shall take effect immediately.

DONE in the City of Manila, this 21st day of February, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 664

AMENDING SECTION 12 OF REPUBLIC ACT NUMBERED 1407 AS AMENDED, OTHERWISE KNOWN AS "THE PHILIPPINE OVERSEAS SHIPPING ACT OF NINETEEN HUNDRED AND FIFTY-FIVE".

WHEREAS, the Philippine Maritime Industry is a major contributor to the growth of the Philippine economy;

WHEREAS, the ocean-going vessels of the industry are a source of foreign exchange earnings for the country;

WHEREAS, under Republic Act No. 1407 ocean-going vessels can avail of needed foreign exchange for their maintenance and operations only through a complicated procedures;

WHEREAS, it is desirable that this procedure be simplified so as to facilitate the access of this sector of the industry to their required funds;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby decree that Section 12 of Republic Act No. 1407 as amended be further amended to read as follows:

"Sec. 12. All dollars required by ocean-going vessels of Philippine registry or by operators of ocean-going vessels of Philippine registry for the purchase of vessels, repair and improvement, engines, spare parts, accessories, supplies and other expenses required for the operation of the vessels in foreign ports or in the high seas, when recommended by the Maritime Industry Authority shall be made available by the Central Bank of the Philippines or by any other agency in charge of dollar controls, subject to the rules and regulations of the Central Bank, free of exchange tax: Provided, That the Maritime Industry Authority shall ascertain that the above-mentioned vessels' repair and improvement, engines, spare parts, accessories and supplies cannot be furnished by local firms. All dollars acquired or spent by the owners of said vessels shall be properly accounted for to the Central Bank of the Philippines or to any other agency in charge of dollar controls."

All such laws, decrees, orders, rules or regulations or any part thereof as are inconsistent with this Decree are hereby repealed.

This Decree shall take effect upon its approval.

DONE in the City of Manila, this 5th day of March, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 666

PROVIDING FOR INCENTIVES TO THE SHIPBUILDING AND SHIP
REPAIR INDUSTRY

WHEREAS, shipping plays a vital role in the economic development and growth of the country;

WHEREAS, the promotion and maintenance of an adequate Philippine merchant fleet depend upon the adequacy of supporting shipbuilding and ship repair facilities;

WHEREAS, the absence of adequate investment incentives has deterred the expansion and modernization of existing shipyards and/or development of new shipyard facilities;

WHEREAS, to accelerate the development of shipbuilding and ship repair industry such incentives are imperative and necessary;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby order and decree as follows:

SECTION 1. Shipbuilding and ship repair yards duly registered with the Maritime Industry Authority shall be entitled to the following incentive benefits:

a) *Exemption from import duties and taxes.*—The importation of machinery, equipment and materials for shipbuilding, ship repair and/or alternation, including indirect import, as well as replacement and spare parts for the repair and overhaul of vessels such as steel plates, electrical machinery and electronics parts, shall be exempt from the payment of customs and compensating tax: *Provided, however,* That the Maritime Industry Authority certifies that the item or items imported are not produced locally in sufficient quantity and acceptable quality at reasonable prices, and that the importation is directly and actually needed and will be used exclusively for the construction, repair, alteration, or overhaul of merchant vessels and other watercrafts; *Provided, further* That if the above machinery, equipment, materials and spare parts are sold to non-tax exempt persons or entities, the corresponding duties and taxes shall be paid by the original importer; *Provided, finally,* That local dealers and/or agents who sell machinery, materials and accessories to shipyards for shipbuilding and ship repair are entitled to tax credits, subject to approval by the Maritime Industry Authority, equivalent to the total tariff duties and compensating taxes paid for said machinery, equipment, materials and accessories.

b) *Accelerated depreciation.*—Industrial plant and equipment may, at the option of the shipbuilder and ship repairer, be depreciated for any number of years between five years and the expected economic life.

c) *Exemption from contractor's percentage tax.*—The gross receipts derived by shipbuilders and ship repairers from shipbuilding and ship repairing activities shall be exempt from the Contractor's Tax provided in Section 91 of the National Internal Revenue Code during the first ten

years from registration with the Maritime Industry Authority, provided that such registration is effected not later than the year 1990; *Provided*, That any and all amounts which would otherwise have been paid as contractor's tax shall be set aside as a separate fund, to be known as "Shipyard Development Fund", by the contractor for the purpose of expansion, modernization and/or improvement of the contractor's own shipbuilding or ship repairing facilities; *Provided*, That, for this purpose, the contractor shall submit an annual statement of its receipts to the Maritime Industry Authority; and *Provided*, further, That any disbursements from such fund for any of the purposes hereinabove stated shall be subject to approval by the Maritime Industry Authority.

d) *Registration required but not as Public Utility*.—The business of constructing and repairing vessels or parts thereof shall not be considered a public utility and no Certificate of Public Convenience shall be required therefor. However, no shipyard, graving dock, marine railway or marine repair shop and no person or enterprise shall engage in the construction and/or repair of any vessel, or any phase or part thereof, without a valid Certificate of Registration and license for this purpose from the Maritime Industry Authority, except those owned or operated by the Armed Forces of the Philippine or by foreign governments pursuant to a treaty or agreement.

SEC. 2. The Maritime Industry Authority shall, in consultation with the Board of Investments and the Department of Finance, promulgate rules and regulations together with the procedures and guidelines for the proper and efficient implementation of the above provisions.

SEC. 3 Any violation of the tax exemption privileges or incentives provided for in this Decree, as well as the terms and conditions for the grant thereof, shall result in forfeiture of all the tax exemptions and incentives granted herein and the shipbuilder, ship repairer, contractor or importer shall be subject to two hundred percent of all the taxes affected by the particular violation.

SEC. 4. Any provision of law, decree, executive order, or rules and regulations inconsistent with this Decree is hereby repealed or modified accordingly.

SEC. 5. This Decree shall take effect immediately.

Done in the City of Manila, this 5th day of March, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 668

EXTENDING THE CORPORATE LIFE OF THE NATIONAL DEVELOPMENT COMPANY FOR ANOTHER TWENTY-FIVE (25) YEARS AND INCREASING ITS AUTHORIZED CAPITAL TO TWO HUNDRED MILLION PESOS, WITH ADDITIONAL POWERS.

WHEREAS, NDC was originally created under Commonwealth Act No. 182 as amended by Commonwealth Act No. 311, to exist for a period of fifty (50) years from the approval of the Act on January 9, 1938, with a capitalization of P50 Million divided into 500,000 shares of stock with a par value of P100.00 each, 51% of said capital to be subscribed by the Government of the Commonwealth of the Philippines, and the remainder thereof to be offered to the Provincial, Municipal and City Governments of the Philippines:

WHEREAS, the Commonwealth Act No. 182 as amended by Commonwealth Act No. 311, is further amended by Executive Order No. 399 of the President of the Philippines dated January 5, 1951, otherwise known as the Uniform Charter for Government Corporations including the National Development Company, whereby NDC shall exist for a period of twenty-five (25) years from the effectivity of the said Executive Order on January 5, 1951, and the corporate life of the NDC to terminate on January 5, 1976;

WHEREAS, the NDC is empowered to engage in commercial, industrial, mining, agricultural and other enterprises which are necessary or contributory to the economic development of the country and important public interest, to hold public agricultural lands and mineral lands in excess of the area permitted in a public corporation, and to organize subsidiary companies over which it has control over them;

WHEREAS, by virtue of the said Charter, NDC has entered into agreement for the sale of land to the landless, growing of pineapple and other crops with the Dole Philippines, Inc. and Philippine Packing Corporation, and has invested in private sectors, such as the Manila Gas Corporation, Republic Telephone Company, Resort Hotels Corporation, Royal Industries of the Philippines, Philippines Electrical Manufacturing Company, Philippine Communications Satellite Corporation, Gomez Celulose International, Inc., Crowntex Corporation, and the Industrial Estate Corporation, the period of contractual relations of which is beyond the corporate life of the National Development Company under Executive Order No. 3999 abovementioned.

WHEREAS, it is of paramount importance that the corporate life of the NDC be extended for another period of twenty-five (25) years from January 5, 1976; since the NDC is a principal instrumentality of the Government in the furtherance of its economic policies as evidenced by its past and present investments in different economic ventures in which

private capital was timid to undertake as in the survey of petroleum and mineral deposits, generation of electric power, manufacture of cement, coal mining, abaca and ramie fiber processing, manufacture of textile and yarns, development of marble quarries, sugar refining, meat and fish canning, airlines, acquisition and operation of oceangoing vessels, paper mills, manufacture of electric lamps and bulbs, production of gas fuel, nail manufacture, warehousing, shoe making, land distribution, pineapple growing, etc.;

WHEREAS, the capital of the National Development Company has been subscribed by the National Government as an implementing arm of its economic policies; and it is necessary that the National Development Company be placed under the Office of the President;

WHEREAS, the remaining capital stock of the National Development Company was not subscribed by any provincial, municipal, and city governments of the Philippines pursuant to said law and the National Development Company has been operating under a meager subscribed capital stock of ₱29 Million more or less and on loans from the Treasurer of the Philippines and other banking institutions with interests; and

WHEREAS, in the expansion of activity of the economic arm of the government and the furtherance of its economic policy the National Development Company needs more lands in the exercise of its power to engage in agricultural enterprises.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution, in order to ensure the economic development of the country particularly in the agricultural enterprises, and the security of the existing contracts of the NDC with private parties as an implementation of the purpose or purposes for which it was created, hereby order and decree that Commonwealth Act No. 182, as amended by Commonwealth Act No. 311 and Executive Order No. 399, be amended such that the corporate life of the National Development Company is hereby extended for another twenty-five (25) years from January 5, 1976; that the authorized capital of the corporation is hereby increased to Two Hundred Million Pesos, the amount to be subscribed by the National Government to carry out the purposes and objectives for which it was created as the principal instrumentality of the Government in the furtherance of its economic policies; and, it being an implementing arm in the furtherance of the economic policies of the Government, the National Development Company shall be directly under the Office of the President of the Republic of the Philippines; and it is further decreed that in addition to its existing power and duties, the National Development Company is further authorized to acquire, hold, develop and dispose all lands acquired by Americans under the Parity amendment before the termination on July 3, 1974 of their right to acquire such lands.

This Decree shall take effect immediately.

Done in the City of Manila, this 7th day of March, on the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 678

AMENDING SECTION 2 OF COMMONWEALTH ACT NO. 83, AS
AMENDED OTHERWISE KNOWN AS THE SECURITIES ACT

WHEREAS, commercial papers such as promissory notes, repurchase agreements, certificates of participation or assignment, commercial drafts, acceptances and similar instruments issued by persons, firms, or entities to obtain working capital in short-range maturities are not covered by the present registration requirement of the Securities and Exchange Commission;

WHEREAS, the credit risk varies among this class of papers depending upon the financial standing of the particular issuer and the purchasing investors having no means for extensive credit investigation primarily base their credit reliance upon the reputation of the commercial paper dealer;

WHEREAS, the investigating public must be given adequate and effective protection in availing the credit of the borrower in the commercial paper market by having the public evaluation of the worthiness of the paper and the capability of the issuer through the registration and/or licensing of the debt instrument, the registration of the issuer/dealer and the regulation of the transaction.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines by virtue of the powers vested in me by the Constitution, do hereby decree and order that:

SECTION 1. Section 2(a) of Commonwealth Act No. 83, as amended, is hereby amended by inserting additional terms under the definition of "Securities" to read as follows:

"Commercial papers evidencing indebtedness of any person, financial or non-financial entity, irrespective of maturity, issued, endorsed, sold transferred or in any manner conveyed to another, with or without recourse, such as promissory notes, repurchase agreements, certificates of assignments, certificates of participation, trust certificates or similar instruments."

SEC. 2. Section 4 of Commonwealth Act No. 83, as amended, is hereby amended by inserting an additional paragraph thereto, which shall read as follows:

"Notwithstanding the provisions of the preceding paragraph regarding exemptions, and any other provision of this Act or other existing laws, commercial papers as defined in Section 1 hereof shall be registered in accordance with the rules and regulations that shall be promulgated by the Securities and Exchange Commission, after approval by the Monetary Board which shall also have the power of suspension in the enforcement of these provisions, it being understood that such rules may provide for opened registration provided certain limits be made in the public interest and for the protection of investors. The rules may also provide exemptions from registration of interbank call loans under guidelines as may be necessary in the interest of the public."

SEC. 3. All laws or regulations inconsistent herewith are hereby repealed or modified accordingly.

SEC. 4. This Decree shall take effect upon approval.

DONE in the City of Manila, this 2nd of April, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 679

AMENDING ACT NUMBERED THIRTY NINE HUNDRED AND THIRTY SIX, AN ACT REQUIRING BANKS, TRUST CORPORATIONS, AND BUILDING AND LOAN ASSOCIATIONS, TO TRANSFER UNCLAIMED BALANCES HELD BY THEM TO THE TREASURER OF THE PHILIPPINES AND FOR OTHER PURPOSES.

WHEREAS, Act No. 3936 requires the publication of a sworn statement of unclaimed balances in bank once a week for three consecutive weeks in at least two newspapers of general circulation in the locality where the banks are situated, if there be any, and if there is none, in the City of Manila, one in English and one in Spanish, the cost of which shall be paid by the Bureau of the Treasury, which shall be reimbursed out of the escheated funds;

WHEREAS, the law also provides for the publication of a summons and a notice upon the commencement of the prescribed judicial proceedings for the escheat of unclaimed balances;

WHEREAS, past experience has shown that the cost of publication required by law, the increase of which has been substantial the past few years, is more than the aggregate amount of the unclaimed balances to be escheated, the average amount of which is small;

WHEREAS, there is a felt need to simplify the procedure for the escheat of unclaimed balances for the purpose of reducing the expenses therefor;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby decree and order:

SECTION 1. Sections 1, 2, 3, 4, and 5 of Act No. 3936 are hereby amended to read as follows:

"SECTION 1. 'Unclaimed balances', within the meaning of this Act, shall include credits or deposits of money, bullion, security or other evidence of indebtedness of any kind, and interest thereon with banks, buildings and loan associations, and trust corporations, as hereinafter defined, in favor of any person known to be dead or who has not made further deposits or withdrawals during the preceding ten years or more. Such unclaimed balances, together with the increase and proceeds thereof, shall be deposited with

The Treasurer of the Philippines to the credit of the Government of the Republic of the Philippines to be used as the National Assembly may direct.

"'Bank', building and loan associations' and 'trust corporations', within the meaning of this Act, shall refer to institutions defined under Sections two, thirty-nine, and fifty-six, respectively, of Republic Act Numbered Three Hundred Thirty Seven, otherwise known as the General Banking Act, as amended, whether organized under special charters or not.

"SEC. 2. Immediately after the taking effect of this Act and within the month of January of every odd year, all banks, building and loan associations, and trust corporations shall forward to the Treasurer of the Philippines a statement, under oath, of their respective managing officers, of all credits and deposits held by

them in favor of persons known to be dead, or who have not made further deposits or withdrawals during the preceding ten years or more, arranged in alphabetical order according to the names of creditors and depositors, and showings:

“(a) The names and last known place of residence or post office addresses of the persons in whose favor such unclaimed balances stand;

“(b) The amount and the date of the outstanding unclaimed balance and whether the same is in money or in security, and if the latter, the nature of the same;

“(c) The date when the person in whose favor the unclaimed balance stands died, if known, or the date when he made his last deposit or withdrawal; and

“(d) The interest due on such unclaimed balance, if any, and the amount thereof.

“A copy of the above sworn statement shall be posted in a conspicuous place in the premises of the bank, building and loan association, or trust corporation concerned for at least sixty days from the date of filing thereof: *Provided*, That immediately before filing the above sworn statement, the bank, building and loan association, and trust corporation shall communicate with the person in whose favor the unclaimed balance stands at his last known place of residence or post office address.

“It shall be the duty of the Treasurer of the Philippines to inform the Solicitor General from time to time the existence of unclaimed balances held by banks, building and loan associations, and trust corporations.

“SEC. 3. Whenever the Solicitor General shall be informed of such unclaimed balances, he shall commence an action or actions in the name of the People of the Republic of the Philippines in the Court of First Instance of the province or city where the bank, building and loan association or trust corporation is located, in which shall be joined as parties the bank, building and loan association or trust corporation and all such creditors or depositors. All or any of such creditors or depositors or banks, building and loan associations or trust corporations may be included in one action. Service of process in such action or actions shall be made by delivery of a copy of the complaint and summons to the president, cashier, or managing officer of each defendant bank, building and loan association or trust corporation and by publication of a copy of such summons in a newspaper or general circulation, either in English, in Pilipino, or in a local dialect, published in the locality where the bank, building and loan association or trust corporation is situated, if there be any, and in case there is none, in the City of Manila, at such time as the Court may order. Upon the trial, the court

must hear all parties who have appeared therein, and if it be determined that such unclaimed balances in any defendant bank, building and loan association or trust corporation are unclaimed as hereinabove stated, then the court shall render judgment in favor of the Government of the Republic of the Philippines, declaring that said unclaimed balances have escheated to the Government of the Republic of the Philippines and commanding said bank, building and loan association or trust corporation to forthwith deposit the same with the Treasurer of the Philippines to the credit of the Government of the Republic of the Philippines to be used as the National Assembly may direct.

“At the time of issuing the summons in the action above provided for, the clerk of court shall also issue a notice signed by him, giving the title and number of said action, and referring to the complaint therein, and directed to all persons, other than those named as defendants therein, claiming any interest in any unclaimed balance mentioned in said complaint, and requiring them to appear within sixty days after the publication or first publication, if there are several, of such summons, and show cause, if they have any, why the unclaimed balances involved in said action should not be deposited with the Treasurer of the Philippines as in this Act provided and notifying them that if they do not appear and show cause, the Government of the Republic of the Philippines will apply to the court for the relief demanded in the complaint. A copy of said notice shall be attached to, and published with the copy of, said summons required to be published as above, and at the end of the copy of such notice so published, there shall be a statement of the date of publication, or first publication, if there are several, of said summons and notice. Any person interested may appear in said action and become a party thereto. Upon the publication or the completion, of the publication, if there are several, of the summons and notice, and the service of the summons on the defendant banks, building and loan associations or trust corporations, the court shall have full and complete jurisdiction in the Republic of the Philippines over the said unclaimed balances and over the persons having or claiming any interest in the said unclaimed balances, or any of them, and shall have full and complete jurisdiction to hear and determine the issue therein, and render the appropriate judgment thereon.

“SEC. 4. If the president, cashier or managing officer of any bank, building and loan association, or trust corporation neglects or refuses to make and file the sworn statement required by this action, such bank building and loan association, or trust corporation shall pay to the Government the sum of five hundred pesos a month for each month or fraction thereof during which such default shall continue.

"SEC. 5. Any bank, building and loan association or trust corporation shall make any deposit with the Treasurer of the Philippines in conformity with the provisions of this Act shall not thereafter be liable to any person for the same and any action which may be brought by any person against any bank, building and loan association, or trust corporation for unclaimed balances so deposited with the Treasurer of the Philippines shall be defended by the Solicitor General without cost to such bank, building and loan association or trust corporation."

SEC. 2. This Decree shall take effect immediately.

DONE in the City of Manila, this 2nd day of April, in the year of Our Lord nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 695

APPROPRIATING THE SUM OF THIRTY MILLION PESOS TO AUGMENT THE RESOURCES OF THE INDUSTRIAL GUARANTEE AND LOAN FUND.

WHEREAS, the Industrial Guarantee and Loan Fund (IGLF) has been constituted to provide for necessary financing of small and medium-scale industries (SMSI) throughout the country.

WHEREAS, the availment of IGLF financing has been such that its funds have been depleted and unless immediately augmented, IGLF operations will have to be suspended to the detriment of numerous applicants whose projects have been approved.

WHEREAS, under original agreement which set up the IGLF Fund between the Philippine Government and the United States Agency for International Development (AID) both parties are authorized to augment the assets of the IGLF;

WHEREAS, a counterpart contribution of Thirty Million Pesos (₱30 M) is required for the IGLF to match the proposed loan of Twelve Million Dollars (\$12 M) from the International Bank for Reconstruction and Development (IBRD) as part of a loan package for SMSI;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution do hereby decree and order the following measure as part of the law of the land:

SECTION 1. The amount of Thirty Million Pesos (P30 M) is hereby appropriated from the funds of the National Treasury and otherwise appropriated to the National Economic and Development Authority, as custodian of the IGLF, in order to augment the resources of the Industrial Guarantee and Loan Fund to be administered by the Central Bank of the Philippines.

SEC. 2. This Decree shall take effect immediately.

Done in the City of Manila, this 8th day of May, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 699

AMENDING PRESIDENTIAL DECREE NUMBER FOUR, ENTITLED
"PROCLAIMING THE CREATION OF THE NATIONAL GRAINS
INDUSTRY DEVELOPMENT ADMINISTRATION AND PROVID-
ING FUNDS THEREFOR."

WHEREAS, it is the declared policy of the state to promote the integrated growth and development of the grains industry so as to provide adequate and continuous food supply to the nation and contribute to the national economy;

WHEREAS, to carry out and implement foregoing policy, Presidential Decree No. 4 was promulgated creating the National Grains Industry Development Administration, otherwise known as the National Grains Authority, hereafter referred to as the Authority.

WHEREAS, despite the various measures adopted to attain self-sufficiency in rice, corn and other grains, it appears that the private sector is somewhat lukewarm or slow to engage in the production of such grains, especially so in the light of the problems and difficulties arising from the large-scale production of such grains and the development of virgin and undeveloped lands;

WHEREAS, the government spends a big sum of money every year in the importation of rice and/or corn, which amount could be used to accelerate the integrated growth and development of the grains industry in the country;

WHEREAS, it is deemed necessary that the Authority take a more active and dynamic part in the current national effort to attain self-sufficiency in rice, corn and other grains; and

WHEREAS, recent developments and continuing scientific and technological studies on grains production, processing and marketing have revealed that the foregoing policy will best be attained by vesting the Authority with supplementary responsibilities and powers;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby and decree that Presidential Decree No. 4 be amended as follows:

SECTION 1. Section 5, sub-section (b) paragraph (XI) is hereby amended to read as follows: "*XI. Performs such other function as may be necessary to carry into effect the provision of this Act, including but not limited to, the development, culture or production of grains, and establishment, acquisition and/or operations of grains processing, handling, storage and transport facilities.*"

SEC. 2. Section 6, subsection (a) paragraph III, is hereby amended to read as follows: "*III. To own, lease, operate or otherwise hold buildings, equipment and such other immovable properties as may be necessary to carry out its functions.*"

SEC. 3. Section 6, subsection (a) is hereby further amended to incorporate the following new paragraph:

(XVIII) Whenever the Authority determines that to accomplish its production, processing, marketing and other incidental functions, it is necessary to contract indebtedness, it shall be a resolution, stating the purpose for which the indebtedness is to be incurred and citing the project study designed for the purpose, so declare and authorize the Authority's execution or issuance of, and establish the terms and conditions to be contained in such bonds, loan agreements, or other evidences of indebtedness necessary thereof. Such resolution shall become valid and effective upon approval by the President of the Philippines and prior recommendation of the Secretary of Finance.

"With respect to domestic indebtedness to be incurred by the Authority, the bonds or other evidences of indebtedness issued for the purpose shall contain such terms, conditions, privileges, exemptions and guarantees as are specified below.

"(1) Such bonds or other evidences of indebtedness a) shall be registered form and transferable at the Central Bank of the Phil-

ippines; b) shall not be sold at less than par; c) shall be payable ten years or more from date of issue, as may be determined by the Secretary of Finance before their issuance, but shall be redeemable, upon the election of the council, after five years from such date of issue; and d) shall bear interest at an annual rate to be determined before their issuance by the Secretary of Finance. The interest may be payable quarterly, semi-annually or annually, as determined by the Secretary of Finance in consultation with the Monetary Board of the Central Bank of the Philippines before date of issuance, and both the principal and interest shall be payable in legal tender of the Philippines.

“(2) The bonds or other evidences of indebtedness shall be exempt from the payment of all taxes by the Republic of the Philippines, or by any authority, branch, division or political subdivision thereof, which fact shall be stated upon their faces; and by virtue of this Decree are hereby made securities in which all public offices, political subdivisions, commercial banks, insurance companies and associations, investment houses, financing companies, savings banks and savings institutions, including savings and loan associations, executors, administrators, guardians, trustees and fiduciaries, in the Philippines may properly and legally invest their own funds or the funds within their control, and the same shall be receivable as collateral in any transaction with the government, its agencies and instrumentalities, including government-owned or controlled corporations and government banking and financial institutions in which such collateral is required. Said instruments may be made payable both as to principal and interest in Philippine currency or any readily convertible currency;

“(3) A sinking fund shall be established by the National Grains Authority in such manner that the total amount contribution thereto, accrued at such rate of interest as may be determined by the Secretary of Finance in consultation with the Monetary Board, shall be sufficient to redeem at maturity the bonds issued under this subsection. The sinking fund shall be under the custody of the Central Bank of the Philippines, which shall invest the same, subject to the approval of the council and the Secretary of Finance and consultation with the Monetary Board: Provided, That the proceeds thereof shall accrue to the Authority;

“(4) The Republic of the Philippines hereby guarantees the payment by the Authority of both the principal and the interests of the bonds or other evidences of indebtedness, and shall pay such principal and interest in case the Authority fails to do so; and there are hereby appropriated out of the general funds in the National Treasury not otherwise appropriated the sums necessary to make the payments so guaranteed; Provided, That the sums so paid by the Republic of the Philippines shall be refunded by the Authority: and

Provided, That the Authority, to assure such refunding, shall establish reserves or sinking funds and comply with such other restrictions and conditions as the Secretary of Finance may prescribe and establish for that purpose.

"With respect to foreign indebtedness to be incurred by the Authority, such may be contracted, in the forms of loans, credits convertible foreign governments or any international financial institution or fund sources, including foreign private lenders, the total outstanding amount of such indebtedness, exclusive of interest, shall not exceed five hundred million United States dollars (US\$500M) or the equivalent thereof in other currencies. The President of the Philippines, by himself or through his duly authorized representative, is hereby authorized to negotiate and to do contract with foreign governments or any international financial institution or fund source in the name and on behalf of the Authority; and is further authorized to guarantee, absolutely and unconditionally, as primary obligor and not merely as a surety, in the name and on behalf of the Republic of the Philippines, the repayment of any indebtedness thereby contracted and the payment thereon of any due interest charge, up to the limited amount authorized by the foregoing, which shall be over and above the amounts which the President is authorized to guarantee under Republic Act No. 6142, and also to guarantee the performance of all or any of the obligations undertaken by the Authority in the territory of the Republic of the Philippines pursuant to loan agreements entered into pursuant to this paragraph. Any indebtedness contracted under this paragraph and the payment of the principal thereof and of any interest or other charges thereon, as well as the importation of machinery equipment, materials, supplies and services by the Authority, paid from the proceeds of any such contracted indebtedness, shall also be exempt from all direct and indirect taxes, fees, imposts, other charges and restrictions, including import restrictions, by the Republic of the Philippines, or by any authority, branch, divisions or political subdivision thereof.

"Investment in bonds, promissory notes, debentures and other evidences of indebtedness of the Authority acquired by financial institutions, subject to the provisions of Republic Act No. 6389, as amended, including its implementing regulations, shall be considered sufficient compliance with the requirements of said Act and its implementing regulations.

"All funds so acquired and realized by virtue of this power to contract indebtedness, interests and other income incidental thereto and income from other operations, projects or activities of the Authority shall be administered by its except such other funds the administration of which is specifically provided for by other provisions of Presidential Decree No. 4.

“(XIX) To purchase, lease or otherwise acquire lands, whether public or private, for the cultivation and production of rice, corn and other grains;

“In the exercise of this power, the Authority shall have the authority to engage and retain any person, firm or corporation, private or public, to render technical services in the development, cultivation or operation of such lands as it may have acquired by purchase, lease, or other means. Moreover, the Authority shall have also the power to effect advance payment of the stipulated fees.

“(XX) To sell, lease, mortgage, pledge or otherwise dispose of the property, assets or undertaking of the Authority or any part thereof as the Authority may deem fit.

“(XXI) To adopt, alter, and use a corporate seal which shall be judicially noticed, to sue and be sued; and otherwise to do and perform any and all acts, and to exercise any and all powers as may be necessary to carry into effect the provisions of this Act or as are essential to the proper conduct of its operations.

“(XXII) In order to immediately implement the programs envisioned in this Decree, an initial sum of ten million pesos (P10,000,000) is hereby set aside from the Authority's corporate funds and for this purpose, the Administrator is hereby authorized to dispose the said amount as he may deem fit, subject to the usual accounting and auditing requirements.”

SEC. 4. Any provision of Presidential Decree No. 4 and of any law inconsistent with this Decree are hereby repealed, amended or modified accordingly.

SEC. 5. This Decree shall take effect immediately.

Done in the City of Manila, this 12th day of May, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS

President

Republic of the Philippines

PRESIDENTIAL DECREE NO. 710

NAMING THE INTERNATIONAL CONFERENCE CENTER BUILDING TO BE CONSTRUCTED BY CENTRAL BANK UNDER PRESIDENTIAL DECREE NO. 520 DATED JULY 23, 1974, AS THE PHILIPPINE INTERNATIONAL CONVENTION CENTER.

I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree and order that the International Conference Center to be constructed by the

Central Bank of the Philippines pursuant to Presidential Decree No. 520, dated July 23, 1974, shall be named the Philippine International Convention Center.

This Decree shall take effect immediately.

DONE in the City of Manila, this 27th day of May, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 711

ABOLISHING ALL EXISTING SPECIAL AND FIDUCIARY FUNDS AND TRANSFERRING TO THE GENERAL FUND THE OPERATIONS AND FUNDING OF ALL SPECIAL AND FIDUCIARY FUNDS.

WHEREAS, the current pattern of social and economic development being undertaken by the National Government is based upon a structural system of priorities of all continuing, coordinated, and fully integrated social and economic plans programs;

WHEREAS, there are various distinct, separate and special projects previously authorized to be implemented and funded from special and fiduciary funds which, in some cases, are no longer in conformity with the present development program and/or otherwise run counter to the objectives of social and economic plans formulated consistent with national development goals;

WHEREAS, there are special and fiduciary funds the purposes for which such funds were created had been fulfilled or abandoned, or that the laws creating such special and fiduciary funds contain restrictions such that the objectives for which the funds were created cannot be fully attained resulting in the accumulation of big cash balances in the special and fiduciary funds involved;

WHEREAS, the accumulation of big cash balances in special and fiduciary funds is adversely affecting the management and control of such cash resources in the National Treasury, resulting in the useless immobilization of public funds which otherwise could be advantageously availed of to finance the prosecution of various essential public services;

WHEREAS, the transfer of the funding and operation of all existing and fiduciary funds into the general fund would facilitate the implementation of social and economic programs and projects of the government for the benefit and general welfare of the masses;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree:

SECTION 1. All existing special and fiduciary funds are hereby abolished and all assets, liabilities, surpluses and appropriations pertaining to all special and fiduciary funds as authorized by the corresponding acts, laws, or decrees creating such special and fiduciary funds, as well as the financing and operations thereof, are hereby transferred to the General Fund of the National Government; provided that the personnel shows salaries and/or wages are drawn from such special and fiduciary funds shall be paid out of the General Fund subject to the provisions of Section 2 hereof.

SEC. 2. The existing functions and activities authorized under present laws creating each of the special and fiduciary funds which, as determined by the National Economic and Development Authority, are in conformity with the present social and economic plans and programs formulated consistent with national development goals shall continue to be maintained under the General Fund. All taxes, levies, fees, imposts and other income of all special and fiduciary funds duly authorized under existing laws shall remain in force and shall accrue to the General Fund.

SEC. 3. The Secretary of Finance, the Commissioner of the Budget, and the Chairman of the Commission on Audit shall issue the necessary rules and regulations for the effective implementation of the provisions of this Decree.

SEC. 4. All existing laws, decrees and letter of instructions, as well as rules and regulations, which are inconsistent with the provisions, of this Decree are hereby repealed and/or modified accordingly.

SEC. 5. This Decree shall take effect on July 1, 1975.

DONE in the City of Manila, this 27th day of May, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 714

AMENDING REPUBLIC ACT NO. 1180 ENTITLED "AN ACT
TO REGULATE THE RETAIL BUSINESS"

WHEREAS, the statutory definition in Republic Act No. 1180, otherwise known as the Retail Trade Nationalization Law, of the term "retail business" is vague and ambiguous, and this ambiguity has given rise to conflicting theories as to precise scope;

WHEREAS, it is believed to be not within the intendment of the said nationalization law to include within its scope sales made to industrial or commercial users or consumers;

WHEREAS, it is likewise in the interest of the national economy to exclude from the provisions of the said law the business of restaurants located in hotels, irrespective of the amount of capital, as long as the restaurant is merely incidental to the hotel business;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree:

SECTION 1. Section 4 of Republic Act No. 1180 is hereby amended to read as follows:

SEC. 4. As used in this Act, the term "retail business" shall mean any act, occupation or calling of habitually selling direct to the general public merchandise, commodities or goods for consumption, but shall not include:

"(a) a manufacturer, processor, laborer or worker selling to the general public the products manufactured, processed, or produced by him if his capital does not exceed five thousand pesos.

"(b) a farmer or agriculturist selling the product of his farm.

"(c) a manufacturer or processor selling to industrial and commercial users or consumers who use the products bought by them to render service to the general public and/or to produce or manufacture goods which are in turn sold by them.

"(d) a hotel-owner or keeper operating a restaurant, irrespective of the amount of capital, provided that the restaurant is necessarily included in, or incidental to, the hotel business."

SEC. 2. This decree shall take effect immediately.

DONE in the City of Manila, this 28th day of May, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 721

FURTHER AMENDING PART IX OF THE INTEGRATED REORGANIZATION PLAN BY RECONSTITUTING THE DEPARTMENT OF TRADE.

WHEREAS, it is the declared policy of the government to strengthen the socio-economic development in the field of commercial activities by vigorous export promotion to generate foreign exchange and by effective domestic trade and marketing programs;

WHEREAS, with the creation of a separate Department of Tourism and a Department of Industry, the role and scope of activities of the Department of Trade necessitate a redefinition; and

WHEREAS, there is an urgent need to realign government efforts toward export and trade promotion for greater effectiveness.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines by virtue of the powers vested in me by the Constitution, do hereby adopt, approve and make as part of the law of the land the amendment to the provisions of Part IX of the Integrated Reorganization Plan by reconstituting the Department of Trade.

Accordingly Part IX of the Integrated Reorganization Plan is hereby amended to read as follows:

SECTION 1. *Department Proper.*—The Department of Trade, hereinafter referred to in this Decree as the Department, shall be responsible for the promotion, development, expansion, regulation and control of foreign and domestic trade and in pursuance of this responsibility shall be empowered and authorized to issue such rules and regulations and adopt such measures as to:

- a) consolidate and/or coordinate all functions and efforts pertaining to the promotion of exports in particular and development of foreign trade in general;
- b) maintain reasonable allocation/distribution as between domestic and export market through export retention, export allocation, export subsidy, pricing, export ban and order schemes and measures to ensure price stability and supply availabilities of essential commodities in the local market;
- c) regulate the import of essential consumers and producers' items with a view to enhancing availability at fair and competitive prices to end-producers; and
- d) promote and regulate 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 through the support of centralized buying operations, terminal markets and large-scale and economical distribution systems organized by the public or private sector.

Authority and responsibility for the Department is vested in the Secretary of Trade, hereinafter referred to as the Secretary. He shall be assisted by only one Undersecretary.

The following are created in the Department Proper: (1) Planning Service; (2) Financial and Management Service; (3) Administrative Service; and (4) Legal Service.

SEC. 2. Bureau of Domestic Trade.—The Bureau of Domestic Trade shall, among others, consolidate functions pertaining to local commerce and the protection of the consuming public.

There are created the following divisions in the Bureau of Domestic Trade:

- a) Trade Nationalization Division which shall implement the provisions of Republic Act Numbered One Thousand Three Hundred Eighteen, Republic Act Numbered One Thousand One Hundred Eighty and all such laws relating to the regulation of retail trade and other business in Filipino citizens;
- b) Domestic Trade Promotion Division which shall stimulate domestic commerce, establish trade relationship among businessmen and encourage the organization of merchant groups among Filipinos engaged in different lines of business;
- c) Brokers Division which shall administer the licensing of commercial brokers and real estate brokers and appraisers, excluding brokers for stocks and securities;
- d) Consumer Protection Division which shall administer the registration of business names, private merchants, and bulk sales documents; and enforce laws on monopolies and trade practices in restraint of trade, mislabelling and product misrepresentation, other unfair trade practices and consumer protection in general, in this last regard for which it shall coordinate with the Food and Drug Administration of the Department of Health; and

SEC. 3. Bureau of Foreign Trade.—The Bureau of Foreign Trade shall, among others, consolidate all functions and efforts pertaining to the promotion of exports in particular and development of foreign trade in general.

The following divisions are created in the Bureau:

- a) Foreign Trade Promotion Division which shall, among others, conduct researches and studies on the promotion and expansion of Philippine exports. It shall also provide necessary information to interested persons and businessmen on foreign trade development and prospects.
- b) Export Service Coordination Division which shall, among others, coordinate all activities and functions of government agencies involved in the processing of export papers. It shall also update,

improve or simplify the administrative procedures involved in the processing of export papers.

- c) Foreign Trade Relations Division which shall, among others, deal with Philippine commercial relations with other countries. It shall gather information on other countries' economics and economic and commercial policies and shall encourage Philippine participation in international trade fairs and expositions.

All commercial attaches shall be appointed by, and placed under the control of the Secretary and under the supervision of the Director of the Bureau of Foreign Trade, except when actually assigned to missions abroad, in which case the provisions of Paragraph 3, Article IV, Part XVIII of the Integrated Reorganization Plan shall prevail.

SEC. 4. *Securities and Exchange Commission.*—The Securities and Exchange Commission shall, among others, encourage the formation of partnership and corporate ventures with widely and publicly held equity, and protect the investing public from deceptions and frauds in securities marketing.

The following divisions are retained in the Securities and Exchange Commission:

- a) Stock Brokers and Exchange Division which shall, among others, handle the regulation of activities of securities, exchanges, brokers, dealers and their salesmen; and
- b) Examiners and Appraisers Division which shall among others, handle the financial and accounting phase of the visitorial functions of the Commission.

The Legal Enforcement Division is renamed Corporate Division. It shall, among others, handle the processing of corporation papers and by-laws, articles of association and partnership agreements, the registration and licensing of securities, and the investigation of corporations.

The Securities and Exchange Commission shall be converted into a collegial body composed of a full-time Chairman and two full-time members who shall serve for a term of six years from which the corresponding positions are created. In the initial appointments of Chairman and members, one shall be appointed to service for six years, one for four years, and one for two years. The positions of Commissioner and Deputy Commissioner are hereby abolished: *Provided*, That the incumbent Commissioner shall continue to serve the Commission in accordance with Paragraph 13, Article 1, Chapter 1, Part XXIII of the Integrated Reorganization Plan.

SEC. 5. *Philippines Bureau of Products Standards.*—The Bureau of Standards is renamed Philippines Bureau of Products Standards which shall, among others, be responsible for establishing standards for commodities, inspection and certification of products for exports and local

distribution, and inspection and certification of products imported by the country.

SEC. 6. *Philippines Patent Office.*—The Philippines Patent Office shall, among others, be responsible for the promotion of scientific research and inventions; and for the protection of owners of industrial property rights.

In addition to the General Organic Chemistry Division; Chemical Technology Division; Mechanical Division; Electrical, Design and Utility Model Examining Division; and the Trademark Examining Division, the following divisions are created:

- a) Legal Service Division which shall, among others, render legal advise to the Director of Patents and to hear and decide inter-parte cases, oppositions, cancellations, interferences, public-use proceedings and matters dealing with compulsory licensing.
- b) Research and Information Division which shall, among others, be responsible for the conduct of researchers on various subjects, act as custodian of all scientific and legal books of the Office and shall perform library service functions, and produce and disseminate information pertaining to office and court decisions on patent and trademark case.

SEC. 7. *Bureau of Fiber Inspection Service.*—The Bureau of Fiber Inspection Service is renamed Bureau of Fiber Development and Inspection Service, which shall, among others, be responsible for the maintenance and enforcement of a uniform standard classification of abaca and other Philippine fibers intended for export and for domestic consumption.

SEC. 8. *ECAFE Unit.*—The ECAFE Unit is renamed ESCAP (Economic and Social Commission for Asia and the Pacific) Unit. The ESCAP Unit of the Philippine Committee on ESCAP matters is retained in the Department and its functions shall include, among others, to act as liaison agency for securing quick exchange of information between the EXCAP Secretariat and the Philippine Government and the various governments in the ESCAP region and to work for the implementation of resolution or studies approved or undertaken by the Commission and ESCAP Secretariat, respectively.

SEC. 9. *UNCTAD Unit.*—The UNCTAD Unit of the Philippine Committee on UNCTAD matters is maintained in the Department and its functions, shall include, among others, to act as liaison agency in the various areas of economic and trade development between the United Nations Conference on Trade and Development (UNCTAD) and the Philippine Government in the various trade aspects of international economic cooperation and to undertake the implementation of resolution and studies recommended and approved by the inter-agency committee involved.

SEC. 10. *Government-owned or Controlled Corporation and Agencies attached to the Department of Trade.*—The following agencies are at-

tached to the Department: (a) Philippine Export Credit Insurance and Guarantee Corporation; (b) Permanent Committee for the Implementation of the Philippine Indonesian Agreement on Economic and Technical Cooperation; (c) Philippine International Trading Corporation; (d) Design Center Philippines; (e) Metric System Board; (f) Philippine Shippers' Council; (g) Cottage Industry Development Council (CIDC); (h) Cottage Industry Development Enterprise (CIDE); (i) National Cottage Industries Development Authority (NACIDA); and (j) Nacida Bank.

SEC. 11. *Price Control Council*.—The Price Control Council is renamed Price Stabilization Council and placed under the administrative supervision of the Department.

SEC. 12. *Trade Assistance Centers*.—The putting up of trade assistance centers with an appropriation of four million five hundred thousand pesos (P4,500,000) under the current Annual General Appropriation Decree is hereby transferred from the Bureau of Domestic Trade to the Office of the Secretary. To carry out the purposes of the trade assistance centers, the sum of two million two hundred fifty thousand pesos (P2,250,000) is hereby appropriated for the remainder of Fiscal year nineteen hundred and seventy-four to nineteen hundred and seventy-five (1974–1975).

SEC. 13. *Personnel*.—Except for such technical positions as the Secretary may recommend to and be approved by the President, all positions in the Department shall be subject to the provisions of the Civil Service Law and the rules and regulations of the Wage and Position Classification Office (WAPCO).

SEC. 14. *Repeal*.—Any and all existing statutes, decree, rules and regulations, or parts thereof inconsistent herewith are repealed or modified accordingly.

SEC. 15. *Effectivity*.—This Decree shall take effect immediately.

DONE in the City of Manila, this 2nd day of June, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 726

AUTHORIZING THE NATIONAL GRAINS AUTHORITY TO DETERMINE AND IMPORT EXCLUSIVELY THE ANNUAL WHEAT GRAIN REQUIREMENTS OF THE COUNTRY, AND FOR OTHER PURPOSES.

WHEREAS, at present the wheat requirements of the country is determined by private wheat importers, a situation which foster an unrealistic assessment of the country's needs thereby triggering an increasing trend in the prices of wheat products to the detriment of the people;

WHEREAS, wheat is a good staple substitute which may be utilized in times of acute shortages in rice provided that prices of wheat products are stabilized;

WHEREAS, effective price stabilization at minimum cost requires the coordination of policies on the importation of not only rice and corn but other grains as well, more particularly, wheat.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree and order, and make as part of the law of the land the following:

SECTION 1. Any provision of law, order or regulation to the contrary notwithstanding, the National Grains Authority (NGA) shall have the authority to determine and import exclusively, from whatever source abroad, the annual wheat grain requirements of the country; Provided, That, the NGA shall include wheat grain in its total grains policy in coordination with the rice and corn policies; and Provided, That, the NGA shall have the authority to negotiate, for and on behalf of the Government of the Republic of the Philippines, the importation of wheat grains on a government-to-government basis; and Provided, Further that the importation of wheat grains shall be exempted from customs duties, taxes and other charges.

