

CREATING THE EXPORT CREDIT CORPORATION, DEFINING ITS POWERS AND FUNCTIONS, PROVIDING FUNDS THEREFOR, AND OTHER PURPOSES.

PRESIDENTIAL DECREE NO. 1785, January 15, 1981

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WHEREAS, the Government encourages, promotes and develops the export of goods and services, and the establishment and operation of private enterprises engaged in the manufacture of capital goods;

WHEREAS, the development of the export and capital goods industry is hampered by the lack of proper credit, guarantee, and insurance facilities at rates and on terms and conditions which will place the nation's exports at a competitive level in the international market and will enable local industries to manufacture capital goods, likewise at levels competitive with imported goods and services;

WHEREAS, there is a need to establish a government-owned or controlled corporation to provide the required credit, guarantee and insurance facilities at preferential rates and on liberal terms and conditions;

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 the following:

SECTION 1. Short Title. – This Decree shall be known as the “Character of the Export Credit Corporation.”

SEC. 2. Declaration of Policy. – It is the policy of the State to encourage, promote and develop the export of manufactured goods, products, and other goods and services by extending credits guarantees, and insurance covers at interest rates and charges and on an internationally competitive basis, in order to attain a rising level of production and employment, increase foreign exchange earnings and improve the country's balance of payments, accelerate the economic growth and development of the nation, and secure to the Filipino people the benefits of such growth and development.

SEC. 3. Creation, Name, Domicile and Term. – There is hereby created a body corporate to be known as the Export Credit Corporation. Its principal place of business shall be in Metropolitan Manila and it may establish such offices, agencies, branches, subsidiaries and correspondents in the Philippines or abroad as its business operations may require. It shall have a term of fifty (50) years from the effectivity hereof, which shall be deemed renewed for an equal period, unless sooner dissolved by law.

SEC. 4. Purposes. – The Corporation shall have the following purposes:

- To promote and develop the export of goods and services;
- To foster the development of capital goods industry; and
- To provide the facility for the grant of direct credits and loans, financial guarantees and insurance coverage to exporters and financial institutions, with reference to their provision of credits or loans in support of the export of Philippine goods and services at interest rates and charges and on a competitive basis.

SEC. 5. Powers and Functions. – The Corporation shall have the following powers and functions:

- To extend direct loans or other credit facilities in Philippine or foreign currency to any persons and entities in respect of the financing of export contracts and foreign trade transactions including sale of domestically manufactured capital goods at competitive interest rates and charges;
- To give or make arrangements for the giving of guarantees covering political and commercial risk to, or for the benefit of, persons or entities engaged in business in the Philippines, banks and financial institutions, in connection with the financing of export, manufacture treatment of goods, the rendering of services, or any other matter which in the determination of the Corporation promotes the export trade and import-substitution industry. The guarantee, given or arranged as herein provided, shall be on such terms and conditions as the Corporation may deem proper; provided, that the Corporation shall not give, or make arrangement for, performance guarantees;
- To make grants to, or subsidize, in Philippine or foreign currency, any persons or entities for the purpose of supplementing any interest receivable or received by them as consideration for their provision of such facilities as aforementioned, and for persons or entities engaged in business in the Philippines to purchase, discount, rediscount, sell and negotiate, with or without its indorsement, notes, drafts, bills of exchange, acceptances, including banker's acceptances and other evidence of indebtedness in connection therewith;
- To enter into contracts or insurance with any persons or entities to insure them against the risk of war, expropriation, restrictions on remittances and such other risks as may appear to the Corporation to be non-commercial risks, in respect of, or in connection with, export contracts or transactions;
- To act as an agent for any persons, entity, government or agency of a government in respect of or in connection with export contracts or transactions;
- To issue bonds and to borrow money from local and/or foreign sources;
- To invest its funds in any activity related to export and import-substitution and in any bonds or securities issued and/or guaranteed by the Government of the Philippines;
- To purchase, hold, alienate, mortgage, pledge or otherwise dispose of the shares of the capital stock of, or any bond, security of other corporations or associations of this or any other country; and while the owner of said stock, to exercise all the rights of ownership, including the right to vote thereon;
- To acquire assets, real or personal, or interest therein and encumber or otherwise dispose the same as it may deem proper necessary in the conduct of its business;
- To determine its organizational structure, and the number and salaries of its officers and employees;
- To establish and maintain offices, branches, agencies, subsidiaries, correspondents or any other units within or outside the Philippines as may be needed by the Corporation and reorganize or abolish the same as it may deem proper;
- To adopt By-Laws for the regulation of its proceedings; prescribing the duties of officers and employees of the Corporation; delegating to President the conduct of any business of the Board of Directors; fixing the salaries, fees or other enumeration to be paid to the Directors; and generally, for the conduct and management of its activities;
- To sue and be sued;
- To adopt and use a corporate seal which shall be judicially noticed;
- To perform such acts and exercise such functions as may be necessary for the attainment of the purpose and

objectives herein specified;

- To promulgate such rules and regulations as may be necessary to carry out the purposes of this Decree; and
- To perform such other functions as may be provided by law.

SEC. 6. Restriction on powers. – The Corporation is not a bank within the meaning of Republic Act Numbered Three Hundred thirty-seven (General Banking Act), as amended, and as such, can not perform commercial banking functions, except as provided herein.

SEC. 7. Capital Stock. – The Corporation shall have an authorized capital stock of TEN BILLION PESOS (P10,000,000,000) divided into ten million (10,000,000) shares with a par value of P100,000 per share, of which P200,000,000 shall be originally subscribed and paid for by the Republic of the Philippines. The remaining shares of stock may be subscribed and paid for by the Republic of the Philippines or by government financial institutions.

