

**CONSOLIDATED MILLS, INC., PLAINTIFF AND APPELLANT, VS.
REPARATIONS COMMISSION, DEFENDANT AND APPELLEE,
MABUHAY RUBBER CORPORATION, INTERVENOR.***G.R. No. L-23859. March 02, 1977*

Ponente: CASTRO, C.J.

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The Consolidated Textile Mills, Inc. (now Consolidated Mills, Inc.), hereinafter referred to as the CMI, in its "Motion for Reconsideration and/or Clarification" filed on 18 May 1968, requests a reexamination by this Court of the main conclusions arrived at in the decision promulgated on 22 February 1968. In the main, the CMI prays this Court to set aside the aforesaid decision and to enter another upholding (1) the validity and efficacy of the questioned Contract to Purchase dated 29 November, 1961; and (2) the applicability of the rate of exchange of P2 for every \$1 in computing the pro-curement cost in Philippine currency of the reparations goods it applied for. Intervenor Mabuhay Rubber Corporation, in a separate motion for reconsideration it submitted on 24 May 1968, joins the CMI in assailing the decision of this Court, dated 22 February 1968.

Under date of 9 August 1968, the Reparations Commission, hereinafter referred to as the Commission, filed its opposition to the aforestated motion of the CMI.

The joint hearing on the motions for reconsideration interposed by the CMI and on L-22768 (Lirag Textile Mills, Inc. vs. Reparations Commission), a companion case posing similar issues, followed on 12 August 1969.

Subsequently, this Court impaneled an impartial group composed of Emilio Abello (Chairman, Council for Economic Development), Amado R. Briñas (Deputy Governor, Central Bank of the Philippines), Manuel J. Marquez (Chairman of the Board, Commercial Bank and Trust Company), Sixto K. Roxas (President, Economic Development Foundation), Cesar Virata (Secretary, Department of Finance), and Leonides S. Virata (Chairman, Development Bank of the Philippines) to act in the capacity of amici curiae, with the request to assist in the further exposition and consideration of the issues raised by the cases. On 1 September 1969 the amici curiae submitted their joint memorandum.

This Court then, in a resolution dated 11 September 1969, required the parties in both cases to comment on the aforestated joint memorandum of the amici curiae. In compliance therewith, the CMI filed its comments on 6 October 1969; Lirag Textile Mills, Inc. on the following day.

Thereafter, the amici curiae submitted a clarificatory supplement under date of 29 October 1970 to further explain certain material points in their joint memorandum. Whereupon, this Court, in a resolution dated 23 November 1970, directed the parties in the case at bar and in L-22768 to comment on the supplementary clarificatory memorandum of the amici curiae. This Court thereafter received the respective comments of the parties: that of the intervenor Mabuhay Rubber Corporation dated 21 January 1971, of the CMI dated 26 January 1971, and of the Lirag Textile Mills, Inc. dated 3 February 1971.

On 15 October 1971, the intervenor Mabuhay Rubber Corporation[1] asked this Court for leave to withdraw its intervention in the case at bar. In its petition, the intervenor claimed that it entered into a "Memorandum of Agreement" dated 28 July 1971 with the Commission.

The above "Memorandum of Agreement" relates mainly to a modification in the schedule of payments to be made by the intervenor on the "P5,346,884.79 total value" of the reparations goods delivered to it, covered by three separate contracts of conditional purchase and sale dated 25 May 1964, 4 December 1964 and 17 January 1965 entered into with the Commission. A stipulation in the "Memorandum of Agreement" provides that except for the revision in the schedule of payments, all the other terms and conditions set forth in the three contracts of conditional purchase and sale "shall remain unchanged and in full force and effect."

On the other hand, both the aforesaid contracts dated 4 December 1964 and 17 January 1965 include a provision stating that the payments to be made by the intervenor on the reparations goods it acquired "shall be on the basis of the free market rate of exchange pursuant to the Presidential directive of March 28, 1963, without prejudice to re-adjustment should the courts finally declare invalid the imposition of the free market rate." The contract dated 25 May 1964, however, merely states that "the f.o.b. US dollar currency value of the reparations goods shall be payable in its equivalent in Philippine peso currency computed at such rate of exchange as shall be finally determined in [the aforesaid] Civil Case No. 54375, it being expressly understood and agreed upon, however, that the peso equivalent of the dollar value of the goods to be reflected in the Schedule of Payments shall be expressed in Philippine currency at a rate finally determined by the Court in said Civil Case No. 54375."

Subsequently, this Court, using the free market rate of exchange decreed by the Presidential Directive dated 30 October 1962, as further clarified on 28 March 1963, as the basis in the conversion of the US-dollar-stated cost of the reparations goods acquired by the intervenor into Philippine pesos, granted the intervenor's petition for the withdrawal of its intervention in a resolution dated 21 October 1971.

At the outset, the main conclusions articulated in this Court's decision of 22 February 1968 now questioned by the CMI relate to the following: (1) that the Contract to Purchase dated 29 November 1961 -- which contract excludes a specific description of both the objects to be procured and the price to be paid therefor and omits an express stipulation as to the rate of exchange to be used in the conversion into Philippine pesos of the US dollar procurement cost of the reparations goods applied for -- merely constitutes a preliminary agreement; (2) that the said Contract to Purchase, even on the assumption that it partakes of the nature of a perfected contract between the parties, "can only be so with respect to the rights and obligations therein stipulated and agreed upon by the parties"; and (3) that the application by the Commission of the free market rate of exchange in the determination of the Philippine peso cost of the reparations goods "would not spell impairment of any obligation" under the said contract.