SEC. 2. As soon as the NGA has procured the first importation of sufficient quantities of wheat grains, and determined that it can continue and maintain such importation to meet the annual requirements of the country, it shall accordingly make a formal declaration to that effect by publishing such declaration in a newspaper of general circulation once a week for two consecutive weeks. Effective on the day after the last day of such publication, and except only as to those private importation covered by procurement contracts entered into and perfected prior to the aforesaid day, the importation of wheat grains by private persons or entities shall thenceforth be prohibited. Thereafter, the wheat grain requirements of the private flour millers, as well as other users, shall be secured from the NGA. The NGA shall promulgate the necessary rules and regulations to govern the allocation of wheat grains.

SEC. 3. Any provision of law, decree, order or regulation inconsistent or contrary with the provisions of this decree are hereby repealed or modified accordingly.

SEC. 4. This decree shall take effect immediately.

DONE in the City of Manila, this 5th day of June, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 734

AUTHORIZING MINORS TO DEPOSIT WITH AND WITHDRAW FROM BANKS

WHEREAS, it is the declared policy of the state to encourage thrift and mobilize savings in banks as an instrument of capital formation for economic growth;

WHEREAS, the national virtue of thrift is best attained by inculcating in the youth the proper habit of saving, and

WHEREAS, under existing laws, minors are restricted in their capacity to do acts with legal effect, thereby making their deposit and withdrawal transactions binding but voidable contracts;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, in order to encourage our youth to save and participate in the economic developments efforts of our country, do hereby and order that:

SECTION 1. Minors who are at least seven years of age, are able to read and write, have sufficient discretion, and are not otherwise disqualified by any other incapacity, are hereby vested with special capacity and power, in their own right and in their own names, to make savings or time deposits with and withdraw the same as well as receive interests thereon from banking institutions, without the assistance of their parents or guardians, the provisions of existing laws and regulations to the contrary notwithstanding. Parents may nevertheless deposit for their minor children and guardians for their wards.

SEC. 2. This Decree shall take effect immediately.

DONE in the City of Manila, this 25th day of June, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS

President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR

Executive Secretary

PRESIDENTIAL DECREE NO. 737

EXTENDING THE EFFECTIVITY OF THE PRICE CONTROL LAW
TO JUNE 30, 1977

WHEREAS, Section 11 of Republic Act No. 6361, otherwise known as the Price Control Law, as amended by Presidential Decree No. 234, provides that this law shall expire on June 30, 1975; and

WHEREAS, there is an urgent need to extend the effectivity of the law in line with the policy to prevent monopoly, hoarding, injurious speculation, manipulation and profiteering with respect to the supply, distribution and marketing of prime commodities;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution and pursuant to the economic and social development programs of the Government, do hereby extend the effectivity of Republic Act No. 6361, otherwise known as the Price Control Law, up to June 30, 1977.

Any provision of law, executive order or regulation inconsistent herewith is hereby repealed or modified accordingly.

This Decree is hereby made part of the law of the land and shall take effect immediately.

Done in the City of Manila, this 30th day of June, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS

President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR

Executive Secretary

PRESIDENTIAL DECREE NO. 744

FURTHER AMENDING REPUBLIC ACT NUMBERED 1407 AS AMENDED OTHERWISE KNOWN AS "THE PHILIPPINE OVERSEAS SHIPPING ACT OF NINETEEN HUNDRED AND FIFTY-FIVE."

WHEREAS, it is the declared policy of the government to encourage the development of the shipbuilding industry;

WHEREAS, there is a need to assist the private sector engaged in the long-range shipbuilding program of the government in the form of financial assistance;

WHEREAS, an important phase of shipbuilding is the construction of shipbuilding facilities and structures including the acquisition of necessary equipment needed for said purpose;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby further amend Republic Act No. 1407, as amended, as follow:

SECTION 1. A new section to be known as Section 3-A is hereby included in Republic Act No. 1407 as amended, which shall read as follows:

"Section 3-A. The funds provided in Sections 3 and 6 of this Act shall be available in the form of loans to citizens of the Philippines or to associations or corporations organized under the laws of the Philippines, at least sixty per cent of the capital of which is owned by citizens of the Philippines, engaged in shipbuilding and ship repair and registered with the Board of Investments, for the purpose of financing the construction of shipbuilding structures and facilities and for the purchase or acquisition of necessary equipments needed for shipbuilding purposes."

SEC. 2. Any provision of law, decree, executive order or rules and regulations inconsistent with this Decree is hereby repealed and/or modified accordingly.

SEC. 3. This Decree shall take effect immediately.

DONE in the City of Manila, this 15th day of July, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS

President

Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR

Executive Secretary

PRESIDENTIAL DECREE NO. 748

AMENDING PRESIDENTIAL DECREE NO. 187 TO EXTEND THE DATE FOR THE USE OF THE METRIC SYSTEM AS THE SOLE STANDARD OF WEIGHTS AND MEASURES IN THE PHILIPPINES AND FOR OTHER PURPOSES.

WHEREAS, Presidential Decree No. 187 prescribed the metric system as the sole standard of weights and measures to be used throughout the Philippines starting January 1, 1975 for all products, commodities, materials, utilities, services and in all business and legal transactions;

WHEREAS, while metric conversion is already being done in areas where it is readily feasible, many industrial, agricultural, trade, educational and other economic, social and cultural sectors require more time to adjust their machinery, equipment, inventories, supplies, products, operational, administrative and marketing systems;

WHEREAS, metrication involves not merely conversion from the English and other systems of weights and measures to the metric system but also standardization in metric packaging patterns for better consumer protection and facility in manufacturing and international and domestic trading;

WHEREAS, it is desirable to effect such reforms in our way of life in an expeditious but orderly and inexpensive manner;

WHEREAS, there is need to extend the operations of the Metric System Board and to provide adequate administrative, financial and other support for country-wide metrication;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby decree and order the following amendments to Presidential Decree No. 187:

SECTION 1. Section two of Presidential Decree No. 187 is hereby amended to read as follows:

"SEC. 2. *Creation of Metric System Board.*—In order to effect the orderly change from the English and other systems of weights and measures to the metric system, a Metric System Board, hereinafter referred to as Board, is hereby created, which shall be composed of the Secretary of Trade as Chairman, and the Secretary of Agriculture, Secretary of Natural Resources, Secretary of Finance, Secretary of Public Works, Transportation and Communications, Secretary of Education and Culture, Secretary of Justice, Secretary of Industry, Secretary of Health, Secretary of Local Government and Community Development, Secretary of Public Highways, Secretary of National Defence, Secretary of Public Information, Director General of the National Economic and Development

Authority, and the Chairman of the National Science Development Board as members. The department undersecretaries and the board vice-chairman concerned shall serve as alternates; Provided, however, that a member may designate another official to represent him on the Board and serve as Chief Staff Metrication Officer of the department or office concerned. The chairman and members, or their alternate or representative on the Board in the absence of their principal, shall be entitled to a per diem of two hundred pesos for every board meeting they actually attended."

SEC. 2. Paragraph (b), (c) and (d) of Section three of the same decree are hereby amended to read as follows:

"b. Draw up a program, after consultation with the private sector, for the nation-wide use of the metric system and standard metric packaging patterns, including the respective starting and completion dates, in the different agricultural, commercial, industrial, utilities, scientific, services and other sectors; Provided, That the metric system shall be fully adopted in all sectors throughout the Philippines by January first, nineteen hundred and seventy-seven; Provided, however, that for financial, technological and other reasons, the Board may grant extensions in highly meritorious cases. The Board shall consider the need to provide adequate time for the modification of existing devices or acquiring new devices in conformity with the metric system and the need to disseminate widely information on the metric system, the metric conversion programs and implementing rules and regulations;

"c. Promulgate rules and regulations for the implementation hereof, and, after approval thereof by the President of the Philippines, widely disseminate the same to all government offices and instrumentalities and the general public, including publication once for three consecutive weeks in at least three newspapers of general circulation in the Philippines;

"d. Appoint personnel from division chief level and above, preference to be given to qualified persons who were laid off from the government service as a result of reorganization; Provided that professional, highly technical and executive personnel may be employed under such terms and conditions as the Board or the Chairman may prescribe."

SEC. 4. Section four of the same decree is hereby amended to read as follows:

"SEC. 4. Metrication Director and Secretariat. -

"a. The Board, upon recommendation of the Chairman, shall appoint a Metrication Director who shall direct and supervise technical staff studies on metrication and oversee and coordinate implementation of duly approved programs. He shall be a citizen of

the Philippines, at least thirty-five years of age, of recognized executive ability, with broad educational background and adequate experience in senior level management, business, economics and/or technology. He shall receive an annual salary of forty thousand pesos and a monthly allowance of one thousand pesos.

“b. The Director of the Philippines Bureau of Product Standards shall serve as Executive Secretary of the Board. The Chairman may request for the detail to the Board Secretariat of personnel from other government offices and instrumentalities, which are hereby enjoined to extend all the necessary assistance to the Board.”

SEC. 4. Section five of the same decree is hereby amended to read as follows:

“SEC. 5. *Appropriation.*—The sum of five hundred thousand pesos (P500,000.00) is hereby appropriated out of any funds in the National Treasury not otherwise appropriated, for the expenses of the Board for fiscal year nineteen hundred and seventy-six, the special budget of which shall be subject only to approval by the Board. The appropriation for the Board shall be included and programmed in the annual national budget for the succeeding fiscal years.”

SEC. 5. *Effectivity.*—This Decree shall take effect upon its approval. The Metric System Board shall cease to exist by June thirty, nineteen hundred and seventy-nine.

SEC. 6. *Repealing clause.*—The provisions of any laws, decrees, orders, rules and regulations inconsistent herewith are hereby repealed or amended accordingly.

Done in the City of Manila, this 16th day of July, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 750

PROVIDING INCENTIVES AND PROTECTION TO THE LOCAL TEXTILE INDUSTRY AND TO MANUFACTURERS OF CERTAIN ARTICLES IN ORDER TO ENCOURAGE EXPORTATION THEREOF.

WHEREAS, the local textile industry has been experiencing lately a depressed market brought about by global inflation and rising production costs;

WHEREAS, the local textile industry may experience further drops in its export sales which may be brought about by competition from other countries which have rationalized their textile industries to attain economies;

WHEREAS, in order to help and promote the local textile industry, bail them out of distressed conditions and meet foreign competition, certain tariff incentives must be provided to reduce its production cost;

WHEREAS, for health reasons, there has been a growing preference for filter-tipped cigarettes here and abroad as may be readily noted in the very significant trend toward the production of said type of cigarettes even in the local cigarette industry;

WHEREAS, the increasing demand for cigarette filter rods by the local cigarette industry has encouraged local entrepreneurs to engage in the local manufacture of said filter rods, thereby contributing to the dollar conservation program of the government even in a modest degree;

WHEREAS, the development and growth of the local cigarette filter rod industry, whose major raw material, acetate tow, is derived from wood pulp, will be in line with the government's objective to accelerate the economic development of the country by utilizing local indigenous materials in the manufacture of industrial products with the use of Filipino skill and labor.

WHEREAS, under the prevailing system of taxation, local cigarette manufacturers producing filter rods for their own use in the production of their brands of cigarettes enjoy an undue advantage over other cigarette manufacturers who patronize locally-made filter rods as the former are exempt from the payment of advance sales of tax on their importation of acetate tow and other raw materials and are further saved from additional costs of packing, delivery and the like incidental expenses, which situation results not only in an unfair competition in the procurement of raw materials vital to the local cigarette industry but also serves as a disincentive for the local producers of filter rods to produce more to meet local demands as well as a barrier to a possible participation in the world market for filter rods as a means of bolstering our foreign exchange revenues;

WHEREAS, the exemption from advance sales tax imported materials to be used by the importer himself in the manufacture of articles subject to specific tax provided in Section 183(B) of the Tax Code was granted starting only in 1951 by Republic Act No. 594 when there were still no local manufacturers of said imported materials. Considering that there are now several local manufacturers of the imported materials covered by the exemption, the continued grant thereof prejudices local manufacturers, hence, the need for the removal of such

exemption in order to place, taxwise, local manufacturers on equal footing with manufacturer of articles subject to specific tax, and at the same time encourage and promote local manufacture of said articles;

WHEREAS, the specific tax on cigarettes is now based on selling price and no longer on the kind of tobacco fillers and length, thus rendering inapplicable to cigarettes the philosophy of the exemption from the sales tax of articles used in the manufacture of articles subject to specific tax;

WHEREAS, in line with the goals and objectives of the New Society, it has now become imperative for the government to take a hand in stabilizing the situation to insure fair competition in the local cigarette industry as well as stimulate the development and growth of the local manufacturers of cigarette filter rods and ultimately encourage the exportation of locally produced filter rods.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution do hereby decree and order as part of the law of the land:

SECTION 1. Subsection (b) of Section 183 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

“(b) *Sales tax on imported articles.*—When the articles are imported, the percentage taxes established in sections one hundred eighty-four, one hundred eighty-four-A, one hundred eighty-five, one hundred eighty-five-A, one hundred eighty-five-B, one hundred eighty-six and one hundred eighty-six-B of this Code shall be paid in advance by the importer, in accordance with the regulations promulgated by the Secretary of Finance and prior to the release of such articles from customs’ custody, based on the import invoice value thereof, certified to as correct under penalties of perjury by the Philippine Consul at the port of origin if there is any, including freight, postage, insurance, commission, customs duty and all similar charges, plus one hundred per centum of such total value in the case of articles enumerated in Section one hundred eighty-four; one hundred and eighty-four-A; fifty per centum of such total value in the case of articles enumerated in sections one hundred eighty-five, one hundred eighty-five-A and one hundred eighty-five B; and twenty-five per centum in the case of articles enumerated in section one hundred eighty-six and one hundred eighty-six-B. The tax imposed in this section shall not apply to articles to be used by the importer himself in the manufacture of motor fuel oils and other fuels.

The provisions of this Act shall not be construed as nullifying whatever interpretation the government has given to the word “importer” heretofore.

In the case of tax-free articles brought or imported into the Philippines by persons, entities or agencies exempt from the tax

which are subsequently sold, transferred, or exchanged in the Philippines to non-exempt private persons or entities, the purchasers shall be considered the importers thereof. The tax due on such articles shall constitute a lien on the article itself superior to all other charges or liens, irrespective of the possessor thereof.

Any percentage tax paid under Section 184, 184-A, 185, 185-A, 185-B, 186, 186-B on domestically manufactured or on imported raw materials used in the manufacture of finished products exported shall be allowed to be credited against other tax liabilities of the manufacturer-exporter; Provided, however, that said percentage taxes paid are indicated as a separate item in the invoices."

SEC. 2. Heading Nos. 32.05, 32.06 and 32.07, Chapter 32 of the Revised Tariff and Customs Code of the Philippines, as amended, are hereby further amended to read as follows:

"32.05 Synthetic organic dyestuffs including pigment dyestuffs); synthetic organic products of a kind used as luminophores; products of the kind known as optical bleaching agents, substantive to the fibre; natural indigo:

A. When directly imported by textile mills under prior joint authorization of the Tariff Commission and Board of Investments ad val. 10%

B. Others ad val. 30%

"32.06 Colour lakes:

A. When imported directly by textile mills under prior joint authorization of the Tariff Commission and Board of Investments ad val. 10%

B. Others ad val. 30%

"32.07 Other colouring matter, inorganic products of a kind used as luminophores:

A. When imported directly by textile mills under prior authorization of the Tariff Commission and Board of Investments ad val. 10%

B. Others ad val. 30%"

SEC. 3. Heading No. 51.01, Chapter 51 of the Revised Tariff and Customs Code of the Philippines, as amended, is hereby further amended to read as follows:

"51.01 Yarn of man-made fibres (continuous), not put up for retail sale:

- A. Articles not included in subheadings B and C hereof ad val. 30%
- B. Polyester yarn ad val. 50%
- C. Polyester yarn and polyfil, when imported directly by textile mills under prior joint authorization of the Tariff Commission and Board of Investments ad val. 10%

SEC. 4. Heading No. 55.01, Chapter 55 of the Revised Tariff and Customs Code of the Philippines, as amended, is hereby further amended to read as follows:

"55.01 Cotton, not carded or combed ad val. Free"

SEC. 5. Heading No. 56.02, Chapter 56 of the Revised Tariff and Customs Code of the Philippines, as amended by Presidential Decree No. 34, is hereby further amended to read as follows:

"56.02 Continuous filament tow for the manufacture of man-made fibres (discontinuous):

- A. Articles not included in subheading B hereof ad val. 10%

Not included in subheading A above are acetate tow and such other similar continuous filament tow, used as major raw material in the manufacture of cigarette filter rods, imported by local producers thereof with a total volume of sales of less than 3 billion filter rods for the calendar year 1973 or less than 250 million filter rods monthly sales average during the same period subject to ad val. 100%

- B. Polyester filament tow, except when imported directly by textile spinning mills under prior joint authorization of the Tariff Commission and the Board of Investments ad val. 30%

SEC. 6. Heading No. 59.01, Chapter 59 of the Revised Tariff and Customs Code of the Philippines, as amended by Presidential Decree No. 34, is hereby further amended to read as follows:

"59.01 Wadding and articles of wadding; textile flock and dust and mill neps 100%

SEC. 7. In accordance with the provisions of Section 160 of the National Internal Revenue Code, as amended, governing the operations and business transactions of persons or firms engaged in the manufacture, importation, or sale of, among others, cigarette filter tips or filter rods, the Commissioner of Internal Revenue shall, upon due verification of an application in writing, issue the necessary certification to the local producer of cigarette filter rods concerned attesting to the applicant's volume of sale of filter rods for the calendar year 1973 or his average monthly sales thereof during the same period for the purpose of determining the taxability or non-taxability of the acetate tow or such other similar raw materials imported by him for the local manufacture of cigarette filter rods. No importation of said acetate tow or such other similar raw materials shall be released from Customs custody without a written authority to release the same to be issued by the Commissioner of Internal Revenue upon written application therefor filed by the local producer-importer concerned and after a final tax determination shall have been made by the Bureau of Customs and the Customs duties, fees and internal revenue taxes, if any, due thereon shall have been paid.

SEC. 8. All laws, order and decrees as well as rules and regulations inconsistent herewith are hereby repealed and/or modified accordingly.

SEC. 9. This Decree take effect immediately.

Done in the City of Manila, this 21st day of July, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 752

TO BE KNOWN AS THE DECREE ON CREDIT FINANCING FOR
LOCAL GOVERNMENT

WHEREAS, it is an essential feature of the overall development strategy to sustain socio-economic growth through, among others, the timely execution of select priority projects at the local government levels;

WHEREAS, the financial resources now available to the local governments although augmented by increased national allotments and broader taxing power are deemed still insufficient to finance the immediate prosecution of physical infrastructure and other socio-economic projects that require massive capital investments;

WHEREAS, it has become necessary and opportune as a matter of fiscal policy to extend greater credit facilities to the local governments in order that through reasonable and moderate borrowings they may raise additional funds to meet the capital outlay requirements of priority developmental projects;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby adopt and promulgate as part of the law of the land, this Decree, the full text of which follows:

SECTION 1. *Title and Scope.*—This Decree shall be known as the Decree on Credit Financing for Local Governments, which shall govern the conduct and management of the credit transactions and borrowings of provinces, cities, and municipalities.

SEC. 2. *Policy Pronouncements.*—It shall be the basic policy that any local government may avail of credit facilities and resort to borrowings only if the local funds are not sufficient to finance the prosecution, completion, expansion, operation, and maintenance of local infrastructures and other socio-economic developmental projects.

In times of emergency or of an impending financial dislocation that may prejudice the dispensation of public services in the locality, provincial, city and municipal governments may likewise secure provisional advances in the manner prescribed herein or avail of credit lines that government banks and other national lending institutions may extend to them for the purpose of stabilizing local finances.

SEC. 3. *Provisional Advances.*—Upon recommendation of the Secretary of Finance, provincial, city and municipal governments may secure from the Central Bank of the Philippines and/or any other duly authorized government bank or depository provisional advances in amounts not exceeding, in their aggregate, fifteen per cent of the average annual income actually realized from regular sources by the borrowing local government unit for the last three fiscal years, the amount granted to be released to the provincial or city treasurer concerned. Provisional advances, including the interest accruals thereon, shall be payable within the first quarter of the fiscal year following the grant thereof.

Provincial advances shall not be taken up as revenue available for appropriation by the local government and shall be spent and disbursed solely to finance expenditures covered by duly authorized appropriations in the approved budgets of the borrowing entity for the current fiscal year.

In case of failure of the borrowing local government to settle in full said provisional advances within the prescribed time for payment, the Secretary of Finance is hereby authorized to order the withholding of the internal revenue allotments and or specific tax allotments accruing to the local government concerned and the direct remittance of the amount involved to the lending bank or institution in settlement of the outstanding obligation.

SEC. 4. *Domestic Loans, Credits, And Other Forms of Indebtedness.*—

(a) Provincial, city and municipal governments may upon recommendation of the Secretary of Finance contract loans, credits, and other forms of indebtedness with the Philippine National Bank, the Development Bank of the Philippines, the Government Service Insurance System, and/or any other national lending institution to finance the construction, installation, improvement, expansion, operation, or maintenance of electric light and power plants, public markets and slaughterhouses, waterworks and irrigation systems, telephone and radio communications systems, government housing projects, the purchase of rural and urban estates and other capital investment projects, subject to such terms and conditions as may be prescribed by law and the provisions of the respective charters of the aforesaid banks and lending institutions.

(b) Provincial, city and municipal governments may likewise secure from the Land Bank of the Philippines short, medium and long term loans and advances against security of real estate and/or other acceptable assets for the establishment, development or expansion of agricultural, industrial, home building or home financing projects and other productive enterprises.

(c) The Philippine National Bank, the Development Bank of the Philippines, the Government Service Insurance System, the Land Bank of the Philippines and other national lending institutions are hereby authorized to grant to the local governments the loans, credits and other forms of indebtedness herein referred to for the purposes specified above out of their loanable and/or investible funds, subject to such terms and conditions as may be prescribed by law and the pertinent provisions of their respective charters and to such policies, rules and regulations that their governing Boards may promulgate for the purpose.

(d) The provincial, city and municipal governments shall provide in their respective budgets the necessary appropriations for the payment of the principal and interest on the loans or other forms of indebtedness contracted under this Section as they fall due and become payable until the total obligation shall have been paid in full.

SEC. 5. *Deferred-Payment Financing Schemes.*—Provincial, city and municipal governments may likewise acquire heavy equipment, plant machinery and such necessary accessories under a supplier's credit or deferred-payment plan, subject to the law on purchasing and such other rules and regulations that the Secretary of Finance may promulgate with the concurrence of the Chairman, Commission on Audit.

No local government entity shall enter into a purchase contract under a deferred-payment plan unless previous loans secured elsewhere shall have been paid in full or are being paid in accordance with **approved** amortization schedules.

SEC. 6. Bonds And Other Long Term Securities.—(a) Provinces and cities are hereby authorized to issue bonds, debentures, securities, collaterals, notes and other obligations to finance self-liquidating and/or income-producing development projects pursuant to the priorities established in the development program as certified to by the National Economic and Development Authority, but in no case to exceed at any one time an aggregate amount equivalent to one-half of one per cent of the total assessed value of taxable real property within the territorial jurisdiction of the local government unit. Whenever any province or city deems it necessary to issue such bonds, debentures, securities, collaterals, notes and other obligations, the Provincial Board or Municipal Board City Council shall, by resolution, so declare and state the terms and condition of the bonds and the purpose for which the proposed indebtedness is to be incurred. For such resolution to be valid, it shall be passed by the affirmative vote of majority of all the Members of the local Board/Council and approved by the President of the Philippines, upon recommendation of the Secretary of Finance after consultation with the Monetary Board of the Central Bank of the Philippines and the National Economic and Development Authority.

(b) Local government bonds shall be issued under the following conditions:

(1) They shall be in registered form and transferable at the Central Bank of the Philippines;

(2) They shall not be sold at less than face value;

(3) They shall be redeemable ten years or more from the date of issue as may be determined by the Secretary of Finance before their issuance, but may be redeemed earlier by the local government upon approval by a majority of all the members of the local board or council;

(4) Before issuance of the bonds, the Secretary of Finance upon consultation with the Monetary Board of the Central Bank of the Philippines shall fix the annual rate of interest payable on the bonds, as well as the mode of payment of the interest accruals thereon; and

(5) Both the principal and interest on the bonds shall be payable in legal tender of the Republic of the Philippines.

(c) Local government bonds issued under the authority of this Section shall be exempt from all taxes levied by the Republic of the Philippines, or by any authority; branch, division or political subdivision thereof, which facts shall be stated upon the face of the bonds.

(d) Local government bonds shall be acceptable and received as security in any transaction with the government where such security is required.

(e) The local board or council concerned shall establish a sinking fund for the purpose of redeeming at maturity the bonds issued under this Section.

(f) The annual contributions to the sinking fund shall cover in full the principal and interest due on the bonds issued and the local board or council shall set aside in the annual budgets of the local government the corresponding appropriations therefor. The Secretary of Finance may, upon request of the local board or council, determine and fix the amount of annual contributions herein referred to.

(g) Said sinking fund shall be under the custody of the Central Bank of the Philippines which may invest the same in such manner as the Monetary Board may approve. Said sinking fund shall be charged for all expenses incurred in investing the same or portions thereof and credited with the earning and interest income arising from such investments.

(h) The Republic of the Philippines hereby guarantees the payment by the provincial or city government of both the principal and the interest of the bonds issued by said provincial or city government by virtue of this Section, and shall pay such principal and interest in case the provincial or city government fails to do so, and there are hereby appropriated, out of the general funds in the National Treasury not otherwise appropriated, the sums necessary to make the payments guaranteed under this Section: *Provided*, That the sums so paid by the Republic of the Philippines shall be refunded by the provincial or city government concerned through the sanctions provided for herein.

SEC. 7. *Inter-Local Government Loans*.—Provinces, cities and municipalities may extend loans to other provinces, cities and municipalities for such public purposes as the repair and rehabilitation of government property damaged by typhoons, floods, fire, or other natural calamity; the purchase of relief goods, foodstuff and medicine during emergencies; and the beautification of parks, plazas, monuments and shrines in amounts not exceeding, in their aggregate, five per cent of the general fund income from regular sources of the lending entity actually realized during the next preceding fiscal year, as certified to by the local treasurer and attested by the auditor concerned, under such terms and conditions as may be agreed upon by the parties, payable within a period of not exceeding twenty-four months from the date of release of the full amount and at an interest rate of not exceeding twelve per cent per annum.

Failure of the borrowing local government to appropriate the annual amortizations and interest accruals of the loans contracted under this Section shall constitute a ground for declaring in-operative its budgets pursuant to the pertinent provisions of Presidential Decree No. 477.

SEC. 8. Loans from Funds Secured by the National Government from Foreign Sources.—(a) The President of the Philippines, or his duly authorized representative, may negotiate and contract loans with foreign financial institutions or other international organizations belonging to countries with which the Philippines has diplomatic or trade relations, or from foreign governments which are members of the United Nations and, subject to such conditions as he may impose, extend therefrom, upon recommendation of the Secretary of Finance and the National Economic and Development Authority, one or several loans to any provincial or city government through the Development Bank of the Philippines or the Land Bank of the Philippines for the purpose of financing the acquisition, construction, installation, improvement and expansion of capital improvement projects, such as electric power plants, waterworks and irrigation systems, flood control systems, sewerage systems, compositing plants, and telephone and radio communications systems.

(b) Loan amortizations or repayments, including accrued interest thereon, may be financed partly from the income of the projects or services funded and from the regular income of the borrowing local government unit, which must be provided for and appropriated regularly in its budgets until the loan and the interests thereon shall have been repaid in full.

(c) The pertinent provisions of Republic Act No. 4860, as amended by Presidential Decrees Nos. 81, 150 and 351, shall likewise be complied with in the re-lending to the local governments of proceeds of loans from foreign sources.

(d) Any two or more provinces, cities and or municipalities may jointly and severally undertake capital improvement projects commonly beneficial to them and for the purpose may negotiate and contract for loans in accordance with the provisions of the foregoing paragraphs, subject to the provisions of Letter of Instruction No. 158.

SEC. 9. Financing Contracts with Private Persons.—(a) Any provincial, city or municipal government may enter into, and bind itself by, contract with any private person, natural or juridical, for financing such self-liquidating or income-producing projects as the construction of toll roads and bridges, the installation of telephone systems, the acquisition of land and water transport systems, as well as the operation and maintenance of such projects, subject to the approval of the National Economic and Development Authority, upon recommendation of the Secretary of Finance: *Provided*, That the aggregate amounts of financing contracts that a local government may enter into by virtue of this Section shall not exceed the legal borrowing capacity of said local government as certified to by the Commission on Audit.

(b) The construction and prosecution of projects under the authority of this Section shall be subject to the following terms and conditions:

(1) The provincial, city or municipal engineer, as the case may be, upon formal request in writing by the local chief executive, shall prepare the plans and specifications for the proposed project, which shall be subject to the approval of the local board or council. In the absence of a municipal engineer, the plans and specifications of the proposed project shall be prepared by the provincial engineer.

(2) Upon approval by the local board or council of the project plans and specifications, the provincial, city or municipal engineer concerned shall forthwith cause to be published once every week for three consecutive weeks in at least two newspapers of general circulation, a notice inviting all eligible contractors to approved. The contract shall be awarded to the lowest qualified bidder: *Provided*, That the winning bid shall not exceed by fifteen per cent the estimated cost of the project as computed by the local engineer. The conduct of public bidding and award of contracts for local government projects under this Section shall be in accordance with existing laws and pertinent rules and regulations.

(3) Any contractor who shall undertake the prosecution of any project under this Section shall post bonds to protect the interest of the province, city or municipality in such amounts as may be fixed by the local board or council and the provincial, city or municipal engineer of the locality shall not allow any contractor to initiate the prosecution of projects under this Section unless such contractor shall present proof or evidence that he has posted the required bond.

(4) The contractor shall be entitled to the contract price based on the winning bid plus interest on the unpaid balance thereof not exceeding twelve *per cent per annum*. The provincial, municipal or city government concerned is authorized to charge and collect reasonable tolls or fees, in the presence of a duly authorized representative of the contractor, for the use of finished projects, which collections shall be turned over to the contractor at the end of every week for a period not exceeding twenty years. In the case of roads or bridges constructed only on motor vehicles using the same and automatic traffic counters shall be installed in the entrance, terminal and intermediate toll gates.

(5) The tolls or fees that will be charged for the use of roads, bridges,, telephone systems, land transport systems, ferries and watercraft constructed installed or acquired in accordance with this Section shall be levied in an appropriate local tax ordinance which shall be enacted by the local board or council, approved by the local chief executive and reviewed by the Secretary of Finance or the Provincial Treasurer pursuant to the pertinent provisions of the Local Tax Code, as amended. Any change in the schedule or rates of such tolls and fees shall likewise be made through the enactments of an appropriate local tax ordinance.

(6) Collections from the tolls or fee authorized to be collected under this Section shall first be applied to the interest and the remainder to the principal in the accounting of the receipts from such tolls or fees.

(7) The imposition and collection of tolls or fees shall be discontinued after the principal expended on the project, and the interest thereof, shall have been collected as certified to by the provincial, city and municipal treasurer concerned, and from that time the contract for such project shall be deemed extinguished.

(8) The projects undertaken under the Section shall be prosecuted under the supervision of the provincial, city or municipal engineer of the province, city or municipality, as the case may be, or if there be no municipal engineer, by the provincial engineer of the province to which the municipality belongs, in accordance to which the municipality belongs, in accordance with the plans and specifications of the project as approved by the local board or council.

(c) The Provincial Attorney or City Legal Officer or Municipal Attorney, as the case may be, shall pass upon contracts executed pursuant to this Section to determine their legality and correctness of form. In the absence of the above-named officials, the responsibility shall devolve upon the provincial or city fiscal concerned.

(d) It shall be unlawful for any public official or employee in the provincial, city or municipal government, or their relatives within the fourth civil degree of consanguinity or affinity, to enter into, or be in any way interested in, the contract for the construction, prosecution, acquisition, operation or maintenance of any project awarded pursuant to the provisions of this Section or for the furnishing of any supplies, materials or equipment of any kind, to be used in the project. Any person who violates the provisions of this Section shall be removed from office, any provisions of law to the contrary notwithstanding, and suffer imprisonment not exceeding five years.

SEC. 10. *Remedies, Sanctions and Penalties.*—Provinces, cities and municipalities shall appropriate in their respective annual budgets such amounts as are sufficient and required to service loans and borrowings and/or redeem or retire bonds, debentures, securities, notes and other obligations issued by said local government units under this Decree, and their failure to provide the appropriations herein required shall be a ground to declare inoperative the corresponding budgets of the borrowing entity. Furthermore, the Secretary of Finance is hereby empowered to enforce payment of obligations incurred under this Decree which have become due and demandable by withholding the corresponding amounts from internal revenue allotments and/or specific tax allotments, or by drawing against the depository accounts of the defaulting local government unit.

The above remedies, notwithstanding, elective and appointive officials who shall refuse to pay, obstruct the payment, or cause unnecessary delay in the repayment of the above-stated loans, indebtedness and obligations shall be personally and jointly or severally, liable to pay a fine of not less than ₱10,000.00 but not more than ₱50,000.00 or suffer imprisonment from 2 years to 5 years, or both fine and imprisonment, at the discretion of the court.

SEC. 11. *Administrative Authority of the Secretary of Finance.*—The Secretary of Finance shall promulgate, from time to time, such rules and regulations as he may deem necessary for the proper and effective implementation of this Decree.

SEC. 12. *Separability Clause.*—If, for any reason, any section or provision of this Decree shall be held to be constitutional or invalid, no other section or provision hereof shall be affected thereby.

SEC. 13. *Repealing Clause.*—All laws and parts of law and pertinent portions of City Charters, contrary to or inconsistent with the provisions of this Decree, are hereby repealed and/or modified accordingly; Provided, That rights already acquired and existing at the rate of the promulgation of this Decree shall not, in any way, be abridged, modified or affected; and *Provided, further*, That nothing in this Decree shall be construed as depriving any province, city or municipality of any power presently enjoyed or already exercised by it or as diminishing its autonomy.

Vested rights existing at the time of the promulgation of this Decree arising out of a contract between the province, city or municipality, on one hand, and a third party, on the other, shall continue to be governed by the original terms and provisions thereof.

SEC. 14. *Effectivity Clause.*—This Decree shall take effect upon approval.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE No. 753

INCREASING THE SPECIFIC TAX RATES ON CIGARETTES BY
AMENDING SECTION 137(b) OF THE NATIONAL INTERNAL
REVENUE CODE, AS AMENDED.

WHEREAS, the need for additional revenues for accelerated national development has rendered it imperative for the government to tap source from which the needed funds might be equitably derived;

WHEREAS, an increase in the tax rates on cigarettes packed in twenties is a good source of additional revenue; and

WHEREAS, in line with the goals of the New Society, the time has come to promote our own local brands of cigarettes as a means of attaining a real national identity for our own products and at the same time, conserve our dollar resources by reducing to a minimum foreign exchange remittances in the form of royalty payments to foreign brand owners having licensing agreements with the local cigarettes manufacturers;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby decree and order the following:

SECTION 1. Section 137(b) of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"SEC. 137—*Specific tax on Cigars and Cigarettes.* On cigars and cigarettes, there shall be collected the following taxes:

"(a) Cigars—

"(b) Cigarettes—

- "1. On cigarettes packed in thirties, the retail price of which per pack does not exceed sixty centavos, on each thousand, three pesos;
- "2. On cigarettes packed in thirties the retail price of which per pack exceeds sixty centavos but does not exceed eighty centavos, on each thousand, five pesos;
- "3. On cigarettes packed in thirties, the retail price of which per pack exceeds eighty centavos but does not exceed one peso and ten centavos, on each thousand, eight pesos;
- "4. On cigarettes packed in thirties, same shall be packed in round shape only, consisting of thirty sticks for every package or seven hundred fifty sticks for every roll, the latter wrapped in one secondary container;
- "5. On cigarettes packed in twenties, the retail price of which per pack does not exceed one peso and ten centavos, on each thousand, ten pesos;

- "6. On cigarettes packed in twenties, the retail price of which per pack exceeds one peso and ten centavos, but does not exceed one peso and forty centavos, on each thousand, sixteen pesos;
- "7. On cigarettes packed in twenties, the retail price of which per pack exceeds one peso and forty centavos, but does not exceed one peso and seventy centavos, on each thousand, eighteen pesos;
- "8. On cigarettes packed in twenties, the retail price of which per pack exceeds one peso and seventy centavos, but does not exceed two pesos, on each thousand, twenty pesos;
- "9. On cigarettes packed in twenties, the retail price of which per pack exceeds two pesos, but does not exceed two pesos and fifty centavos, on each thousand, thirty-two pesos;
- "10. On cigarettes packed in twenties, the retail price of which per pack exceeds two pesos and fifty centavos, but does not exceed three pesos, on each thousand, forty pesos;
- "11. On cigarettes packed in twenties, the retail price of which per pack exceeds three pesos, on each thousand, fifty pesos;
- "12. If the cigarettes of local manufacture are of foreign brands or trade marks and being manufactured locally under licensing agreements with the foreign brand or trade mark owners, the tax shall be increased by fifty per centum per thousand;

That any subsequent transfer or alienation of title or right over a cigarette brand or trade mark by a foreign owner to a local manufacturer in whatever manner, form or description shall not affect the rates of tax then prevailing after the effectivity of this Decree;

- "13. If the cigarettes of local manufacture are mechanically wrapped or packed, the tax shall be increased by one hundred twenty per centum per thousand.

Cigarettes shall be considered mechanically wrapped or packed when at any stage of the wrapping or packing thereof, a machine or any mechanical contrivance shall have been used;

- "14. If the cigarettes are of foreign manufacture, regardless of the retail price per pack or the manner of wrapping or packing thereof, on each thousand, eighty pesos.

"Cigarettes subject to tax at lower rates before the effectivity of the new tax rates herein prescribed shall automatically be subject to the corresponding higher rates and there is nothing under this sub-section (b) which allows any downgrade re-classification of tax rates for existing brands of cigarettes duly registered at the time the herein rates become effective.

"Duly registered and/or existing brands of cigarettes packed in 20's at the time of the effectivity of the new rates herein prescribed shall not be allowed to be packed in 30's and neither shall any new brand of cigarettes be registered nor allowed to be manufactured if same shall be packed in 30's."

* * * * *

SEC. 2. This Decree shall take effect immediately.

DONE in the City of Manila, this 27th day of July, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 754

AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT No. 4155 AS AMENDED

WHEREAS, there is an urgent necessity to make further amendments to existing laws governing the importation of foreign leaf tobacco for blending purposes in order to make them more responsive to the needs of the local cigarette manufacturers and thereby transform them into a more effective instrument by which the government may generate more revenue without unduly disturbing the price levels already attained by the locally-produced Virginia leaf tobacco;

NOW, THEREFORE, I, FERDINAND E. MARCOS, *President* of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby decree and order that Section 4 of Republic Act No. 4155, as amended by Presidential Decree Nos. 62, 446 and 504, be further amended to read as follows:

"SEC. 4. *Importation of foreign leaf tobacco only for blending purposes.*—No person will import leaf tobacco except as herein provided. When the Philippine Virginia Tobacco Administration believes that it is necessary to improve the quality of locally made cigarettes and there are no sufficient stocks of foreign leaf tobacco for blending purposes available in the country, it may authorize any bona-fide cigarette manufacturer, owned or controlled by Filipino citizens, to import foreign leaf tobacco for blending purposes, subject to limitation, requirements, rules and regulations to be promulgated by the Philippine Virginia Tobacco Administration. In no case shall the total importation into the country exceed six (6) million kilograms in any year unless the exigencies of the industry require otherwise. The tariff or tax to be imposed and collected on foreign leaf tobacco so imported shall be an amount equivalent to one hundred percentum (100%) of its landed costs; Provided, however, that such tariff or tax shall not be more than Fourteen Pesos (P14.00) for every kilogram of imported foreign leaf tobacco irrespective of grade and cost."

This Decree is hereby made part of the law of the land and shall take effect immediately.

Done in the City of Manila, this 28th day of July, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE No. 755

APPROVING THE CREDIT POLICY FOR THE COCONUT INDUSTRY
AS RECOMMENDED BY THE PHILIPPINE COCONUT AU-
THORITY AND PROVIDING FUNDS THEREFOR.

WHEREAS, the coconut farmers are perennially beset with credit problems which hinder the growth and development of the coconut industry;

WHEREAS, under Presidential Decree No. 232, as amended, the Philippine Coconut Authority (PCA) is enjoined to formulate and recommend for adoption credit policies affecting production, marketing and processing of coconut and other palm oils;

WHEREAS, in compliance with its prescribed duty, the Philippine Coconut Authority has ascertained, in response to the appeal of coconut farmers conveyed in a resolution of the Board of Directors of the Philippine Coconut Producers Federation dated May 17, 1975, that ownership by the coconut farmers of a commercial bank is a permanent solution to their perennial credit problems;

WHEREAS, an operating commercial bank owned by the coconut farmers will accelerate the growth and development of the coconut industry and achieve a vertical integration thereof so that coconut farmers will become participants in, and beneficiaries of, such growth and development;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby decree and order as follows:

SECTION 1. *Declaration of National Policy.*—It is hereby declared that the policy of the State is to provide readily available credit facilities to the coconut farmers at preferential rates; that this policy can be expeditiously and efficiently realized by the implementation of the “Agreement for the Acquisition of a Commercial Bank for the benefit of the Coconut Farmers” executed by the Philippine Coconut Authority, the terms of which “Agreement” are hereby incorporated by reference; and that the Philippine Coconut Authority is hereby authorized to distribute, for free, the shares of stock of the bank it acquired to the coconut farmers under such rules and regulations it may promulgate.

SEC. 2. *Financial Assistance.*—To enable the coconut farmers to comply with their contractual obligations under the aforesaid Agreement, the Philippine Coconut Authority is hereby directed to draw and utilize the collections under the Coconut Consumers’ Stabilization Fund authorized to be levied by Presidential Decree No. 232, as amended, to pay for the financial commitments of the coconut farmers under the said Agreement and, except for the budgetary requirements of the Philippine Coconut Authority as approved by its Governing Board, all collections under the Coconut Consumers’ Stabilization Fund Levy and fifty percent (50%) of the collections under the Coconut Industry Development Fund shall be deposited, interest free, with the said bank of the coconut farmers and such deposits shall not be withdrawn until the Board of Directors of the said Bank and the Governing Board of the Philippine Coconut Authority shall have jointly ascertained that the bank has sufficient equity capital to be in a financial position to service in full the credit requirements of the coconut farmers; and since the operations and activities of the Philippine Coconut Authority are all in accord with

the present social and economic plans and programs of the Government, all collections and levies which the Philippine Coconut Authority is authorized to levy and collect such as but not limited to the Coconut Consumers' Stabilization Levy, and the Coconut Industry Development Fund as prescribed by Presidential Decree No. 582 shall not be considered or construed, under any law or regulation, special and/or fiduciary funds and do not form part of the general funds of the national government within the contemplation of Presidential Decree No. 711.

SEC. 3. *Exemptions.*—To minimize the costs in acquisition and control by the coconut farmers of the Bank, the provisions of the National Internal Revenue Code and other laws notwithstanding, the delivery to, and receipt by, the parties concerned of the shares of the Bank pursuant to the Agreement are hereby declared to be exempt from taxation.

SEC. 4. *Repealing Clause.*—Any provision of law in conflict herewith is revoked or amended accordingly.

SEC. 5. *Effectivity.*—This Decree shall take effect immediately.