SEC. 8. Governing Body. – The Corporation shall be governed by a Board of Directors which shall be composed of eleven (11) members as follows:

- The Minister of Finance;
- The Minister of Industry;
- The Minister of Trade;
- The Director General of the National Economic Development Authority;
- The Minister of Budget;
- The Solicitor General;
- The Governor of the Central Bank of the Philippines;
- The Chairman of the Board of Governors of the Development Bank of the Philippines;
- The Chairman of the Board of Directors of the Philippine National Bank;
- The President of the Corporation to be appointed by the President of the Philippines for terms of five (5) years;
- One representative from the private sector to be appointed by the President of the Philippines for terms of five (5) years;

In making the appointment of the President of the Corporation and the representative from the private sector, the President shall base his selection on the integrity, experience and expertise of the appointee.

The Minister of finance and the Minister of Industry shall sit respectively as ex officio Chairman and Vice Chairman of the Board. The other officers of the Corporation shall be appointed by the Board.

SEC. 9. Duties and responsibilities of the President. – The President who shall be the chief executive of the Corporation shall have the following duties and responsibilities:

- To prepare the agenda for the meetings of the Board, and to submit for the consideration of the Board such policies and measures as he believes necessary to carry out the purposes and objectives of this Decree;
- To execute, administer and implement the policies and measures approved by the Board;
- To direct and supervise the operations and administration of the Corporation;

- To represent the Corporation in all dealings with the other offices, agencies and instrumentalities of the Government and with all persons and other entities, public or private, domestic or foreign; and
- To exercise such other powers and perform such other duties provided in the by-laws and as may be vested in him by the Board.

SEC. 10. Loans. – The Corporation is hereby authorized to contract loans, credits, in any convertible foreign currency, and incur indebtedness from time to time from foreign governments or any international financial institutions or fund sources, or any other entities, on such terms and conditions it shall deem appropriate for the accomplishment of its purposes and to enter into and execute agreements and other documents specifying such terms and conditions.

The Republic of the Philippines, through the President of the Philippines or his duly authorized representative, may guarantee, absolutely and unconditionally, as primary obligor and not as surety merely, the payment of the loans, credits and indebtedness issued up to the amount herein authorized, which may be over and above the amount which the President of the Philippines is authorized to guarantee under the Republic Act Numbered sixty-one hundred forty-two, as amended, as well as the performance of all or any of the obligations undertaken by the Corporation in the territory of the Republic of the Philippines pursuant to loan agreements entered into with foreign governments or any international financial institutions of fund source.

SEC. 12. General Counsel. – The Solicitor General shall perform the duties of General Counsel or the Corporation. Any provision of law to the contrary notwithstanding, the Solicitor General and such personnel as may be necessary to assist him in the performance of his duties and responsibilities shall receive such allowances as shall be fixed by the Board.

SEC. 13. Privileges and Incentive. – The Corporation shall be entitled to all such privileges and incentives as are or may be granted by law to private enterprises engaged in the export and capital goods industries.

Other government offices and other government-owned or controlled corporations shall extend whatever assistance may be needed by the Corporation or any of its branches, offices and subsidiaries, including the detail of its officials and employees to the Corporation or any of its subsidiaries on full-time or part-time basis under arrangements satisfactory to the Corporation or any of its subsidiaries and the government office or corporation concerned. Said officials and employee, as well as the directors of the Corporation and its subsidiaries, may receive allowance and other emoluments, notwithstanding the provision of any law to the contrary.

The employee of the Corporation shall be entitled to all the retirement and insurance benefits and leave privileges of government employees.

SEC. 14. Tax exemption. – The Corporation shall be exempt from all taxes, duties, fees, imposts and all other charges, except corporate income tax, imposed directly or indirectly by the Republic of the Philippines, its provinces, cities, municipalities and other government agencies and instrumentalities.

SEC. 15. Exemption from Civil Service Law. – The offices and employees of the Corporation shall not be subject to the Civil Service Law, rules and regulations, and shall likewise be exempt from the regulations of the Wage and Position Classification Office.

SEC. 16. Non-applicability of the laws on Usury and Uniform Currency, and certain provisions of the Insurance Code. – The provisions of Republic Act Numbered two thousand five hundred sixty-six (Usury Law), as amended; Republic Act Numbered five hundred twenty-nine (Uniform Currency Law), as amended; and Chapters III, IV and VIII, of Presidential Decree No. 612 (The Insurance Code) shall not apply to the operation and

activities of the Corporation.

SEC. 17. Access to Rediscounting Facilities of the Central Bank. – The Corporation shall have access to the rediscounting facilities of the Central Bank under the most favorable terms available for any entity under Central Bank rules and regulations.

SEC. 18. Appropriations. – For the initial requirements of the Corporation, the sum of TWO HUNDRED MILLION PESOS (P200,000,000) is hereby set aside and appropriated from the General Funds not otherwise appropriated.

SEC. 19. Reports. – The Corporation shall, within three (3) months after the end of every fiscal year, submit its annual report to the President of the Philippines. It shall likewise submit such periodic or other reports as may be required of it from time to time.

SEC. 20. Separability Clause. – Should any provision of this Decree be held unconstitutional, no other provision hereof shall be affected thereby.

SEC. 21. Repealing. – All laws, decrees, executive orders, administrative orders, rules and regulations inconsistent herewith are hereby, amended or modified accordingly.

SEC. 22. Effectivity. – This Decree shall take effect immediately.

Done in the City of Manila, this 15th day of January, in the year of Our Lord, nineteen hundred and eighty-one.

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

By the President:

(Sgd.) JUAN C. TUVERA
Presidential Executive Assistant

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