

REQUIRING GOVERNMENT OFFICES, AGENCIES, INSTRUMENTALITIES AND GOVERNMENT OWNED OR CONTROLLED CORPORATIONS, PERSONS AND ENTITIES ENJOYING TAX EXEMPTION, INCENTIVE OR SUBSIDY FROM...

PRESIDENTIAL DECREE NO. 894, February 26, 1976

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WHEREAS, it is necessary for our national economic development that every effort is exerted by all to save and conserve our foreign exchange reserves;

WHEREAS, payment of transportation fares to foreign airlines and shipping lines, even if made in Philippine Currency, constitutes a heavy drain to our foreign exchange reserves in view of the fact that such foreign airlines and shipping lines remit abroad their receipts in excess of their local expenses;

WHEREAS, the Philippine flag air carrier and shipping lines operating international transportation perform transportation services of vital importance to the foreign commerce and trade of the Philippines including its balance of payments, to the Postal Service, and to the national security and defense;

WHEREAS, in most countries of the World, the policy and practice of granting preference to the national flag air carrier and shipping lines over foreign air carriers and shipping lines with respect to transportation of Government financed passengers and property has either been adopted and implemented or is in the process of being adopted and implemented;

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 as follows ;

SECTION 1. Whenever any branch, department, agency, instrumentality or office of the Government including local governments and corporations and institutions owned and controlled by the Government, shall procure, contract for, or otherwise obtain, directly or indirectly, any transportation of persons or property by air or water between the Philippines and a place outside thereof or between two places both of which are outside the Philippines, the payment for which is made directly or indirectly from funds of the Republic of the Philippines, the appropriate agency or agencies and public officials concerned shall take such steps as may be necessary to assure that such transportation is provided by the Philippine flag air carrier or shipping lines to the maximum extent service by such carrier and shipping lines is available.

SEC. 2. Any person, partnership, association or corporation, contractor and subcontractor, granted and enjoying any tax exemption, subsidy or incentive from the Government, or with an outstanding loan from or whose existing obligation is guaranteed by the Government or by any Government owned or controlled corporation and financial institution, or awarded any contract by the Government or any of its agencies and instrumentalities, requiring any transportation of persons and property by air or water between the Philippines and a place outside thereof or between two places both of which are outside the Philippines, the payment for which is made directly or indirectly from the funds of such person, partnership, association, corporation, contractor or subcontractor, shall cause such air or water transportation to be provided by the Philippine flag air carrier or shipping lines to the maximum

extent service by such air carrier or shipping lines is available: Provided, That, any such person, partnership, association, corporation, contractor or subcontractor may procure the services of foreign air carriers or shipping lines to the extent that services by the Philippine flag air carrier or shipping lines is not available, only upon prior certification by the Civil Aeronautics Board or by the Board of Transportation, as the case may be.

SEC. 3. The Auditor General shall disallow any expenditure from appropriated funds of the Government for payment of passenger or cargo transportation on foreign flag air carriers and shipping lines in the absence of satisfactory proof of the clear necessity therefor.

SEC. 4. Any violation of the provisions of Section 2 shall cause the withdrawal, revocation, cancellation, or acceleration of payment, as the case may be, of the tax exemption, subsidy, incentive, loan, guarantee and contract of such person, partnership, association or corporation.

SEC. 5. All laws, decrees, orders, rules and regulations or part 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 26th day of February, in the year of Our Lord, nineteen hundred and seventy-six.

(Sgd.)

FERDINAND E. MARCOS

President

Republic of the Philippines

By the President:

(Sgd.)

JUAN C. TUVERA

Presidential Assistant

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