DONE in the City of Manila, this 29th day of July, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 761

AMENDING SECTION EIGHT HUNDRED SIX OF THE TARIFF AND CUSTOMS CODE OF THE PHILIPPINES, AS AMENDED, BY ALLOWING THE REGISTRATION OF VESSELS THE OWNERSHIP OF WHICH IS VESTED IN CORPORATIONS OR ASSOCIATIONS, AT LEAST SIXTY PERCENT OF THE CAPITAL STOCK OR CAPITAL OF WHICH BELONG TO CITIZENS OF THE PHILIPPINES, AND FOR OTHER PURPOSES.

WHEREAS, there is a dearth of coastwise vessels to satisfy the needs of the country both as public carriers and as support facilities of enterprises duly registered, operating and doing business under Philippine laws; and

WHEREAS, the geographical conditions of the country make it imperative that the State give utmost encouragement and assistance to the expansion of shipping facilities and services hand-in-hand with its program of incentives to develop the other sectors of the country and other activities in order for it to attain and sustain the desired rate of growth towards economic self-sufficiency;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Republic of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby order and decree, as part of the law of the land, the following:

SECTION 1. Section 806 of the Tariff and Customs Code of the Philippines, as amended, is hereby amended to read as follows:

SECTION 806. *Certificate of Philippine Registry.*—Upon registration of a vessel of domestic ownership, and of more than fifteen tons gross or less, a certificate of Philippine registry shall be issued for it. If the vessel is of domestic ownership and of fifteen tons gross or less, the taking of the certificate of Philippine registry shall be optional with the owner.

“Domestic ownership”, as used in this section, means ownership vested in citizens of the Philippines or corporations or associations organized under the laws of the Philippines at least sixty *per centum* of the capital stock or capital of which is wholly owned by citizens of the Philippines, and, in the case of corporations or associations which will engage in coastwise trade the president or managing directors thereof shall be such citizens: *Provided*, That the members of the crew of the vessel, except specialized fishing vessels, shall all be citizens of the Philippines: *Provided*, That the certificate of Philippine registry issued to a vessel prior to the approval of this Code shall not be affected: *Provided, further*, That any vessel of more than fifteen tons gross which on February eight, nineteen hundred and eighteen, had a certificate of Philippine registry under existing law, shall likewise be, deemed a vessel of domestic ownership if there has been no change in its ownership or if the capital of the association or capital stock of the corporation owning such vessel has not been transferred to persons who are not citizens of the Philippines and if any such vessel should have been totally lost through shipwreck, collision or any other marine disaster while being lawfully operated, it may be replaced with another vessel of the same or lesser tonnage by the same person, association or corporation owning and operating same by virtue of this section, under such terms and conditions as may be prescribed by the Maritime Industry Authority consistent with public policy and with the view of its utility for government service in case of war or any public emergency: *Provided, further*, That the controlling interest of the association or corporation shall not be considered as held by the citizen of the Philippines; (a) if less than sixty per cent of the capital

or capital stock is held by such citizens or such capital or capital stock is subject to any trust or fiduciary obligation in favor of any person not a citizen of the Philippines; (b) if less than sixty percent of the capital or capital stock in said association or corporation entitled to vote is in the hands of citizens of the Philippines; (c) if by means of (a) any contract or agreement, more than forty percent of the capital or capital stock can be voted directly or indirectly in favor of any person not a citizen of the Philippines: or (d) if by any other means, the control of more than forty percent of the capital or capital stock of the association or corporation is conferred upon or allowed to be exercised by any person not a citizen of the Philippines."

SEC. 2. The above definition of "domestic ownership" notwithstanding, an enterprise duly registered with the Board of Investments, under R.A. 5186 or 6135, whether or not entirely owned by foreign nations, may register its own vessels under the provisions of the section immediately preceding if such vessels are to be used exclusively to transport its own raw materials and finished products in Philippines waters as an incident to its manufacturing, processing or business activity registered with the Board of Investments and certified to by said Board as an essential element in the operation of the registered project.

SEC. 3. Any provision of the law, decree, executive order, or rules and regulations to the contrary notwithstanding, the Maritime Industry Authority is hereby vested with the exclusive authority over the registration and documentation of Philippine vessels, as well as the issuance of all certificates, licenses or other documents necessary or incident to such registration and documentation.

SEC. 4. The Maritime Industry Authority shall be subject to approval by the Office of the President, issue such rules and regulations implementing the provisions of this decree.

SEC. 5. All laws, decrees, executive orders, or rules and regulations, or parts thereof, inconsistent with this Decree are hereby repealed or modified accordingly.

SEC. 6. This Decree shall take effect immediately.

Done in the City of Manila, this 31st day of July, in the Year of Our Lord, Nineteen Hundred and Seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 783

**AMENDING PRESIDENTIAL DECREE NUMBERED FOUR
HUNDRED EIGHTY-FOUR AND FOR OTHER PURPOSES**

WHEREAS, in conformity with its statutory responsibility and authority over the currency issue of the country and in conjunction with its other functions and objectives, the Monetary Board of the Central Bank of the Philippines authorized the establishment of a Mint, equipped to strike coins from imported blanks; the Central Bank under Letter of Instructions No. 171 dated February 27, 1974 was likewise directed to take all necessary steps for the establishment of a Gold Refinery, suitable in design and capacity for the needs of the country, as soon as practicable; and, finally, the Central Bank under Presidential Decree No. 484 dated June 18, 1974 was authorized to operate a Security Printing Plant for the printing of banknotes, as well as to undertake such other security printing work as the facilities of the Plant would permit;

WHEREAS, pursuant to Section 131 of Republic Act No. 265, as amended, the importation by the Central Bank of notes and coins shall be fully exempt from all Customs duties and consular fees and from all other taxes, assessments, and charges related to such importation;

WHEREAS, in accordance with existing provisions of law, the importations of the Central Bank of the necessary machineries, equipment, and raw materials needed in the implementation of said project are not exempt from Customs duties, taxes, assessments, and other charges;

WHEREAS, the payment of such Customs duties and taxes and other charges would amount to a substantial sum and could adversely affect the viability of said projects;

WHEREAS, the maximum security requirements intimately related to the immediate establishment and operation of these projects would render it inadvisable to comply strictly with existing policies, rules, and regulations on public bidding relative to the award of construction and supply contracts, as well as in the procurement of supplies and materials needed in the operation of these projects;

WHEREAS, the operation of these projects would involve the creation of a substantial number of positions which are highly technical in nature and/or primarily confidential, and it would not be practicable to subject appointments thereto to the Civil Service law, rules and regulations.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree and order the following:

SECTION 1. Section one of Presidential Decree No. 484 dated June 18, 1974 is hereby amended to read as follows:

"SEC. 1. The Central Bank of the Philippines is hereby authorized to operate a Security Printing Plant for the printing of banknotes, as well as to undertake such other security printing work as the facilities of the Plant would permit, establish and operate a Gold Refinery, suitable in design and capacity for the needs of the country; and, establish and operate a Mint. The Monetary Board shall issue such rules and regulations as may be necessary to carry out the implementation of this Decree.

"SEC. 1-A. In the establishment and operation of the Security Printing Plant, the Gold Refinery, and the Mint, the Central Bank shall be exempt from all forms of taxation and from duties and all other imposts on all machineries, equipment, raw materials and supplies that it may import, the provisions of the Tariff and Customs Code, as amended, the National Internal Revenue Code, as amended, and other existing laws, rules and regulations to the contrary notwithstanding.

"SEC. 1-B. Such other security printing work for other Government offices, agencies, instrumentalities, and Government-owned or control corporations, the requisitions for which have been duly approved by the Commission on Audit, shall be at cost, allowing only for a minimal margin to cover administration and operational expenses. To safeguard such other security printing jobs, all original designs, engravings, and other printing materials involved in the security printing shall be kept in a secured vault, under the joint custody of a committee composed of the Chairman of the Commission on Audit and the Governor of the Central Bank, who may be represented for this purpose by their duly authorized representatives, and no design, engraving, or other printing materials shall be removed therefrom except in the presence of the head of the requisitioning office requiring the same; Provided, That, in cases of front and back engravings, one of these shall be under the custody of the requisitioning office, in such manner that no security printing may be executed without the knowledge and approval of such official.

"SEC. 1-C. Due to the delicate and sensitive nature of the projects authorized herein and in order that maximum security shall not therefor be compromised, the Central Bank shall ensure that access to plans, drawings, and specifications is reduced to the minimum. For this purpose, the Central Bank, in the construction of the required building complex and the procurement of necessary machineries, equipment, raw materials, and services, shall likewise be exempt from the requirements of general public bidding and other related requirements, as provided in other existing laws, rules and regulations.

"SEC. 1-D. The Monetary Board, taking into consideration the technical expertise required and confidentiality of the duties and complex production processes involved in the printing of banknotes and other security instruments, the refinement of gold, and the printing of coins, may declare such positions so determined in these projects to be either primarily confidential or highly technical in nature and accordingly, appointments thereto shall be exempt from the Civil Service Law, rules and regulations.

"SEC. 1-E. After commencement of production by the Security Printing Plant, the Gold Refinery, and the Mint, the Central Bank shall undertake a study of the possibilities of export of services and products of this Plant.

"SEC. 1-F. Any income that may be derived or not losses incurred from the operations of these projects shall be distributed in accordance with Sections 41 and 42 of Republic Act No. 265, as amended."

SEC. 2. This Decree shall take effect immediately.

Done in the City of Manila this 27th day of August, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ROBERTO V. REYES
Acting Executive Secretary

PRESIDENTIAL DECREE No. 792

CREATING THE PRESIDENTIAL COMMITTEE ON AGRICULTURAL CREDIT

WHEREAS, the agricultural sector generates employment, for almost half of the entire Filipino population and accounts for one-third of the gross domestic product;

WHEREAS, further agricultural development is essential not only for the efficient utilization of available land and manpower resources but for the success of our effort to produce enough food for our people;

WHEREAS, credit is a crucial key to agricultural development, as proven by the Masagana 99 program;

WHEREAS, our credit resources are limited and must be channelled to areas where they are most needed and where they will generate the greatest social and economic benefits to our farmers;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree that:

Section 1. A Presidential Committee on Agricultural Credit (PCAC) shall be immediately created with the Governor of the Central Bank as Chairman, the Secretary of Agriculture as Vice-Chairman and the following as members:

The Director-General
National Economic and Development Authority

The Secretary
Department of Local Government and Community Development

The Secretary
Department of Natural Resources

The Secretary
Department of Agrarian Reform

The President
Philippine National Bank

The Chairman of the Board of Governors
Development Bank of the Philippines

The President
Land Bank of the Philippines

Section 2. The PCAC shall:

- a. Advise all government financial institutions on matters related to agricultural credit programs;
- b. Review on going and proposed agricultural credit programs, and recommend modifications where necessary;
- c. Ensure coordination in the implementation of agricultural credit programs, not only among financial institutions, but also between these institutions and government agencies involved in the implementation of said programs;
- d. Synchronize credit programs for production with credit programs for such activities as (1) land development and improvement, (2) farm mechanization, (3) production and supply of agricultural inputs, (4) transportation and storage, (5) processing, (6) marketing, and other related activities;

- e. Establish priorities and set loan ceilings for the purpose of allocating scarce credit resources;
- f. Exercise the same authority over institutions not mentioned above but involved in agricultural credit, and whose funds are derived, even if only partially, from the above-named institutions.

Section 3. A Technical Board for Agricultural Credit (TBAC) shall be created simultaneously with the PCAC to assist the PCAC in the implementation of the aforementioned functions. The TBAC shall have the Deputy Governor of the Central Bank for Bank Supervision and Examination as Chairman, and the following, or their respective representatives, as members:

The Undersecretary for Cooperatives
Department of Local Government and Community Development

The Assistant Secretary
Department of Agriculture

The Assistant Secretary
Department of Natural Resources

The Assistant Director-General
Programs and Projects Office
National Economic and Development Authority

The Bank Economist and Vice-President
Philippine National Bank

The Executive Director
National Food and Agriculture Council

The Assistant Secretary and Director of the Bureau of Farm
Management
Department of Agrarian Reform

The Administrator
Agricultural Credit Administration

The Manager of the Agricultural Department
Development Bank of the Philippines

The Senior Vice-President
Land Bank of the Philippines

The Director of the Department of Rural Banks, Savings and
Loan Associations
Central Bank of the Philippines

Section 4. The TBAC will organize and commission its staff and/or other agencies to do research work, conduct surveys and make studies essential to the proper design and improvement of the agricultural

credit programs. These are envisioned to accelerate the development of the agricultural sector. Members of said staff, to be hired by the TBAC shall not be considered employees of the Central Bank although they shall be administratively under the direction of the Deputy Governor of the Central Bank for Supervision and Examination. The same shall be exempted from Civil Service and WAPCO regulations.

Section 5. The Budget Commission is hereby instructed to add annually the amount of ₱2.5 million to the budget of the Department of Agriculture for the purpose of financing all the administrative and operating expenses of the PCAC, including research and surveys.

Section 6. The PCAC is hereby authorized to receive and utilize donations and grants from local and/or foreign sources to augment its annual budget.

Section 7. All laws and executive orders, or parts thereof, contrary to, or inconsistent with the provisions of this Decree are hereby repealed, amended or modified accordingly.

This Decree shall take effect immediately.

Done in the City of Manila, this 4th day of September, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ROBERTO V. REYES
Acting Executive Secretary

PRESIDENTIAL DECREE No. 803

FURTHER AMENDING CERTAIN SECTIONS OF PRESIDENTIAL DECREE NO. 79 AS AMENDED, OTHERWISE KNOWN AS REVISED POPULATION ACT OF THE PHILIPPINES

WHEREAS, private sector participation must be strengthened to achieve a comprehensive and more effective national population program;

WHEREAS, involvement of the private sector in the development and formulation of policy and plans is essential to achieve effective coordination in the execution of our national population program;

WHEREAS, the Population Center Foundation, Inc. is the primary grant-making institution for population programs of the private sector in the Philippines and has developed the potential of becoming a major source of population expertise in the Asian Region;

WHEREAS, effective coordination between the Population Center Foundation, Inc. and the Commission on Population is necessary to maximize the efforts and resources that are applied to our national population program;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution and in order to strengthen the population program of the Philippines, do hereby decree and make part of the law of the land the following:

SECTION 1. Section 6 of Presidential Decree No. 79 as amended is hereby further amended to read as follows:

"All functions and powers of the POPCOM shall be vested in and exercised by a Board of Commissioners hereinafter referred to as the Board, composed of: Secretary of Education and Culture, Secretary of Health, Secretary of Social Welfare, Dean of the University of the Philippines Population Institute, the Director-General of the National Economic and Development Authority, Executive Director of the Population Center Foundation, Inc., and two other members from the private sector who possess the necessary expertise in the field of population and who are not recipients of Population Commission program money, each to be appointed by the President of the Philippines for a term of three years."

SEC. 2. *Repealing Clause.*—All laws, acts, decrees, executive orders and rules and regulations, or parts thereof inconsistent with this Decree are hereby repealed or modified accordingly.

SEC. 3. *Effectivity.*—This Decree shall take effect immediately.

Done in the City of Manila this 25th day of September in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 806

**PROVIDING FOR DIRECT INCENTIVES FOR THE DEVELOPMENT
OF PHILIPPINE OVERSEAS SHIPPING**

WHEREAS, the government recognizes the important role of the shipping industry in the economic development of the country;

WHEREAS, Presidential Decree No. 667 was promulgated with the objective of providing incentives to the shipping industry by granting income tax deductions to shippers who utilize Philippine flag vessels for their shipments, which incentive is considered as an indirect assistance to the said industry; and

WHEREAS, it is deemed more advantageous to and meaningful for said shipping industry to be extended direct assistance instead of the indirect type thus granted under the aforesaid decree.

NOW, THEREFORE, I, **FERDINAND E. MARCOS**, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby decree the following as part of the law of the land.

SEC. 1. The policies and objectives declared in Presidential Decree No. 474 are reiterated herein and made an integral part of this decree. In pursuant of such policies, the State shall take all the steps necessary, including the provision of direct incentives to Philippine flag vessels and national shipping lines, to enable them to carry a substantial and increasing share of the cargo generated by Philippine foreign trade and to accelerate expansion and modernization of the Philippine merchant fleet.

SEC. 2. In lieu of indirect incentives under P. D. No. 667, the following are hereby adopted:

- a. Vessels which are duly registered in the Philippines and which are owned or controlled, or chartered by Philippine nationals shall have a least equal shares as vessels of another country in the carriage of international cargo between the Philippines and that other country.
- b. Shipping lines of third-countries shall be accorded opportunities to carry the balance of the international cargo on such bilateral trade which cannot be carried by such vessels of the Philippines and of the second country.

SEC. 3. The Maritime Industry Authority is authorized and directed:

- a. to study and devise means by which importers and exporters of the Philippines can be induced to give preference to vessels of Philippine registry and those owned or controlled, or chartered by Philippine nationals, with the assistance of other government offices, agencies and instrumentalities as well as Philippine shipping lines;

- b. to recommend such measures as it may deem necessary to the appropriate government authorities to implement the policies and objectives herein set forth;
- c. to promulgate appropriate rules and regulations for the effective implementation of this decree; and
- d. to serve as control coordinating agency in the implementation of this decree.

SEC. 4. All laws, decrees, orders, rules and regulations which are inconsistent with or contrary to the provisions of this Decree are hereby repealed or modified accordingly.

SEC. 5. This Decree shall take effect upon its approval.

Done in the City of Manila this 3rd day of October, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

PRESIDENTIAL DECREE NO. 816

PROVIDING THAT TENANT-FARMERS/AGRICULTURAL LESSEES SHALL PAY THE LEASEHOLD RENTALS WHEN THEY FALL DUE AND PROVIDING PENALTIES THEREFOR.

WHEREAS, under Proclamation No. 2, dated September 26, 1972, the whole country has been declared a land reform area;

WHEREAS, the said proclamation covers only tenanted rice and corn landholdings;

WHEREAS, while the implementing rules and regulations of Presidential Decree No. 27 have not yet been issued completely, the *status quo* shall be maintained between the parties, that is, the landowner shall continue to pay the land taxes thereon if the said landholding is not yet covered by a Certificate of Land Transfer, while on the other hand the tenant-farmer who is now called agricultural lessee shall continue to pay the rental to the landowner whether or not his landholding planted to rice and corn is already covered by a Certificate of Land Transfer;

WHEREAS, such payment of rental shall continue until and after the valuation of the property shall have been determined or agreed upon between the landowner and the Department of Agrarian Reform which, in turn, will become the basis for computing the amortization payment to be made by the agricultural lessee in 15 years with 6% interest per annum under Presidential Decree No. 27;

WHEREAS, it is known that despite the presidential pronouncements that they shall continue to pay the rentals to the landowners/agricultural lessors, some agricultural lessees have stopped and refused to pay their leasehold rentals to their landowners/agricultural lessors on the assumption that, once the Certificates of Land Transfer are issued in their favor, they are no longer obliged to pay the said leasehold rentals;

WHEREAS, this practice is detrimental to the expeditious implementation of land reform because, as I pointed out on May 7, 1975, it indicates resistance to the government's land reform program and its goals;

WHEREAS, it has always been the policy of the government to equalize the rights and obligations of the landowners/agricultural lessors and the agricultural lessees;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree and order:

SECTION 1. That the continuing and deliberate refusal of the agricultural lessees to pay their leasehold rentals to the landowners/agricultural lessors cannot be countenanced and shall not remain unchecked or unpunished;

SEC. 2. That any agricultural lessee of a rice or corn land under Presidential Decree No. 27 who deliberately refuses and/or continues to refuse to pay the rentals or amortization payments when they fall due for a period of two (2) years shall, upon hearing and final judgment forfeit the Certificate of Land Transfer issued in his favor, if his farmholding is already covered by such Certificate of Land Transfer, and his farmholding;

SEC. 3. That any agricultural lessee whose landholding is not yet covered by a Certificate of Land Transfer and who shall continue not to pay his lease rentals or amortization payments when they fall due for a period of two (2) years to the landowner/agricultural lessor shall, upon proper hearing and judgment, lose his right to be issued a Certificate of Land Transfer under Presidential Decree No. 27 and his farmholding;

SEC. 4. That landholdings subject of forfeiture under the preceding Section shall be turned over to the Samahang Nayan with which the agricultural lessee is affiliated for assignment to a qualified member

or members of the association whose landholding/s is/are of uneconomic size in accordance with the policies laid down by the Department of Agrarian Reform;

SEC. 5. That any action for violation of the provisions of the preceding Section 2 and 3 shall be cognizable by the Court of Agrarian Relations which is hereby vested with original and exclusion jurisdiction to try and decide the same;

SEC. 6. All provisions of existing laws, orders, decrees, and rules and regulations which are inconsistent herewith are hereby repealed or modified accordingly.

SEC. 7. This Decree shall take effect immediately upon its approval.

Done in the City of Manila, ~~this 21st~~ day of October, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR
Executive Secretary

LETTERS OF INSTRUCTIONS

MALACAÑANG
Manila

LETTER OF INSTRUCTIONS NO. 286

To: The Secretary
Department of Public Information

The Secretary
Department of Local Government and Community Development

To promote as widely as possible savings consciousness among our people throughout the country in pursuance of the National Savings for Progress Campaign being undertaken jointly by the Central Bank of the Philippines and the private banking sector:

1. The Secretary of the Department of Public Information is hereby directed to lend its full assistance and facilities for the widest dissemination of the rationale and objectives of the Savings Campaign.

2. The Secretary of the Department of Local Government and Community Development is hereby directed to involve the vast network of barangays all over the country in the activities to be undertaken by the Savings Campaign, including the accomplishment of an attitude/preference survey and to encourage the greater use of bank facilities by local government offices and personnel.

DONE in the City of Manila, this 25th day of June, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

LETTER OF INSTRUCTIONS No. 300

To: All Government-Owned or Controlled Corporations and Semi-Government Corporations, Government Agencies and Authorities.

In order to determine the investment and financial requirements of all government-owned and controlled corporations, including semi-government corporations, as well as government agencies and authorities and the availability of funds from the current financial sources; to establish the needed financial support from the National Government to arrive at the overall level of expenditures; to enable the government to plan its foreign borrowings and debt service schedule; and to enable the government financial institutions to properly plan their lending and guarantee operations in behalf of said government corporations; all government-owned or controlled corporations, semi-government corporations, now existing or newly created, are hereby directed:

1. To submit to the National Economic and Development Authority (NEDA), at least three (3) months before the end of the current fiscal year, the corporation's proposed current operating expenditures and capital investment programs and the corresponding sources of funds for the succeeding five (5) fiscal years.
2. To submit to the NEDA, one month before the end of the current fiscal year, the following reports:
 - a) Status reports on the capital investment program being currently undertaken by the corporation showing actual figures for the first three quarters of the year and the estimated expenditures for the fourth quarter; and
 - b) Projected Income Statement, Balance Sheet and Cash Flow Statement as of June 30, provided that audited financial statements will be submitted during the first quarter of the following fiscal year.

3. To assist NEDA or its duly authorized representative in every way possible in this undertaking.

Government-Owned or Controlled Corporations and Semi-Government Corporations as well as government agencies and authorities created after the signing of this Letter of Instructions shall be covered by this Letter of Instructions.

Immediate compliance of this Order is hereby enjoined.

Done in the City of Manila, this 31st day of July, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

LETTER OF INSTRUCTIONS NO. 322

To: The Secretary
Department of Agriculture
The Secretary
Department of Natural Resources
The Commissioner
Budget Commission
The President
Philippine National Bank
The Governor
Central Bank of the Philippines
The Governor
Development Bank of the Philippines
The President
Food Terminal, Inc.

All those involved in the poultry and hog industries

WHEREAS, it is the policy of government to support small and medium size entrepreneurial activities;

WHEREAS, field surveys conducted by the Department of Agriculture verify report that an alarming number of small poultry and hog raisers have gone out of business;

WHEREAS, the same field surveys indicate that many more raisers are in danger of being forced out of business;

WHEREAS, small and medium size raisers suffer from low farmgate prices;

WHEREAS, the entry of low-priced imported beef briskets and canned mackerel has further driven down prices, and has reduced the demand for poultry and hog products;

WHEREAS, there is a need to ensure fairness in the negotiations for contract growing;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Republic of the Philippines, do hereby order the following:

1. The Food Terminal, Inc. (FTI), in coordination with the Department of Agriculture (DA), shall provide annual purchase contracts for small and medium poultry and hog raisers at support prices. On the basis of a ratio of one peso equity financing to one peso debt financing, I hereby direct DBP to infuse additional equity funds into FTI in the amount of P1.5 million and direct PNB to provide P1.5 million in debt financing. I also hereby direct the Budget Commission to incorporate such subsidy funds as may be required for this purpose in consultation with FTI.
2. The Philippine National Bank (PNB) is hereby instructed to release the P15 million balance of the P18 million I appropriated earlier for the purchase of the oversized "overstaying" hogs.
3. The Central Bank (CB) is directed to immediately suspend the issuance of any Letters of Credit for the importations of canned mackerel and beef briskets until such time as the country's inventories approach normal levels. The CB shall determine such levels of inventories in consultation with the DA and the Department of Natural Resources (DNR).
4. The FTI, assisted by the PNB, is directed to implement a scheme which will regulate the release of imported beef briskets in the market in order not to jeopardize our poultry and livestock industries. In this regard, I hereby direct PNB to immediately provide P10 million for this purpose.
5. The Secretary of Agriculture shall review the terms and conditions of "contract growing" and "contract to buy" with the view to regulating the relationship between the contracting parties but most especially with the view of protecting small and medium size independent raisers. For this purpose the Secretary shall create a permanent body to mediate on any and all negotiations and contracts. This body shall also look into the establishment of a Poultry and Hog Marketing Board.

This Letter of Instructions shall take effect immediately.

Done in the City of Manila, this 29th day of September, in the year of Our Lord, Nineteen Hundred and Seventy-five.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

LETTER OF INSTRUCTIONS NO. 323

To: The Secretary
Department of Agriculture
The Governor
Central Bank of the Philippines

The President
Philippine National Bank

The Governor
Development Bank of the Philippines

Feedmillers and all those involved in the poultry and hog industries

WHEREAS, it is the policy of government to support small and medium-size entrepreneurial activities;

WHEREAS, many of our poultry and hog raisers are experiencing difficulties in repaying their outstanding loans with financial institutions due to the distressed existing conditions in their industries;

WHEREAS, these same raisers are unable to recover from their financial losses due to lack of credit;

WHEREAS, small feedmills are experiencing difficulties financing their raw materials requirements;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Republic of the Philippines, do hereby order the following:

1. The Central Bank (CB), the Philippine National Bank (PNB), and the Development Bank of the Philippines (DBP) shall provide for the refinancing, and restructuring of existing loans of distressed poultry and hog raisers, within fifteen (15) days after the signing of this LOI:
2. The Presidential Committee on Agricultural Credit (PCAC) shall revise the program of financing for small and medium industries, including feedmills, preferably giving loans on a supervised credit basis as far as individual cooperatives are concerned. PCAC shall utilize the appropriate NEDA-IGLF funds and other available funds.

This Letter of Instruction shall take effect immediately.

Done in the City of Manila, this 29th day of September, in the year of Our Lord, Nineteen Hundred and Seventy-five.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

LETTER OF INSTRUCTION NO. 339

To: The President and Chairman
Philippine National Oil Company

Among the avenues open to the country for diversification of energy materials and energy sources is the use of coal in lieu of fuel oil for power generation and industry. There is therefore a vital need to seriously explore and study immediately ways by which such diversification could be effected. Accordingly, the Philippine National Oil Company is hereby directed to assume responsibility for developing a comprehensive program of coal resources development and utilization. To enable the Government to come to an early policy decision on this matter, you are hereby directed, among others, to initially undertake the following:

- (a) Survey industrial and power companies presently using fuel oil and determine the market for coal among such companies;
- (b) Estimate the additional capital required to effect a change of fuel requirement in these companies partially or wholly from fuel oil to coal and work out with the Development Bank of the Philippines feasible financing plans for such conversion that said firms could avail of;
- (c) Estimate the cost and selling prices to these industrial firms of imported coal and determine whether said industrial firms would realize cost benefits by such conversion;
- (d) Estimate the equivalent price at which domestic coal could be sold. Such estimates should take into account the desirability of competitiveness of the price of domestic coal with the price of imported coal and estimate the fair and reasonable price examine of coal produced by coal mines presently operating in the Philippines;
- (e) Survey currently operating sources of supply of domestic coal and the purchasing arrangements that should be worked out with these domestic suppliers in order to give optimum stimulation to domestic coal production and at the same time assure continuity of supply to industrial and power companies converting to coal usage;
- (f) Submit a comprehensive report to the President on the above matters together with policy recommendations relating to the development and procurement of domestic coal, financing to be made available to companies converting to coal usage, and coal importations to augment domestic supply.

Done in the City of Manila, this 20th day of November in the year of Our Lord nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

LETTER OF INSTRUCTIONS NO. 340

To: The Secretary of Finance
The Governor of the Central Bank

SUBJECT: 1. *CONTROL OF THE MONEY MARKET*
2. *WITHHOLDING TAX ON MONEY MARKET OPERATIONS AS NEW SOURCE OF INCOME FOR GOVERNMENT*

The present restrictive credit situation in the economy has made the money market a very attractive venture for many of our people. The 36% return on investment is not easy to achieve on ordinary business activity these days except the money market. The CECI operations of Central Bank may have drained our banks of loanable funds for industry and commerce. Even companies and individuals who have surpluses do not deposit their funds in banks or re-invest in new businesses as the money market gives the highest and quickest return on investment todate. Besides, it is tax free as there are no records of the transaction for the government to know the interests paid to the money placers who are usually people with hidden wealth or bank directors who borrow money from another bank by arrangement among banks.

To correct the present situation and return the money supply where it is needed the most, I hereby order that the following policies be implemented:

- 1) The BIR Code be amended to impose a withholding tax on all transactions in the money market.
 - 1-a. The lenders should be registered as in the stock exchange. The Secretary of Finance will prepare the corresponding amendments.
- 2) The Central Bank should impose *Ceilings on operations* of lending by finance companies based on their equity or capital like the banks.
- 3) The Central Bank should intervene and put money in the money market when the rate of interest increases more than five percent (5%) of standard lending rates of commercial banks.

It is essential to continue our industrialization and commercial activities in order that the economy may not stand still. The present attractiveness of the money market has siphoned money supply away from industry and the agricultural areas. Investments are being postponed for profits rather than implemented for social benefits and the economy as a whole.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

November 24, 1975

CENTRAL BANK CIRCULARS AND MEMORANDA

BANGKO SENTRAL NG PILIPINAS (Central Bank of the Philippines) MAYNILA, PILIPINAS

CIRCULAR NO. 445
January 20, 1975

STANDARDIZATION OF PAWN TICKETS

Pursuant to Section 17 of Presidential Decree No. 114, otherwise known as the Pawnshop Regulation Act, the Monetary Board, in its Resolution No. 122 dated January 17, 1975, promulgated the following rules and regulations:

1. A standard pawn ticket is hereby prescribed for all pawnshops pursuant to the requirements of P.D. No. 114 and CB Circular No. 374.
2. The contents of the face of the pawn ticket are prescribed in Annex "A" and the terms and conditions on the reverse side of the pawn ticket are prescribed in Annex "B".
3. Surplusage data shall be avoided.
4. Additional terms and conditions which pawnbrokers may wish to incorporate shall be subject to prior approval by the Office of Non-Bank Financial Intermediaries, Central Bank of the Philippines.
5. The pawn tickets shall not be smaller than 8" x 5".
6. Pawn tickets shall at least be in duplicate, the first copy shall contain the word "Original" and the second copy shall be marked "Duplicate".
7. Pawn tickets shall be serially numbered.
8. Pawnshop may choose the color and quality of the paper used as pawn ticket.
9. Any pawnshop which violates or fails to comply with the requirements herein shall pay a fine of One Hundred Pesos (P100.00) and shall be liable for such other administrative sanctions as the Central Bank may impose. The owner, partner, manager or office-in-charge of the pawnshop responsible for the violation or non-compliance shall be jointly liable with the pawnshop.

This Circular shall take effect on 1 April 1975.

(Attachments)

(Sgd.) G. S. LICAROS
Governor

Serial No.

ANNEX "A"

Original

.....
(Name of Pawnshop)

.....
(Address of Pawnshop)

Maturity Date, 197.....

Expiry Date of Redemption Period:

....., 197.....

Date Loan Granted:, 197.....

Mr./Mrs./Miss, a resident of, for a loan of
PESOS (P.....) with an interest of Per cent%) P.M/P.A.
Appraised Value

has pledged to this Pawnee in security for the loan the article(s) described below
appraised at PESOS (P.....), subject to the terms and
conditions stated on the reverse side hereof.

Description of the pawn)

.....	Principal
.....	Interest
.....	Service Charge
.....	Net Proceeds
.....	

.....
(Signature or Thumbmark)
Pawner

.....
(Signature)
Pawnshop's Authorized Represen-
tative

PAWNER IS ADVISED TO READ AND UNDERSTAND TERMS AND CONDI-
TIONS ON REVERSE SIDE HEREOF.

TERMS AND CONDITIONS

1. The pawner hereby accepts the pawnshop's appraisal as proper.
2. The interest rate stipulated herein is in accordance with the Usury Law which prescribes:
 - a. 2-1/2% monthly, for loans less than ₱100.00;
 - b. 2% monthly, for loans of ₱100.00 or more, but not exceeding ₱500.00; and
 - c. 14% per annum, for loans of more than ₱500.00.

The pawnshop hereby agrees not to collect in advance interest for a period of more than one year, and not to divide a pawn into two or more fractions to enable it to collect a higher interest rate.

3. The service charge is equivalent to one percent (1%) of the principal loan, but not exceeding five pesos (P5.00). No other charges shall be collected.
4. This loan is renewable for such amount and period as may be agreed upon between the pawnshop and the pawner, subject to the requirements of P.D. 114 for a new loan.
5. Upon maturity of this loan, as indicated on the face of this ticket, the pawner still has ninety (90) days from maturity date within which to redeem the pawn by paying the principal loan plus the interest that shall have accrued thereon. The amount of interest due and payable after the maturity date of the loan and during the redemption period shall be computed upon redemption at the same rate of interest provided in No. 2 above based on the sum of the principal loan and interest earned as of the date of maturity.
6. The pawnshop shall send a written reminder to pawner, before the expiration of the 90-day grace period, that the pawn shall be sold or disposed of in the event the pawner fails to redeem the pawn within the 90-day grace period.
7. The parties hereby agree that this ticket shall be surrendered at maturity date upon payment of the loan. In case of loss or destruction of this ticket, the pawner hereby undertakes to personally present an affidavit to the pawnshop before the redemption period expires. It is hereby agreed upon that the pawnshop has a period of two (2) days within which to verify from its records before () indicating on the affidavit that it shall take the place of the original pawn ticket for purposes of redemption: or () issuing a substitute ticket, the original pawn ticket thereby being deemed cancelled.
8. The pawner hereby agrees not to assign, sell or in any other way alienate the pawn securing this loan as evidenced by the pawn ticket without prior written consent of the pawnshop and subject to the terms and conditions of this contract.
9. In case of pre-payment of this loan by pawner, the interest collected in advance shall accrue in full to the pawnshop provided said interest does not exceed the rate fixed by law.
10. The pawner shall not be entitled to the excess of the public auction sale price over the amount of principal interest and service fee; neither shall the pawnshop be entitled to recover the deficiency from the pawner.

CIRCULAR NO. 446

January 24, 1975

Pursuant to Monetary Board Resolution No. 116 dated January 17, 1975, Item 1 of Circular No. 220, dated April 22, 1966, is hereby amended to read as follows:

"1. All authorities to accept Government deposits heretofore granted to all banks are hereby withdrawn. Accordingly, all previously authorized depository banks no longer have authority to accept government deposits nor to renew maturing time deposits. As a corollary to the foregoing rule, no bank shall, without the prior approval of the Monetary Board, borrow funds from the Government; its branches, political subdivisions or instrumentalities; or from Government-owned or-controlled corporations, other than the Philippine National Bank, the Development Bank of the Philippines or the Land Bank of the Philippines, through the issuance or sale of its acceptances, notes, or other evidences of debt."

This Circular shall take effect immediately.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 446

As amended on

April 4, 1975

Pursuant to Monetary Board Resolution No. 256 dated January 31, 1975, Paragraphs 1 and 5 of Circular No. 220 dated April 22, 1966, as amended, are hereby amended further to read as follows:

"1. Except as otherwise provided in Paragraph 5 hereof, all authorities to accept Government deposits heretofore granted to all banks are hereby withdrawn. Accordingly, all previously authorized depository banks no longer have authority to accept Government deposits nor to renew maturing time deposits. As a corollary to the foregoing rule, no bank or non-bank financial intermediary, whether authorized to engage in quasi-banking functions or not, shall, without the prior approval of the Monetary Board, borrow funds from the Government; its branches, political subdivisions or instrumentalities; or from Government-owned or-controlled corporations, other

than the Philippine National Bank, the Development Bank of the Philippines or the Land Bank of the Philippines, through the issuance or sale of its acceptances, notes, or other evidences of debt.

"5. The Philippine National Bank and the Development Bank of the Philippines, being instruments of national monetary policy, are exempted from the provisions of this Circular. On the other hand, the Philippine Veterans Bank and Land Bank of the Philippines which, by their respective charters, are depositories of Government funds, shall continue to act as such, subject to liquidity floor requirements imposed under this Circular."

This Circular shall take effect immediately.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 447

January 31, 1975

Pursuant to Monetary Board Resolution No. 247 dated January 31, 1975, Circular No. 135 dated January 21, 1962, as amended, is hereby further amended so as to allow resident individuals and firms with fixed businesses/establishments within a radius of around 20 meters from post offices in different cities and municipalities, to qualify as Foreign Exchange Dealers (Money Changers) of the Central Bank of the Philippines. An application for the purpose may be filed with the Foreign Exchange Department of the Central Bank of the Philippines.

The foreign exchange operations of said individuals and firms who may be authorized to act as Foreign Exchange Dealers under this Circular shall be governed by the terms and conditions set forth in the covering "letters of authority" which the Central Bank of the Philippines may issue upon qualification of the applicants as Foreign Exchange Dealers.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 448

February 3, 1975

Pursuant to Monetary Board Resolution No. 288 dated January 31, 1975, Section F of Circular No. 408 as amended by Circular No. 440 is hereby further amended to read as follows:

"F. TRANSITORY PROVISIONS

"Banks shall be given until June 30, 1975 within which to comply with the requirement to set aside at least 25% of their loanable funds for agricultural credit."

This Circular shall take effect immediately.

(Sgd.) **G. S. LICAROS**
Governor

CIRCULAR NO. 449

February 3, 1975

In order to minimize excessive concentration of control through stockholding in related financial intermediaries engaged in quasi-banking functions and within the financial system as a whole, the Monetary Board, in its Resolution No. 250 dated January 31, 1975, adopted the following rules governing equity investments by financial intermediaries, both banks and non-banks, authorized to engage in quasi-banking functions, their stockholders, their wholly or majority owned subsidiaries and/or its minority-owned affiliates in which their stockholdings exceed forty percent (40%) of the voting stock and/or holding companies, as well as by foreign financial aggrupations in other financial intermediaries authorized to engage in quasi-banking functions.

1. Subject to existing laws, investors specified in paragraph 3 of this Circular shall not own more than forty percent (40%) of the voting stock of a financial intermediary authorized to engage in quasi-banking functions, nor own more than thirty percent (30%) of the voting stock in a second investment in another financial intermediary authorized to engage in quasi-banking functions. These two investments may not be in the same category or type of financial intermediary, such as investment houses or commercial banks.

2. An investment in any financial intermediary authorized to engage in quasi-banking functions of such percentage as would not enable the investor to elect a director of the board by virtue of its own shareholdings, shall not be subject to the restrictions of paragraph 1.

3. For purposes of this Circular, each of the following investors and/or any combination of investors shall be considered as one:

- a. Any financial intermediary authorized to engage in quasi-banking functions, including its wholly or majority owned subsidiaries, and/or its minority-owned affiliates in which its shareholdings exceed forty percent (40%) of the voting stock and/or its holding companies, and any of its stock-holders within the coverage of sub-paragraph 3 C; and/or
- b. Any foreign financial intermediary, with or without local branches, including its wholly or majority owned subsidiaries and/or its minority owned affiliates in which its shareholdings exceed forty percent (40%) of the voting stock and/or its holding companies; and/or
- c. (1) Any individual stockholder, and/or stockholders related to each other within the third degree of consanguinity or affinity, and/or corporations wholly or majority owned by such individuals, or (2) any corporation together with its wholly or majority owned subsidiary and/or minority owned affiliate in which its shareholdings exceed forty percent (40%) of the voting stock and/or holding companies, provided the stockholders specified in (1) or (2) of this sub-paragraph own more than 20% of the voting stock of a financial intermediary authorized to engage in quasi-banking functions, even if such financial intermediary may have no direct investment in the other financial intermediary in which said stockholders have investment.

4. Investments in the equity of commercial banks pursuant to the Memorandum to All Commercial Banks dated July 17, 1973 pertaining to the increase of capitalization shall not be subject to the limitations of paragraph 1 of this Circular.

5. Investment in the equity of financial intermediaries without quasi-banking functions shall not be covered by this Circular.

6. Investments duly recorded in the stock and transfer books of financial intermediaries as of the date this Circular which exceed the limitations of paragraph 1 of this Circular may be retained but shall not be increased percentagewise, and whenever reduced, shall not thereafter be increased beyond the limitations herein established.

7. Any investment previously authorized by the Monetary Board, wherein a condition had been imposed that both the investor and the invested financial intermediary shall comply with whatever policy decisions the Monetary Board may promulgate regarding equity investments of

financial intermediaries in allied undertakings performing quasi-banking functions, shall comply with the provisions of this Circular within such period as the Central Bank may prescribe.

8. Within fifteen (15) days following the promulgation of this Circular, all banks and non-bank financial intermediaries performing quasi-banking function shall submit their corporate secretary's certification under oath of a list of stockholders and/or groups of stockholders, as specified in paragraph No. 3 of this Circular, exceeding the limits prescribed under paragraph No. 1 hereof, for purposes of exemption under paragraph No. 6 hereof. Failure to submit such a list or submission of an incomplete or inaccurate list shall subject the stockholders omitted or inaccurately submitted to the limitations of paragraph No. 1 of this Circular.

9. Any person or corporation violating this Circular shall be subject to such sanctions as the Monetary Board may impose.

10. This Circular takes effect immediately.

FOR THE MONETARY BOARD:

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 450

February 7, 1975

Retirement of Philippine Treasury Coins (1-peso, 50-, 20-, 10-, 5-, 1-, and 1/2-centavo denominations)

Pursuant to Section 136 in relation to Section 59 of Republic Act No. 265, as amended, Philippine treasury coins may be surrendered to the Central Bank of the Philippines or to its authorized agent banks or to provincial, city and municipal treasurers, for replacement or exchange at par with Central Bank coins.

Treasury coins consists of the 1-peso, 50-, 20-, 10-, 5-, 1-, and 1/2-centavo denominations and bear the year 1945 or earlier.

These treasury coins shall be legal tender until March 31, 1976. After this period, they shall cease to be legal tender but may be exchanged or replaced at par and without charge with legal tender currency during the following three (3) years ending March 31, 1979.

After March 31, 1979, the treasury which have not been exchanged shall cease to be a liability of the Central Bank of the Philippines and shall be considered demonetized.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 451

February 21, 1975

Pursuant to Monetary Board Resolution No. 336 dated February 7, 1975, the start of clearing hours shall be at 4:00 P.M. on each business day instead of the present 5:00 P.M.

This Circular shall take effect on February 25, 1975 and accordingly amends Circular No. 361 dated January 31, 1973.

(Sgd.) AMADO R. BRINAS
Senior Deputy Governor

CIRCULAR NO. 452

February 24, 1975

The Monetary Board under Resolution No. 360 dated February 14, 1975, promulgated the following amendment to Sec. 8 of Circular No. 389, dated November 19, 1973, prescribing reserve requirements for deposit substitutes of non-bank financial intermediaries performing quasi-banking functions, to read as follows:

"SEC. 8. *Reserve Deficiencies.* Whenever the reserve position of any non-bank financial intermediary specified in Section 5 of this Circular, is below the required minimum, the non-bank financial intermediary concerned shall pay the Central Bank of the Philippines one-tenth of one per cent ($1/10$ of 1%) per day of the amount of the deficiency: *Provided, However,* that non-bank financial intermediaries shall be permitted to offset any reserve deficiency occurring on one or more days OF THE WEEK WITH ANY EXCESS RESERVES OF THE SAME WEEK and shall be required to pay the penalty only on the average daily net deficiency during the WEEK. In case of abuse, the Monetary Board may deny any non-bank financial intermediary the privilege of offsetting reserve deficiency in the aforesaid manner."

This Circular shall take effect on March 16, 1975.

FOR THE MONETARY BOARD:

(Sgd.) AMADO R. BRINAS
Senior Deputy Governor

CIRCULAR NO. 453

February 24, 1975

The Monetary Board, under Resolution No. 360 dated February 14, 1975, promulgated the following amendments to Paragraphs 1, 2 and 3 of Circular No. 412 dated July 2, 1974, to read as follows:

"1. As used in these rules, the following terms shall have the following meanings:

'Abuse' shall mean having severe deficiencies for more number of days than those with excess reserves, in a WEEK for FOUR (4) consecutive WEEKS, whether or not RESULTING IN NET DEFICIENCY in each WEEK.

'Chronic reserve deficiency' shall mean having a net reserve deficiency for FOUR (4) consecutive WEEKS.

'xxx

xxx

xxx

"2. In case of abuse, the non-bank financial intermediary performing quasi-banking functions shall lose the privilege of offsetting reserve deficiencies as provided in Section 8 of Circular No. 389, AS AMENDED, for the succeeding FOUR (4) consecutive WEEKS and until the institution maintains its daily reserve position at the required minimum.

"3. In case of chronic reserve deficiency, the non-bank financial intermediary concerned, in addition to losing the privilege of offsetting reserve deficiencies under Section 8 of CIRCULAR NO. 389, AS AMENDED, for the succeeding FOUR (4) consecutive WEEKS, shall not make any new loan nor any new investment for the MONTH following the period of chronic reserve deficiency and until the non-bank financial intermediary concerned maintains its daily reserve position at the required minimum. The non-bank financial intermediary concerned shall submit, together with the report on required AND available reserves (CBP -7-26-05), a certification under oath that it has not granted any new loan nor made any new investment during the MONTH."

This CIRCULAR takes effect March 16, 1975.

FOR THE MONETARY BOARD:

(Sgd.) AMADO R. BRIÑAS
Senior Deputy Governor

CIRCULAR No. 454

March 10, 1975

REGULATIONS GOVERNING CLEAN LOANS FOR PERSONAL AND HOUSEHOLD FINANCE

In its Resolution No. 500 dated March 7, 1975, the Monetary Board approved the following regulations governing clean loans for personal and household finance of savings and mortgage banks, private development banks and stocks savings and loan associations for the purpose of implementing the provisions of Section 31(a) of Republic Act No. 337, as amended, and Sections 3(a) and 5(a) of Republic Act No. 3779, as amended:

1. Clean loans for personal or household finance shall include, but need not be limited to, household appliance loans, car loans educational loans, house and car repair loans, loans for the payment of income taxes, loans for medical expenses, and loans for working capital or inventory financing of market stallholders. In any case, the purpose of all loans shall be stated in the contract between the bank and the borrower or shall be set forth in a statement signed by the borrower.
2. Such loans shall require the signatures of the borrower and a co-maker(s) whose salary or regular income is at least equal to that of the borrower. In the case of a borrower whose responsibility and financial capacity are unquestionable, the signature of the borrower alone will suffice.
3. No clean loans for personal or household finance shall have a maturity of more than three (3) years.
4. The maximum amount of clean loans to a non-salaried person who is permanently employed as an entrepreneur or otherwise is self-employed, shall be computed on the same basis as that applying to a person who is "permanently employed or wage earner." For this purpose, average monthly income shall be used in lieu of monthly salary or regular income which applies to wage earners.
5. Extension of the outstanding balance of the loans beyond the original maturity date may be granted under the following circumstances:
 - a. For loans for medical expenses, the extension may be for the same duration as the original period; provided that thirty per cent (30%) of the loan shall have been paid.

- b. For other loans mentioned in No. 1 above, the extension shall not exceed one-half of the original period; provided, that fifty per cent (50%) of the loan shall have been paid.
6. A loan may be renewed for any amount not exceeding the original amount thereof provided that at least fifty per cent (50%) of said original amount shall have been paid.

This Circular shall take effect immediately.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR No. 455

March 17, 1975

In its Resolution No. 523 dated March 14, 1975, the Monetary Board decided that, as a matter of policy, any credit accommodation extended by a banking institution (including building and loan association) to its own stockholders, directly or indirectly, shall require the written approval of the majority of the directors of such financial institution.

For this purpose—

1. The term "stockholders" shall be as defined in Item I, Part I of CB Circular No. 357;
2. The written approval by the board of directors shall be required in any of the transactions covered in Item 2, Part I of CB Circular No. 357;
3. A stockholder of such financial institution is directly or indirectly a party to a credit accommodation in any of the capacities/instances enumerated in Item 4, Part I of CB Circular No. 357; and
4. The procedural requirements described in Part II of CB Circular No. 357 shall apply to any direct or indirectly credit accommodation extended to any such stockholder.

FOR THE MONETARY BOARD:

(Sgd.) G. S. LICAROS
Governor

CIRCULAR No. 456

March 19, 1975

The Board, in its Resolution No. 2491 dated November 15, 1974, authorized banks to report to the Central Bank the daily changes in the composition of the Premyo Savings Bonds being used as reserves for deposit liabilities on a weekly basis only every time such changes occur, instead of on a daily basis as required under Circular No. 202, subject to the following conditions:

1. Banks shall continue to accomplish CBP-7-16-01-A "Report of Changes in the Composition of Securities (except Premyo Savings Bonds) Held as Reserves for Deposit Liabilities" for all securities except Premyo Savings Bonds and to submit this report to the Central Bank whenever changes occur in the composition of such securities within 2 banking days following the day of change;
2. Banks shall use CBP-7-16-01-B "Report on Changes in the Composition of Premyo Savings Bonds Held as Reserves for Deposit Liabilities" for Premyo Savings Bonds, which form shall be accomplished whenever changes occur in the composition of such Premyo Savings Bonds, but submitted only weekly, to be attached to the report on CBP-7-16-01 "Consolidated Report of Required and Available Reserves Against Deposit Liabilities," which is required to be submitted weekly, due within 4 banking days after end of week; and
3. Banks shall continue to use CBP-7-16-06 "Report on Holding of Bonds, Notes and Securities (Consolidated)" for reporting of all securities including Premyo Savings Bonds every month due for submission to the Central Bank within 2 banking days after end of month.

In this connection, attached are the following sample forms to be used:

1. CBP-7-16-01-A—"Report of Changes in the Composition of Securities (except Premyo Savings Bonds) Held As Reserves for Deposit Liabilities" (Revised-March, 1975)
2. CBP-7-16-01-B—"Report of Changes in the Composition of Premyo Savings Bonds Held as Reserves for Deposit Liabilities" (New-March, 1975)

Please be guided accordingly.

(Sample form not reproduced)

(Sgd.) G. S. LICAROS
Governor

CIRCULAR No. 457

March 20, 1975

Subject: BANK ADVERTISEMENTS

Pursuant to Monetary Board Resolution No. 439 dated February 21, 1975, the following rules and regulations governing bank advertisements are hereby promulgated:

1. No bank shall publish, issue or distribute in any form, any advertisement that shall degrade, deprecate or otherwise prejudice other banking and financial institutions;

2. No bank shall publish, issue or distribute in any form of advertisement (in newspapers, magazines, television, radio, billboards, brochures, prospectuses, or any other medium) or allow itself to be used/mentioned in any form of advertisement related to services, such as the acquisition, sale, resale or lease of real estate; insurance privileges and other non-banking activities/services, which are not directly related to the business of banking or in pursuance of regular banking business;

3. No bank shall place or cause to be placed any advertisement tending to mislead a depositor into believing that he will get more in benefits than what the bank is legally authorized to give. No bank advertisement shall contain any false claim or exaggerated representation as to its liquidity, solvency, resources, deposits and banking services;

4. No bank advertisement shall give the impression that the bank is engaged in a business other than banking;

5. Banks shall inform their depositors and other clients by advertisement or publication of the termination of benefits previously or publicized;

6. Banks shall discontinue any advertisement whenever the same is deemed unethical/unwarranted or violative of the provisions of this Circular and are directed to do so by the appropriate supervising and examining department of the Central Bank in the exercise of its administrative authority. Towards this end, the client banks and/or their advertising agencies should incorporate in their contract/agreement for time and space with media the condition that such contract/agreement for time and space can be cancelled/terminated immediately whenever the client bank is directed by the Central Bank to desist or discontinue the particular advertisement in question.

Any violation of the provisions of this Circular shall be subject to the penal provisions of Sections 34 and 34-A of Republic Act No. 265, as amended. Responsibility for compliance with the above rules and regulations rests with the bank officers or directors who caused the approval or placement of such advertisement.

This Circular supersedes Circular No. 275 dated May 15, 1969 and shall take effect immediately.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR No. 458

April 4, 1975

Pursuant to MB Res. No. 575 dated March 21, 1975, the Boards of Directors of rural banks are hereby required to cause an annual audit/examination of the financial statements/accounts of the following rural banks:

1. rural banks whose total resources net of capital accounts amount to P3 million or more;
2. rural banks whose past due accounts with the Central Bank reach 15% or more at any time during the year;
3. rural banks with Central Bank exposure in the form of counter-part capital, outstanding rediscounting, and special time deposits (STDs) totalling P1 million or more.

The Director of the Department of Rural Banks and Savings and Loan Associations is also hereby authorized to require the Boards of Directors of rural banks found to have unreconciled books of account to similarly cause an audit of their financial statements/accounts.

The audit/examination shall be conducted by an external auditor who must be a reputable and independent Certified Public Accountant.

The audit/examination should be completed not later than 60 days after the end of the rural bank's accounting period.

The Boards of Directors of the rural banks covered by this Circular shall deliberate and act upon the audit/examination report and shall submit to the Central Bank within 30 days of the completion of the audit report, a copy thereof and a report of the Board's action thereon.

This Circular supplements the provisions of Circular No. 380, dated August 22, 1973 (Audit/Examination by Bank's Board of Directors) and modifies or amends any provisions of said Circular which are inconsistent herewith, insofar as rural banks are concerned.

This Circular shall take effect with reference to financial statements as of the end of accounting periods on or after March 31, 1975.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR No. 459

April 14, 1975

Pursuant to Monetary Board Resolution No. 634 dated April 4, 1975, Section 8(a) of Circular No. 157, as amended, is hereby further amended to read as follows:

"SECTION 8. *Branch Offices and Agencies*

(a) No Savings and Loan Association shall open, maintain or operate a branch or an agency without first applying for, and obtaining from the Monetary Board through the Directors of the Department of Rural Banks and Savings and Loan Associations, a license or certificate of authority to operate such branch or agency.

The term 'branch offices and agencies' shall include extension offices and any other office outside the main office of a Savings and Loan Association, where operations or transactions, or any phase thereof, are conducted by said Association: Provided, That for the purpose of public hearing required under this Section, a money shop, a savings agency, or any other special agency of the same nature shall not be considered a branch or an agency and a public hearing shall not be required if such money shop or other agency will be operated as an extension office of a previously approved branch."

This Circular shall take effect immediately.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR No. 460

April 21, 1975

PAYMENT OF INTEREST BY BANKS ON DEPOSITS
AND DEPOSIT SUBSTITUTES

Pursuant to Monetary Board Resolution No. 653 dated April 4, 1975, banking institutions (a) shall not pay interest in kind on deposits and deposit substitutes, and (b) may pay interest in advance for a period not exceeding one year on time deposits and deposit substitutes.

In the case of time deposits, Section 3.c of Circular 414 dated July 29, 1974 is hereby amended to read as follows:

"c. Time of Payment—Interest on time deposits may be paid at maturity or upon withdrawal or in advance; provided, however, that interest paid in advance shall not exceed the interest for one year. Time deposits having a maturity period of more than 360 days or twelve (12) months from date of deposit may be paid interest thereon at the end of every 12 months and at maturity."

This Circular takes effect immediately.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR No. 461

April 21, 1975

PAYMENT OF INTEREST BY NON-BANK FINANCIAL
INTERMEDIARIES ON DEPOSIT SUBSTITUTES

Pursuant to Monetary Board Resolution No. 653 dated April 4, 1975, non-bank financial intermediaries performing quasi-banking functions shall not pay interest in kind on deposit substitutes. Interest on deposit substitutes paid in advance shall not exceed the interest for one (1) year.

For purposes of this Circular, the term interest shall include "yield".

This Circular shall take effect immediately.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 462

April 21, 1975

Pursuant to Monetary Board Resolution No. 689 dated April 11, 1975 relative to Section 11-A of Presidential Decree No. 122, amending the Rural Banks Act (Republic Act No. 720, as amended), the following guidelines are hereby issued regarding investments of rural banks in allied/related undertakings:

- a. The business of warehousing companies, processing mills, drying facilities, and storage companies shall be considered allied/related to rural banking as provided under Sec. 11-A of Presidential Decree No. 122, in whose equities rural banks may be allowed to invest, provided that such businesses are for agricultural production or other agricultural purposes;
- b. These business enterprises shall be in the form of a corporation;
- c. The authority to invest in the equities of the above-listed business undertakings shall be covered by the following guidelines and shall be subject to prior approval by the Central Bank:
 - 1) The total paid-up capital of the rural bank shall not include any government counterpart fund and shall not be less than ₱1,000,000 at the date of the filing of the application;
 - 2) The liquid assets (cash and due from banks) at the time the investment will be made shall not be less than 20% of the total resources of the rural bank;
 - 3) The rural bank has not incurred any net reserve deficiency for at least six weeks immediately preceding the date of approval of the application;
 - 4) The total (combined) equity investments of the rural bank in the equities of the above-listed enterprises shall not exceed twenty-five per cent (25%) of the net worth of the rural bank;
 - 5) The total equity investment of the rural bank in any single enterprise shall not exceed fifteen per cent (15%) of the net worth of the bank;
 - 6) A rural bank shall not be allowed to invest in an allied undertaking if a stockholder or group of stockholders owning more than twenty per cent (20%) of the voting stock of the rural bank owns or controls directly or indirectly (within the third degree of consanguinity or affinity) thirty per cent (30%) or more of the voting stock of the allied undertaking, except as may otherwise be authorized by the Monetary Board;
 - 7) Where the enterprise is a wholly or majority-owned subsidiary of the rural bank, the same may be subject to examination by the Central Bank; and

- 8) As part of the evaluation process, the Central Bank reserves the right to require a technical review of the operations of proposed allied undertakings.
- d. Except as may be authorized by the Monetary Board, concurrent directorship/officership in a rural bank and an allied undertaking shall not be permitted.
- e. Any of the following shall be a sufficient ground for the disapproval of the application of a rural bank to invest in equities of allied undertakings as defined above:
- 1) The capital of the rural bank is impaired by actual losses or valuation reserves recommended by the Central Bank;
 - 2) Its lending operations had been suspended on account of reserve or capital deficiency, unless such suspension shall have been lifted for at least one year before the filing of the application; and
 - 3) The rural bank incurred losses from its operations during the year preceding the filing of its application.
- f. Rural banks which desire to invest in the allied undertakings herein above defined shall file an application in writing with the Department of Rural Banks and Savings and Loan Associations, such application to be supported by a resolution of their Board of Directors authorizing the proposed investment, and by the following documents:
- 1) If the enterprise is still to be organized, the rural bank shall submit, together with its request for authority to invest therein, a feasibility study/plan of operations covering a period of three (3) years;
 - 2) If the enterprise is already established and a going concern, the rural bank shall submit, together with its request for authority to invest therein, a comparative statement of condition and income statements of condition and income statements of the enterprise covering the last three (3) years prior to the filing of the application; and
 - 3) In any case, the application shall state the amount of the proposed equity investment by the rural bank in the enterprise and the ratio thereof both to the net worth of the rural bank and to the total capitalization of the enterprise.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 463

April 23, 1975

(AMENDMENT TO CIRCULAR 401)

Please be advised that pursuant to Monetary Board Resolution No. 755 dated April 18, 1975, Section 6 of Circular 401 dated April 24, 1974 is hereby amended so that primary gold producers may borrow from authorized gold dealers up to 100% of the value of their *refined* gold (.995 fine) shipments used as collaterals, subject to the condition that the resulting loans shall be liquidated not beyond 360 days from the grant thereof.

This Circular takes effect immediately.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 464

As Amended on April 25, 1975

Pursuant to Monetary Board Resolution No. 832 dated April 25, 1975, paragraph 6 of Circular No. 420 dated August 5, 1974, as amended, is hereby further amended to read as follows:

“6. Money shops shall be established only upon prior approval by the Central Bank and shall be located inside markets or if located outside markets, within a radius of 10 meters or directly across the street as the case may be.”

This Circular shall take effect immediately.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 465

May 26, 1975

The Monetary Board, under Resolution No. 978 dated May 16, 1975, promulgated the following amendment to Section 7 of Circular 389, dated November 19, 1973, to read as follows:

“SEC. 7. *Report on Compliance.* Every non-bank financial intermediary shall make a WEEKLY report to the Central Bank of the Philippines of its daily required reserve to be submitted not later than the close of the FOURTH (4th) business day following the REFERENCE WEEK. This report shall be prepared on Central Bank Form No. 7-26-05.”

This Circular shall take effect on June 16, 1975.

FOR THE MONETARY BOARD:

(Sgd.) AMADO R. BRIÑAS
Senior Deputy Governor

CIRCULAR NO. 466

June 2, 1975

Withdrawal of Time Deposit Before Maturity

Pursuant to Monetary Board Resolution No. 1025 dated May 23, 1975, Section 3-f of Circular No. 414 is hereby amended to read as follows:

“f. *Withdrawal before maturity date*—A time deposit that is withdrawn before the maturity date fixed in the certificate of time deposit shall earn interest in accordance with the following schedule:

1) *Commercial banks* (including the Development Bank of the Philippines and the Land Bank of the Philippines)

Original Maturity Period	Interest rate per annum if terminated before maturity					720-
	0-89	90-179	180-359	360-719	720-	
90 days	5%	5	5	5	5	5
180 days	5%	5½%	—	—	—	—
360 days	5%	5½%	6½%	—	—	—
720 days	5%	5½%	6%	8%	—	—
Over 720 days	5%	5½%	6½%	8%	8½%	8½%

2) Thrift and Rural Banks

Original Maturity Period	Interest rate per annum if terminated before maturity					720—
	0-89	90-179	180-359	360-719		
	5	5	5	5		5
90 days	5½ %	—	—	—		—
180 days	5½ %	6%	—	—		—
360 days	5½ %	6%	7%	—		—
Original Maturity Period	Interest rate per annum if terminated before maturity					720—
	0-89	90-179	180-359	360-719		
	5	5	5	5		5
720 days	5½ %	6%	7%	8½ %		—
Over 720 days	5½ %	6%	7%	8½ %		9%

Provided That, if interest had been paid in advance the corresponding rebate shall be charged against the principal of the time deposit."

The foregoing regulation shall not apply to outstanding and unmatured time deposits received before the date of this Circular.

(Sgd.) AMADO R. BRINAS
Senior Deputy Governor

CIRCULAR NO. 467

June 2, 1975

In implementation of Presidential Decree No. 584, dated November 16, 1974, establishing a procedure for acquisition by small farmers of equity in rural banks, the Monetary Board, in its resolution No. 1105 dated May 30, 1975, promulgated the following rules and regulations:

Section 1. *Sale of Shares of Stock*

- a. It shall be obligatory upon an existing rural bank to accept offers to invest in the equity of the rural bank from farmers who are its clients and who are members of a Samahang Nayon, or from a Samahang Nayon of which said farmers are members, in the form of common shares of stock of the rural bank representing in the aggregate up to forty per cent (40%) of the voting stock of the bank.
- b. For purposes of this Section, "client" shall mean any farmer-member of a Samahang Nayon who is a depositor or borrower of the rural bank.

- c. The price of the share of stock shall be agreed upon between the parties. Where no agreement is reached on the price, it shall be the fair market value of the share of stock at the time of the proposed purchase, to be determined by the Department of Rural Banks and Savings and Loan Associations, Central Bank, on the basis of the following guidelines:
- 1) The number of shares of common stock outstanding shall be ascertained.
 - 2) The total surplus available, consisting of earned surplus, capital surplus, and surplus reserve except for the reserve for bad and doubtful account, shall likewise be ascertained.
 - 3) The "Appraisal Surplus" arrived at in the revaluation of the fixed assets which shall be conducted by a duly licensed expert or specialist not in anyway connected with the rural bank, shall also be included in the computation. (The appraisal value of the fixed assets shall be disclosed in the statement of financial condition of the rural bank together with the accumulated depreciation on appraisal values, depreciation on appraisal, excess of appraised values over actual or historical cost, the date of appraisal and the name of the licensed appraiser. "Appraisal surplus" shall be shown in the Networth Section and shall not be made available for dividends except the portion thereof that is absorbed through accumulated depreciation charges on appraisal increment which may be declared as stock dividends.)
 - 4) The total of Nos. 2 and 3 above plus the total paid-in common stock, divided by the total number of shares of common stock outstanding (No. 1 above) equals the fair market value per share.
- d. The shares of stock to be made available by the rural bank shall come from shares of stockholders who are willing to sell and/or from the unissued common shares of stock of the bank. If this is inadequate for the purpose, the necessary increase in capitalization shall be effected by the rural bank. Whenever the capital stock is increased for this purpose, the additional shares of stock shall be to satisfy the offers of qualified farmer-members or Samahang Nayan.
- e. In the disposition of voting shares under this Circular, sales shall be made to as many Samahang Nayan as possible within the area of operation of the rural bank concerned. Priority shall be given to Class "A" Samahang Nayan as certified by the Bureau of Cooperatives Development, DLGCD.

- f. The disposition of the shares of stock by the rural bank to the farmer-members or Samahang Nayon shall be by purchase and not by subscription, and the sale shall be on a cash basis only.
- g. The acquisition of shares of stock in existing rural banks by the farmer-members or by the Samahang Nayon shall be subject to the limitations on individual, family group, or corporate holdings established under Section 12 of R.A. No. 337, as amended.

SECTION 2. *Procedure for Acquisition of Shares of Stock*

- a. The farmer-member or the Samahang Nayon shall make a written offer to the rural bank for the purchase of the shares of stock. The offer of the farmer-member shall be accompanied by a certification from his Samahang Nayon that he is a member in good standing. The offer of a Samahang Nayon shall be accompanied by a certification from the Bureau of Cooperatives Development, DLGCD, that it is a Samahang Nayon in good standing.
- b. In the acceptance of offers, the rural bank shall apply the "first come, first served" basis, to be reckoned by the day (all offers received on the same day, regardless of time, shall be considered as received simultaneously). In cases where the number of remaining available shares is insufficient to satisfy two or more offers on any given day, the offer of a Samahang Nayon shall be given priority over that of an individual farmer-member, while the offer of a farmer-member who is a resident of the locality where the rural bank is situated shall be given priority over that of a farmer-member who is not a resident. If the offers received on the same day have the same priority, the remaining available shares shall be equally divided between them.
- c. Before any transfer of stock under this arrangement is entered in the books of the rural bank, full compliance with the provisions of Section 58 of the Revised Rules and Regulations Governing Rural Banks is required.

SECTION 3. *Posting of Notices*

Every rural bank shall post a notice within the bank's premises and in three conspicuous places in the locality where the rural bank is situated, to the effect that common shares of stock of the rural bank representing in the aggregate up to forty per cent (40%) of the voting stock of the bank are available for sale to farmers who are clients of the bank and who are members of a Samahang Nayon or to any Samahang Nayon of which said farmers are members.

Within thirty (30) days from the effectivity of this Circular, the President of each rural bank shall submit to the Department of Rural Banks and Savings and Loan Associations, Central Bank, a certification signed by him that the required notices have been posted, stating therein the places where such notices have been posted.

SECTION 4. *Effectivity*

This Circular shall take effect immediately.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 468

June 9, 1975

Pursuant to M.B. Resolution No. 1173 dated June 6, 1975, the following amendments and/or regulations governing the composition of required reserves against deposit liabilities in local currency of all banks—commercial, rural and thrift (savings & mortgage, stock savings & loan associations and private development) and non-stock savings & loan associations are hereby issued:

SECTION 1. The form in which required reserves will be held shall be as follows:

	Minimum Allowable as Per Cent of Required Reserves
A. Deposits with the Central Bank	
Commercial Banks	25
Rural Banks	10
Thrift Banks and Non-stock Savings & Loan Associations	10

In the case of rural and thrift banks and non-stock savings & loan associations, in areas where the Central Bank has no original offices, deposit balances of their required reserves with the Central Bank shall be deposited with branches of the Philippine National Bank authorized to accept such deposits in trust for the Central Bank.

B. Government Securities and Cash in Vault

The remaining portion of the required reserves may be held by all banks and non-stock SLAs in the form of cash in vaults and/or government securities or evidences of indebtedness of the Republic of the Philippines and/or its instrumentalities and subdivisions as specified in Section 2 of this Circular.

SECTION 2. Only securities which are Central Bank-supported and which are expressly authorized by the Monetary Board shall be allowed as reserves against deposit liabilities of all banks. Regular Central Bank Certificates of Indebtedness (CBCIs) may also be used provided, however, that the maximum of such holdings shall be as follows:

	Minimum Allowable Per Cent of Required Reserves
Commercial Banks	10
Rural Banks	20
Thriffs Banks and Non-stock Savings & Loan Associations	20

SECTION 3. All other circulars, memoranda or regulations inconsistent herewith are hereby modified and/or revoked accordingly.

SECTION 4. This Circular shall take effect one month after approval.

(Sgd.) AMADO R. BRIÑAS
Senior Deputy Governor

CIRCULAR NO. 469

June 9, 1975

Pursuant to M. B. Resolution No. 1173 dated June 6, 1975, the required reserves against deposit liabilities in local currency of all banks—commercial, rural and thrift (savings & mortgage banks, stock savings & loan associations and private development) and non-stock savings & loan associations, shall be as follows:

1. *Commercial Banks*

Against demand, time and saving deposits—twenty per cent (20%) of each type of deposit liability.

2. *Rural Banks*

a) Against demand deposits—fourteen per cent (14%) of such liabilities.

(b) Against time and savings deposits—eight per cent (8%) of each type of deposit liability.

3. *Thrift Banks and Non-stock Savings & Loan Associations*

Against time and savings deposits—eight per cent (8%) of each type of deposit liability.

4. *All Banks (commercial, rural, thrift) and Non-stock Savings & Loan Associations*

Time deposits of all banks with remaining maturities of two years or more shall be exempt from the above reserve requirements.

This Circular shall take effect on June 30, 1975, and all rules and regulations inconsistent herewith are hereby revoked, amended or modified accordingly.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 470

June 10, 1975

Retirement of Central Bank Coins, English Series
(50-, 25-, 5-, and 1-centavo denominations)

Pursuant to Section 136 in relation to Section 59 of Republic Act No. 265, as amended, Central Bank coins of the English series shall be surrendered to the Central Bank of the Philippines or to its authorized agent banks or to provincial, city and municipal treasurers, for replacement or exchange at par with Central Bank coins, Pilipino series, starting September 1, 1975. These Central Bank coins consists of the 50-, 25-, 5- and 1-centavo denominations and bear the year 1958 to 1966.

These Central Bank coins shall be legal tender for a period of one year ending August 31, 1967. After this period, they shall cease to be legal tender but may be exchanged or replaced at par and without charge with legal tender currency during the following three (3) years ending August 31, 1979.

After August 31, 1979, the aforementioned Central Bank coins of the English series which have not been exchanged shall cease to be a liability of the Central Bank of the Philippines and shall be considered demonetized.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 471

June 10, 1975

Pursuant to Monetary Board Resolution No. 1069 dated May 30, 1975, rural banks are hereby authorized to establish savings agencies within the municipality/city where their principal office is located, subject to the same guidelines/criteria as those for the establishment of extension offices of rural banks as approved under Monetary Board Resolution No. 2380 dated December 21, 1973 and implemented under Memorandum To All Rural Banks No. 74-6 dated January 29, 1974.

This Circular shall take effect immediately.

(Sgd.) AMADO R. BRINAS
Senior Deputy Governor

CIRCULAR NO. 472

June 23, 1975

RULES AND REGULATIONS GOVERNING THE GRANT OF RELIEF TO OWNERS OF LOST, STOLEN, COMPLETELY DESTROYED OR MUTILATED BEARER GOVERNMENT SECURITIES

In view of the promulgation of Presidential Decree No. 649 amending Section 1 of R.A. 1533, and in accordance with Section 5 of the said Act, the following rules and regulations are hereby promulgated by the Monetary Board, under its Resolution No. 1240 dated June 20, 1975, to govern the granting of relief to owners of bearer Government securities so assigned as to become, in effect, payable to bearer, which are lost, stolen or completely destroyed or mutilated.

I. General Provisions

SECTION 1. This Circular shall apply to all interest-bearing securities issued by the Government of the Philippines, or any of its political subdivisions, instrumentalities or wholly Government corporations, that are payable to bearer, or registered securities so assigned as to become in effect, payable to bearer, and have been lost, stolen, or completely destroyed or mutilated not in the custody or control of

the Government of the Philippines (not including the Postal Service when acting solely in its capacity as the public carrier of the mails) or of a person thereunto authorized as lawful agent of the Republic of the Philippines and without bad faith or gross negligence on the part of the owners thereof.

11. Reports of Loss, Theft, Destruction or Mutilation of Securities

SECTION 2. No report of the loss, theft, destruction, defacement or mutilation of bearer securities, or registered securities so assigned as to become, in effect, payable to bearer, which have not matured, shall be accepted so as to form the basis for the issuance of a Notice of Destruction, Defacement, Loss or Theft. However, if upon maturity such securities are surrendered to the Securities Servicing Department, notification will be made of the person or persons who appear to be entitled to any available information concerning the source from which the securities were received, subject to the provisions of Republic Act No. 1405, concerning the confidentiality of investments in government securities.

SECTION 3. Reports that bearer securities, or registered securities so assigned as to become, in effect, payable to bearer, which have matured, were lost, stolen, completely destroyed or mutilated will be accepted by the Securities Servicing Department for the purpose of suspending redemption of such securities if the claimant posts a bond executed by a corporate surety qualified under the laws of the Republic of the Philippines, in penal sum equivalent to the amount of the last, stolen, completely destroyed or mutilated securities, the interest accrued thereon until the principal becomes due and payable and a reasonable amount to answer for court expenses or costs of litigation, approved by the Central Bank of the Philippines, with the condition to indemnify and save harmless the issuing Government entity or the Central Bank of the Philippines, in penal sum equivalent to the amount of the lost, securities, for the period from the filing thereof to the filing of the indemnity bond provided in Section 14 of Circular No. 28, as amended. If in the meantime, another person presents the securities for payment or files a claim on the subject securities, the conflicting claimants shall interplead and the redemption of the securities will be suspended pending final determination of the conflicting claims by the court.

SECTION 4. Report of the loss, theft, destruction or mutilation of a bearer security, registered so assigned as to become, in effect, payable to bearer, shall be under oath and made in the prescribed form, and shall include the following:

- a) The name and present address of the owner, and his address at the time the security was issued and, if the report is made by any other person, the capacity in which he represents the owner;

b) The identification of the security by title of loan, issue date, interest rate, serial number and denomination, and, in case of a registered security, the exact form of inscription and a full description of any assignment, endorsement or other writing thereon; and

c) A statement of the circumstances.

III. Application for Relief

SECTION 5. The application for relief may be filed with the report of the loss, theft, destruction or mutilation of the bearer security or registered security so assigned as to become, in effect, payable to bearer.

SECTION 6. The claimant submit proof that the bearer security or registered security so assigned as to become, in effect, payable to bearer is not held by any person as his own property. This proof shall include the affidavits mentioned in sub-section "b" of Section 12 of Circular No. 28, as amended.

SECTION 7. As may be required by each particular case, the Director, Securities Servicing Department, may require additional proof as may in his judgment be necessary for the protection of the interest of the Government.

IV. Granting of Relief

SECTION 8. If, upon receipt and examination of the proof by the Central Bank of the Philippines, it appears that relief may be granted, publication of a Notice of Destruction, Defacement, Loss or Theft of the security shall be made pursuant to the provisions of sub-section "i" of Section 12 of Circular No. 28, as amended, and the claimant shall file the indemnity bond provided in Section 14 of the same Circular.

SECTION 9. Relief shall be authorized if it is proved that the bearer security or registered security so assigned as to become, in effect, payable to bearer has been completely destroyed or irretrievably lost and will never become the basis of a valid claim against the issuing Government entity or the Central Bank of the Philippines, and only after the security has become overdue as provided in Section 9(c) of Circular No. 28, as amended. However, in no case shall relief be granted before the expiration of three (3) months from the date the loss, theft, destruction or mutilation of the security is reported to the Central Bank of the Philippines.

SECTION 10. Relief shall be granted in the form of payment of the face value of the bearer security or registered security so assigned as to become, in effect, payable to bearer, together with such interest only as would have been paid had the security presented when it became due and payable.

V. *Miscellaneous*

SECTION 11. The provisions of Circular No. 28, as amended, insofar as they are applicable and not in conflict with any provision of this Circular, are hereby made a part of this Circular.

SECTION 12. This Circular shall take effect immediately.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 473

June 30, 1975

GUIDELINES FOR THE GRANT OF AGRARIAN REFORM CREDIT AND AGRICULTURAL CREDIT BY BANKING INSTITUTIONS UNDER PRESIDENTIAL DECREE NO. 717

In its Resolution No. 1286 dated June 27, 1975, the Monetary Board adopted the following guidelines to govern the grant of agrarian reform credit and agricultural credit by banking institutions under Presidential Decree No. 717 dated May 29, 1975:

A. DEFINITION OF TERMS

For purposes of this Circular, the following definitions shall apply:

1. *Loanable Funds*—shall refer to total funds, generated after the effectivity of Presidential Decree No. 717, the composition of which shall be determined by the appropriate department of the Central Bank.

2. *Agrarian Reform Credit*—shall refer to production and other types of loans granted to beneficiaries of agrarian reform for the following purposes: acquisition of work animals, farm equipment and machinery, seeds, fertilizers, poultry, livestock, feeds and other similar items; acquisition of lands authorized under the Agrarian Reform Code of the Philippines and its amendments; construction and/or acquisition of facilities for production, processing, storage and marketing; and efficient and effective merchandising of agricultural commodities stored and/or processed by the facilities aforecited in domestic and foreign commerce.

3. *Agrarian Reform Beneficiaries*—shall include tillers, tenant-farmers, settlers, agricultural lessees, amortizing owners, owner-cultivators, farmers' cooperative and compact farms, as determined by the Department of Agrarian Reform.

4. *Agricultural Credit in General*—shall include all loans and/or advances granted to borrowers, whether beneficiaries of agrarian reform or not, to finance activities relating to agriculture, and for processing, marketing, storage, and distribution of products resulting from these activities.

B. APPLICABILITY

This Circular applies to all banking institutions, government or private, or defined under Section 2 of Republic Act No. 337, as amended by Presidential Decree No. 71 dated November 29, 1972.

C. REQUIRED ALLOCATION FOR AGRARIAN REFORM CREDIT AGRICULTURAL CREDIT

1. Each banking institution shall set aside at least 25% of its loanable funds, of which:

- a) not less than 10% of loanable funds shall be made available for agrarian reform credit; and
- b) the balance shall be made available for agricultural credit in general.

2. In the absence of qualified borrowers, the amount set aside for agrarian reform credit not actually loaned out may be invested temporarily in government securities in accordance with Presidential Decree No. 717.

D. INTEREST AND OTHER CHARGES

1. For agrarian reform credit, interest shall not exceed 12% per annum while service fees and other charges shall not exceed 2% or ₱150.00 per annum whichever is lower.

2. For agricultural credit in general, interest, service fees and other charges shall be governed by existing rules and regulations.

E. SUBMISSION OF REPORTS

1. All banking institutions shall submit to the appropriate supervising and examining department of the Central Bank a monthly report within twelve (12) banking days after end of each reference month on the utilization of their loanable funds set aside for agrarian reform credit/agricultural credit; provided, that the first report, for June, 1975, shall be submitted on or before July 31, 1975.

2. The required monthly reports shall be in accordance with such form(s) prescribed or as may be prescribed by the Central Bank.

F. MISCELLANEOUS PROVISIONS

1. Violations of these rules shall be subject to the provisions of Sections 34 and/or 34-A of Republic Act No. 265, as amended.

2. This Circular supersedes Circular No. 408 dated May 31, 1974 and its amendments.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 474

June 30, 1975

REDISCOUNTING GUIDELINES PERTAINING TO AGRARIAN REFORM CREDIT RELATIVE TO PRESIDENTIAL DECREE NO. 717. ✓

Effective immediately, promissory notes and other eligible credit instruments pertaining to agrarian reform credit as defined under Presidential Decree No. 717 dated May 29, 1975, extended by any banking institution to beneficiaries of agrarian reform, may be rediscounted with the Central Bank at the following preferential rates and loan values:

1. *Loan Value.* The loan value or maximum amount that may be granted by the Central Bank against an eligible credit instrument under a supervised credit program shall be one hundred

per cent (100%) of the outstanding balance or unpaid portion of such eligible credit instrument at the time of rediscounting. For eligible credit instruments not under a supervised credit program, the loan value of such credit instruments at the time of rediscounting shall not exceed eighty per cent (80%) of the outstanding balance or unpaid portion thereof.

2. *Rediscount/Interest Rates.* The Central Bank shall charge rediscount or interest rates as follows:

- a) Eligible credit instruments under a supervised credit program—1% per annum; and
- b) Other eligible credit instruments not under a supervised credit program—5% per annum.

As used herein, a supervised credit program shall mean a system of lending wherein the farmer-borrower agrees in writing that he will apply proven farm practices necessary to conserve the land, improve its fertility and increase its production, and abide by the approved farm plan and budget prepared by an accredited supervised credit technician.

The rediscounting authorized herein shall be subject to applicable Central Bank rules and regulations.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 475

June 30, 1975

Pursuant to M. B. Resolution No. 1316 dated June 27, 1975, the following rules and regulations shall govern the solicitation of deposits under the TIPID Movement:

1. Banks participating in the TIPID Movement shall be authorized to solicit deposits of students within the premises of schools assigned to these banks.
2. An authorized bank shall appoint its Savings Deposit Solicitor who shall be properly bonded.

3. The authorized solicitor shall present a letter of introduction addressed to the head of the school, together with the bank's prescribed identification card which he shall wear at all times during the solicitation.
4. Depositors shall be required to accomplish "Signature Cards" when opening an account.
5. Pre-numbered deposit slips, in duplicate, shall be used. The duplicate is given to the depositor and the original is retained to serve as posting medium.
6. Withdrawals may be effected through the solicitor with proper safeguards.
7. At the close of every solicitation day, a Report of Deposit Collection* shall be accomplished in triplicate (original to bank, and copy each to solicitor and School) by the solicitor.
 - a) Date of the report
 - b) Name of school
 - c) Total number of deposit transactions
 - d) Total amount of deposits
 - e) Total number of withdrawal transactions
 - f) Total amount of withdrawals
 - g) Net collection (d minus f)
 - h) Name and signature of solicitor rendering the reportInclusive number of used deposit slips, accomplished withdrawal slips and collection as shown in this report shall be turned over to and acknowledged by the cashier.
8. Passbooks shall be returned to the depositors not later than the following soliciting day. A copy of the Report of Deposit Collection (item 7 above) of the last soliciting day shall be submitted to the head of the school.
9. The banks shall arrange with the school the dates, place and time of solicitation and shall post notice thereof in a conspicuous place in the school premises.

This Circular shall take effect immediately.

(Sgd.) G. S. LICAROS
Governor

* Sample form not reproduced.

CIRCULAR NO. 476

July 14, 1975

**Subject: Supplemental Guidelines for the Establishment of Bank Offices
Pursuant to M. B. Resolution No. 1279 dated June 27, 1975**

Applications for the establishment of new banking offices are presently evaluated using criteria relating to capital adequacy, solvency, profitability and capacity to absorb losses, reserve and liquidity position, paid-in capital, and other related factors. In order to ensure that the number of applications for new offices filed at any one time are within manageable limits, the following supplemental guidelines to govern applications of all banks, including rural and thrift banks where applicable, for the establishment of additional offices (i.e., branches, sub-branches, extension offices, agencies, savings agencies, money shops, and other offices outside the main or head offices of banks where operations or transactions or any phase thereof are conducted) are hereby adopted:

1. The acceptance by the Central Bank of applications for the establishment of additional offices shall be guided by the number of applications already approved but which have not yet been opened. For this purpose, no such application shall be accepted by the Central Bank from a bank which has reached the following maximum number of authorized or approved but unopened additional offices:

a) Branch	3
b) Sub-branch, extension office, or agency	6
c) Savings agency	6
d) Money shops	4

provided, however, that banks merged or consolidated under the Central Bank Program for Increased Capitalization may apply and be authorized to open up to a maximum of twice said limits until December 31, 1976.

2. The maximum number of applications which may be accepted at any given time shall be such that if all these applications are approved, the bank concerned shall not have a number of authorized but unopened offices in excess of the limits prescribed in paragraph 1 hereof; provided, that an application for a given type of office shall not be accepted if there are two (2) or more approved but unopened offices of the same type in the same area or locality belonging to the same category of bank.

3. It is understood that the mere filing or pendency of any application for any offices in any particular area does not give the applicant any vested right or priority over other applicants in respect to such area.

4. Any bank which is in excess of the prescribed limits on authorized but unopened additional offices as of the effectivity of this Circular, shall be allowed to open said authorized offices during the period already authorized for their opening. Receipt and processing of new applications during this transition period shall be governed by the limits established in this Circular.

5. The ceiling on applications that may be considered by the Central Bank for the establishment of savings agencies and/or money shops may be increased on a case to case basis upon prior approval of the Governor, on the basis of resources, personnel capability, and generally a demonstration of the capability of the bank to organize and staff an increased number of such savings agencies and/or money shops within a reasonable time; provided, however, that no extension shall be allowed of the approved time of opening, for offices approved under this paragraph in excess of the ceiling established in paragraph 1 hereof.

6. This Circular supersedes the pertinent portions of Memorandum to All Banks—DSE dated August 31, 1964, and Circular Letter dated November 13, 1973.

This Circular shall take effect immediately.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 477

August 11, 1975

QUALIFICATION STANDARDS FOR DIRECTORS AND OFFICERS
OF NON-STOCK SAVINGS AND LOAN ASSOCIATIONS

In line with the Central Bank policy of maintaining the quality of bank management as embodied in Circular No. 356, as amended, and to afford better protection to the member/depositors of non-stock savings and loan associations, the following shall constitute the qualification standards for directors and officers of such associations:

1. *Definition of Terms*

- 1.1 Directors shall include: (1) directors who are named as such in the Articles of Incorporation, (2) directors duly elected in subsequent meetings of the association's members, and (3) those elected to fill vacancies in the board of directors.
- 1.2 Officers shall include the President, Vice-President, General Manager, Corporate Secretary, Treasurer and others mentioned as officers of the association, or whose duties as such are defined in the By-Laws.
- 1.3 Delinquency in the payment of obligations shall mean—
 - 1.3.1 That three or more obligations with the association and with a bank under different loan contracts are or become past due as the term is defined in Circular No. 342 for six months or more.

2. *Qualifications of a Director and an Officer*

- 2.1 A director/officer shall have the following minimum qualifications—
 - 2.1.1 He shall be at least 21 years of age at the time of his election/appointment; and
 - 2.1.2 He shall be at least a high school graduate or shall have at least one year experience in a field related to his position/responsibilities, or have undergone any Central Bank training on banking operations.
- 2.2 These qualifications shall not apply to directors and officers of the association serving as such on the date of the effectivity of this Circular nor to persons who have previously served as directors and officers of non-stock associations or banks.

3. *Persons Disqualified to Become Directors*

- 3.1 The following persons are disqualified from becoming directors:
 - 3.1.1 Persons who have been convicted judicially or administratively of an offense involving moral turpitude, or judicially declared insolvent, spendthrift, or incapacitated to contract:
 - 3.1.2 Persons found by the Monetary Board to have wilfully failed or refused to comply with any law, order, instruction or regulation issued by the Monetary Board or by the Governor, or to have committed irregularities or to have

conducted business in an unlawful, unsafe, or unsound manner as determined by the Monetary Board in any institution supervised by the Central Bank.

3.1.3 Directors who have been absent for whatever reason for more than 50% of the regular meetings of the board for a two-year period reckoned from the date of the election of the director concerned, provided that the disqualification apply for purposes of the immediately succeeding election; and

3.1.4 Persons who are delinquent in the payment of their obligations, and this disqualification shall operate as long as the delinquency persists.

4. Persons Disqualified to Become Officers

4.1 The foregoing disqualifications for directors shall likewise apply to officers, except that stated in item 3.1.3; and

4.2 Except as may be authorized by the Monetary Board or the Governor, any individual who is the spouse or a relative within the second degree of consanguinity or affinity of any person holding the position of President, Executive Vice-President, General Manager, Treasurer, Chief Cashier or Chief Accountant is disqualified from holding or being elected/appointed to any of said positions in the same association. In any case, this disqualification shall not affect those already serving in any of the said positions on the date of the effectivity of this Circular, provided, however, that this exception shall apply only for as long as the director/officer continues to serve uninterruptedly as such.

5. Other Existing Limitations/Restrictions

5.1 The aforesaid qualifications and disqualifications for directors and officers shall be in addition to those already required/prescribed by R.A. No. 3779, as amended, and other existing applicable laws and regulations.

6. Bio-Data of Directors and Officers Required to be Submitted

6.1 Within thirty (30) days from the date of this Circular, all associations shall submit to the supervising and examining department concerned a bio-data, sample attached, of all of their incumbent directors or officers defined above. Any subsequent change in the composition of the board of directors or officers,

together with the bio-data of the new directors or officers, shall be reported within thirty (30) days to the Monetary Board (through the supervising and examining department concerned).

7. *Effectivity*

This Circular shall take effect immediately.

(Sgd.) G. S. LICAROS
Governor

(Attachment)

.....
(Name of Proposed/Existing Non-stock SLA)

CB-DRBSLA Form No. 1-C

(Check position/capacity)

(To be accomplished in duplicate for each of the *incorporators, directors, and officers.*)

☐ Incorporator
☐ Director
☐ Officer

PERSONAL INFORMATION SHEET

1. Full Name Citizenship Civil Status
2. Place of Birth Date Age TAN
3. (a) Name of Husband/Wife, if married
- (b) Names of Children, if any
- (c) Name of Father Mother
4. Names and Positions of relatives (within the second degree of consanguinity or affinity) who are also directors/officers of the association:
-
-
5. Address: (a) Residence Tel. No.
- (b) Business Tel. No.

6. Educational Attainment:

Course or Degree Obtained Seminars Attended	School	Date
.....
.....
.....

7. Experience--(Private and/or Public Service)

Name and Nature of Business/ Gov't. Office	Address	In what capacity	Inclusive Date
.....
.....
.....

8. Affiliations with civic, social or professional/technical organization

Name of Organization	Address	Position
.....
.....

9. References:

(a) Personal

Name	Address
.....
.....

(b) Bank

Name of Bank	Address
.....
.....
.....

10. Record as to court or administrative cases:

Accusation or Charge	Judgment or Decision	Date
.....
.....

11. Compensation being/to be received from the Association (Monthly/Annually)

Salary Allowances Per Diem

12. Statement as to character, experience, and general fitness to engage in the savings and loan business:

.....
.....
.....
.....
.....



Photo of Affiant



(Right Thumb Mark of Affiant)

I hereby certify that the information given in the foregoing is true and correct.

.....
(Date)

.....
(Signature)

Subscribed and sworn to before me this day of, 19.....
at, Philippines, Affiant exhibiting to me his/her Residence
Certificate No. A..... issued at on

.....
(Notary Public)

CIRCULAR No. 478

August 22, 1975

Pursuant to Monetary Board Resolution No. 1800 dated August 22, 1975, any person, firm, company or corporation may import and any

incoming traveller may bring freely with him any amount of legal tender "Ang Bagong Lipunan" gold coins duly issued by the Central Bank of the Philippines, as an exception to existing regulations.

This Circular shall take effect immediately.

FOR THE MONETARY BOARD:

(Sgd.) AMADO R. BRINAS
Senior Deputy Governor

CIRCULAR No. 479

September 4, 1975

Pursuant to its Resolution No. 1626 dated August 8, 1975, the Monetary Board amended Item 11 of Circular No. 420, as amended, so as to read as follows:

- "11. Moneyshops authorized to be established shall observe banking hours for not less than seven (7) hours a day, for seven days a week, between 4:30 A.M. and 8:00 P.M., the opening and closing hours to be selected by banking institutions depending upon the conditions prevailing in each individual market for purposes of offering working capital or inventory financing to market stallowners and for providing deposit/withdrawal services. Any change in moneyshop banking hours must be reported in writing to the Monetary Board through the appropriate supervising and examining department seven (7) banking days prior to the effectivity of the proposed change except in case of an emergency where a twenty-four (24) hour notice will suffice. Banking institutions may, at their discretion and after prior seven (7) banking day or twenty-four (24) hour written notice, as the case may be, to the Monetary Board through the appropriate supervising and examining department, open their moneyshops beyond the minimum seven (7) hours and for as long as they find it necessary even before 4:30 A.M. or after 8:00 P.M., x x x."

Please be guided accordingly.

(Sgd.) AMADO R. BRINAS
Senior Deputy Governor

CIRCULAR No. 480

September 24, 1975

Pursuant to Monetary Board Resolution No. 1921 dated September 12, 1975, the following guidelines for granting authority to all Thrift Banks (savings banks, development banks, stock savings and loan associations) to invest in equities of allied undertakings are hereby promulgated:

1. Thrift Banks desiring to invest in equities of allied undertakings shall file an application to this effect with the appropriate supervising Department of the Central Bank, disclosing in full the operational/functional/financial details of the company or firm in which the bank wishes to make an equity investment.

2. The following are hereby declared allied undertakings/enterprises for thrift banks:

- (a) Warehousing companies
- (b) Storage companies
- (c) Safe deposit box companies
- (d) Banks other than rural banks
- (e) Companies engaged in home-building and home-development

Provided, however, that the volume of business of the above-listed companies/corporations indicates that it is principally engaged in the business for which it was primarily established.

3. Thrift banks in the following situations, shall not be allowed to invest in equities of allied undertakings:

- (a) Capital impairment, whether by actual losses or valuation reserves recommended by the Central Bank;
- (b) Lending operations under suspension on account of reserve or capital deficiency any time, until such suspension shall have been lifted for at least one year and sufficient reserves or capital shall have been maintained;
- (c) Losses incurred from operation during the preceding year;
- (d) Whenever the required valuation reserves as recommended by the Central Bank have not been fully booked;
- (e) Whenever the individual/aggregate ceilings on credit accommodations to directors, officers and/or stockholders under Circular No. 357 dated January 22, 1973 have been exceeded; and
- (f) Whenever past due loans exceed reasonable or acceptable level.

4. Equity investment in any single allied enterprise shall not be more than 40% of the outstanding stock of such enterprise but shall not exceed 15% investing bank's networth.

5. The total investment of a thrift bank in the equity of a borrower company/firm shall, unless otherwise allowed by the Monetary Board, be limited to an amount equal to 15% of the investing bank's networth, less the total loans outstanding of the bank to such company/firm.

6. The Monetary Board may require, upon reasonable notice, a thrift bank to reduce/dispose its equity investments in an allied undertaking if the financial position of the bank becomes precarious, as determined by the Monetary Board.

7. The total loans which the bank may extend to a company/firm where the bank has an equity investment shall, unless otherwise allowed by the Monetary Board, not exceed 15% of the bank's networth after deducting the bank's investment in stock of the borrowing company/firm.

8. Except as may be authorized by the Monetary Board, concurrent directorship and/or officership in a bank and in an allied undertaking in which the bank has investments shall not be permitted.

This Circular modifies Circular Letter dated 4 January 1974, as amended, (Investments in allied undertakings by commercial, savings, and development banks) insofar as savings banks and development banks are concerned.

This Circular shall take effect immediately.

(Sgd.) AMADO R. BRIÑAS
Senior Deputy Governor

CIRCULAR NO. 481

September 24, 1975

SUBJECT: GOVERNMENT DEPOSITS

1. Section 118 of R.A. No. 265, as amended, provides as follows:

"The Central Bank shall be the official depository of the Government, its political subdivisions and instrumentalities as well as of government-owned or controlled corporations and, as a general policy, their cash balances should be deposited with the Central

Bank, with only minimum working balances to be held by government-owned banks and such other banks incorporated in the Philippines as the Monetary Board may designate, subject to such rules and regulations as the Board may prescribe."

This provision of law has been implemented by Central Bank Circulars No. 220 and 446.

2. It is hereby clarified that all types of deposits are covered, including the following:

- a) Demand, savings and time deposits;
- b) Deposit substitutes;
- c) Marginal deposits on importations; and
- d) Other forms of deposits or lendings to private financial institutions.

3. Banks and non-bank financial institutions (other than pawnshops) with outstanding holdings of deposits, deposit substitutes, borrowings and/or marginal deposits not otherwise allowed under existing regulations or previously authorized by the Central Bank, from government entities referred to in Section 118 of R.A. No. 265, as amended, are hereby enjoined to comply with Circulars No. 220 and 445, effective immediately, and are given thirty (30) calendar days from effectivity of this Circular within which to clear such outstanding unauthorized holdings. Provided, however, that such outstanding holdings with specific maturities may be allowed to run through their original maturities, but the same shall not be renewed thereafter.

4. Unless otherwise exempted by the Central Bank, any violations found subsequent to the transitory period prescribed in No. 3 above shall be sufficient ground to impose the following penalties:

a) The deposit account with the Central Bank of the bank concerned shall be debited by the Accounting Department of the Central Bank in the amount of the unauthorized deposit, deposit substitute, borrowings, and/or marginal deposit upon receipt of a report/notice from the appropriate supervising and examining department of the Central Bank, and the deposit account with the Central Bank of the Philippines National Bank shall be credited for the same amount. A copy of said report/notice of the supervising and examining department shall be furnished each to the bank concerned and the Philippine National Bank; and

b) The Certificate of Authority and/or Quasi-banking licenses, in the case of non-bank financial institutions, may be suspended for a certain period of time as may be determined by the Central Bank, but in no case shall the period of suspension be less than thirty (30) calendar days from the date the violation was found.

without prejudice, however, to the imposition of the administrative sanctions under Section 34-A of R.A. No. 265, as amended.

For the guidance of all concerned, attached is a partial list of government-owned or controlled corporations.

This Circular is issued pursuant to Monetary Board Res. No. 1920 dated September 12, 1975 and shall take effect immediately.

FOR THE MONETARY BOARD:

(Sgd.) G. S. LICAROS
Governor

Attachment:

PARTIAL LIST OF GOVERNMENT-OWNED OR CONTROLLED
CORPORATIONS

A. Public Utility Corporations

- 1) Communications and Electricity Development Authority
- 2) Manila Gas Corporation
- 3) Manila Transit Corporation
- 4) Metropolitan Waterworks and Sewerage System
- 5) National Power Corporation
- 6) Philippine National Railways

B. Government Developmental and Other Corporations

- 1) Agricultural Credit Corporation
- 2) Bataan Refining Corporation
- 3) Bicol Development Company
- 4) Bicol River Basin Council Program Office
- 5) Catanduanes Development Authority
- 6) Central Luzon—Cagayan Valley Authority
- 7) CEPOC Industries, Inc.
- 8) Coconut Investment Company
- 9) Export Processing Zone Authority
- 10) Farms System Development Corporation
- 11) Fertilizer Industry Authority

- 12) Filoil Industrial Estates, Inc.
- 13) Filoil Refinery Corporation
- 14) Food Terminal Incorporated
- 15) Home Financing Commission
- 16) Ilocos Sur Development Authority
- 17) Laguna Lake Development Authority
- 18) Leyte Sub-A Basin Development Authority
- 19) Luzon Stevedoring Corporation
- 20) Manila Hotel Company
- 21) Marawi Resort, Inc.
- 22) Mindeva Agricultural Industrial Development Corporation
- 23) Mindeva Refrigeration Industries
- 24) Mindoro Development Board
- 25) Mt. Province Development Authority
- 26) National Development Company
- 27) National Electrification Administration
- 28) National Grains Authority
- 29) National Irrigation Administration
- 30) National Shipyards and Steel Corporation
- 31) National Steel Corporation
- 32) National Stud Farm
- 33) Northern Samar Development Authority
- 34) Palawan Cannery and Fishery Development Corporation
- 35) Panay Development Authority
- 36) PEFTOK Investment and Development Corporation
- 37) Petron Tankers Corporation
- 38) Petron TBA Corporation
- 39) Petrophil Corporation
- 40) Petrophil Tankers Corporation
- 41) Philippine Aerospace Development Corporation
- 42) Philippine Charity Sweepstakes Office
- 43) Philippine Coconut Authority
- 44) Philippine Cotton Corporation
- 45) Philippine Deposit Insurance Corporation
- 46) Philippine Exchange Company, Inc.
- 47) Philippine International Trading Corporation
- 48) Philippine National Oil Company
- 49) Philippine Sugar Institute
- 50) Philippine Tobacco Administration
- 51) Philippine Virginia Tobacco Administration
- 52) PNOG Tankers Corporation
- 53) Southeastern Samar Development Authority
- 54) Southern Philippines Development Administration
- 55) Sulu Development Company

(excluded from this list are government financial institutions, state colleges and universities and self-governing boards, commissions and agencies).

CIRCULAR NO. 482

October 13, 1975

**REPRODUCTION AND USE OF FACSIMILES OF
GOVERNMENT SECURITIES**

Pursuant to the Monetary Board Resolution No. 2164 dated October 10, 1975, relative to Sections 98, 115 and 122 of Republic Act No. 265, as amended, otherwise known as the Central Bank Act, the following rules and regulations governing the reproduction and use of facsimiles of government securities issued by and/or through the Central Bank of the Philippines are hereby promulgated:

1. No person or entity shall design, engrave, print, make or execute in any other manner, or issue, distribute, circulate or use any handbill, advertisement, placard, circular, card or object whatsoever bearing the likeness or similitude of any government securities issued by and/or through the Central Bank of the Philippines, or any part thereof, whether in black and white or any color or combination of colors, without prior written authority therefor having been secured from the Governor of the Central Bank.

2. The reproduction and use of facsimile of government securities referred to in the foregoing Section may be authorized by the Governor of the Central Bank for printed illustrations in articles, books, journals, newspapers, or other similar materials, and for education, historical, and/or newsworthy purposes only: Provided, however, That any such illustration shall be in black and white, and of a size less than three-fifths ($\frac{3}{5}$) or more than one and one-half ($1\frac{1}{2}$) times in size of the government securities being illustrated.

3. Any violation hereof shall subject the offender to the penal provisions of Section 34 of Republic Act No. 265.

4. This Circular shall take effect immediately.

(Sgd.) G. S. LICAROS
Governor

**PROCEDURAL GUIDELINES IMPLEMENTING
CIRCULAR NO. 482**

October 22, 1975

The following rules shall be observed in the implementation of Central Bank Circular No. 482 dated October 13, 1975:

1. All applications/requests for authority to reproduce and use facsimiles of government securities issued by and/or through the Central Bank shall be submitted to the Office of the Governor through the Securities Marketing Department.

To provide sufficient time for the processing thereof, applications/requests must be submitted at least thirty (30) days before the scheduled date of reproduction of the facsimile of the pertinent government security/ies.

2. The application/request must contain, among other things, the following:

- a. Name of person or entity
- b. Address
- c. Purpose/intended use
- d. Name of printer and address
- e. Undertaking that applicant shall furnish within five (5) days from the date of reproduction of the facsimile of the corresponding government security/ies, the Securities Marketing Department, Central Bank of the Philippines, for record purposes, with a copy of the facsimile thereof.

3. The Securities Marketing Department shall advise as soon as possible the applicant of the action taken thereon by the Governor.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 483

October 20, 1975

The Monetary Board, in its Resolution No. 2205 dated October 17, 1975, approved the following policies with respect to individual and family group holdings in the voting equity of banks in furtherance of the purposes of Sections 12-D and 12-B of R. A. No. 337, as amended:

1. *Individual/family group/corporate ceiling.* Except as provided for in Paragraph 2, the stockholdings in any bank of any of the following shall not exceed twenty per cent of the voting stock of the bank:

(a) Any natural person; or

(b) Persons related to each other within the third degree of consanguinity or affinity, herein termed a family group; or

(c) Any corporation or corporations which are wholly-owned or a majority of the voting stock of which are owned by a natural person such as in (a) above, or by a family group such as in (b) above, including their wholly-or majority-owned subsidiaries; provided: that, where (c) together with (a) or (b) own or desire to own equity in any bank, their combined voting stockholding shall be the basis for the computation of the twenty per cent ceiling.

2. *Stockholdings in excess of ceiling.* Any or all, as the case may be, of the above-mentioned stockholders owning more than twenty per cent of the voting stock of any bank on the date of the effectivity of Presidential Decree No. 71 amending Republic Act No. 337, may maintain but may not increase such holdings in percentage terms; and once reduced, the same may not thereafter be increased beyond twenty per cent of the bank's voting stock. Stockholders falling under categories (a) or (b) of Paragraph 1 above who are presently allowed to own up to thirty-five per cent of the voting stock in a newly organized thrift bank or rural bank shall also be covered by this rule.

3. *Transfers and acquisitions of shares within a family group.* Transfers of ownership of shares of stock within a family group, which do not thereby increase but merely maintain the aggregate percentage holdings of the group beyond twenty per cent of the bank's voting stock, shall be allowed: provided that, no stockholder-member of a family group may acquire additional shares from any other member of that group, if such acquisition would increase his holdings of voting stock beyond the twenty per cent ceiling on individual holdings.

4. *Transfers to new investors.* Any stockholder may transfer in one transaction to a new investor who is a natural person his entire stockholdings of voting stock, even if it is in excess of the twenty per cent ceiling. However, if the new investor belongs to any family group already holding voting stocks in the same bank, his capacity to acquire new shares shall be limited to an extent which is within the individual/family group/corporate ceiling set forth in paragraph 1 of these rules and regulations. Furthermore, if the new investor acquires twenty per cent or more of the voting stock of the bank in that single transaction, he shall thereafter be subject to the provisions of Paragraph 2 above. In any case, the new investor shall not acquire more than twenty per cent of the bank's voting stock from two or more stockholders.

5. *Determination of a) relationship within the third degree of consanguinity or affinity and b) a 'family group' subject to the twenty per cent ceiling.*

a) Relationship of persons to each other within the third degree of consanguinity or affinity shall be determined in accordance with the provisions of Articles 963 to 966 of the Civil Code of the Philippines.

b) For purposes of this circular, persons owning voting stock in a bank who are related to each other within the third degree of consanguinity or affinity shall comprise a family group whose combined holding is subject to the twenty per cent ceiling. Persons who are related to each other but not within the third degree such as first cousins do not form a family group. In determining whether the prospective transferee or purchaser is part of a family group subject to the 20% limit/ceiling, the degree of relationship shall be counted from the transferee or purchaser. It is possible for a person to belong to several family groups, and in such a case, it is enough that the percentage limit of twenty per cent for one family group is exceeded for the acquisition/transfer of shares to be considered a violation, even if the transaction may not violate the limit for all of the other possible family groups.

6. The provisions of existing Circulars, rules and regulations inconsistent with the foregoing are hereby modified or amended accordingly.

7. This Circular shall take effect immediately.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 484

October 30, 1975

A "Disclosure Statement on Loan/Credit Transaction" (sample form attached) is hereby prescribed for use by non-bank financial intermediaries and creditors other than banks, building and loan associations, and non-stock savings and loan associations, pursuant to Section 2 of Circular No. 431 which reads:

"SEC. 2. Availability for Inspection of Copies of Contracts. Every creditor shall keep in his office or place of business copies of contracts covering all credit transactions entered into by him which involve the extension of credit to another and the payment of finance charges therefor. Such copies shall be available for inspection or

examination by the respective directors of the appropriate supervising and examining departments of the Central Bank of the Philippines or their duly authorized deputies.

"In case the seven items of information mentioned in Section 1 of Circular No. 158 are not disclosed in the contract covering the credit transaction, said items, to the extent applicable, shall be disclosed in another document in a form to be prescribed by the Monetary Board, to be signed by the debtor and appended to the main contract."

A copy of such disclosure statement, duly accomplished, shall be furnished every borrower.

An Abstract of R. A. No. 3765 otherwise known as the "Truth in Lending Act" (sample copy attached) shall be reproduced in a format which is 60 cm. wide and 75 cm. long, and posted on a conspicuous place in the creditor's place(s) of business.

Every creditor other than banks, building and loan associations and non-stock savings and loan associations, shall accomplish and file an information sheet (sample form attached) with the Department of Financial Intermediaries (Non-Bank), Central Bank of the Philippines, on or before 31 December 1975 for existing firms, or within 30 days from start of operations for new firms. Non-bank financial intermediaries which have filed information sheets with the DFI (Non-Bank) need not file the same.

Non-compliance with this Circular shall subject the creditor concerned to such administrative sanctions as the Monetary Board shall impose.

This Circular shall take effect on 17 November 1975.

(Sgd.) G. S. LICAROS
Governor

(Sample forms not reproduced)
(Attachments:)

ABSTRACT OF "TRUTH IN LENDING ACT"

(Republic Act No. 3765)

SECTION 1. This Act shall be known as the "Truth in Lending Act."

SEC. 2. *Declaration of Policy.*—It is hereby declared to be the policy of the State to protect its citizens from a lack of awareness of the true cost of credit to the user by assuring a full disclosure of such cost with a view of preventing the uninformed use of credit to the detriment of the national economy.

SEC. 3. As used in this Act, the term—

* * * * *

(3) "Finance charge" includes interest, fees, service charges discounts, and such other charges incident to the extension of credit as the Board may by regulation prescribe.

* * * * *

SEC. 4. Any creditor shall furnish to each person to whom credit is extended, prior to the consummation of the transaction, a clear statement in writing setting forth, to the extent applicable and in accordance with rules and regulations prescribed by the Board, the following information:

(1) the cash price or delivered price of the property or service to be acquired;

(2) the amounts, if any, to be credited as down payment and/or trade-in;

(3) the difference between the amounts set forth under clauses (1) and (2);

(4) the charges, individually itemized, which are paid or to be paid by such person in connection with the transaction but which are not incident to the extension of credit;

(5) the total amount to be financed;

(6) the finance charge expressed in terms of pesos and centavos; and

(7) the percentage that the finance charge bears to the total amount to be financed expressed as a simple annual rate on the outstanding unpaid balance of the obligation.

* * * * *

SEC. 6. (a) Any creditor who in connection with any credit transaction fails to disclose to any person any information in violation of this Act or any regulation issued thereunder shall be liable to such person in the amount of ₱100 or in an amount equal to twice the finance charge required by such creditor in connection with such transaction, whichever is the greater, except that such liability shall not exceed ₱2,000 on any credit transaction. * * *

* * * * *

(c) Any person who willfully violates any provision of this Act or any regulation issued thereunder shall be fined by not less than ₱1,000

nor more than ₱5,000 or imprisonment for not less than 6 months, nor more than one year or both.

* * * * *

(e) Any final judgment hereafter rendered in any criminal proceeding under this Act to the effect that a defendant has willfully violated this Act shall be *prima facie* evidence against such defendant in an action or proceeding brought by any other party against such defendant under this Act as to all matters respecting which said judgment would be an estoppel as between the parties thereto.

SEC. 7. This Act shall become effective upon approval.

Approved, June 22, 1963.

CIRCULAR NO. 485

October 30, 1975

The "Disclosure Statement on Loan/Credit Transaction" (sample form attached) is hereby prescribed for use by banks, building and loan associations, and non-stock savings and loan associations, pursuant to Section 2 of Circular No. 431 which reads:

"SEC. 2. *Availability for Inspection of Copies of Contracts.* Every creditor shall keep in his office or place of business copies of contracts covering all credit transactions entered into by him which involve the extension of credit to another and the payment of finance charges therefor. Such copies shall be available for inspection or examination by the respective directors of the appropriate supervising and examining departments of the Central Bank of the Philippines or their duly authorized deputies.

"In case the seven items of information mentioned in Section 1 of Circular No. 158 are not disclosed in the contract covering the credit transaction, said items, to the extent applicable, shall be disclosed in another document in a form to be prescribed by the Monetary Board, to be signed by the debtor and appended to the main contract."

A copy of such disclosure statement, duly accomplished, shall be furnished every borrower.

An abstract of R.A. No. 3765 otherwise known as the "Truth in Lending Act" (sample copy attached) shall be reproduced in a format which is 60 cm. wide and 75 cm. long, and posted on a conspicuous place in the creditor's place(s) of business.

Non-compliance with this Circular shall subject the creditor concerned to such administrative sanctions as the Monetary Board shall impose.

This Circular shall take effect on 17 November 1975.

(Sgd.) G. S. LICAROS
Governor

(Attachments and sample forms not reproduced. Attachment same as for Circular 484)

CIRCULAR NO. 486

November 3, 1975

Pursuant to Monetary Board Resolution No. 2320 dated October 31, 1975, Section 6 of Circular No. 401 dated April 24, 1974, as amended by Circular No. 463 dated April 23, 1975, is hereby further amended so that the gold used as collateral for pesos borrowed by primary gold producers from Authorized Gold Dealers shall be covered by a duly executed chattel mortgage or deed of assignment.

In consonance herewith, Section 8 of said Circular No. 401 is also hereby amended to read as follows:

“SEC. 8. Peso advances extended by the Central Bank and the discounted promissory notes under the preceding section shall be liquidated immediately after the sale of the gold either by the Authorized Gold Dealer or the primary gold producer, as the case may be, in accordance with the terms of the chattel mortgage or deed of assignment.”

This Circular takes effect immediately.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 487

November 10, 1975

Pursuant to Monetary Board Resolution No. 2361 dated November 7, 1975, rural banks and savings & loan associations shall not accrue interest income on loans which are already past due or on loan installments which are in arrears, regardless of whether the loans are secured or unsecured. Interest on past due loans or loan installments in arrears shall be taken up as income only when actual payments thereon are received.

For purposes of this Circular, loans shall be considered past due if not fully paid after the maturity date, and a loan installment shall be considered in arrears if not fully paid after the date the installment is due.

This Circular shall take effect immediately.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 488

November 19, 1975

The Monetary Board in its Resolution No. 2387 dated November 14, 1975, amended Sections 2(c), 3, and 4(a) of Circular No. 481 so as to exclude marginal deposits on import letters of credit from among the government deposits subject to the requirements of said Circular.

This Circular shall take effect immediately.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR NO. 489

December 15, 1975

Pursuant to Presidential Decree No. 678, Republic Act No. 265, as amended, and other pertinent laws, the Monetary Board, under its Resolution No. 2609 dated December 12, 1975, promulgated the following rules on the issuance and negotiation of commercial papers by banks and non-bank financial intermediaries:

SEC. 1. All banks and non-bank financial intermediaries which have outstanding commercial paper issues or are issuing or intending to issue commercial papers shall comply with the Rules on Registration of Commercial Papers of the Securities and Exchange Commission, as approved by the Monetary Board. When the issuance of commercial papers amounts to the performance of quasi-banking functions, the issuer shall first obtain a certificate of authority from the Central Bank in accordance with Central Bank Circular No. 387.

SEC. 2. Any bank or non-bank financial intermediary covered by this Circular found violating or not complying with the provisions hereof and the Rules on Registration of Commercial Papers of the Securities and Exchange Commission as approved by the Monetary Board may be subject to the following sanctions/penalties:

- a) Suspension or revocation of the authority to engage in quasi-banking functions;
- b) Penalties prescribed under Section 34 of Republic Act No. 265, as amended;
- c) In the case of banking institutions and their directors and officers, the administrative sanctions authorized under Section 34-A, Republic Act No. 265, as amended; and
- d) Such other penalties/sanctions authorized by law.

SEC. 3. This Circular shall take effect immediately.

FOR THE MONETARY BOARD:

(Sgd.) AMADO R. BRIÑAS
Senior Deputy Governor

(Attachment: Rules on Regulations of Commercial Papers)

RULES ON REGISTRATION OF COMMERCIAL PAPERS

Pursuant to Presidential Decree No. 678 and existing laws, the Commission hereby promulgates the following rules and regulations covering the issue of commercial papers in the interest of full disclosure and protection of investors and lenders.

SECTION 1. *Scope.* Any person, firm or entity which issues commercial papers shall be subject to the provisions of these rules.

Initially, only corporations shall be covered by these regulations. Separate regulations covering non-corporate issues of commercial paper shall be issued at such time as the Commission deems necessary and appropriate in the public interest.

SEC. 2. *Definitions.* For the purpose of these rules, unless the context otherwise indicates, the following definition of terms is hereby adopted:

(a) *Commercial Paper* is an instrument evidencing indebtedness of any person or entity, especially banks and non-banks performing quasi-banking functions, irrespective of maturity, which is issued, endorsed, sold, transferred or in any manner conveyed to another person or entity, either with or without recourse. Example of commercial papers are promissory notes, repurchase agreements, certificates of assignments, certificates of participations, trust certificates and/or similar instruments.

(b) *Interbank Call Loan* is a loan extended by a bank to another bank, demandable within 24 hours, and evidenced by an interbank call loan advice form, in accordance with Central Bank Memorandum to All Commercial Banks dated March 13, 1975.

(c) *Issue* means creation of real or contingent liability relative to commercial papers. It includes the roll-overs and/or extension of maturing commercial papers.

(d) *Negotiation* is the transfer of an instrument or of any underlying rights/interests thereof with the necessary formality as to constitute the transferee a holder or payee thereof.

(e) *Affiliate*—a concern linked directly or indirectly to another by means of:

- (1) Ownership, control and power to vote, of 10% or more of the outstanding voting securities.
- (2) Interlocking directorship/officership.
- (3) Common major stockholders; i.e. owning 10% or more of the outstanding voting securities.
- (4) Management contract or any arrangement granting power to direct or cause the direction of management and policies.

(5) Voting trustee holding 10% or more of the outstanding voting securities.

(6) Permanent proxy constituting 10% or more of the outstanding voting securities.

(f) *Subsidiary*—means a company 50% or more of the outstanding voting securities of which are directly or indirectly owned, controlled, or held with power to vote, by another.

SEC. 3. *Registration.*

(a) The following corporate issuers of commercial papers *are required to file a registration statement* with the Securities and Exchange Commission, on or before January 1, 1976.

- (1) Every financial intermediary, bank or non-bank which performs quasi-banking functions:
- (2) Every corporate issuer of commercial paper aggregating ₱1 million or more outstanding
 - (i) which would be negotiated; or
 - (ii) which would be issued to twenty (20) or more lenders/investors.

It is understood that any corporation performing quasi-banking functions shall, in addition to the registration requirement of these rules, be subject to the provisions of CB Circular 387 on securing a certificate of authority to perform quasi-banking functions.

(b) The applicant for registration under this Section shall submit the following documents:

- (1) Application and Registration Statement, in the prescribed form and with the prescribed Annexes thereto:
- (2) Audited financial statement as of at least three (3) months prior to 1 January 1976 or Audited financial statement as of more than three (3) months but not beyond twelve (12) months prior to 1 January 1976 accompanied by an unaudited financial statement as of at least 3 months prior to 1 January 1976, the latter financial statement, however, shall be substituted with an audited financial statement three (3) months following the end of applicant's fiscal year.
- (3) A copy of any prospectus, brochure, advertisement or letter of communication which the registrant intends to issue in connection with the registration.

(c) The Commission may waive the need for the disclosure of any portion of a material instrument and/or contract if the registrant requests and the Commission agrees that disclosure of such portion would impair the value of the instrument or contract and would not be necessary for the protection of investors.

(d) The registration of commercial papers with maturity of more than one year shall be governed by the procedure for close-end registration of securities under the Securities Act, as prescribed by the Commission.

(e) The acceptance of the registration application is not a guarantee that the Commission has evaluated the registration papers.

SEC. 4. *Negotiation.* No commercial paper shall be negotiated without first having been registered in accordance with these rules, unless it is exempt from registration, as provided under Sec. 5.

SEC. 5. *Exemption from Registration.* The following need not be registered under these rules:

(a) Interbank call loans as herein defined;

(b) Loans and advances of the Central Bank under its open market and/or rediscounting operations;

(c) Commercial papers issued by the National and local Governments, Central Bank of the Philippines, Philippine National Bank, Development Bank of the Philippines, Land Bank of the Philippines, Government Service Insurance System, Social Security System and such other financial entities as may be determined by the Commission, upon the recommendation of the Central Bank; and

(d) Commercial papers issued by corporations, the total outstanding amount of which is less than ₱1 million at any one time, or ₱1 million or more but neither negotiated nor issued to twenty (20) or more lenders investors: *Provided, however,* that any corporation performing quasi-banking functions shall be subject to the requirements of CB Circular No. 387 (series of 1973): *Provided, further,* that for purposes of determining exemption under this sub-paragraph, papers of subsidiaries, affiliates, holding companies or any other related companies shall be aggregated and considered as one issue.

SEC. 6. *Reports of Exempted Corporate Issuer.* Other than those indicated in Sec. 5 (a) to (c), every corporate issuer of commercial paper exempted under these rules shall file an information sheet, in such form and content prescribed by the Commission, under oath, upon effectivity of these regulations and thereafter not later than January 31 of every year.

SEC. 7. *Open-end Registration.* Registration of commercial paper as required under Sec. 3 hereof shall authorize the registered issuer to issue commercial papers: *Provided, however,* that the aggregate outstanding issues any one time shall not exceed the debt ceiling of commercial papers with maturities of one year or less, determined and authorized by its Board of Directors and disclosed in the registration statement.

SEC. 8. Notice and Hearing.

(a) For registrants who have commercial paper outstanding prior to the effectivity of these regulations.

(1) Upon receipt of the registration statement duly accomplished and with the required annexes, the Commission shall publish an omnibus notice thereof in a newspaper of general circulation throughout the Philippines. The cost of publication shall be borne proportionally by applicants concerned.

(2) Seven (7) days after such publication, the Commission shall issue a provisional permit authorizing the sale of commercial papers in the Philippines. This permit shall be valid for a period of 90 days.

(3) During this period, the Commission shall review the registrant's application. If necessary, the Commission may call the officers of the registrant to a closed door conference-hearing.

(4) Within said period of ninety (90) days, the Commission shall issue a regular authority to sell unless it needs additional information or materials; in which case the Commission shall issue its decision not later than ten (10) days after submission of the additional information or materials beyond the said 90-day period.

(5) The registrant shall publish the fact that a regular authority has been issued by the Commission in a newspaper of general circulation throughout the Philippines in a form and content as approved by the Commission.

(6) This regular authority shall be subject to the annual renewal requirements.

(b) For registrants which do not have any commercial paper outstanding prior to the effectivity of these regulations.

(1) The Commission shall issue its decision to register not later than ninety (90) days after submission of the completed application for registration. In the event the Commission should require additional information, the Commission's decision shall in no case be issued later than ten (10) working days after submission of the additional information beyond the aforesaid 90-day period.

(2) During this period, the Commission shall review the registrant's application. If necessary, the Commission may call the officers of the registrant for a closed door conference-hearing.

(3) After the Commission issues the registration authority, the registrant shall publish notice thereof in a newspaper of general circulation throughout the Philippines in such form and content as prescribed by the Commission.

- (4) Seven (7) days after publication, the regular authority issued shall be automatically in force.

SEC. 9. *Return of Registration Applications.*

(a) The Commission shall return any application for registration, unless it is satisfied that:

- (1) all the requirements of applicable laws and regulations governing the issuance of commercial papers have been complied with;
- (2) the issuance of the commercial papers will not be in conflict with public interest and national policies; and
- (3) all information necessary for a proper evaluation of the worthiness of the commercial paper have been disclosed in the registration statement.

(b) The Commission shall return applications upon finding that the information disclosed by the registrant in its application for registration is erroneous or may result in a misleading conclusion.

SEC. 10. *Basic Features of Commercial Papers.*

(a) All registered commercial papers of registered issuers shall be pre-numbered. It shall state, among others, the debt ceiling of the registrant and a notice that all information about the registrant is available at the Commission.

(b) The Commission may, at some future date, require the standardization of commercial paper format.

SEC. 11. *Filing Fees.* Every registrant shall pay the following fees:

(a) Upon registration, an initial fee of 1/50th of 1% or ₱1,000, whichever is higher, but not to exceed ₱10,000 based on the total commercial paper registered.

(b) On the anniversary month of registration, a renewal fee of fifty (50) percentum of the original filing fee, plus 1/50th of 1% of any increase from the last previous registered amount, with a maximum of ₱10,000 and a minimum of ₱500.00.

SEC. 12. *Submission of Inventories.* The following inventories as at October 31, November 30 and December 31, 1975 shall be submitted to the Commission not later than fifteen (15) days from end of the reference month:

(a) A list of the outstanding commercial paper held by each financial intermediary engaged in quasi-banking functions, showing the name of the issuer, date of maturity and amount thereof.

(b) A list of outstanding commercial papers issued by corporations covered under Sec. 3 by type, date of maturity and amount thereof.

SEC. 13. *Periodic Reports.* Every registered issuer of commercial papers shall file with the SEC a quarterly statement, signed under oath by its President, specifying any changes in their original registration statement. These documents shall be filed within thirty (30) days following the end of each quarter.

SEC. 14. *Central Bank Supervisory Powers.* The Monetary Board shall also have the power of supervision in the enforcement of these rules, concurrent with the Commission and, without prejudice to the provisions of the succeeding paragraph, impose administrative sanctions as circumstances warrant.

SEC. 15. *Administrative Sanctions.* If after due notice and hearing, the Commission finds that there was a willful intent to submit inadequate disclosures or to deceive through the filing of inaccurate information in the registration statements and/or periodic reports, or there is a violation of any of the above regulations, the Commission may subject the violator to any of the following penalties:

- (a) Suspension or revocation of selling authority,
- (b) A fine of not less than ₱200 for every day the violation persists;
- (c) Other penalties within the power of the Commission under existing laws; and
- (d) The filing of criminal charges against the corporation and its principal officers.

SEC. 16. *Effectivity.* These rules shall take effect immediately.

Manila, Philippines, _____, 1975.

ANGEL L. LIMJOCO, JR.

Chairman

Securities and Exchange Commission

APPROVED:

TROADIO T. QUIAZON, JR.

Secretary

Department of Trade

G. S. LICAROS

Chairman

*Monetary Board of the Central Bank
of the Philippines*

CIRCULAR NO. 490

December 16, 1975

Pursuant to Monetary Board Resolution No. 2608 dated December 12, 1975, importations allowed to be made under Open Account (O/A) and/or Documents against Acceptances (D/A) arrangements in accordance with Circular No. 347 dated July 28, 1972, shall be limited to commodity items falling under the "Essential Producer" (EP) goods category only.

Provisions of said circular and such other regulations not consistent with the foregoing are hereby revoked.

This Circular shall take effect immediately.

(Sgd.) AMADO R. BRIÑAS
Senior Deputy Governor

CIRCULAR NO. 491

December 16, 1975

SUBJECT: Further Amendment to Paragraph 1 (b) of Circular No. 210 dated November 6, 1965, as amended.

Pursuant to M.B. Res. No. 2608 of December 12, 1975, paragraph 1 (b) of Circular No. 210 dated November 6, 1965, as amended by Circular No. 293 dated March 10, 1970, is hereby further amended to read as follows:

"The proceeds of exports must be received in currencies prescribed to form part of the international reserve. Within a period of SIXTY (60) days from date of shipment or within such period as may in special cases be established, exporters must repatriate in instruments of international exchange the total value of their exports and must liquidate this value within three (3) business days following the receipt of subject foreign exchange. Payments for exports on a cash, collection or consignment basis must be arranged through an authorized agent bank, which must specifically contract with the exporter, to buy the exchange proceeds. The bank shall issue a certificate that payment has been made or arranged in an approved manner, to enable clearance of the exports through customs."

This Circular shall take effect immediately.

For the Monetary Board:

(Sgd.) AMADO R. BRIÑAS
Senior Deputy Governor

CIRCULAR LETTER

January 6, 1975

To : ALL BANKS CONCERNED

The Monetary Board, in its Resolution No. 2289 dated October 18, 1974, authorized the deduction of portions of the special time deposit loans covered by Industrial Guarantee and Loan Fund (IGLF) guarantee from the total assets for purposes of computing the minimum capital required under Section 22 (for commercial banks) and Section 30 (for savings and mortgage banks) of Republic Act No. 337, as amended.

Please be guided accordingly.

(Sgd.) AMADO R. BRIÑAS
Senior Deputy Governor

CIRCULAR LETTER

January 10, 1975

To : ALL COMMERCIAL, THRIFT AND REGIONAL UNITS BANKS
(INCLUDING THE DEVELOPMENT BANK OF THE PHILIPPINES)

Regarding the form for "CONSOLIDATED REPORT ON THE UTILIZATION OF LOANABLE FUNDS SET ASIDE FOR AGRICULTURAL CREDIT" under C.B. Circular No. 408 dated May 31, 1974, please submit a triplicate copy of the form to the Department of Economic Research (DER), Central Bank of the Philippines, in addition to the original and duplicate copies being submitted to the appropriate supervising and examining department, starting with your report as of December 31, 1974.

In this connection, banks under the supervision of the Department of Commercial and Savings Banks (DCSB), Central Bank of the Philippines, shall identify this form under Form No. CBP-7-16-27. Banks under the supervision of the Department of Rural Banks and Savings and Loan Associations (DRBSLA) shall be guided by the Memorandum Circular dated June 21, 1974 of said Department.

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR LETTER

January 24, 1975

TO: ALL AUTHORIZED AGENT BANKS

SECTION 1. Authorized Agent Banks are hereby requested to disseminate to their clients, specially agents (natural or juridical persons) of foreign shipping and airline companies, shipbuilders, ship repairers, ship chandlers and others included in the listing under Section 5 of Circular 364 dated February 26, 1973, the provisions of Section 4 of the aforesaid Circular, hereunder quoted:

“SEC. 4. Agreements or contracts of services entered into by private resident persons, firms, associations or corporations, with private non-resident persons, firms, associations or corporation situated abroad, involving or requiring rendition of services (non-trade) by the former to the latter, including but not limited to those entered into by resident construction firms, engineering firms, architectural firms, or labor contractors, shall contain a stipulation that the services which may be rendered by a resident to a non-resident shall be paid for in foreign currencies acceptable to the Central Bank of the Philippines. Resident persons, firms, associations or corporations concerned *are hereby required to furnish the Foreign Exchange Department of the Central Bank of the Philippines a copy of any such agreements or contracts which may be entered into by them.*

“Any agreement or contract which may be entered into by and between the persons or firms aforementioned in this Section which stipulates or calls *for the payment in pesos of the services to be rendered by a resident to a non-resident shall be submitted to the Central Bank for prior approval.*”

and to advise them that foreign exchange earned by them in any manner whatsoever, e.g. commissions, salaries, etc., for services rendered or received by them as advances for the operations are not eligible for deposit under Circular 343 but must be sold for pesos to authorized agent banks within three (3) business days from date of receipt thereof.

SEC. 2. The contracts/agreements referred to in Section 4 of Circular 364 shall be submitted within five (5) days from the execution thereof.

It is advised, in this connection, that violation of the aforesaid provision of Circular 364 as well as the failure to surrender/sell for pesos to the banking system the foreign exchange earned for services rendered shall subject the offenders to the administrative sanction or penal provisions of the Central Bank Act as amended by Presidential Decree No.

72 dated November 29, 1972 or to both such administrative and penal sanctions, whenever applicable.

Please be guided accordingly.

(Sgd.) C. J. LOMOTAN
Deputy Governor

CIRCULAR LETTER

January 24, 1975

To : ALL AUTHORIZED AGENT BANKS, SHIPPING/AIRLINE AGENTS AND BRANCH OFFICES OF FOREIGN SHIPPING/AIRLINE COMPANIES.

Effective immediately, all foreign exchange received by agents/branches of foreign shipping/airline companies in the Philippines *as advances* from their Head Offices/Principals for use in their operations shall be reported to the Foreign Exchange Department, Central Bank of the Philippines (Attention: Invisible Receipts Group) within five (5) days from receipt thereof.

As provided for under existing regulations all such foreign exchange receipts/acquisitions shall be sold for pesos to the banking system within three (3) business days from date of receipt of the foreign exchange in the Philippines.

The report shall be accompanied by proof of (1) inward remittance and (2) sale for pesos of the foreign exchange to the banking system.

To further insure compliance with this and other regulations of the Bank requiring the mandatory inward remittance of foreign exchange receipts of Philippine residents, authorized agent banks are hereby instructed *not* to give due course to applications filed by or on behalf of the agents/branch offices of foreign shipping and airline companies for purchase of foreign exchange to cover remittances of shipping/airline revenues to their Head Offices unless such applications are supported, in addition to the CPA-certified Statement of Revenues and Expenses, by the following documents/papers:

1. A sworn detailed statement signed by a responsible official of the remitting branch or the agent himself showing the amount of the local agents' commissions, date and amount of inward remittance of foreign exchange representing payment of the commission, name of the receiving bank, dates and numbers/particulars of the shipping airline agency/operating contracts under which payment of the commission was stipulated; and amount of foreign exchange sold for pesos to the bank/s and date of sale thereof;

2. A detailed statement signed by an official of the remitting branch or the agent himself showing the amount and date of inward remittance representing *advances* by the foreign shipping/airline companies to the agents/branches for their operations, name of the recipient bank; the amount of foreign exchange sold for pesos and the peso amount released to the local shipping/airline agent/branch; and
3. A certification to the effect that the particular agency/operating contracts/agreements have been submitted to this Office as required by Section 4 of Central Bank Circular 364.

The submission of a copy of the approved application to purchase foreign exchange for remittance of net revenues together with the above-listed supporting documents to the Post Audit Unit of the Foreign Exchange Department of this Bank is likewise required.

Please be guided accordingly.

(Sgd.) C. J. LOMOTAN
Deputy Governor

CIRCULAR LETTER

February 3, 1975

To : ALL COMMERCIAL SAVINGS AND MORTGAGE, AND DEVELOPMENT BANKS

Pursuant to M. B. Resolution No. 250 dated January 31, 1975, Item 4. (b) in the Circular Letter dated January 4, 1974, regarding guidelines in the granting of authority to banks to invest in equities of allied undertakings, which reads as follows:

“(b) Equity investment of the bank in any single enterprise shall not be more than 35% of the outstanding stock of such company but not to exceed 15% of the investing bank’s network.”
is hereby amended to read as follows:

“(b) Equity investment of the bank in any single enterprise shall not be more than 40% of the outstanding stock of such company, except as otherwise provided for in Circular No. 449 dated February 3, 1975, provided that such equity investment shall not exceed 15% of the investing bank’s network.”

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Governor

EXPORT DEPARTMENT

CIRCULAR LETTER NO. 1

February 6, 1975

TO ALL AUTHORIZED AGENT BANKS

The Bureau of Customs has advised the Central Bank Export Department that some authorized agent banks in Manila are releasing the originals of Export Declarations and Export Permits issued by them to exporters' representatives. This is in violation of the existing regulations on the matter and the authorized agent banks concerned are enjoined to discontinue the practice immediately.

The attention of all authorized agent banks is again invited to Export Department Memorandum to Authorized Agent Bank No. 81 dated July 16, 1962, as amended by Export Department Memorandum to Authorized Agent Banks No. 83 dated August 8, 1962, which provides, among other things, that export licenses issued by authorized agent banks in Manila shall be delivered only by the authorized representatives of the issuing banks to the Bureau of Customs.

Export Declarations/Permits for the Bureau of Customs shall not be delivered to the exporters or to their representatives. Instead, all such Export Declarations/Permits shall be delivered only by the authorized representative of the issuing agent bank to the Export Coordination Department, Bureau of Customs, Manila, except Export Declarations/Permits covering shipments by air which shall be delivered only by the authorized representative of the issuing agent bank to the Bureau of Customs at the Manila International Airport.

Authorized agent banks shall be guided accordingly.

(Sgd.) JESUS C. RAZON
Director

CIRCULAR LETTER

February 11, 1975

To: ALL BANKS

In its Resolution No. 118 dated January 17, 1975, the Monetary Board decided that real estate transactions between a bank and its directors, officers, stockholders or any firm substantially owned by one

or more of such directors, officers or stockholders, the board of directors of the bank shall, through the appropriate supervising and examining department of the Central Bank:

1. Report to the Monetary Board any real estate transaction (such as, but not limited to, rentals or leases, purchases and sales, or foreclosed assets) by and between the bank and its director (s), officer (s), stockholder (s) owning at least 2% of the bank's subscribed capital stock or any firm substantially owned (in the aggregate of at least 20% of the paid-in capital of such firm) by one or more of such directors/officers/stockholders; and
2. Certify to the Monetary Board that such transaction has been thoroughly reviewed and verified as having been entered into in the best interest of the bank.

This Circular-Letter shall take effect immediately. Please be guided accordingly.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR LETTER

February 11, 1975

TO ALL COMMERCIAL BANKS, THRIFT BANKS, AND RURAL BANKS:

All banks concerned are hereby required to submit to the Central Bank of the Philippines not later than February 28, 1975, thru its Supervision and Examination Sector, an inventory of acquired assets held by the bank (a) for 4-5 years, and (b) for more than 5 years as of January 31, 1975. Attached are samples of the reporting forms.

All banks are further requested to advise the Central Bank of the Philippines, thru the same Sector, of the steps being taken to avoid further violation of law.

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Governor

(Sample forms not reproduced)

CIRCULAR LETTER

February 11, 1975

To: ALL COMMERCIAL BANKS

In connection with the condition imposed on the increase in capitalization of banks that capital contribution to the bank shall not be funded by any loan or credit accommodation granted by the same bank as provided in Item I-B.1 of the Supplement to the "Guidelines on Increased Capitalization and Merger or Consolidation of Commercial Banks" circularized in Memorandum to All Commercial Banks dated August 6, 1973, it is noted that banks do not make available to Central Bank Examiners all records related or pertinent to payments to capital stock of banks to determine compliance with said condition.

In view hereof, Banks are hereby requested to make available to Central Bank Examiners all records related or pertinent to payments to capital stock, and if necessary, the Bank's subscribers, stockholders and their related interests and all other parties involved should waive unconditionally any prohibition to look or inquire into pertinent or related records.

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR LETTER

February 11, 1975

To: ALL AUTHORIZED AGENT BANKS, SHIPPING/AIRLINE AGENTS, BRANCH OFFICES OF FOREIGN SHIPPING/AIRLINE COMPANIES, LOCAL COMMISSION AGENTS, REPRESENTATIVES, INDENTORS, CONTRACTORS, ETC.

The provisions of Circular-Letter dated January 24, 1975 addressed to "All Authorized Agent Banks, Shipping/Airline Agents and Branch Offices of Foreign Shipping/Airline Companies" requiring the mandatory

reporting to the Foreign Exchange Department, Central Bank of the Philippines, of foreign exchange *advances* received by shipping/airline agents/branch offices for use in their operations is hereby amended to include local commission agents, representatives, indentors, contractors, branch offices/agencies and others which/who receive advances from their foreign principals. Accordingly, the persons/firms concerned are hereby required to report to the Foreign Exchange Department such advances received by them from their principals and to sell them for pesos to the banking system within the reglementary period provided for therein.

The reporting of such foreign exchange advances shall be made within fifteen (15) days following the end of every calendar quarter instead of within five (5) days from receipt thereof.

Please be guided accordingly.

(Sgd.) CESAR J. LOMOTAN
Deputy Governor

CIRCULAR LETTER

February 21, 1975

To: ALL NON-BANK FINANCIAL INTERMEDIARIES PERFORM-
ING QUASI-BANKING FUNCTIONS

Please be advised that cash deposit balances and/or Philippine Government securities with financial intermediaries that ceased or suspended operations and/or transactions with the public, voluntarily or involuntarily, are not eligible as reserves against deposit substitutes under CB Circular No. 389.

The aforementioned deposits and/or Philippine Government securities shall be booked under "Other Assets" account and shall not be deducted from gross assets in the computation of capital required and capital accounts pursuant to CB Circular No. 439 including receivables

with remaining maturities of more than 365 days. All other assets and/or claims with such financial intermediaries shall be lodged under the "Other Assets" account.

Please be guided accordingly.

(Sgd.) JAIME C. LAYA
Deputy Governor

CIRCULAR LETTER

February 28, 1975

To: ALL COMMERCIAL BANKS, SAVINGS AND MORTGAGE BANKS, DEVELOPMENT BANKS, DEVELOPMENT BANK OF THE PHILIPPINES, LAND BANK AND BUILDING AND LOAN ASSOCIATIONS

Effective immediately, the deadlines for submission of reports, per attached list, both periodic and non-periodic, which are being submitted/ to be submitted by banks and building and loan associations to the Department of Commercial and Savings Banks (DCSB), Central Bank of the Philippines, are hereby amended such that the period within which to submit said reports shall be reckoned on the basis of *banking days* instead of on *calendar days*. For this purpose, *banking days* shall be understood to mean *Monday thru Friday* and/or banking days of the Central Bank.

This Circular-Letter amends Circular-Letter dated July 5, 1974, which circularized the schedule of reports of the Central Bank of the Philippines Numbering System insofar as reports to the Department of Commercial and Savings Banks are concerned. Furthermore, all other circulars, memorandum or regulations inconsistent herewith, are hereby revoked, amended or modified accordingly.

Please be guided accordingly.

(Sgd.) AMADO R. BRIÑAS
Senior Deputy Governor

LIST OF REPORTS BEING SUBMITTED TO THE
DEPARTMENT OF COMMERCIAL AND SAVINGS BANKS

New Form No.	Old Form No.	Subject of Report	Required From	Frequency	Deadline
<i>As per Circular Letter dated July 5, 1974</i>					
CBP-7-16-01	DSE 1	Consolidated Report of Required and Available Reserves against Deposit Liabilities	Commercial banks, savings and mortgage banks, development banks (including Bank of the Philippines)	Weekly	4 banking days after end of week*
CBP-7-16-01.1	Schedule 1 of DSE 1	Report of Cash in Bank's Vault	—do—	—do—	—do—
CBP-7-16-01.2	Schedule 1 of DSE 1	Special Time Deposits and Reserves against Them (Consolidated)	—do—	—do—	—do—
CBP-7-16-01-A	DSE 1-A	Report of Changes in the Composition of Securities Held as Reserves for Deposit Liabilities	Commercial banks, savings banks and mortgage banks (including DBP)	As changes occur	2 banking days following the day of change
CBP-7-16-02	DSE 2	Statement of Condition	—do—	Quarterly	10 banking days after end of quarter
CBP-7-16-02.1		Breakdown of Due from and Deposits of Banks in the Philippines	—do—	—do—	—do—
CBP-7-16-02.2	New Form	Report of Peso Savings and Time Deposits Classified by Size	Commercial banks, savings and mortgage banks (including DBP)	Quarterly	10 banking days after end of quarter

* Revised to banking days per Circular Letter 5/21/74.

CBP-7-16-03	DSE 3	Published Statement of Condition (Consolidated) with original of published statement	—do—	—do—	The original and published reports, within 12 and 20 days, respectively, from receipt of call to the bank by the Director.
CBP-7-16-03-A	DSE 3-A	—do—	Building and Loan Associations	—do—	—do—
CBP-7-16-03-B	DSE 3-B	—do—	Development Bank of the Philippines	—do—	—do—
CBP-7-16-04	DSE 4	Consolidated Report of Earnings, Expenses, Undivided Profits and Surplus	Commercial banks, savings and mortgage banks, development banks (including DBP)	Annually	20 banking days after end of calendar year
CBP-7-16-04-A	DSE 4-A	Report of Earnings, Expenses, Undivided Profits and Surplus	—do—	Semi-Annually	10 banking days after end of calendar semester
CBP-7-16-04-B	DSE 4-B	Report of Earnings, Expenses and Undivided Profits	Building and Loan Associations	—do—	—do—
CBP-7-16-05	DSE 5	Statement of Condition (Consolidated)	Commercial banks, savings and mortgage banks, development banks (including DBP)	Monthly	7 banking days after end of month
CBP-7-16-05.1	Schedule 1 of DSE 5	Breakdown of Due from and Deposits of Banks in the Philippines	Commercial banks, savings and mortgage banks, development banks (including DBP)	Monthly	7 banking days after end of month

CBP-7-16-05.2	Schedule 2 of DSE 5	Breakdown of All Deposits Liabilities by Type	—do—	—do—	—do—
CBP-7-16-05.3	Schedule 3 of DSE 5	Statement of Foreign Ex- change Assets and Liabili- ties	—do—	—do—	—do—
CBP-7-16-05.4	Schedule 4 of DSE 5	Breakdown of Borrowing/ Funds Obtained	—do—	—do—	—do—
CBP-7-16-05.5	Schedule 5 of DSE 5	Computation of Investment -Deposit Ratio of Branches in the provinces of Com- mercial Banks	—do—	Quarterly	7 banking days after end of month
CBP-7-16-05.6	Schedule 6 of DSE 5	Deposit Substitutes Out- standing	—do—	Monthly	7 banking days after end of month
CBP-7-16-05.7 (Replaced by CBP-7-16-28)	Schedule 7 of DSE 5	Monthly Report of Out- standing Loans Classified by Industry	Development Bank of the Philippines	—do—	—do—
CBP-7-16-05.8	New Report Form	Breakdown of Selected Loans, Discounts and Ad- vances and Investments in Bonds and Other Securities	Commercial banks, savings and mort- gage banks, develop- ment banks (includ- ing DBP)	—do—	—do—
CBP-7-16-05.9	New Report Form	Breakdown of Bills Pay- able and Deposit Substi- tutes-Contingent	—do—	—do—	—do—
CBP-7-16-05-A	DSE 5-A	Statement of Condition (Consolidated)	Building and Loan Associations	Monthly	7 banking days after end of month
CBP-7-16-05-A.1	Schedule of DSE 5-A	Supplementary Data on the Lending Operations of Building and Loan Asso- ciations	—do—	—do—	—do—

CBP-7-16-06	DSE 6	Report on Holdings of Bonds, Notes and Securities (Consolidated)	Commercial banks, savings and mortgage banks and private development banks	—do—	2 banking days after end of month
CBP-7-16-07	DSE 7	Statement of Capital Required and Capital Accounts under Section 22 or 30 of R.A. No. 337, as amended	Commercial banks, savings and mortgage banks and private development banks	Weekly	4 banking days after end of week *
CBP-7-16-08	DSE 8	Report on Government Deposits (Consolidated)	Banks authorized to accept government deposits	Monthly	3 banking days after the end of month
CBP-7-16-08.1	Schedule of DSE 8	Breakdown of Government Deposits	—do—	—do—	—do—
CBP-7-16-09	DSE 9	Consolidated Report of Available Coverage against Outstanding Import Letters of Credit	Commercial banks	Weekly	5 banking days after end of week
CBP-7-16-09.1	Schedule A of DSE 9	Unmatured Advances against Products Supported by Letters of Credit	—do—	—do—	—do—
CBP-7-16-09.2	Schedule B of DSE 9	Unmatured Advances against U.S. Export Sugar (A)	Commercial banks	Weekly	5 banking days after end of week
CBP-7-16-09.3	Schedule C of DSE 9	Unmatured Advances against Outward Bills for collection	—do—	—do—	—do—

* Revised to banking days per Circular Letter 5/21/74.

CBP-7-16-10	DSE 10	Consolidated Report of Private development Extent of Utilization of banks Loanable Funds	Monthly	10 banking days after end of month
CBP-7-16-11	DSE 11	List of Stockholders and their Stockholdings	Domestic commercial banks, savings and mortgage banks, pri- vate development banks	Quarterly 12 banking days after end of quarter
CBP-7-16-12	DSE 12	Report on Dividends Dec- clared	All banks	On every decla- ration 10 banking days after date of divid- end declaration
CBP-7-16-13	CBP-DSE 13	Consolidated Report on Compliance with Aggre- gate Ceiling on Credit Ac- comodations to Directors/ Officers/Stockholders under Circular No. 357	Commercial banks, savings and mort- gage banks, develop- ment banks	Quarterly 15 banking days after end of calendar quarter
CBP-7-16-13-A	CBP-DSE 13-A	Report on Stockholdings of Bank's Directors/Of- ficers/Stockholders and their Wife/Husband/Min- or Children in Borrowing Corporation/Association/ Firm	—do—	—do— —do—
CBP-7-16-14	DSE 14	Marginal Deposits on Im- port Letters of Credit and Reserves against them (Consolidated)	Commercial banks	Weekly & as changes occur 1 banking day after end of week and 1 banking day after there is a change in the composition of reserves

CBP-7-16-15	CBP-DCSB 15	Consolidated Report on Compliance with Individual Ceiling on Credit Accommodations to Directors/Officers/Stockholders under Circular No. 357	Commercial banks, savings and mortgage banks, development banks	Quarterly	15 banking days after end of calendar quarter
CBP-7-16-16	Unnumbered	Schedule of Banking Hours and Days	All banks	As changes occur	7 banking days prior to effectivity of the change
CBP-7-16-17	—do—	Report of Loans Granted under Section 83 of R.A. No. 337	—do—	As loan is approved	15 banking days from date of approval of loan, whether direct or indirect, granted to any bank director or officer
CBP-7-16-18	—do—	Bio-data of Directors/Officers	—do—	As changes occur	Within 25 banking days from election/appointment or change
CBP-7-16-19	—do—	Report on Compliance with the obligation to withhold the Tax on Interest Income of Non-Resident Foreign Individuals or Corporations Not Engaged in Trade or Business in the Philippines	—do—	Quarterly	After end of quarter
CBP-7-16-20	New Form	Report Loss/Destruction of Bank's Property Caused by Crimes or Fortuitous Events	—do—	As crime or incident occurs	Within 48 hours from knowledge of

CBP-7-16-21	--do--	Notice/Application for Write-off of Loans	--do--	As write-off occurs	25 banking days prior to the intended date of write-off
CBP-7-16-22	--do--	Consolidated Report of Required and Available Reserves against Deposit Substitutes	--do--	Weekly	2 banking days from end of week*
CBP-7-16-23	New Report Form	Basic Report on Foreign Currency Counterpart Loans	Commercial banks	As foreign equity investment is made	Within 12 banking days from date the foreign equity investment is made
CBP-7-16-24	--do--	Monthly Report on Foreign Currency Counterpart Loans	--do--	Monthly	Within 12 banking days from reporting date
CBP-7-16-25	--do--	Sworn Statement on Quasi-Banking Operations	All banks	--do--	12 banking days after end of month
CBP-7-16-26	--do--	Monthly Report on Loans and Advances with Arrearages, including interest and Charges, Amounting to at least Twenty Percent (20%) of the Total Outstanding Obligation, including Interest and Charges (pursuant to Presidential Decree No. 385 dated January 31, 1974)	Government banks/ financial institutions	Quarterly	Not later than 15 banking days after end of quarter

* Revised to banking days per Circular Letter 5/21/74.

NOTE: The banking days referred to under "Deadline" mean Monday thru Friday and/or banking days of Central Bank

CBP-7-16-26.1	--do--	Accounts on which no Foreclosure Proceedings were Instituted (with Total Outstanding Obligations of P500,000 and above)	--do--	--do--	--do--
CBP-7-16-26.2	--do--	Accounts on which no closure Proceedings were Instituted (with Total Outstanding Obligations below P500,000)	--do--	--do--	--do--
CBP-7-16-26.3	--do--	Accounts on which Foreclosure Proceedings were Instituted but Without Court Injunction/Restraining Order (with Total Outstanding Obligations of P500,000 and above)	--do--	--do--	--do--
CBP-7-16-26.4	New Report Form	Accounts on which Foreclosure Proceedings were Instituted but Without Court Injunction/Restraining Order (with Total Outstanding Obligations below P500.00)	Government banks/ financial institutions	Quarterly	Not later than 15 banking days after end of quarter
CBP-7-16-26.5	--do--	Accounts with Court Injunctions or Restraining Orders Issued against Foreclosure Proceedings Instituted (Accounts with Total Outstanding Obligations of P500,000 and above)	--do--	--do--	--do--

CBP-7-16-26.6	-- do --	Accounts with Court Injunction or Restraining Orders Issued Against Foreclosure Proceedings Instituted (Accounts with Total Outstanding Obligations below P500,000)	--do--	-- do --	--do--
CBP-7-16-27	-- do --	Consolidated Report on the Utilization of Loanable Funds set aside for Agricultural Credit	Participating Institutions under R.A. No. 6389	Monthly	12 banking days after end of month
CBP-7-16-28 (Formerly CBP-7-16-05.7)	-- do --	Semestral Report of Outstanding Loans Classified by Industry	Development Bank of the Philippines	Semestral	15 banking days after end of semester
CBP-7-16-29	-- do --	Application for the Temporary Use of CBCIs and Other Government Securities with Remaining Maturities of Less than Two (2) Years, Not Otherwise Eligible as Reserves Against Deposit Liabilities	All banks	Everytime application to be made	Not later than the banking day immediately following the day when the bank incurred a reserve deficiency
CBP-7-16-30	New Report Form	Application for the Temporary Use of Export Bills with Maturities of Not More than thirty (30) Days as Eligible Reserves against Deposit Liabilities on Import Letters of Credit	Commercial banks	Everytime application is to be made	Not later than the banking day immediately preceding the day when the bank intends to start the 15-day period

CIRCULAR LETTER

March 19, 1975

**To: ALL COMMERCIAL, SAVINGS, AND DEVELOPMENT BANKS
(INCLUDING THE DEVELOPMENT BANK OF THE PHILIPPINES)**

Starting with your reports for the first quarter of 1975 under CBP-7-16-03 "Published Statement of Condition - Consolidated" (for commercial, savings and private development banks) and CLP-7-16-03-B "Published Statement of Condition - Consolidated" (for the Development Bank of the Philippines), the following items shall be broken down into a) Deposit Substitutes, and b) Others:

Item 20 - Bills Payable (CBP-7-16-03)

Item 12 - Domestic Borrowings (CBP-7-16-03-B)

The account "Deposit Substitutes" refers to Item 21 (c) of CBP-7-16-05 "Consolidated Statement of Condition".

Please be guided accordingly.

(Sgd.) JAIME C. LAYA
Deputy Governor

CIRCULAR LETTER

March 21, 1975

To: ALL BANKS IN THE FOLLOWING CITIES AND PROVINCES, *MA*

- | | |
|------------------|--------------------|
| 1. Legaspi City | 6. Camarines Norte |
| 2. Iriga City | 7. Catanduanes |
| 3. Naga City | 8. Masbate |
| 4. Albay | 9. Sorsogon |
| 5. Camarines Sur | |

The National Commission on Savings, through the joint efforts of the Central Bank Committee on Savings and the entire banking system, is currently holding a Savings Campaign in the Bicol Region covering the above-named cities and provinces.

The campaign started with a one-day workshop on savings held on March 14, 1975 at the Seminar Hall of the University of Nueva Caceres, Naga City, and will reach its peak on May 7th in Naga City, where appropriate activities such as, conference with the bankers, press conference, a motorcade, cultural presentations and movies, will be held.

To ensure the success of this regional campaign, particularly the activities on May 7, 1975, all banking institutions with offices in the above-mentioned areas are requested to cooperate and actively participate in the affair. Specifically, it is suggested that these banks decorate their premises accordingly and join in the motorcade and may, at their option, also offer gifts or give-aways. For the duration of this Regional Campaign - March 14 to May 7, 1975 - all banks in the above-named cities and provinces are, therefore, exempted from Paragraphs 1 and 6 of Central Bank Circular No. 434, dated October 14, 1974, copy attached, and are authorized to solicit deposits outside of their premises.

Thank you for your continued cooperation in the National Savings for Progress Campaign.

(Sgd.) G. S. LICAROS
Governor

(Attached Circular 434 not reproduced)

CIRCULAR LETTER

March 24, 1975

To: ALL BANKS

Under Monetary Board Resolution No. 376 dated February 14, 1975, banks, investment houses and other non-bank financial institutions performing quasi-banking functions are allowed to enter into repurchase agreements with the Central Bank in their holdings of CBCIs and other Government securities.

In this connection, banking institutions concerned are hereby advised to record transactions envisioned therein in accordance with the following entries:

A. *Upon sale under RP*

Dr. Due from Central Bank

Cr. Bills Payable—Central Bank

B. Upon maturity of RP

Dr. Bills Payable—Central Bank

Cr. Due from Central Bank

Accordingly, the "Bills Payable—Central Bank" account is lodge under Item 21 (a) in CBP-7-16-05 "Consolidated Statement of Condition." CBCIs and other Government securities sold under repurchase agreements with the Central Bank shall not be reported in CBP-7-16-22 "Consolidated Report of Required and Available Reserves against Deposit Substitutes."

This supersedes Circular Letter dated June 13, 1974 which covers only CBCIs Series E-1, AA and BB under RP.

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR LETTER

April 1, 1975

To: ALL NON-BANK FINANCIAL INTERMEDIARIES PERFORMING QUASI-BANKING FUNCTIONS

Under Monetary Board Resolution No. 376 dated February 14, 1975, banks, investment houses and other non-bank financial intermediaries performing quasi-banking functions are allowed to enter into repurchase agreements with the Central Bank on their holdings of CBCIs and other government securities.

Such repurchase agreements shall be reported in the Consolidated Report of Required and Available Reserves Against Deposits Substitutes (CBP-7-26-05. Revised February 1975) under Item I-e (3) "Other Borrowings: Bills Payable—Central Bank" and simultaneously deducted under Item II giving same particulars.

For purposes of the Consolidated Balance Sheet (CBP-7-26-02) (and for investment houses required to publish under Circular-Letter dated June 27, 1974) the transaction shall be booked under "Short-term borrowings and instruments sold under agreements to repurchase", current liabilities category.

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR LETTER

April 8, 1975

To: ALL COMMERCIAL BANKS

Under Memorandum to ALL Commercial Banks dated February 11, 1975, reserve requirements against deposit liabilities are to be computed from Monday through Friday, or only on those days when there are C. B. clearing facilities, under the same procedures.

For purposes of reporting in CBP-7-16-01 "CONSOLIDATED REPORT OF REQUIRED AND AVAILABLE RESERVES AGAINST DEPOSIT LIABILITIES":

1. From Monday through Friday, as usual, Items 1 to 4 [Deposit Liabilities; Required Reserves; Available Reserves; and ~~Excess~~ (Deficiency) Reserves] should be filled up;
2. For Saturdays and/or Sundays and public holidays, for information/statistical purposes, only Item 1 "Deposit Liabilities" should be filled up by banks which opted to open on these days since there are no C. B. clearing facilities on these days; and
3. The amounts of "Deposit Liabilities" in number 2 above shall be disregarded in arriving at the "Daily Average" column for the "Deposit Liabilities" portion.

Please be guided accordingly.

(Sgd.) JAIME C. LAYA
Deputy Governor

CIRCULAR LETTER

May 5, 1975

To: ALL BANKS

Effective immediately, for purposes of uniformity in reporting, banks shall prepare the report and certification required under Circular Letter dated February 11, 1975, regarding real estate transactions by and between the bank and its related interests, in accordance with the attached prescribed format—CBP-7-16-31 "Sworn Statement on Real Estate Transaction", as approved by the Governor, which shall be submitted to the Central Bank thru the Department of Commercial and Savings Banks (DCSB) within ten (10) banking days after approval of the transaction, either original or renewal, by the bank's board of directors.

However, for the following cases, the report shall be submitted within ten (10) banking days from the date of receipt of this Circular Letter:

1. Real estate transactions which were transacted, consummated, and approved by the bank's board of directors between February 11, 1975 and the date of receipt of this Circular Letter; and
2. Real estate transactions which were transacted, consummated, and approved by the Bank's board of directors prior to February 11, 1975, but which are still continuing, enforceable, under implementation, or renewed on February 11, 1975 and thereafter.

Please be guided accordingly.

(Sgd.) JAIME C. LAYA
Deputy Governor

CIRCULAR LETTER

May 23, 1975

To: ALL BANKS, BUILDING AND LOAN ASSOCIATIONS, TRUST
CORPORATIONS

Subject: *Unclaimed Balances*

For your information, attached is a copy of Presidential Decree No. 679 dated April 2, 1975 entitled "AMENDING ACT NUMBERED THIRTY NINE HUNDRED AND THIRTY SIX, AN ACT REQUIRING BANKS, TRUST CORPORATIONS, AND BUILDING AND LOAN ASSOCIATIONS, TO TRANSFER UNCLAIMED BALANCES HELD BY THEM TO THE TREASURER OF THE PHILIPPINES AND FOR OTHER PURPOSES".

Please be guided accordingly.

(Sgd.) AMADO R. BRINAS
Senior Deputy Governor

CIRCULAR LETTER

May 26, 1975

TO: ALL NON-BANK FINANCIAL INTERMEDIARIES PERFORMING QUASI-BANKING FUNCTIONS

This is to advise that the Monetary Board reiterated the policy closing the Greater Manila Area to quasi-banking functions for branches, extension offices, or agencies of non-bank financial intermediaries.

For purposes of this Circular Letter, Greater Manila Area shall comprise the following cities: City of Manila, Quezon City, Pasay City, Caloocan City; and municipalities: Makati, Malabon, Mandaluyong, Marikina, Navotas, Parañaque, Pasig, and San Juan.

Please be guided accordingly.

(Sgd.) JAIME C. LAYA
Deputy Governor

CIRCULAR LETTER

July 3, 1975

TO ALL AUTHORIZED AGENT BANKS:

Effective immediately and until further advice, all import applications and/or requests for the issuance of release certificates (either thru letters of credit, D/A or O/A arrangement of (importable) empty bottles and other containers including the caps, stoppers and packaging thereof (which are likewise importable) by legitimate manufacturers and/or producers with the exception of manufacturers and/or producers of perfumery, cosmetics and other toilet preparations, may now be acted upon by the agent banks concerned upon applicant firm's certification under oath that the said items shall be exclusively used by them in their manufacturing/production operations.

Accordingly, only import applications and/or requests for the issuance of release certificates for empty bottles and other containers by manufacturers/producers of perfumery, cosmetics and other toilet preparations, as well as by importers/traders of containers intended for the use of domestic manufacturers, shall continue to be referred to the Current Imports and Commodity Classifications Office, International Operations Sector, for prior approval.

This amends all previous memoranda and regulations on the matter.

(Sgd.) CESAR J. LOMOTAN
Deputy Governor

CIRCULAR LETTER

July 11, 1975

To: ALL PRIVATE DEVELOPMENT BANKS, LAND BANK, AND
DEVELOPMENT BANK OF THE PHILIPPINES

Please be advised that the Monetary Board in its Resolution No. 1116 dated June 6, 1975 authorized private development banks to act as collection agents of, and to rediscount with, the Land Bank of the Philippines (LBP), as approved by the board of directors of LBP on October 30, 1974; provided, that in case of rediscounting or placement of special time deposits by LBP, a private development bank shall have no arrearages in its loans, advances/rediscounting with, and as certified by, the Development Bank of the Philippines.

(Sgd.) JAIME C. LAYA
Deputy Governor

CIRCULAR LETTER

July 14, 1975

To: ALL BANKS AUTHORIZED TO ACCEPT FOREIGN CURRENCY
DEPOSIT

It has been brought to the attention of this Office that some banks continue to accept second-endorsed check (s) for deposit under Circular 343.

In this connection, it is advised that under all circumstances second endorsed check (s) are not eligible for deposit under Circular 343.

(Sgd) G. S. LICAROS
Governor

CIRCULAR LETTER

July 15, 1975

TO: ALL RURAL BANKS AND SAVINGS AND LOAN ASSOCIATIONS

Effective immediately, for purposes of uniformity in reporting rural banks and savings and loan associations shall prepare the report

and certification required under Circular Letter dated February 11, 1975, regarding real estate transactions by and between the bank and its related interests, in accordance with the attached prescribed format (CBP-7-19-46A for rural banks and CBP-7-19-46B for stock savings and loan associations) "Sworn Statement on Real Estate Transaction" as approved by the Governor, which shall be submitted to the Central Bank thru the Department of Rural Banks and Savings and Loan Associations within ten (10) banking days after approval of the transaction, either original or renewal, by the bank's board of directors.

However for the following cases, the report shall be submitted within ten (10) banking days from date of receipt of this Circular Letter:

1. Real estate transactions which were transacted, consummated and approved by the bank's board of directors, between February 11, 1975 and the date of receipt of this Circular Letter; and
2. Real estate transactions which were transacted, consummated and approved by the bank's board of directors, between February 11, 1975, but which are still continuing, enforceable, under implementation, or renewed on February 11, 1975 and thereafter.

Please be guided accordingly.

(Sgd.) JAIME C. LAYA
Deputy Governor

COMMITTEE ON SAVINGS

CIRCULAR LETTER

July 15, 1975

To: ALL BANKS

The TIPID Movement, a cooperative undertaking of the Department of Education and Culture, the banking system and the Central Bank of the Philippines to establish a convenient and meaningful method of saving for students in both elementary and secondary levels, public and private, heretofore confined to the five towns of Angono, Binangonan, Cardona, Pasig and Taguig, is now operational in the whole province of Rizal on a pilot basis.

The principal instrument for mobilizing savings under the program is the Savings Clubs which shall be organized in elementary and high schools. Membership in the Savings Clubs shall be open to all students in the schools and shall be managed and operated by them under the direct supervision of the school authorities who shall act as club advisers.

Aside from the savings clubs, the following are the other features of the project:

1. Allocation of schools to banks in the area for servicing purposes.
2. Accreditation of bank solicitors and process of solicitations.
3. Savings goals.
4. Role of school authorities in the program.
5. Ways and means of motivating students to save.
6. Use of pre-numbered deposit slips.

Subject to prior approval of the Central Bank Committee on Savings, banking institutions in Rizal may initiate the implementation of the TIPID Movement in their respective municipalities. The use or adoption of the term "TIPID Movement" in connection with any other savings plan which does not carry the principal features of the Movement is not allowed.

For the duration of the pilot project, the Committee shall hold in abeyance requests to conduct the TIPID Movement outside Rizal.

Circular No. 475, dated June 30, 1975, governing the solicitation of deposits under the TIPID Movement therefore shall be applicable only to banks in Rizal servicing the Movement.

To encourage the students to save, banks authorized to participate in the TIPID Movement are also exempted, for the duration of the pilot project, from securing prior Central Bank approval to conduct raffles and give away gifts as required by Circular 419, as amended, and Circular 434, respectively, provided the other provisions of these two circulars are first complied with.

(Sgd.) ESCOLASTICA B. BINCE
Chairman

CIRCULAR LETTER

July 24, 1975

To: CENTRAL BANK DEPOSITORIES, CORRESPONDENTS AND
AUTHORIZED AGENTS


For your information and guidance, Mr. R. G. Cruz, Director, Foreign Exchange Department, has been appointed by the Monetary Board of the Central Bank of the Philippines as Special Assistant to the Governor,

In-Charge, International Operations Sector and concurrently Head of the Foreign Exchange Department, effective July 11, 1975.

The facsimile signature of Mr. Cruz appears below.

(Sgd.) G. S. LICAROS
Governor

Mr. R. G. Cruz signs:

A handwritten signature in dark ink, appearing to be 'R. G. Cruz', written over a horizontal line.

SUPERVISION AND EXAMINATION SECTOR

CIRCULAR LETTER

July 29, 1975

To: ALL BANKS

In connection with the Memorandum to All Banks dated July 28, 1975 promulgating the guidelines to implement Circular No. 473 dated June 30, 1975 concerning agrarian reform credit/agricultural credit in general, please be informed that the original deadline of July 31, 1975 is reset to August 15, 1975 for banks to submit the first report as of June 30, 1975 under the new reporting form.

Please be guided accordingly.

(Sgd.) JAIME C. LAYA
Deputy Governor

CIRCULAR LETTER

July 31, 1975

TO ALL BANKS, INVESTMENT HOUSES
AND FINANCE COMPANIES

Subject: Loans/credits granted to builders or purchasers of units/shares in condominium projects, country clubs, sports clubs and other real property developments

Please submit to the appropriate supervising and examining department [i.e., Department of Commercial and Savings Banks, or Department of Rural Banks and Savings Loan Associations, or Department of Finan-

cial Intermediaries (Non-Banks)] a monthly report on the volume of loans to, and trust department investments and money market placements with, builders or purchasers of units/shares in condominium projects, country clubs, sports clubs, and other real property developments, in accordance with the attached form on or before the deadline prescribed therein. Separate reports should be submitted for each type of loans/credits/investments/placements, namely:

1. Loans/credit by the Loans and Discounts Department
2. Trust Department loans/investments; and
3. Money Market Desk placements.

The initial report shall cover the month of July 1975. In addition, however, please submit a similar report to cover credits outstanding as of June 30, 1975, on or before August 15, 1975.

Thank you for your usual cooperation.

(Sgd.) G. S. LICAROS
Governor

INTERNATIONAL OPERATIONS SECTOR

CIRCULAR LETTER

August 26, 1975

**To: All Authorized Agent Banks
Foreign Exchange Dealers**

SUBJECT: PURCHASE OF SINGAPORE DOLLAR NOTES

In compliance with the exchange control requirements of the Monetary Authority of Singapore, all authorized agent banks and foreign exchange dealers, whenever tendering sale of Singapore dollar currency notes to the Central Bank, are required to accompany such sale with a certification that the Singapore dollar notes were purchased from bona fide travellers up to a limit of not more than \$1,000.00 per person.

Attached is the certification form which the seller has to accomplish for every sale of said notes to the Central Bank.

Please be guided accordingly.

(Sgd.) R. G. CRUZ
*Special Assistant to the Governor
and concurrently Head,
Foreign Exchange Department*

CIRCULAR LETTER

August 28, 1975

To: ALL COMMERCIAL AND SAVINGS BANKS ENGAGED
IN QUASI-BANKING FUNCTIONS

This refers to Central Bank Circular No. 438 dated November 4, 1974 which standardized deposit substitutes instruments pursuant to Monetary Board Resolution No. 2351 dated October 25, 1974.

As provided in said Circular, only the following types of instruments may be issued by financial intermediaries, both banks and non-banks, as evidence of deposit substitute liabilities in connection with their quasi-banking functions:

1. Promissory Notes;
2. Repurchase Agreements; and
3. Certificates of Assignment/Participation with Recourse.

In this regard, certain portions of CBP-7-16-22 (Consolidated Report of Required and Available Reserves Against Deposit Substitutes) and CBP-7-16-05 Schedule 6 (Deposit Substitutes Outstanding) are hereby revised/amended to conform with the above-mentioned provision. Attached are the details of the respective portions of the aforesaid CBP reports affected by the revisions.

Please be guided accordingly.

(Sgd.) AMADO R. BRINAS
Senior Deputy Governor

(Attachments:)

CBP-16-22 (Revised, August 1975)

As Revised

Old Form

1. Deposit Substitute
 - a. Promissory Notes
 - b. Repurchase Agreements
 - c. Certificates of Participation with recourse
 - d. Certificates of Assignments and similar instruments with recourse
 - e. Other Borrowings (Specify)

1. Deposit Substitute
 - a. Bankers Acceptances
 - b. Promissory Notes
 - c. Participations
 - d. Certificates of Assignment and similar instruments with recourse
 - e. Trust Certificates
 - f. Repurchase Agreements
 - g. Others (Specify)

(Schedule 6)

I. *With Maturities of Less Than Two Years*

A. By interest rate:

1. Promissory Notes
2. Repurchase Agreements
3. Certificates of Participation with recourse
4. Certificates of Assignment and similar instruments with recourse
5. Other Borrowings (Specify)
- Grand Total

B. *By Maturity:*

1. Promissory Notes
2. Repurchase Agreements
3. Certificates of Participation with recourse
4. Certificates of Assignment and similar instruments with recourse
5. Other Borrowings (Specify)
- Grand Total

II. *With remaining maturities of two years or more:*

By interest rate:

1. Promissory Notes
2. Repurchase Agreements
3. Certificates of Participation with recourse
4. Certificates of Assignment and similar instruments with recourse
5. Other Borrowings (Specify)
- Grand Total

I. *With Maturities of Less Than Two Years*

A. By Interest Rate:

1. Bankers Acceptances
2. Promissory Notes
3. Participations
4. Certificate of Assignment and similar instruments with recourse
5. Trust Certificates
6. Repurchase Agreements
7. Others (Specify)
- Grand Total

B. *By Maturity*

1. Bankers Acceptances
2. Promissory Notes
3. Participations
4. Certificate of Assignment and similar instruments with recourse
5. Trust Certificates
6. Repurchase Agreements
7. Others (Specify)
- Grand Total

II. *With Remaining maturities of two years or more:*

By interest rate:

1. Bankers Acceptances
2. Promissory Notes
3. Participations
4. Certificate of Assignment and similar instruments with recourse
5. Trust Certificates
6. Repurchase Agreements
7. Others (Specify)
- Grand Total

CIRCULAR LETTER

August 29, 1975

To: ALL FINANCIAL INTERMEDIARIES PERFORMING QUASI-BANKING FUNCTIONS (BANKS AND NON-BANKS)

It has come to our attention that certain financial intermediaries are issuing deposit substitute instruments which do not conform with the minimum features prescribed by CB Circular No. 438, s. 1974, the Circular-Letter to All Banking Institutions dated 10 December 1974 and the Circular to All Non-Banking Financial Intermediaries Performing Quasi-Banking Functions dated 10 December 1974.

The entities concerned are hereby reminded that failure to comply with the abovementioned regulations shall subject them to the sanctions prescribed therein.

Financial intermediaries performing quasi-banking functions are therefore advised to issue only deposit substitute instruments which conform to the prescribed provisions; said entities are further advised that rubber stamping, type-writing or handwriting some provisions shall not be considered compliance with said regulations.

Please be guided accordingly.

(Sgd.) JAIME C. LAYA
Deputy Governor

CIRCULAR LETTER

October 1, 1975

To : ALL NON-BANK FINANCIAL INTERMEDIARIES ENGAGED IN QUASI-BANKING FUNCTIONS

Pursuant to Section 2-A of R. A. 337, as amended, all non-bank financial intermediaries engaged in quasi-banking functions shall cause the publication of their quarterly consolidated balance sheets dated March 31, June 30, September 30 and December 31 of every year, or as at such other dates as the Central Bank may require, within thirty (30) days following the end of such period, in any of the three (3) daily newspaper with the highest number of paid nationwide circulation as certified by the appropriate government office, in a classified box measuring not less than two-column by seven (7) inches, in accordance with the attached format and instructions.

An advance copy of the quarterly consolidated Balance Sheet required to be published shall be furnished to the Central Bank Department of Financial Intermediaries (Non-Bank) not later than twenty (20) days after end of reference quarter or cut-off date.

The published consolidated balance sheet must be signed under oath by the president or the officer duly authorized by the board of directors of the entity. The publication requirement hereunder shall commence with the quarter ending September 30, 1975.

This supersedes Circular Letter to all Investment Houses dated June 27, 1974.

Compliance herewith is study enjoined.

Attachment: CBP: DFI-8

(Sgd.) G. S. LICAROS
Governor

CIRCULAR LETTER

October 16, 1975

To : ALL THRIFT BANKS

Please be advised that the Monetary Board in its Resolution No. 2131 dated October 10, 1975 decided that as a matter of policy, thrift banks, the head offices of which are located outside the Greater Manila Area, should not be allowed to put up any kind of office in the Greater Manila Area.

Please be guided accordingly.

(Sgd.) JAIME C. LAYA
Deputy Governor

CIRCULAR LETTER

October 20, 1975

To : ALL FINANCIAL INTERMEDIARIES AUTHORIZED TO ENGAGE IN QUASI-BANKING FUNCTIONS

The Monetary Board, in its Resolution No. 2204 dated October 17, 1975, approved the following clarifications pertaining to paragraph 4 of Central Bank Circular No. 449 dated February 3, 1975:

1. Effective upon expiration of the deadline for the increased capitalization program, September 30, 1975, paragraph 4 of Circular No. 449 exempting from the limitations of paragraph 1 of aforesaid Circular investments by financial intermediaries authorized to engage in quasi-banking functions in the equity of commercial banks pursuant to Memorandum to All Commercial Banks dated July 17, 1973 and the Supplements thereto, as amended, shall no longer be in force. However, the exemption shall continue for investments after September 30, 1975 in a bank which resulted from a merger or consolidation effected pursuant to aforesaid Memorandum, the paid-in capital of which bank is less than ₱100 million, for the sole purpose of increasing the paid-in capital thereof to ₱100 million.

2. Investments of a financial intermediary authorized to engage in quasi-banking functions in commercial banks made pursuant to Memorandum to All Commercial Banks dated July 17, 1973 and the Supplements thereto, as amended, which investments were otherwise prohibited under Circular No. 449 were it not for the exemption under paragraph 4 thereof and/or which it could have legally made even without said exemption shall be included in determining whether or not it can still invest in another financial intermediary authorized to engage in quasi-banking functions under the terms of aforesaid Circular.

3. Within fifteen (15) days following the promulgation of this Circular-Letter, all commercial banks shall submit their corporate secretary's certification under oath of a list of stockholders and/or group of stockholders who exceeded the limits prescribed under paragraph 1 of the Circular No. 449 and valued to the exemption granted in paragraph 4 of aforesaid Circular. Failure to submit such a list or submission of an incomplete or inaccurate list shall subject the stockholders omitted or inaccurately submitted to the limitations of paragraph 1 of Circular 449.

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Governor

CIRCULAR LETTER

October 21, 1975

To : All Authorized Foreign Exchange Dealers of the Central Bank of the Philippines (Olongapo and Angeles Cities)

This Office was informed that many of the Authorized Foreign Exchange Dealers in Olongapo and Angeles Cities do not issue Central Bank

official receipts for every purchase/acquisition of foreign exchange from tourists, transients and other non-residents in violation of existing Central Bank regulations.

You are therefore enjoined to comply strictly with the conditions of your authority to act as foreign exchange dealer of the Central Bank of the Philippines, particularly the issuance of Central Bank official receipts.

The Central Bank of the Philippines reserves the right to cancel or suspend your authority to deal in foreign exchange for non-compliance thereof.

(Sgd.) CESAR J. LOMOTAN
Deputy Governor

CIRCULAR LETTER

October 27, 1975

To : ALL AUTHORIZED AGENT BANKS

In order to update our listing of branch/extension offices of Authorized Agent Banks which are authorized to handle export transactions, Authorized Agent Banks are requested to accomplish the attached form in three (3) copies for submission to the Export Department, Central Bank of the Philippines, on or before November 7, 1975.

It is also requested that Authorized Agent Banks inform the Central Bank Export Department immediately of any subsequent changes or additions to the information requested in the attached form.

(Sgd.) JESUS C. RAZON
Director

(Attached form not reproduced)

CIRCULAR LETTER

November 14, 1975

To : ALL NON-BANK FINANCIAL INTERMEDIARIES ENGAGED
OR PROPOSING TO ENGAGE IN QUASI-BANKING FUNC-
TIONS

In connection with the capital requirements for non-bank financial intermediaries as provided in Sections II-C and D of the "Guidelines to

Evaluate Non-Bank Financial Intermediaries Engaged or Proposing to Engage in Quasi-Banking Functions”, which read—

“* * *

“C. Entities engaged in quasi-banking functions prior to 19 November 1973 (the date Circular 387 on quasi-banking functions was issued) which filed applications as of 31 December 1973, whose paid-in capital as of June 1975 is less than ₱10 million shall submit a definitive capital build-up program by semester to meet the requirement by 19 November 1976. Strict adherence to the program shall be observed. A certification of compliance as of the semester-end shall be submitted by the company to the Department of Financial Intermediaries (Non-Bank); and

“D. Additional paid-in capital required for investments in subsidiaries/affiliates of entities as provided in Item II-B shall be included in the capital build-up program. * * *”;

the following additional guidelines/requirements are hereby issued:

- 1. Capital contributions under the capital build-up program shall not be funded by any loan or credit accommodation granted by the entity which is required to raise its paid-in capital in accordance with the aforesaid guidelines.**
- 2. The non-bank financial intermediary complying with the capital build-up program to increase paid-in capital to the required level shall submit to the Department of Financial Intermediaries (Non-Bank) the names and extent of capital contribution of the proposed investors, both Filipino and foreign; and shall report as well any subsequent change in submitted data which will affect the participation of stockholders/investors in the equity of the entity. This requirement shall be understood to be part of the processing procedure before the entry may be issued an authority to perform quasi-banking function.**

(Sgd.) JAIME C. LAYA
Deputy Governor

CIRCULAR LETTER

November 19, 1975

To : ALL COMMERCIAL, SAVINGS AND MORTGAGE AND DEVELOPMENT BANKS INCLUDING SPECIALIZED GOVERNMENT BANKS

SUBJECT: Revised CBP-7-16-01

In connection with CB Circular No. 469 dated June 9, 1975 setting forth the new regulations for the required reserves against deposit lia-

bilities in local currency of all banks, you will note that time deposits with remaining maturities of two years or more are exempt from such reserve requirement.

Therefore, in accomplishing CBP Report No. 7-16-01 (Consolidated Report of Required and Available Reserves Against Deposit Liabilities), item "1.c—Peso time deposits" shall reflect the daily time deposit balances with maturities of less than two years which is subject to the reserve requirement; and the total time deposit balances with maturities of two (2) years or more shall be indicated as foot-notation only below the corresponding day of the week indicated in the form-report.

Attached is a sample copy of the amended CBP Report No. 7-16-01 for your guidance.

(Sgd.) JAIME C. LAYA
Deputy Governor

(Attached sample form not reproduced)

CIRCULAR LETTER

November 27, 1975

TO ALL AUTHORIZED AGENT BANKS:

In response to inquiries received by this Office, the following clarifications relative to the implementation of MAAB No. 1 dated January 3, 1975 are hereby conveyed to all Authorized Agent Banks:

1. Extension of the life of the covering L/C and all other amendments thereto shall be referred to this Office before they may be given due course; and
2. Issuance of the release certificates covering arrivals of previously authorized synthetic fiber and yarn imports shall also be referred to this Office for prior approval.

Please be guided accordingly.

(Sgd.) J. N. BAUTISTA
Acting Assistant to the Governor
In-Charge

CIRCULAR LETTER

December 18, 1975

To: ALL COMMERCIAL BANKS, SAVINGS AND MORTGAGE BANKS, PRIVATE DEVELOPMENT BANKS, SPECIALIZED GOVERNMENT BANKS, AND BUILDING AND LOAN ASSOCIATIONS

Pursuant to Memorandum to All Banks and Non-Bank Financial Intermediaries dated October 28, 1975 regarding information on name of institution, address, P. O. Box number, cable address or cable code, board of directors, etc., all institutions among others, under the supervision of this Department are requested to submit the listed information within ten (10) days from receipt of said memorandum. As of this date, records show that a number of these institutions still have not submitted the desired information. In view thereof, we are issuing this reminder to all concerned.

(Sgd.) MERCEDES C. PADERES
Director

CIRCULAR LETTER

December 23, 1975

To : ALL COMMERCIAL BANKS

Effective week ending December 19, 1975, all commercial banks are hereby required to accomplish the attached format CBP-7-16-01.3 "Supporting Schedule of Item 3.a. in CBP-7-16-01" which shall be submitted to the Central Bank of the Philippines thru the Department of Commercial and Savings Banks (DCSB) as accompanying schedule of the report form CBP-7-16-01 "Consolidated Report of Required and Available Reserves Against Deposit Liabilities".

Please be guided accordingly.

(Sgd.) JAIME C. LAYA
Deputy Governor

(Attached format not reproduced)

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB NO. 1)

January 3, 1975

Effective immediately, all applications for the importation of the following commodities, either thru Letters of Credit, Document against Acceptances or Open Account arrangements or any other manner of payments shall be referred to the Current Imports and Commodity Classification Office, Central Bank, for prior approval:

- | | | |
|---------------|---|--|
| EP 266-01.01 | — | Discontinuous synthetic or artificial fibers, not carded, combed, or otherwise prepared for spinning |
| EP 266-01.03 | — | Synthetic or artificial fibers, discontinuous or waste, carded, combed, or otherwise prepared for spinning |
| EP 651-06.05 | — | Polyester filament yarn of the types imported directly by textile mills under prior joint authorization of the Board of Investments and the Tariff Commission |
| EP 651-06.06 | — | Synthetic (high tenacity) yarn for fish net manufacture
(No. of Denier: 210/2, 210/3, 210/6, 210/D, 420/D, and 840/D) |
| SUP 651-06.08 | — | Polyester filament yarn, n.e.s. (excluding the types imported directly by textile mills under prior joint authorization of the Board of Investments and the Tariff Commission) |
| NEP 651-06.11 | — | Other yarns of continuous artificial or synthetic textile, not put up for retail sale |
| NEP 651-06.12 | — | Other yarns of continuous artificial or synthetic textile, put up for retail sale |
| NEP 651-06.13 | — | Other yarns of discontinuous or waste artificial or synthetic textile, not put up for retail sale |
| NEP 651-06.14 | — | Other yarns of discontinuous or waste artificial or synthetic textile, put up for retail sale |

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 5)

January 24, 1975

As requested by the Bureau of Internal Revenue in its implementation of Presidential Decree No. 631, granting an Ultimate Tax Amnesty on Untaxed Income and/or Wealth Earned or Acquired in 1973 and Prior Years and Immunity from Investigation of the Statement of Assets, Liabilities and Net Worth required by Presidential Decree No. 379, as amended, please be advised that the Bureau of Internal Revenue will assign a "File Number" to a taxpayer when he files a return. This "File Number" will be indicated in the Tax Payment Acceptance Order (TPAO) in lieu of the taxpayer's name and address to insure the confidential nature of the returns filed.

The Tax Payment Acceptance Order (TPAO) to be issued by the Bureau of Internal Revenue to a taxpayer shall contain only the File Number, Tax Numeric Code 11-700, and the amount of the tax due. Since the TPAO will only contain the above information, all authorized agent banks are requested to accept payments on account of Presidential Decree No. 631 even though the TPAO contains only the above-mentioned information. Accordingly, authorized agent banks are also requested to indicate in the Official Receipt all the information contained in the TPAO.

(Sgd.) AMADO R. BRIÑAS
Senior Deputy Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 6)

February 3, 1975

Please be advised that all certificates of authority issued by the Iron and Steel Authority in favor of various steel companies covering importation of steel products, subject of our MAAB No. 126 dated October 25, 1973, expired last December 31, 1974.

In view thereof, all certifications previously issued by the Iron and Steel Authority for the above purpose are subject to revalidation by the said Authority.

All applications for the importation of steel billets, ingots, hot rolled coils/sheets, and other steel products listed under *Commodity Group No. 681* of the Revised Central Bank Commodity Classification Manual should therefore be referred to the Iron and Steel Authority for prior certification.

Strict compliance herewith is enjoined.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 7)

February 7, 1975

1. In connection with the 4th \$25 Million Commodity Loan extended by the Government of Japan, Authorized Agent Banks are hereby authorized to submit to the Central Bank two (2) copies and/or certified true copies of the following documents evidencing importations from countries enumerated in paragraph 2 below, and payments thereof by the Agent Banks:

- a. covering transmittal letter of collection advice of the negotiating bank addressed to the Philippine commercial bank, containing the certification stated in paragraph 4 below, for imports under L/C, D/A or O/A arrangement;
- b. commercial invoice;
- c. certificate of origin; and
- d. bill of lading

The submission of the above-listed import documents shall not be required in the case of importations of the Philippine Government or any of its offices, agencies or instrumentalities.

2. The above-listed documents are to be submitted for each import payment of at least \$5,000 or ¥1,500,000 made after December 1, 1974, for importations from Japan, Singapore, Malaysia, Korea, India, Indonesia or Pakistan.

3. Documents pertaining to payments for imports described in paragraph 2 above, with the sole exception of amortization and interest charges on imports under deferred payment arrangement with an original maturity period of not shorter than 5 years, are to be submitted. However, documents covering downpayments for such imports financed partly with suppliers credit are also to be submitted.

4. The payments for the importations are to be certified by the Manager of the bank's Foreign Department, or a responsible official specifically designated for this purpose, in the covering transmittal letter or collection advice of the negotiating bank (or in the commercial invoice in the case of imports under open account arrangements) in the following form:

"We hereby certify that the payment for this importation was duly made on _____ in the amount of _____."

In the above certification, it is the date of actual payment or debit advice that should be indicated, whether the import is effected by L/C, D/A or open account arrangement. However, in case the import is covered by an L/C and the corresponding debit advice from your corresponding bank, evidencing actual payment, has not yet been received at the time the documents are submitted to the Central Bank, the date of payment shall be presumed to be eight (8) days after the date of the covering letter or collection advice of the negotiating bank, giving allowances for mail time.

5. The required documents pertaining to import transactions for any given week are to be submitted to the Management of External Debt and Investment Accounts Department, not later than Thursday of the succeeding week with the exception of the certificate of origin which may be submitted within seven days of receipt thereof.

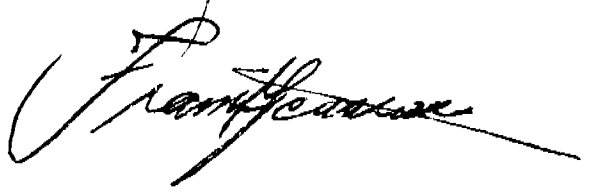
(Sgd.) G. S. LICAROS
Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS AND
ACCREDITED GOVERNMENT SECURITIES DEALERS

(MAAB No. 8)
February 10, 1975

Please be advised that Mr. FRANCISCO M. YCASIANO, Assistant Director in the Securities Servicing Department, whose specimen signature appears hereinbelow, is authorized to sign in behalf of the Central Bank of the Philippines, matters concerning the issuance of Central Bank Certificate of Indebtedness (CBCI), other government securities and transactions relating to the servicing of said securities.

FRANCISCO M. YCASIANO



Please be guided accordingly.

(Sgd.) AMADO R. BRINAS
Senior Deputy Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 15)

February 21, 1975

Effective immediately, Authorized Agent Banks are advised to refer to the Central Bank Export Department all Reports of Foreign Sales covering exports of fresh mangoes for verification prior to registration by the Authorized Agent Banks concerned. In the case of Reports of Foreign Sales involving exports of fresh mangoes already registered for which no Export Declaration has yet been issued, the latter shall also be referred to the Central Bank Export Department for verification prior to the issuance thereof by the Authorized Agent Banks.

(Sgd.) AMADO R. BRIÑAS
Senior Deputy Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 18)

March 18, 1975

Effective immediately, Memorandum to Authorized Agent Banks dated February 7, 1975 requiring authorized agent banks to submit to the Central Bank copies of certain import documents evidencing shipment of imported goods from Japan, Singapore, Malaysia, Korea, India, Indonesia, or Pakistan in connection with the \$25 Million Japanese Commodity Loan to the Philippine Government, shall be considered revoked and of no further force and effect.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 19)

March 18, 1975

All authorized agent banks are advised that CBP-6-24-01 (formerly CBP-EDMO 2, Revised January 1, 1973) is being superseded by CBP

6-24-01 (Revised March, 1975). The weekly report on O/A and D/A transactions starting the week ending March 21, 1975 shall be reported in the revised form, a sample copy of which is attached.

(Sgd.) G. S. LICAROS
Governor

(Sample form not reproduced)

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 21)
March 21, 1975

Effective immediately, authorized agent banks are advised to use the revised form for Application for Approval of Foreign Investments (CB-MEDIAD-AAB-3). Said application form, together with the documents specified therein shall be filed with the Management of External Debt and Investment Accounts Department.

A copy of the revised form is attached herewith for your reference.
Please be guided accordingly.

(Sgd.) G. S. LICAROS
Governor

(Attached revised form not reproduced)

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 26)
April 11, 1975

In order to help the offices of the Bureau of Internal Revenue which are to be opened until midnight on deadline dates for the filing of individual/corporate/business income tax returns to accommodate late filers, commercial banks where there are authorized deputies of the Commissioner of Internal Revenue stationed are hereby authorized to open beyond their regular banking hours on such deadline dates, until such

time as the bank may choose but not beyond midnight, for the purpose of facilitating filing of said income tax returns and payment of corresponding taxes.

This authority remains enforceable until otherwise revoked.

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS AND AUTHORIZED SECURITY DEALERS

(MAAB No. 29)
April 21, 1975

Further to MAAB No. 89 dated August 9, 1974 governing switching transactions in CB-approved Philippine securities listed in the stock exchange authorized under Circular 365 as implemented by Memorandum to Authorized Agent Banks and Authorized Security Dealers dated March 26, 1973, the following regulations are hereby promulgated:

1. Cash dividends and proceeds of sale of stock dividends accruing on foreign cash investments in Philippine securities registered pursuant to Circular 365, may be re-invested in other Philippine securities listed in the stock exchanges and registered under the provisions of Circular 365.
2. Pending the re-investment/repatriation of peso cash dividends/proceeds of sale of stock dividends, the same shall, at the option of the foreign investor, be lodged with the selling authorized security dealer or in a "suspense account" (not a deposit account) with any authorized agent bank.
3. A monthly report on the prescribed form, sample attached hereto, indicating every entry in the said peso account of each investor, shall be accomplished and submitted to the Foreign Exchange Department, Central Bank of the Philippines, not later than five (5) days after the end of every month by the authorized agent bank/authorized security dealer concerned.
4. Provisions of existing regulations inconsistent herewith are hereby repealed or modified accordingly.

This Memorandum shall take effect immediately.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 30)

April 21, 1975

Effective immediately, all applications for the importation and release certificates of "EP 011-01.00—"Meat of bovine cattle-beef, veal" either thru Letters of Credit, Documents Against Acceptances or Open Account arrangements or any other manner of payments shall be referred to the Current Imports and Commodity Classification Office, Central Bank, for prior approval.

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 31)

May 20, 1975

Effective immediately and until December 31, 1975, all applications for the importation of textile machinery and equipment (including knitting, texturizing, spinning, weaving and finishing equipment) either thru letters of credit, documents against acceptance (D/A), or open account (O/A) arrangements, or any other mode of payment, shall be referred to the Central Bank, thru the Management of External Debt and Investment Accounts Department, for prior clearance.

Strict compliance herewith is enjoined.

(Sgd.) AMADO R. BRIÑAS
Senior Deputy Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 36)

June 23, 1975

Effective immediately, all applications for the importation of steel billets, ingots, hot rolled coils/sheets, and other steel products listed under Commodity Group 681 of the Revised Central Bank Commodity Classifica-

tion Manual, shall be referred to the Central Bank, thru the Management of External Debt and Investment Accounts Department, for prior clearance, duly supported by bank-certified statements (sample form is attached) of imports for "681 items" in 1974 and 1975.

This revokes MAAB No. 6 dated February 6, 1975.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 40) 1287 (10) A
July 7, 1975

In line with Administrative Order No. 33, Series of 1975, of the Bureau of Animal Industry (copy attached) prohibiting the importation, bringing or introduction into the Philippines of animals, animal effects, animal products and meat from Argentina, Paraguay, India, Thailand, Indonesia, Pakistan, Bangladesh, and Hongkong, effective immediately, and until further advice, no importation of animals, animal effects, animal products and meat falling under importable categories in the Revised Central Bank Commodity Classification Manual (as of July 1, 1973), as per attached sheet, from the above-mentioned countries shall be allowed unless the same is authorized by the Bureau of Animal Industry.

However, all import applications and requests for the issuance of release certificates for commodities falling under Commodity Code No. EP 611-61.60—"Meat of bovine cattle beef, veal" from countries other than the above-mentioned shall continue to be referred to the Current Imports and Commodity Classification Office, Central Bank for prior approval as required under Memorandum to Authorized Agent Banks No. 30 dated April 21, 1975.

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Governor

(Attachments:)

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF AGRICULTURE
BUREAU OF ANIMAL INDUSTRY
MANILA

ANIMAL INDUSTRY
ADMINISTRATIVE ORDER
No. 33
Series of 1975

1975-05-09

SUBJECT: *Prohibition against Importation, Bringing or Introduction into the Philippines of Animals, Animal Effects, Animal Products and Meat from Argentina, Paraguay, India, Pakistan, Bangladesh, Thailand, Indonesia and Hongkong.*

1. In view of the existence of dangerous communicable animal diseases such as Foot-and-Mouth Disease, rinderpest, Contagious bovine pleuropneumonia, in the countries of Argentina, Paraguay, India, Thailand, Indonesia, Pakistan, Bangladesh and Hongkong, as per the U.S. Department of Agriculture Foreign Animal Diseases Report of January-February, 1975: Emergency Programs, and pursuant to the provisions of Section 1770 of the Revised Administrative Code, I hereby declare that dangerous communicable animal diseases prevail in the above-mentioned countries and that there is a danger of spreading such diseases by importation, it shall be unlawful for any person, firm or corporation, knowingly to ship, import, bring into the Philippines any animal, animal effects, animal products and meat from such countries unless the importation thereof shall be authorized by the regulations of the Bureau of Animal Industry.

2. Any person, firm or corporation who shall contravene or violate the provisions of this order shall be liable to prosecution for violation of Sec. 1770 of the Revised Administrative Code and upon conviction shall suffer the penalty imposed by paragraph 2, Sec. 2747 of the said code which is a fine of not more than One Hundred Pesos (P100.00) or imprisonment of not more than one (1) month or both in the discretion of the court and such other penalties as are prescribed by the Penal Code.

3. All Bureau of Animal Industry officials and employees concerned are hereby directed to see to it that the provisions of this order are strictly enforced and complied with immediately until revised or otherwise modified.

4. This Administrative order shall take effect immediately.

(Sgd.) ARTURO R. TANCO, JR.
Secretary of Agriculture

RECOMMENDED BY:

(Sgd.) PEDRO G. REFUERZO
Director of Animal Industry

A. Live animals, chiefly for food:

<i>Commodity Code</i>	<i>Commodity Description</i>
<i>Bovine cattle, including buffaloes:</i>	
EP 001-01.01	Bovine cattle for breeding
EP 001-01.02	Bovine cattle for food and other purposes
<i>Sheep and lambs, including goats:</i>	
EP 001-02.01	Sheep and lambs, including goats for breeding
UP 001-02.02	Sheep and lambs, including goats for food
<i>Swine</i>	
EP 001-03.01	Swine for breeding
UP 001-03.02	Swine for food
<i>Poultry</i>	
UP 001-04.01	Chickens
UP 001-04.02	Ducks and geese
UP 001-04.03	Turkeys
UP 001-04.04	Pigeons, including doves
UP 001-04.09	Other poultry and game, n.e.s.
<i>Live animals, chiefly for food, n.e.s.</i>	
UP 001-09.01	Rabbits
UP 001-09.09	Other live animals, chiefly for food, n.e.s.

B. Meat and Meat Preparations

Meat: fresh, chilled and frozen

EP 011-01.00	Meat of bovine cattle—beef; veal (This item contains meat of bovine cattle and buffaloes suitable for human consumption in carcasses, pieces, quarters and sides. Offals and organs of bovine cattle and buffaloes are excluded.)
SEP 011-02.00	Meat of sheep or lambs (mutton, lambs)
SUP 011-03.00	Meat of swine (pork)
UP 011-04.01	Chickens
UP 011-04.02	Ducks and geese
UP 011-04.03	Turkeys
UP 011-04.04	Pigeons
UP 011-04.09	Other poultry, n.e.s., killed or dressed

SUP 011-09.01	Poultry liver
UP 011-09.02	Unrendered poultry fat or pig fat free of lean meat
SUP 011-09.03	Edible offals and organs of horses, asses, mules, bovine animals and swine including liver, kidney, tongue, heart, brains, lungs, stomach, sweetbread, tripe and udder
SUP 011-09.04	Edible offals and organs of other animals, including liver, kidney, tongue, heart, brains, lungs, stomach, sweetbread, tripe and udder.
SUP 011-09.09	Meat, fresh, chilled or frozen, n.e.s.

Meat: canned and meat preparations, canned and not canned

EC 013-02.07	Corned beef
EC 013-02.08	Corned beef loaf, chopped beef, minced beef loaf and corned beef hash
SEP 013-09.01	Natural sausage casings

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 41)

July 7, 1975

On account of the cancellation of and changes in flight schedules of the Philippine Airlines from Manila to Naga City and Zamboanga City and return, the regulations for clearing of out-of-town checks to and from said cities are modified as follows:

1. Exchanges of out-of-town checks between Manila and Naga shall be temporarily suspended every Tuesday beginning July 8, 1975; and
2. If not returned within the reglementary period prescribed in Circular No. 317, dated December 23, 1970, "On Zamboanga" checks delivered to the Manila Clearing Office and "On Manila" checks delivered to the Zamboanga Clearing Unit at 4:00 P. M. on Mondays and Wednesdays will be considered "good" in Manila and Zamboanga after 4:00 P. M. on the *fourth business* day following date of delivery to the respective clearing offices.

(Sgd.) AMADO R. BRINAS
Senior Deputy Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 46)

July 28, 1975

Effective immediately, [Authorized Agent Banks are requested to refer to the Central Bank Export Department for prior verification before they are given due course, all Reports of Foreign Sales and all Export Declarations including No-Dollar Export Applications, covering motion picture films and TV films which are locally produced.

Authorized Agent Banks shall transmit the contents of this memorandum to all their exporter clients.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 47)

July 28, 1975

Quoted below is the text of copy of a message issued by the Office of the Secretary of National Defense concerning exports of sugar-based commodities:

"FROM: OSND

TO : CSAFP, CPC, PNB, BUCUS, ASAC, NISA, NBI, SQA, CPCG

INFO : SEC DEPT OF TRADE, CENTRAL BANK CITE NR 29-0718-75

PENDING ISSUANCE OF ADDITIONAL RULES AND REGULATIONS IMPLEMENTING PRESIDENTIAL DECREE NR 659 AS AMENDED CMA THE FOLWG SHALL SERVE AS TEMPORARY GUIDELINES FOR THE EXPORTATION OF SUGAR DASH BASED COMMODITIES CLN

A—ALL EXPORTS OF SUGAR DASH BASED COMMODITIES SHALL IN ADDITION TO SQA CLEARANCE CMA CENTRAL BANK PERMIT CMA BUCUS AUTHORITY TO LOAD AND PCG CLEARANCE TO DEPART SHALL SECURE CLEARANCE FROM THE DEPT OF TRADE UPON SHOWING THAT THE SUGAR REQUIREMENTS

OF THE MANUFACTURERS THEREOF WERE PURCHASED AT PRICES FIXED BY THE GOVT FOR INDUSTRIAL USERS FOR EXPORT PRODUCTS

B—WHERE AN APPLICANT FOR EXPORT IS THE MANUFACTURER AND HOLDER OF ALLOCATION CERTIFICATE FOR INDUSTRIAL SUGAR ISSUED BY PNB/PHILEX ALFA COPY OF SUCH CERTIFICATE SHALL BE SUBMITTED TO THE DOT TOGETHER WITH STATEMENT UNDER OATH OF THE MANUFACTURERS ACTUAL SUGAR CONSUMPTION DURING THE PAST THREE YRS

C—APPLICATION FOR EXPORT MUST BE SUPPORTED BY THE SUPPORTING EXPORT DOCUMENTS SUCH AS BUT NOT LIMITED TO THE PURCHASE ORDER AND THE CONFIRM IRREVOCABLE LTR OF CREDIT

D—NO EXPORT TRANSACTION WILL BE PROCESSED BY THE CENTRAL BANK AND BUCUS WITHOUT CLEARANCE FM DOT

FOR GUIDANCE/COMPLIANCE PD KINDLY DISSEMINATE THE FOREGOING TO YOUR OPTG UNITS/AGENCIES END

DRAFTER'S NAME:
(Sgd.)

REYNALDO R DE VERA
CDP PN

RELEASING OFFICER'S NAME:
(Sgd.)

VICTOR R PAGULAYAN
COL (MNSA) PA

SYMBOL:
OIC, SMOC, OSND

OFFICIAL TITLE:
ASST SEC FOR PLANS & PROG"

Authorized Agent Banks are enjoined to require their exporter clients submitting Reports of Foreign Sales and/or Export Declarations covering exports of sugar-based commodities to submit in addition to the usual documents the clearance from the Department of Trade mentioned in the above-quoted message from the Office of the Secretary of National Defense. No Report of Foreign Sales and/or Export Declaration covering export of sugar-based commodities not supported by the required clearance from the Department of Trade shall be given due course.

This Memorandum shall take effect immediately.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 48)

July 28, 1975

Re: Importation of unmanufactured tobacco
under CCC Export Credit Sales Program

Please be informed that the Monetary Board under its Resolution No. 1460 dated July 18, 1971 approved as additional credit line of \$10 million (No. 9) under the U.S. Commodity Credit Corporation (CCC) Export Credit Sales Program, for utilization up to December, 1975, to cover the importation of unmanufactured tobacco for blending purposes.

Pursuant to this resolution, effective immediately, no importation of unmanufactured tobacco shall be effected outside aforesaid CCC Credit line before the same is fully utilized.

However, separate letters of credit may be opened for the cost of ocean transportation corresponding to this commodity, without need for prior Central Bank approval.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 50)

August 14, 1975

Pursuant to the provisions of Monetary Board Resolution No. 1553 dated August 1, 1975, application to import books falling under the following classifications in the Revised Central Bank Commodity Classification Manual (effective July 1, 1973) shall no longer require prior Central Bank approval:

Commodity Code

Commodity Description

EC 892-01.03

—Textbooks, workbooks and supplementary readers for elementary grades prescribed by or included in the list of approved textbooks, workbooks and supplementary readers of the Bureau of Private Schools which are not printed and published locally.

EC 892-01.09 --Other books, printed, n.e.s. (including reference and library books and other supplementary readers not covered in 892-01.00 and 892-01.03).

However, importations of "Magazines, Reviews and Journals" (EC 892-02.02) shall continue to be referred to the Central Bank for prior approval.

This memorandum shall take effect immediately. All other regulations inconsistent with the foregoing shall be considered revoked.

(Sgd.) AMADO R. BRIÑAS
Senior Deputy Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 53)
August 27, 1975

1715
(21) /

Memorandum to Authorized Agent Banks No. 55 dated May 14, 1974, is hereby amended to read as follows:

ITEMS FOR CLEARING

Items for clearing shall consist of checks and documents payable on demand and drawn against banks in Manila and its suburbs (Quezon City, Pasay City, Caloocan City, San Juan, Mandaluyong, Makati, Parañaque, Navotas, Malabon, Marikina and Pasig) on one hand and banks in Angeles City, San Fernando and Guagua, Pampanga on the other. It is understood that San Fernando and Guagua banks shall be represented in the clearing sessions by their respective branches in Angeles City, if any.

This Memorandum shall take effect on September 1, 1975.

(Sgd.) AMADO R. BRIÑAS
Senior Deputy Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 56)
September 4, 1975

1716
22 A

For the information and guidance of authorized agent banks and their exporter-clients, there are quoted hereunder guidelines for the Exportation of Sugar-Based Commodities which were approved by the Secretary of Trade:

["GUIDELINES FOR THE EXPORTATION OF SUGAR-BASED COMMODITIES"]

I. OBJECTIVES:

In order to effectively implement the government policies on trading and pricing of sugar, it has been considered necessary to monitor the export of sugar-based commodities by the establishment of a clearance system under the Department of Trade.

II. DEFINITION:

For this purpose, the term 'sugar-based commodities' shall refer to all manufactured or synthesized commodities using sugar as raw material or ingredient where the sugar content is less than 98%, such as those listed in Annex 'A' hereof.

III. GUIDELINES:

1. Export of sugar-based commodities shall comply with the following:

- a) Department of Trade Clearance
- b) Central Bank Export Declaration/Permit
- c) Bureau of Customs Authority to Load
- d) Philippine Coast Guard Clearance to Depart

2. All exports of sugar-based commodities shall be cleared for export by the Department of Trade, upon a showing that the sugar requirements of the manufacturers thereof were purchased from the Philippine Exchange Company at the prices fixed by the government for industrial users for export products; provided, that this condition shall be deemed complied with if the manufacturers of such export products shall purchase from the Philippine Exchange Company, sugar, in a quantity equivalent to the sugar content of the sugar-based commodities to be exported or if the exporter (who is not a manufacturer of the sugar-based commodity sought to be exported) shall pay to the Philippine Exchange Company, the difference between the government price of the sugar used for the product sought to be exported and the government price of industrial sugar for export products, based on the quantity, to be determined by Department of Trade, equivalent to the sugar content of the sugar-based commodities to be exported.

3. Where an applicant for export is the manufacturer and a holder of an allocation certificate for industrial sugar, issued by the Philippine

Exchange Company, a copy of such allocation certificate shall be submitted to the Department of Trade, together with a statement, under oath, of the manufacturer's actual sugar consumption during the past three (3) years and of the volume and value of its export and domestic sales for the same period; and for new exporters/manufacturers, a statement under oath, of their production capacity and their *projected* volume and value of export and domestic sales.

Quezon City, August 6, 1975.

(Sgd.) TROADIO T. QUIAZON, JR.
Secretary"

Attached hereto is the "List of Sugar-Based Commodities" marked ANNEX "A" referred to in the above-quoted guidelines.

Before an authorized agent bank may issue an Export Declaration/Permit covering the export of any of the sugar-based commodities marked ANNEX "A" mentioned above, the authorized agent bank shall require the exporter concerned to submit the required clearance of the Department of Trade, and no export declaration/permit covering export of any of the sugar-based commodities included in said List shall be given due course unless the exporter concerned shall have submitted the pertinent clearance of the Department of Trade. A copy of the clearance of the Department of Trade shall be attached together with the other required documents to the duplicate export declaration/permit covering the sugar-based commodity exported to be submitted by the agent bank to the Central Bank Export Department in every case.

Authorized agent banks are requested to transmit to all their exporter-clients the contents of this MAAB which supersedes our MAAB No. 47 dated July 28, 1975.

(Sgd.) AMADO R. BRIÑAS
Senior Deputy Governor

(Attachments:)

LIST OF SUGAR-BASED COMMODITIES

1. 029-09.04—Ice Cream
2. .06—Ice Drops
3. .07—Milk Chocolate
4. .12—Milo Tonic Food drink
5. .19—Dairy Product N.E.S.
6. 048-04.01—Bread (Including Pan de Lemas, Pan de Leche, Pan de Sal, Loaf, etc.)

7. .02—Biscuits
8. .03—Cookies
9. .04—Cakes
10. .05—Hopia
11. .09—Other Bakery Products
12. 053-01.01—Cherries in Syrup
13. .01.02—"Nangka" in syrup
14. .03—Mangosteen in syrup
15. .04—Peaches in syrup
16. 053-01.05—Pineapples in syrup
17. .08—Strawberry in syrup
18. .09—Mango in syrup
19. .11—Mixed fruits (fruit salad, fruit cocktails)
20. .13—Fruits preserved by freezing w/added sugar
21. .18—Other fruits & fruit preparations
22. .19—Other preserved fruits & fruit preparations
23. 053-02.01—Fruit, peel, parts of plants, glazed or crystallized
24. 053-03.01—Jams
25. .02—Marmalades
26. .03—Jellies
27. 053-03.04—Pastes
28. .05—Fruit pulps, excluding dried and unsweetened
29. .06—"Nata de Coco"
30. .07—"Nata de Piña"
31. 063 —Sugar confectionery and sugar preparations
32. 073-01.01—Chocolate bars, candles, confectionery and other coated fruits and cakes
33. .03—Chocolate blocks
34. .04—Sweetened cacao paste
35. .09—Chocolate & chocolate preparations
36. 073—Chocolate & its preparations
37. 099-09.17—Peanut butter
38. .09.14—Salad dressing, mayonnaise & sandwich spread
39. 111-01.04—Soft drinks
40. 053-04.01—Fruit syrup
41. .02—Fruit flavors
42. .03—Orange juice
43. .04—Grape juice
44. .05—Pineapple juice
45. .06—Citrus juice (other than orange)
46. .09—Other fruit juices
47. .11—Pineapple concentrate
48. .19—Other natural fruit juice concentrate not in liquid form, bulk containers
49. 053 —Preserved fruits & fruit preparations
50. 055-02.24—Pickled Olives
51. .02.03—Pickles
52. 062-01.01—Chewing gum
53. .02—Coco Honey
54. .03—Bukayo
55. .04—Nuts mixed w/sugar or honey as confection
56. .05—Hard candies
57. 062-01.06—Soft candies
58. .07—Coloring matter, sweetened
59. .08—Sweetened powder for beverage
60. .19—All other confectionery (not containing chocolate)

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 66)

October 6, 1975

In view of the restoration of the regular flight schedules of the Philippine Airlines from Manila to Naga City and Zamboanga City and return, the regulations prescribed in Memorandum To Authorized Agent Banks Nos. 51 and 62 dated May 14, 1974 and June 19, 1974, respectively, for clearing of out-of-town checks shall henceforth be observed.

This supersedes Memorandum To Authorized Agent Banks No. 41 dated July 7, 1975.

(Sgd.) AMADO R. BRINAS
Senior Deputy Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 68)

October 8, 1975

Effective immediately, all applications for the importation and release certificates of "EC 032-01-08—Canned mackerel" either thru Letters of Credit, Documents Against Acceptances or Open Account Arrangements or any other manner of payment shall be referred to the Current Imports and Commodity Classification Office, Central Bank, for prior consideration.

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 70)

October 8, 1975

Authorized agent banks are advised not to give due course to any Report of Foreign Sales, Export Declaration or Export Permit cover-

ing any export to South Africa and Rhodesia. All such Reports of Foreign Sales, Export Declarations and Export Permits covering any export to South Africa and Rhodesia shall be forwarded to the Central Bank Export Department.

This MAAB amends MAAB No. 121 dated December 23, 1974.

Effective immediately.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 73)
October 20, 1975
(Importations of Vessels)

120

(76) /

Effectively immediately, all applications for the importation and/or purchase of vessels and appurtenances thereto, whether on cash basis or through foreign credits and/or requests for release certificates covering no-dollar importation of said items shall be referred to the Central Bank through the Management of External Debt and Investment Accounts Department together with the approval of, or clearance from, the Maritime Industry Authority. The application to import and/or requests for release certificate shall be supported by the following documents/information which shall likewise be submitted by the applicant to the Maritime Industry Authority to facilitate the issuance of the required clearance/approval:

1. Project study
2. Builder's Certificate
3. Original detailed particulars/specifications
4. Latest Classification Survey Report and/or Latest Certificate of Registration
5. Firm Offer/Commercial Invoice or Deed of Sale, together with a valuation of the vessel for insurance purposes
6. Certificate of Nationality of the Vessel
7. Certificate of Seaworthiness from Bureau Veritas or other equally accredited Marine Surveyor
8. Route to be serviced and brief description of market condition
9. Estimate of running and idle costs per day

The term "vessel" as used herein shall refer to the "vessel" as defined in P.D. 474 dated June 1, 1974, to wit:

"Any barge, lighter, bulk carrier, passenger ship, freighter, tanker, container ship, fishing boats or other artificial contrivance utilizing any source of motive power, designed, used or capable of being used as a means of water transportation operating either as a common contract carrier, including fishing vessels covered under Presidential Decree No. 43, except (1) those owned and/or operated by the Armed Forces of the Philippines and by foreign governments for military purposes, and (2) bancas, sailboats and other waterborne contrivance of less than three gross tons capacity and not motorized."

The provisions of existing circulars, rules and regulations which are inconsistent with the foregoing are hereby repealed, modified or amended accordingly.

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 75)
October 22, 1975

721
(27)

As requested by the Bureau of Internal Revenue, all authorized agent banks are advised to:

1) ascertain that their main offices, branches, agencies and extension offices have sufficient Central Bank Official Receipts *at all times*. Please see attached schedule marked as Annex "A" for Central Bank Offices where accountable official receipt forms may be secured and Annex "B" for deadlines of tax payments; and

2) instruct their personnel in charge of internal revenue tax collections to comply strictly with the guidelines on the preparation of official receipts and reports set forth in our MAABs dated June 19, 1970, May 17, 1971 and No. 69 dated June 11, 1973.

(Sgd.) AMADO R. BRIÑAS
Senior Deputy Governor

Annex A

LIST OF CENTRAL BANK OFFICES WHERE CB ACCOUNTABLE
OFFICIAL RECEIPT FORMS MAY BE SECURED

<i>FOR AUTHORIZED AGENT BANKS COVERED BY:</i>	<i>WHERE OFFICIAL RECEIPTS MAY BE SECURED</i>
1. Circular No. 296 (for HO's situated in Greater Manila Area)	Cash Department, Ground Floor 17 Storey Building, Central Bank of the Philippines, A. Mabini St., Manila
2. Circular No. 314 (for branches situated in Cebu City) and Circular No. 336 (for branches in the cities of Lapu-Lapu, Mandawe and Toledo)	Revenue Collection Regional Unit SSS Building, Jones Avenue Cen- tral Bank Regional Office, Cebu City
3. Circular No. 314 (for branches situated in Bacolod City) and Circular No. 336 (for branches in the cities of Cadiz, Silay and San Carlos and in the towns of Binalbagan and Victorias)	Revenue Collection Regional Unit 2nd Floor, Pacific Banking Cor- poration Building, Araneta St., Bacolod City
4. Circular No. 314 (for branches situated in Davao City)	Revenue Collection Regional Unit 3rd Floor, Central Bank Regional Office San Pedro St., Davao City
5. Circular No. 425 (for branches situated in Cagayan de Oro City)	Revenue Collection Regional Unit 2nd Floor, Mosanti Building, Cor- ner Borja and Velez Streets, Ca- gayan de Oro City
6. Circular No. 425 (for branches situated in Iloilo City)	Revenue Collection Regional Unit 2nd Floor, Pacific Banking Cor- poration Building, Corner de Leon and Iznart Sts., Iloilo City
7. Circular No. 336 (for branches situated in Other Cities and Municipalities)	Cash Department, Ground Floor 17 Storey Building, Central Bank of the Philippines, A. Mabini St., Manila

DEADLINES FOR TAX PAYMENTS

10th day of every month—Last day of remittance for employers for taxes withheld from employees wages during the preceding month if the total amount is ₱200.00 or more, and

Last day of remittance of taxes withheld under Republic Act No. 1051 for the preceding month by government offices and agencies.

15th day of March—Last day of payment of income tax of individuals with fixed income or those who fall under Paragraph 3 of sub-Section A of Section 45 as required by Presidential Decree No. 371.

15th day of April—Last day for payment of income tax by individuals with business income for the preceding calendar year.

15th day of July—Last day for payment of the 2nd installment of income tax by individuals who elected to pay the tax due in two installments where the amount exceeds ₱1,000.00.

20th day of January, April, July and October—Last day for the payment of the following taxes:

1. Percentage tax
2. Franchise tax (For franchise holders where no time limit is specified in the franchise)
3. Bank tax
4. Finance Company tax
5. Royalty or Ad Valorem tax
6. Premium tax

25th day of January, April, July and October—Last day for remittance of taxes on BIR Form W-1 withheld from employees' wages during the preceding quarter, by employers, and

Last day for remittance of income tax withheld at source from non-resident aliens and non-resident foreign corporations and from domestic and resident foreign corporations who are recipients of dividends from domestic corporations, during the preceding quarter, by withholding agents.

If any of the above days falls on a holiday, Saturday, or Sunday, the last day of payment shall be on the succeeding business day. Payment of taxes beyond the corresponding due date shall nevertheless be accepted by authorized agent banks. Penalties and surcharges shall be imposed by the Bureau of Internal Revenue.

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 80)

November 17, 1975

Memorandum to Authorized Agent Banks No. 53 dated May 14, 1974, is hereby amended to read as follows:

ITEMS FOR CLEARING

Items for clearing shall consist of checks and documents payable on demand and drawn against banks in Manila and its suburbs (Quezon City, Pasay City, Caloocan City, San Juan, Mandaluyong, Makati, Parañaque, Navotas, Malabon, Marikina and Pasig) on one hand and banks in Dagupan City and Urdaneta on the other. It is understood that demand items drawn on Urdaneta banks shall be presented for clearing by their Dagupan City branches/offices, if any.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 81)
December 15, 1975

SUBJECT: Liquidation of Undrawn Balances

Pursuant to M. B. Res. No. 2608 dated December 12, 1975, the liquidation of the undrawn balances of export shipments to Europe, Africa and Latin America with initial drawings of less than 100% of the invoice value must be made within 150 days from date of shipment. Undrawn balances pertaining to export shipments to other countries must be liquidated within a period of 120 days from date of shipment.

It shall be understood that in both cases the authorized initial drawing against the full invoice value of exports shall be repatriated within 60 days from date of shipment, unless otherwise specifically authorized by the Central Bank.

This memorandum shall take effect immediately.

(Sgd.) AMADO R. BRIÑAS
Senior Deputy Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

(MAAB No. 82)
December 19, 1975

With reference to Central Bank MAAB No. 31 dated May 20, 1975, please be advised that all applications covering importation of textile machinery and equipment (including knitting, texturizing, spinning, weav-

ing and finishing equipment) as well as spare parts and accessories either thru L/Cs, documents against payment (D/A) or open account (O/A) arrangements, or any other mode of payment, shall continue to be referred to the Central Bank thru MEDIAD, for prior clearance, until December 31, 1976.

(SGD.) AMADO R. BRIÑAS
Senior Deputy Governor

MEMORANDUM TO ALL BANKS

January 31, 1975

In accordance with Letter of Instruction No. 242 dated January 14, 1975, all banks participating in the "Sabog-Tanim" Program shall release, beginning January 1975, the required loans to farmers in an amount not exceeding ₱1,600.00 per hectare as in the case of the current Masagana 99 Rice Production Program.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM CIRCULAR TO ALL DEVELOPMENT BANKS,
SAVINGS AND MORTGAGE BANKS AND STOCK SAVINGS
AND LOAN ASSOCIATIONS—DLC NO. 1

February 4, 1975

SUBJECT: Qualifications for Eligibility of Access by Thrift Banks to the
Credit Facilities of the Central Bank

The additional qualifications for availment by thrift banks of the privilege of access to the credit facilities of the Central Bank shall be as follows:

- 1) The thrift bank must be operating in accordance with pertinent laws and existing rules and regulations governing thrift institutions.
- 2) It must have a duly approved program of payment to meet the minimum capital requirements and that it has complied with its approved program of capital build-up.

- 3) The ratio of past-due direct and indirect loans to its own stockholders, directors and officers to the aggregate past due loans must not exceed 10% based on the latest examination by the appropriate supervising department.
- 4) The thrift bank has no net deficiency in reserves against deposit liabilities for the past four (4) consecutive weeks based on the latest required reports.
- 5) The combined capital accounts of a thrift bank have not been deficient continuously for a period of thirty (30) days on the basis of the required reports of the Central Bank.
- 6) Required reports are being submitted to the Central Bank on or before their respective deadlines.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM TO ALL COMMERCIAL BANKS

March 13, 1975

REGULATIONS GOVERNING INTERBANK CALL LOAN
ACTIVITIES OF COMMERCIAL BANKS

In its Resolution No. 312 dated February 7, 1975, the Monetary Board adopted the following regulations governing interbank call loan activities of commercial banks:

1. All interbank call loan transactions to cover reserve deficiencies shall be submitted to the Central Bank Accounting Department by means of transfer tickets (Interbank Call Loan Advice Forms) as specified below, properly accomplished and signed by authorized officers of both the lending and the borrowing banks, not later than 7:30 P.M. of the same banking day that a call loan transaction is consummated.
2. The Central Bank Accounting Department shall not accept/give due course to interbank call loan advice forms unless the following are complied with:
 - a) Color of form
For granting of call loans
White—To be accomplished by lending bank whose account shall be debited by the Central Bank.

Green —To be accomplished by the borrowing bank whose account shall be credited by the Central Bank.

For repayment of call loans.

Yellow—To be accomplished by the bank making the payment and whose account shall be debited by the Central Bank.

Pink —To be accomplished by the lending bank receiving the payment and whose account shall be credited by the Central Bank.

b) The bank whose account with the Central Bank is to be credited shall be responsible for making the necessary advice to the Central Bank of the call loan transaction, whether it be a grant or repayment of a call loan, i.e., the call loan advice forms for the granting of call loans (white and green) shall be submitted to the Central Bank by the borrowing bank, while the forms for the repayment of call loans (yellow and pink) shall be submitted to the Central Bank by the lending bank.

c) Data/information indicated in the call loan advice form:

- 1) Date of grant (white and green) tickets, or date of repayment (yellow and pink) tickets of call loan;
- 2) The rate of interest not exceeding 14% per annum plus a service charge allowed under CB Circular No. 415 and any amendments thereto, shall be shown on both the lending (white and green) tickets. The actual computation of the said interest and service charge must be shown on the repayment (yellow and pink) tickets. Interest shall not be paid in advance.
- 3) Repayment (yellow and pink) tickets shall make reference to the date of the corresponding tickets granting the loan.

d) Call loan tickets shall be signed/authenticated by officers whose names and specimen signatures are in the bank's list or book of Authorized Specimen Signatures, a copy of which shall be submitted to the Central Bank Accounting Department.

3. Both banks shall immediately pass the corresponding entries in their book and, upon receipts of a copy of the call slip duly stamped "RECEIVED" by the Central Bank, the borrower bank shall attach the same to the corresponding ticket debiting its Due from Central Bank account in its books and, in the case of the lender bank, to the same ticket passed in its books on the day payment is made.

4. All commercial banks shall reconcile their clearing accounts with the Central Bank against monthly Statements of Accounts to be furnished them by the Central Bank Accounting Department. Five copies of the reconciliation statements shall be submitted within ten (10) banking days from receipt of the Statements of Accounts from the Central Bank—the original and three (3) copies to the Central Bank Accounting Department and one (1) copy to the Department of Commercial and Savings Banks (DCSB).
5. Both the lending and borrowing banks found to be engaging in call loan transactions/activities not in accordance with the BAP policy of enforcing among themselves an interest rate ceiling of 14% per annum, plus the applicable service charge, if any, allowed under CB Circular No. 415, which together shall not exceed 16% per annum, shall be denied by the Central Bank the call loan privileges for a period of not less than one (1) week but not more than one (1) month as may be recommended by the Director of the Department of Commercial and Savings Banks (DCSB).
6. No bank shall be allowed to be a "borrower" and a "lender" at the same time on any day.
7. Any director or officer of a bank who authorizes or knowingly allows the commission of acts in violation of the provisions of this Memorandum shall be liable to the penal sanctions of Sections 34 and 34—A of R. A. No. 265, as amended.

This memorandum shall take effect thirty (30) calendar days after its date of issue.

(Sgd.) AMADO R. BRIÑAS
Senior Deputy Governor

MEMORANDUM TO ALL COMMERCIAL BANKS

March 20, 1975

The Monetary Board, in its Resolution No. 361 dated February 14, 1975, authorized banks which opt to open on Saturdays purely for servicing deposits and withdrawals to open for less than six (6) hours, subject to the requirement in Circular No. 353 that the schedule of banking hours and days reported to the Central Bank shall be posted conspicuously at all times in the premises of the banks concerned.

This memorandum amends Item No. 1 of Circular No. 353 on the six-hour minimum requirement for banks to open for business.

This memorandum shall take effect immediately.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM CIRCULAR TO ALL RURAL BANKS

April 1, 1975

SUBJECT: Guidelines to Govern Applications of Rural Banks for Loans or Rediscounting with the Central Bank

Pursuant to Monetary Board Resolution No. 477, dated March 7, 1975, the following guidelines to govern applications of rural banks for loans or rediscounting with the Central Bank are hereby adopted:

GUIDELINES IN APPLYING FOR A LOAN OR
REDISCOUNTING RURAL BANK PAPER
WITH THE CENTRAL BANK

These guidelines are issued pursuant to the second paragraph of Section 13, Republic Act No. 720, as amended, and Sections 141 to 151 of the Revised Rules and Regulations Governing Rural Banks, and to Section 86 of Republic Act No. 265, as amended, to wit:

"SEC. 86. *Guiding principles.*—The rediscounts, discounts, loans and advances which the Central Bank is authorized to extend to banking institutions under the provisions of the present articles of this Act shall be used to regulate the volume, costs, availability and character of bank credit and to provide the banking system with liquid funds in times of need.

"In periods of inflation, or as long as inflationary dangers exist, the Central Bank shall refrain from extending credit to banks and at such times shall grant credit only in exceptional cases where special circumstances justify a deviation from the principle stated herein.

"Conversely, whenever the national monetary policy requires an expansion of the money supply, the Central Bank shall make full use of the credit operations authorized under the present article of this Act."

SECTION 1. Meaning of Rediscounting

The term rediscounting shall mean the privilege of a rural bank to negotiate its customers' eligible papers to the Central Bank by transferring the ownership thereof to the creditor Central Bank. In the rural banking system, rediscounting may also be referred to as the process of securing advances from the Central Bank by a rural bank on the security of the borrowing bank's eligible papers.

SECTION 2. Purpose of Rediscounting

The privilege to rediscount is given by the Central Bank to a rural bank to supplement the rural bank's operating capital which may be insufficient to meet the demands for credit financing in the community where it operates and when additional funds are needed to develop the economy of the community and increase its productivity.

The proceeds of rediscounting or advances shall be used exclusively for purposes referred to in paragraphs (a) and (b) of Section 139 of the Revised Rules and Regulations; Provided that proceeds of rediscounting of papers covering loans extended by rural banks under the 3rd paragraph of Section 16 of R.A. 6390 shall be channeled only to beneficiaries of Agrarian Reform.

Operating capital shall include vault cash, checks and other cash items, due from other banks, and certificates of indebtedness excluding customers' promissory notes and bonds held to cover legal reserves against deposit liabilities and trust funds such as special savings deposits.

A rural bank which has utilized in the process of its operations approximately fifty per cent (50%) of its paid up common capital stock may apply for a loan or rediscount, or a rural bank with big deposit liabilities may apply for a loan if in the process of its operations its operating capital has been depleted to a level equal to thirty per cent (30%) of its total deposit liabilities (exclusive of special time deposits).

By the term normal credit as used in Section 139 of the Revised Rules and Regulations is meant the requirements of eligible borrowers for short term credit with maturities not in excess of one (1) year to finance productive operations undertaken during the year or to meet operating expenses of an annual recurring nature repayable out of the results of such operations or with current income from the project being financed.

SECTION 3. Meaning of an Eligible Paper

An eligible paper is a promissory note, draft, or a bill of exchange which meets all the eligibility requirements under Section 145 of the Revised Rules and Regulations, as follows:

- (a) It must arise out of agricultural, commercial, or industrial transactions; that it was issued or drawn and the proceeds

thereof used, for production, purchase, transportation, or marketing of goods, such as agricultural products, merchandise or wares, on one or more steps of the processes of production, manufacturing or merchandising, provided for in Sections 101 to 113 of the Revised Rules and Regulations, including credit instruments arising from transactions authorized under Sections 15 and 16 of R.A. 6390.

- (b) It must have a maturity period of not more than three hundred sixty (360) days from the date of rediscount, discount or acquisition by the Central Bank in the case of agricultural, industrial or production credits including the marketing of the produce, except papers covering loans granted to small merchants which must have maturities of not more than one hundred eighty (180) days.

Notwithstanding the provisions of the first paragraph of Section 145 of the Revised Rules and Regulations, the following papers are not eligible/acceptable for rediscounting:

- (a) Those whose proceeds are used or shall be used for permanent or fixed investments, such as land, building or machineries, except small machineries and equipment for cottage and agro-industrial production, without prejudice to the provisions of Sections 114 to 118 of the Revised Rules and Regulations;
- (b) Those whose proceeds have been used for investments of purely speculative character;
- (c) Those which represent the balance of a renewed loan or advance, or which are overdue;
- (d) Those whose covering mortgages are not registered;
- (e) Promissory note(s) drawn by a borrower with non-supervised credit/non-food production supervised credit loans aggregating over P10,000.00 if the total loans of over P10,000.00 extended by the rural bank for non-supervised/non-food production supervised credit loans during the past four (4) months ending at the end of the month immediately preceding the date the rediscount or loan application is filed exceed forty per cent (4%) of the total of such loans granted during the same period; and
- (f) Those which are incomplete or defective and or with incomplete or defective supporting documents.

SECTION 4. Maximum Maturities of Rediscounts or Advances

The maximum periods for rediscounting or advances against eligible papers shall be as follows:

- (a) For loans secured by agricultural and/or industrial papers not more than three hundred sixty (360) days.

- (b) For loans secured by commercial papers - not more than one hundred eighty (180) days.

SECTION 5. Loan Value

The loan value or maximum amount that may be granted by the Central Bank against an eligible rural bank paper under the supervised credit scheme shall be one hundred per cent (100%) of the outstanding balance or unpaid portion of such eligible paper at the time of rediscounting. However, for eligible papers under the non-supervised credit scheme, the loan value of such eligible papers at the time of rediscounting shall be eighty per cent (80%) of the outstanding balance or unpaid portion thereof.

SECTION 6. Rediscount Rates

The Central Bank shall charge rediscount or interest rates on rediscounting or advance as follows:

- (a) Eligible papers covering loans under the supervised credit scheme—1% per annum effective April 26, 1974.
- (b) Other eligible papers under the non-supervised credit scheme 5% per annum effective July 1, 1974.

SECTION 7. Liquidated Damages

In addition to the rediscount or interest rates specified in the preceding section, the Central Bank shall impose liquidated damages at the rate of seven per cent (7%) per annum on past due account of rural banks with the Central Bank, subject, however, to the provisions of Item b, first paragraph of Memorandum Circular To All Rural Banks dated April 16, 1974, suspending the imposition of the 7% liquidated damages effective March 29, 1974 on past due loans which were used exclusively in the financing of Masagana 99, Masaganang Maisan and other food production programs; and provided that such exemptions from liquidated damages shall be limited to the extent of damages ascertained by the Central Bank agricultural examiners and project evaluators.

SECTION 8. Credit Limit

The total obligation of a rural bank with the Central Bank arising from rediscounting authorized herein shall not exceed one hundred per cent (100%) of its Net Worth, plus fifty per cent (50%) of its monthly average savings and time deposit liabilities during the four (4) months' period immediately preceding its date of loan application for papers covering loans granted under the non-supervised credit scheme; and three hundred per cent (300%) of its Net Worth, plus fifty per cent (50%) of its monthly average savings and time deposit liabilities for the four (4) months' period immediately preceding its date of loan granted under the non-food production supervised credit scheme.

As regards food production supervised credit papers, the aforementioned limitation has been temporarily set aside under M.B. Resolution No. 1432 dated August 3, 1973.

SECTION 9. Temporary Disqualification of Rural Banks

The following rural banks shall be temporary disqualified from the credit facilities of the Central Bank;

- (a) A rural bank which has not submitted a plan or schedule for the payment of the unpaid subscriptions to its capital (common stock) in accordance with Section 60 of the Revised Rules and Regulations Governing Rural Banks, or which has not complied with the said plan or schedule;
- (e) A rural bank with a past due ratio in excess of twenty-five per cent (25%) of its total outstanding loans. However, for the duration of the special food production program of the government, this section shall not apply for supervised credit papers. For this purpose, all papers covering loans granted to beneficiaries of Agrarian Reform and under the special financing programs are excluded in determining the twenty-five per cent (25%) as a criterion in rediscounting.
- (c) A rural bank which is in default in its obligations with the Central Bank or with collateral deficiencies due to unremitted collections/matured notes. However, for the duration of the special food production program of the government, this section shall not apply for supervised credit papers. Rural banks with past due or matured obligations with the Central Bank which are overdue for more than one month but exceeding six months, irrespective of whether or not said obligations are covered by a plan of payment or even if the non-payment of said obligations is not caused by "force majeure" provided that this is not caused by misappropriation and/or irregularities in lending operations, may be allowed to participate in the special food production program;
- (d) A rural bank with deficiency in legal reserves (Sections 143 and 169 to 172 of the Revised Rules and Regulations Governing Rural Banks);
- (e) A rural bank which is deficient in capital requirements under Section 269 (as amended under M.B. Res. No. 439 dated March 29, 1973) of the Revised Rules and Regulations Governing Rural Banks (Risk asset ratio should not be less than 10%);
- (f) A rural bank which has over-invested in its bank premises (more than 35% of private paid-in capital) as well as its furniture, office and transportation equipment (more than 15% of private paid-in capital) as set forth under Sections 54 and

55 of the Revised Rules and Regulations Governing Rural Banks, as amended under Circular No. 396 dated December 26, 1973;

- (g) A rural bank which is in excess of the maximum credit limit under Section 8 of these Guidelines; and
- (h) A rural bank the rediscounting privilege of which has been suspended.

SECTION 10. Effects of Natural Calamities

In case a rural bank is adversely affected by natural calamities such as earthquakes, typhoon, drought and other natural occurrences, the Central Bank shall waive the penalties of paragraphs (b) and (c) of Section 9 of these Guidelines base on the results of the survey to be made by the Department of Rural Banks and Savings and Loan Associations, which results should justify said waiver. A supplementary agreement should be executed between the Department of Loans and Credit of the Central Bank and the affected rural bank.

Rural banks in areas which may suffer damages on account of force majeure may restructure their corresponding rediscounting liabilities with the Department of Loans and Credit secured by restructured notes of their borrowers. Rural Banks may continue to avail themselves of their rediscounting privilege during life of the restructured loans.

SECTION 11. Number of Rediscounts or Loan Availments

A rural bank may avail itself of the privilege of access to the Central Bank's credit facilities for twelve (12) times only during any calendar year for papers under the non-supervised credit program, but such rediscount or loan availments shall be without limit for papers under the supervised credit scheme.

SECTION 12. Credit Rating Plan

A credit rating plan has been devised by the Department of Loans and Credit as a means of evaluating the credit performance of a rural bank based on such factors as (1) management (2) loan investments (3) financial condition (4) rediscounting. Under each main factor are sub-factors which are rated according to the degree of conformity with the standards set by the Department of Loans and Credit. The total score for each bank is determined by adding the number of points obtained under the various factors. A rural bank obtaining from 90 to 100 points is given a rating of "A"; 80 to 89 points—"B"; 70 to 79 points—"C" and below 70 points—"D". The Department of Loans and Credit may waive without notice to the rural bank concerned its right of examination (pre-audit) prior to the release of the loans applied for if such bank obtained a credit rating of "A" or "B".

SECTION 13. Procedures in Obtaining and Repaying a Rediscount or Loan with the Central Bank.

I. Application to Rediscount

A. Papers Needed—All rural banks applying for a loan with the Central Bank shall submit to the Department of Loans and Credit Central Bank of the Philippines, Manila, the following papers:

- 1) Board Resolution—A copy of the resolution of the board of directors of the rural bank, authenticated in accordance with existing regulations, authorizing the rural bank to negotiate for a loan with the Central Bank and designating the officer(s) of the rural bank authorized to endorse promissory notes and sign all papers pertaining to the loan, in behalf of the rural bank.
- 2) Loan Application Form—Original and one copy, duly accomplished and signed by the authorized officer(s) of the rural bank. The rural bank may prepare one extra copy for its file.
- 3) Financial Statements—A copy of the Statement of Condition of the rural bank as of the date of the application supported by the corresponding Statement of Income and Expenses.
- 4) Report on Required and Available Reserves—A copy of the Report on Required and Available Reserves of the Rural Bank against its deposit liabilities for the week ending the date of the application. (For rural banks authorized to accept deposits.)
- 5) Promissory Note in Favor of the Central Bank—Original and two (2) copies duly signed by the authorized officer(s) of the rural bank. One extra copy may be prepared by the rural bank for its file. If the rural bank is applying for two (2) types of loan, two (2) sets should be submitted. (One for the 360-day loan and one for the 180-day loan.)
- 6) Rediscount Schedule—For rural banks depositing collaterals with the Central Bank, original and two (2) copies. For rural banks depositing collaterals with designated depository commercial banks, original and one (1) copy. This rediscount schedule should contain the acknowledgment and certification of the designated depository commercial bank duly signed by its representative. A pro-forma certification for this matter is embodied in Section 4 of Memorandum Circular to Rural Banks No. DLC-2.
- 7) Certification—by the rural bank technicians that the loans listed in the rediscount schedules were granted under the supervised credit scheme.

- 8) Report on Average Monthly Savings and Time Deposits—for the past four (4) months immediately preceding its date of loan application, for rediscount ceiling purposes for non-supervised credits.

B. Preparation of the Rediscount Schedule

- 1) The rediscount schedule shall be prepared in quadruplicate distributed as follows:

- (a) If collateral promissory notes are deposited with the Central Bank:

First three copies—To Central Bank

Fourth copy—For rural bank file

- (b) If collateral promissory notes are deposited with the designated depository commercial bank:

First two copies—to Central Bank

Third copy—To designated depository commercial bank

Fourth copy—For rural bank file

- 2) All promissory notes offered as collateral for rediscounting shall be listed in the rediscount schedule in alphabetical order and grouped as follows:

- (a) One group for promissory notes covering agricultural and industrial loans (non-supervised);

- (b) One group for promissory notes covering agricultural and industrial loans (supervised);

- (c) One group for promissory notes covering commercial loans.

- 3) All promissory notes listed in the rediscount schedule should be certified as eligible for rediscounting by the authorized officer(s) of the rural bank.

II. Deposits of Collaterals

All rural banks applying for loans with the Central Bank shall endorse to the Central Bank and deposit immediately to the Central Bank or designated depository commercial bank all promissory notes (original) and supporting documents to be used as collateral for the loan applied for. The designated depository commercial bank representative shall acknowledge such deposit in the space provided therefor in the rediscount schedule.

III. Maximum Amount of Loan Application

A rural bank may submit an application for a rediscount or loan in an amount not exceeding the following except for loans granted for food production under the supervised credit scheme:

- (a) Two hundred thousand pesos (P200,000.00) for rural banks with a credit rating of "A" or "B".

- (b) One hundred fifty thousand pesos (P150,000.00) for rural banks with a credit rating of "C".
- (c) Seventy-five thousand pesos (P75,000.00) for rural banks with a credit rating of "D" and for newly established rural banks which have been in operation for not more than one (1) year.

IV. Release of Loans

- A. Time—All loan releases shall be made by the Central Bank within the official banking hours (9:00 A.M. to 3:00 P.M.).
- B. Manner of Release—All loan releases are effected by credit advice.

V. Credit Examination of Borrowing Rural Banks

Credit examination of all borrowing rural banks shall be undertaken regularly by the Department of Loans and Credit at which time promissory notes used as collateral for loans with the Central Bank are examined together with the supporting documents.

- (a) Pre-audit system—The amount allowable for each loan application is determined after deducting all items which have been found ineligible or unacceptable as collateral.
- (b) Post audit (automatic) system—In the case of loans granted before actual credit examination, the loan value of all collateral promissory notes found to be ineligible or unacceptable for re-discounting, plus accrued interest, must be remitted immediately by the rural bank to the Central Bank. The Central Bank may also debit the reserve account of the rural bank without prior notice, in an amount corresponding to the loan value of papers found to be ineligible or unacceptable, plus accrued interest.

Misrepresentations, violations of the terms and conditions of the loans, etc. committed by borrowing rural banks are subject to the penalties contained in their respective letters of application (DLC Form No. 3 Revised) and Section 9 of the Guidelines.

VI. Repayment of Loans with the Central Bank and Releases of Promissory Notes Used as Collateral and Deposited with the Central Bank or the Designated Depository Commercial Bank.

- A. The rural bank should remit to the Central Bank one hundred per cent (100%) or eighty per cent (80%), as the case may be, of all repayments received from the makers of the notes used as collateral for loans.
- B. Upon maturity of the collateral promissory notes, their corresponding loan values should be paid to the Central Bank.

C. In remitting payments to the Central Bank, the rural bank should enclose with such remittance a duly accomplished DLC Form No. 5 wherein the application of such payments is indicated and the promissory notes to be released are listed. DLC Form No. 5 should be accomplished in quadruplicate and distributed as follows:

- (1) Original and one copy—Central Bank
- (2) Third copy—Designated depository commercial bank
- (3) Fourth copy—Rural Bank

D. Remittance to the Central Bank covering payment of loans should be in cash, bank drafts or by authority to debit the current account of the rural bank's designated depository commercial bank.

E. Promissory notes and supporting documents deposited as collateral for loans with the Central Bank shall be released only when:

- (1) The loan value of the note to be released has been paid.
- (2) The release is authorized in writing by the Department of Loans and Credit.

VII. Other Requisites

A. All borrowing rural banks should also submit to the Department of Loans and Credit the following:

- (1) A copy of the resolution of the Board of Directors of the rural bank confirming and acknowledging receipt of the proceeds of the loan from the Central Bank.
- (2) Statement of Condition as of the 15th and end of every month supported by the corresponding Statement of Income and Expenses.
- (3) Summary of Loans Granted for the four (4) month period ending at the end of every month.
- (4) A copy of the weekly report on Required and Available Reserves.

SECTION 14. Additional or Revision of "Guidelines"

From time to time, the Monetary Board may issue additional rules and regulations to supplement, complement or amend these "Guidelines".

SECTION 15. Repeal of Existing Rules, Etc.

Any existing rule, regulation, memorandum or order previously issued by the Monetary Board, or any of the Departments of the Central Bank, inconsistent with any provision hereof is hereby repealed.

SECTION 16. Effectivity

These "Guidelines" shall take effect immediately, and all previous Memorandum Circulars and/or Orders in consistent therewith are hereby deemed amended and/or revoked.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM CIRCULAR

May 22, 1975

To All Authorized Agent Banks:

Attached herewith are the guidelines to implement the provisions of Memorandum to Authorized Agent Banks No. 30 dated April 21, 1975 requiring prior Central Bank approval for beef importations.

Please be guided accordingly.

(Sgd.) AMADO R. BRIÑAS
Senior Deputy Governor

MEMORANDUM CIRCULAR

May 16, 1975

To : ALL MEAT PROCESSORS

SUBJECT: IMPLEMENTING GUIDELINES ON BEEF IMPORTATIONS AS APPROVED BY THE DEPARTMENT OF INDUSTRY, DEPARTMENT OF AGRICULTURE, AND FOOD TERMINAL INC.

The basic purposes of regulating beef imports *from all sources* are: 1) to purchase imported beef at the lowest cost so as to enable the consumers to buy the meat at the lowest price; and 2) to regulate the volumes in which such imports are released to the domestic market so as not to injure the national food production programs.

IMPORTED BEEF IN STORAGE

Food Terminal Inc. (FTI) shall buy part of the brisket beef presently in storage to enable FTI to start selling to the public at pre-determined prices.

EXISTING IMPORT CONTRACTS

Existing import contracts for beef that are *covered with import letters of credit* opened as of May 16, 1975 shall be given due course. FTI shall buy part of the shipments upon their arrival to enable FTI to sell beef at pre-determined prices.

Existing import contracts for beef of meat processors that are not yet covered with L/C's shall be given due course provided that the beef shall be used in the manufacture of products and under the following procedures:

- 1) Meat processors will supply the Department of Industry with data that will be used to establish the firms' imported raw materials requirements, and with certifications that the data are correct and the importations will not be sold in its unmanufactured form;
- 2) The Department of Industry will report on the imported raw materials requirements of the firm to the FTI and the Central Bank;
- 3) To meat processors desiring to import, FTI will issue (numbered) certifications of authority to import (which shall specify authorized import quantities), furnishing copies thereof to the Central Bank;
- 4) CB will authorize the opening of the import Letter of Credit within the terms of the FTI certification;
- 5) Beef contracted for importation in excess of the raw material requirements of the firm will be consigned and/or sold to FTI;
- 6) The meat processor shall enter into contract with FTI that he shall purchase hogs and/or frozen/chilled pork from the latter at current agreed market price based on the specifications of the former.

NEW IMPORT CONTRACTS

Importations of beef briskets not covered by existing contracts will be undertaken solely by FTI under bulk purchases that will make possible lower import prices. Imports of all other types of meat priced at higher than US \$0.50 per lb. CIF can be given due course by the banking system without need for FTI intervention. All imports of beef priced below \$0.50 per pound that are not briskets will have to be certified by FTI as per the above guidelines. To help ensure that prices along the distribution lines will not go up as a result of this arrangement, the Bankers Association of the Philippines, through the Central Bank, will be requested by FTI to waive the marginal deposit requirement on L/C's for beef importations.

(Sgd.) VICENTE T. PATERNO
Secretary of Industry

(Sgd.) ARTURO R. TANCO, JR.
Secretary of Agriculture

(Sgd.) JOSE D. DRILLON
President, FTI

MEMORANDUM CIRCULAR May 16, 1975

To : ALL MEAT TRADERS

Subject: IMPLEMENTING GUIDELINES ON BEEF IMPORTATIONS AS
APPROVED BY THE DEPARTMENT OF AGRICULTURE AND
FOOD TERMINAL, INC.

The basic purposes of regulating beef imports from all sources are: (1) to purchase imported beef at the lowest cost so as to enable the consumers to buy the meat at the lowest price: and (2) to regulate the volume in consonance with the meat production programs of the government.

IMPORTED BEEF IN STORAGE

Food Terminal, Inc. (FTI) shall, at its option, buy part of the brisket beef in storage to enable the firm to start selling to the public at pre-determined prices.

EXISTING IMPORT CONTRACTS

Existing import contracts for beef that are *covered with import letters of credit* shall be given due course. FTI shall at its option, buy part of the shipments upon their arrival to enable the firm to sell beef at pre-determined prices.

Existing import contracts for beef of traders that are not yet covered with L/C's shall be given due course provided that:

- 1) FTI shall, at its option, purchase part of the shipments, and/or
- 2) FTI shall approve withdrawals from bonded warehouse.

NEW IMPORT CONTRACTS

Importations of beef briskets not covered by existing contracts will be undertaken solely by FTI under bulk purchases that will make possible import prices. To help ensure that prices along the distribution lines will not go up as a result of this arrangement, the following is being proposed by the traders:

Upon approval of application, the trader shall make a deposit to FTI in an amount equivalent to 25% of the total value of imports. Payments for the balance of 75%, including interest and storage and other charges and fees, shall be credited to the account of the trader, according to the letter's schedule of withdrawals.

All other types of meat imports above U.S. \$0.50 per lb. shall be immediately approved by the Central Bank. All those below U.S. \$0.50 that are not briskets will have to be certified by FTI per the above guidelines.

To ensure a continuous supply of meat in the country, the FTI, whenever it deems necessary, shall immediately undertake importations of beef.

(Sgd.) J. D. DRILON, JR.
President, Food Terminal, Inc.

(Sgd.) ARTURO R. TANCO, JR.
Secretary of Agriculture

MEMORANDUM TO ALL BANKS

June 25, 1975

SUBJECT: MAXIMUM INTEREST RATE ON TIME DEPOSITS IN
BANKING INSTITUTIONS WITH MATURITIES OF
OVER TWO (2) YEARS.

Pursuant to Monetary Board Resolution No. 1193 dated June 20, 1975, it is hereby clarified that the maximum interest rate on time de-

posits with maturities over two (2) years referred to in Item 3(d) of Circular No. 414 dated July 29, 1974 shall be within the interest ceiling prescribed by The Usury Law, as amended*.

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM TO ALL NON-BANK FINANCIAL INTER-MEDIARIES

25 July 1975

Please be informed that the Monetary Board in Resolution No. 1117 dated 6 June 1975, redesignated the name of the Office of Non-Bank Financial Intermediaries to *DEPARTMENT OF FINANCIAL INTER-MEDIARIES (NON-BANK)*.

Please be guided accordingly.

(Sgd.) R. P. LIBIO
Director

MEMORANDUM TO ALL BANKS

July 28, 1975

In connection with CB Circular No. 473 dated June 30, 1975, as approved by MB Resolution No. 1286 dated June 27, 1975, implementing Presidential Decree No. 717 dated May 29, 1975, the following guidelines are hereby issued:

1. Report Requirement

All banks are required to report monthly under oath, due not later than 12 banking days after the end of reference month, to the appropriate supervising and examining department compliance in the utilization of the required minimum of 10% and 15% of their total loanable funds generated for agrarian reform credit and agricultural credit in general, respectively, in accordance with the prescribed attached sample forms; Provided, however, That the first report as of June 30, 1975 shall be due on or before July 31, 1975.

2. *Computation of Loanable Funds*

The net increase from date of effectivity of the Decree to date of the report of the individual accounts which represent the following: The total bank's funds consisting of deposits (demand, savings, and time) excluding foreign currency deposits under Circular No. 343; deposits of banks, net of due from other banks; bills payable, including borrowings from banks; total capital accounts; and added to the net increase is the total collections from the loan portfolio outstanding as of May 31, 1975 to date of the report less net increase of the following: bank premises, furniture and equipment (net book value); other property owned or acquired (representing properties acquired in satisfaction of debts); other assets; required reserves (reserves against deposit liabilities, deposit substitutes, coverage against outstanding letter of credit in the case of commercial banks, etc.), excluding reserves for marginal deposits; and provision for liquidity (15% of total deposits and demand liabilities).

3. *Loans/Investments Considered as Compliance*

For purposes of Section C of Circular No. 473, only loans extended by banks for agrarian reform credit/agricultural credit in general and/or in appropriate cases, temporary investments in eligible government securities made by banks for agrarian reform credit, from May 31, 1975 to the date of the report, shall be considered as compliance therewith.

4. *Qualified Borrowers under Agrarian Reform Credit*

All beneficiaries of agrarian reform credit mentioned under Presidential Decree No. 717 and the implementing Circular No. 473, which credit shall be used for agricultural production or for other purposes mentioned therein.

5. *Basis of determining who are Agrarian Reform Beneficiaries*

- a) Documentary evidence, namely, certificate of land transfer or order of approval of application from Department of Agrarian Reform (DAR) or agreement to sell/order of award from DAR or its predecessors such as LTA and NARRA (in case of settlers); or
- b) In the absence of documentary evidence under "a)" above, a certification from the nearest DAR office that borrower is an agrarian reform beneficiary.

6. *Qualified Borrower under Agricultural Credit in General*

All corporations, entities, or private individual engaged in agricultural production; processing, storage, marketing, or exportation of agricultural products; and, importation/manufac-

ture/distribution of farm machineries and equipment, fertilizers, etc., used for agricultural production.

7. Allowable Alternative Investment

In the absence of qualified borrowers, any portion of the amount set aside for agrarian reform credit not actually loaned out may be invested temporarily in the following government securities:

- a) Issues of the Central Bank Certificates of Indebtedness (CBCI) under Memorandum to Authorized Agent Banks (MAAB No. 119) dated December 16, 1974;
- b) DBP Countryside Bills;
- c) Other government securities expressly declared eligible by the Central Bank.

8. Securities for Loans Granted under Agrarian Reform Credit/Agricultural Credit in General

a) For Agrarian Reform Credit—

Loans granted under this credit shall be secured by any or a combination of:

- 1) real estate property owned by the borrower or his co-maker, not necessarily the same real estate property used by the borrower for his agricultural or farm project;
- 2) poultry;
- 3) stored crops in bonded warehouse;
- 4) assets acquired with the proceeds of the loan, such as farm machinery;
- 5) one co-maker acceptable to the bank; provided, that in case a borrower is a member of a cooperative, the cooperative may act as a co-maker, and provided further, that in case the borrower is a farmers' cooperative, no co-maker shall be required;
- 6) other collateral acceptable to the bank, such as, but not limited to, standing crops, livestock or work animal, etc.

b) For Agricultural Credit in General—

Loans granted under this credit shall be secured by the usual collaterals required by banks.

9. Syndicated Type of Agrarian Reform Credit/Agricultural Credit

Banks may grant a syndicated type of loan for agrarian reform credit/agricultural credit in general, either between or among themselves. The mechanics, including the recording of such syndicated type of loan transactions shall follow existing practices and regulations applicable both to the lead bank and other participating bank(s). Accordingly, the formal booking

of loans shall only be for the amount of actual participation of each syndicate bank concerned. Memorandum entries, references or notations shall be made for the other participating bank(s).

10. Rates of Interests and Charges

a) For Agrarian Reform Credit—

The interests and charges which banks shall charge shall be within the limitations provided for under the implementing Circular No. 473 dated June 30, 1975.

b) For Agricultural Credit in General—

The interests and charges which banks shall charge shall be within the limitations provided for under the Usury Law (Act No. 2655) as amended by Presidential Decree No. 116 dated January 29, 1973; and the Central Bank Circular No. 415 dated July 29, 1974, as amended by CB Circular No. 435 dated October 18, 1974, respectively.

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM CIRCULAR TO ALL RURAL BANKS

August 12, 1975

Pursuant to Monetary Board Resolution No. 1354, dated July 11, 1975 as amended by Monetary Board Resolution No. 1665, dated August 8, 1975, the following amendments to the existing guidelines in the participation of rural banks in the Masagana 99 and other food production programs under the supervised credit scheme are hereby issued:

1. Rural banks with past due or matured obligations with Central Bank which are overdue for more than one (1) month but not exceeding two (2) months, except those obligations covered by a duly approved plan of payment whose terms and conditions are faithfully complied with, may be allowed to participate in the program.

2. The total rediscounting obligations of a rural bank with the Central Bank shall not exceed five hundred per cent (500%) of its net worth plus fifty per cent (50%) of its monthly average savings and time deposit liabilities during the four (4) months' period immediately preceding its date of loan application.

The foregoing amendments shall take effect at the start of the next cropping season on November 1, 1975.

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM CIRCULAR TO ALL RURAL BANKS

October 13, 1975

To enable rural banks whose total outstanding rediscounting obligations against supervised credit papers are already in excess of the new rediscount ceilings for supervised credit, implementation of which takes effect on November 1, 1975, in pursuance of Memorandum Circular To All Rural Banks, dated August 12, 1975, to continue to participate in the financing of the M-99 (Phase VI) Rice Production Program and other special crash food production programs, the following amendments to existing rediscounting guidelines shall take effect on November 1, 1975:

- 1) A rural bank which has already exceeded its credit ceiling for supervised credit papers may be allowed to continue to rediscount supervised credit food production papers against the unutilized portion of its credit ceiling for ordinary or non-supervised credit papers, after deducting the excess of its outstanding loans under the supervised credit scheme;
- 2) A rural bank which has exceeded its credit ceilings for both supervised credit and ordinary or non-supervised credit papers may also be allowed to continue to rediscount supervised credit food production papers equivalent to, but not more than 80% of its repayments as applied to principal, in order to effect a gradual reduction of its obligations in excess of its credit ceilings provided that such an excess shall be fully eliminated within six (6) months but in no case beyond May 31, 1976; and
- 3) Henceforth, rural banks eligible to avail themselves of the privilege of access to the rediscounting facilities of the Central Bank may use their non-supervised credit (NSC) ceilings to the extent of the unutilized gap for purposes of supervised credit (SC) borrowings.

(Sgd.) G. S. LICAROS
Governor

MEMORANDUM TO ALL BANKS AND NON-BANK
FINANCIAL INTERMEDIARIES

October 13, 1975

All banks and non-bank financial intermediaries (other than pawnshops) with outstanding holdings of deposits, deposit substitutes, borrowings and/or marginal deposits from government entities referred to in Section 118 of R.A. No. 265, as amended, are hereby required to submit to the Central Bank, in accordance with the prescribed attached sample form, a statement of outstanding levels of the above-cited accounts, as 24 September 1975, of each individual depositor/placer, including government-owned/controlled corporations per listing attached to Circular No. 481 dated 24 September 1975.

The required statement must be submitted to the appropriate supervising and examining department of the Central Bank, not later than 17 October 1975.

(Sgd.) JAIME C. LAYA
Deputy Governor

MEMORANDUM TO ALL PAWNSHOPS

No. 75-1
16 October 1975

SUBJECT: Clarification of Section 33 of CB Circular No. 374

It has come to the attention of this Department that Section 33 of CB Circular No. 374 which provides that "No pawnshop shall destroy or dispose of any record, ledger, book, or document for at least five (5) years from the date thereof", is interpreted to apply to operating pawnshops only.

For your information and guidance, we are quoting the related provision of the National Internal Revenue Code:

"SEC. 337.—Preservation of books of accounts, and other accounting records.—All the books of accounts, including the subsidiary books, and other accounting records, of corporations, partnerships, or persons shall be preserved by them for a period of at least five (5) years from the last entry in each book and shall be subject to examination and inspection only once in a taxable year during the five-year period by internal revenue officers, * * *

Ruling No. 130, series of 1959 of the Bureau of Internal Revenue stated that the obligation to preserve the books and other accounting records of a taxpayer for a period of at least five (5) years from the date of last entry in each book applies to persons who have retired from business and whose books and other records had already been examined.

Accordingly, please be advised that Section 33 of CB Circular No. 374 includes not only operating but also transferring and/or closed pawnshops. Transfers, for purposes of this Memorandum, shall refer to those effected outside the territorial limits of the city or municipality where pawnshops have their place of business.

(Sgd.) R. P. LIRIO
Director

MEMORANDUM TO ALL PAWNSHOPS

No. 75-2
17 October 1975

1280
dlb

SUBJECT: Submission of Latest List of the Board of Directors, Partners, Officers and Employees and Reporting of Subsequent Changes Thereto

In order to up-date the directory of officers and personnel of all pawnshops, it is hereby required, effective immediately, that all pawnshops furnish the Department of Financial Intermediaries (Non-Bank) with copies of their latest list of the members of the board of directors, partners, officers and employees (including those in branches, if any) and their telephone number(s) if stationed in the Greater Manila Area.

Any subsequent changes involving composition of the board, hiring and/or termination of services of officers and other personnel should be immediately reported to this Department, together with the reason(s) thereto therefor.

Compliance herewith is hereby enjoined.

(Sgd.) R. P. LIRIO
Director

MEMORANDUM TO ALL BANKS AND NON-BANK FINANCIAL
INTERMEDIARIES

October 28, 1975

It is requested that all commercial banks, savings and mortgage banks, private development banks, specialized government banks (Development Bank of the Philippines, Land Bank of the Philippines and Philippine Amanah Bank) and building and loan associations submit to the Department of Commercial and Savings Banks; rural banks, stock savings and loan associations and non-stock savings and loan associations to the Department of Rural Banks and Savings and Loan Associations; and investment houses, financing companies, investment companies, security dealers/brokers and lending investors to the Department of Financial Intermediaries (Non-Bank) the following information within ten (10) days from receipt of this memorandum:

1. Name of Institution
2. Address
3. P.O. Box Number
4. Cable address or cable code
5. Board of Directors including Corporate Secretary:
 - a. Names of Chairman, Vice-Chairman and Directors
 - b. Number of directors per By-laws
 - c. Number of vacancies in the Board
 - d. Names of corporations where they serve as Chairman of the Board or as President and names of other business enterprises of which they are proprietors or partners
 - e. For the Corporate Secretary, indicate if he is also a Director
 - f. Date of annual election of directors per By-laws
6. Executive officers including Auditor:
 - a. Names and titles
 - b. Telephone Number of each officer (office)
 - c. For the Executive Vice-President, state the names of corporations where he serves as Chairman of the Board and names of other business enterprises of which he is proprietor or partner
 - d. For Vice-Presidents and other officers with non-descriptive titles, indicate area of responsibility, e.g., Vice-President for Operations or Vice-President, International Department
 - e. For commercial banks, savings and mortgage banks, private development banks, DBP, Land Bank and Amanah Bank, include from President to Department Heads

- f. For investment houses, financing companies, investment companies and security dealers/brokers, include from President to Vice-President
- g. For rural banks, stock savings and loan associations, non-stock savings and loan associations and building and loan associations, include from President to Accountant
- h. For lending investors, include only two highest officers

7. Branches, agencies and extension offices:

- a. Name of branch, agency or extension office, e.g., Quiapo Branch or Makati Agency
- b. Address
- c. Names and telephone numbers of:
 - (1) Manager
 - (2) Cashier
 - (3) Accountant
- d. For agencies and extension offices, indicate name of mother branch.

Henceforth any changes in any of the foregoing should be reported to the appropriate supervising department immediately.

(Sgd.) JAIME C. LAYA
Deputy Governor

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