Observably, the CMI, in its more than eighty-page "Motion for Reconsideration and/or Clarification," advances numerous impressive arguments, all intended to persuade this Court to reconsider its decision of 22 February 1968, set it aside, and enter a new one in its favor. It certainly requires but the minimum of effort to understand the whys for the laborious pains taken by the CMI to convince this Court now to take a completely different view of the case under consideration. And aptly, a discussion of these numerous arguments proffered by the CMI appears, at this stage of the proceedings, profitless and unnecessary. After all, most, if not all, of the arguments of the CMI, reduced to their bare and simple terms, constitute reiterations and reproductions, if not mere rehashes, of the same arguments it previously submitted for consideration by the court a quo as well as by this Court.

This Court indeed, in the consideration of this case, not only carefully conducted a study in depth of all the issues raised but also objectively examined and deliberated upon all the arguments, extending to their legal and factual

bases and implications, submitted by the CMI and the Commission in support of their respective stands in relation to the said issues. In its decision of 22 February 1968, this Court extensively discussed the legal aspects of the controversy, delving into the juridical relations between the CMI and the Commission. This Court thus deems it an exercise in superfluity as well as in redundancy to disclose and further expound on -- in this resolution -- the minutiae of the legal considerations which constituted the main emphasis of the aforestated decision. For these considerations, in the main, adequately and squarely answer the legal postulates tendered by the CMI in its action against the Commission in the first instance and in the subsequent appeal to this Court.

However, the nature of the case at bar and the importance and significance of the issues posed render imperative a disquisition on certain considerations in support of the main conclusions arrived at by this Court clearly spelled out and fully explained in the decision of 22 February 1968. In this connection, there arises the need, by way of preface to a further exposition of these additional considerations, to restate briefly the reasons for the holding that the Contract to Purchase constitutes and "reveals all the earmarks of a mere preliminary agreement." This Court so opined for the said Contract to Purchase significantly carried neither any specific description of both the objects to be procured and the price to be paid therefor nor any express stipulation as to the rate of exchange to be used in the determination of the Philippine peso equivalent of the US dollar value of the reparations goods applied for and procured. This Court stated that the agreement, as is obvious from its face, "does not contain, and was not intended to contain, all of the important terms and conditions of the future contract," thereby leaving them for future determination. The Contract to Purchase is thereby rendered incomplete and necessitated a stipulation therein for the execution, before the delivery of the reparations goods to the CMI of a contract of conditional purchase and sale "wherein the dollar price of the goods may be reduced into its peso equivalent" to supersede the former agreement.

I.

The procurement of reparations goods involves a series of tedious, although not complicated, steps, all directly affecting and qualifying any agreement entered into between an applicant end-user and the Commission in relation thereto. This, a close reading of the provisions of Republic Act 1789,[2] as amended,[3] of the Reparations Agreement, and of the Exchange Notes on Reparations makes manifest. Briefly, these steps or phases,[4] per the pertinent provisions of the aforementioned statute and documents attached to the procurement program, consist of the following:

1. Filing by the applicant end-user with the Commission of his or its application accompanied by the required supporting papers;[5]
2. Action by the Commission on the application;[6]
3. Preparation by the Commission of the tentative schedule of reparations goods to be procured from Japan every year, the said schedule based on approved reparations program and approved applications;[7]
4. Action by the President of the Philippines on the tentative annual schedule of reparations goods. The said schedule, after approval by the President upon recommendation of the National Economic Council, forms the basis of consultation between the Philippine and Japanese governments towards the formulation of the fixed or agreed annual schedule;[8]
5. Transmission by the Commission to the Philippine Reparations Mission in Japan of the tentative annual schedule and the approved applications, with the required supporting papers, included in the said schedule;[9]
6. Negotiation by the Mission in Japan with the Japanese government on the tentative annual schedule of reparations goods prepared by the Commission;[10]

7. After conclusion of the agreed annual schedule between the Mission in Japan and the Japanese government, the publication of the said schedule in the Philippines and Japan in the manner and form statutorily prescribed;[11]
8. Issuance, subject to the fulfillment of certain prior conditions, of the procurement order for the acquisition of the reparations goods on the basis of the agreed annual schedule;[12]
9. Publication of the procurement order in the Philippines and Japan in the manner and form statutorily prescribed;[13]
10. Negotiation between the Mission and Japanese nationals or firms on the manufacture, production or supply of the reparations goods on the basis of the agreed annual schedule and the procurement order received from the Commission. This entails, among others, calling for bids, evaluating bids received from prospective Japanese manufacturers, producers or suppliers, and verifying bids against approved plans and specifications;[14]
11. Action by the Commission on bids submitted to the Mission by Japanese manufacturers, producers or suppliers before the said Mission accepts any bid. The evaluation of the submitted bids transmitted by the Mission to the Commission purports, among others, to give the applicant end-user the opportunity to examine all bids and make observations thereon;[15]
12. Preparation by the Mission of the proposed contract with the Japanese manufacturer, producer or supplier whose bid the said Mission accepted;[16]
13. Action by the Commission on the proposed contract prepared by the Mission. This enables (a) the Commission to ascertain the compliance by the said contract with the terms of the Reparations Agreement and the statutory provisions, and (b) the applicant end-user to verify the contract specifications and terms thereof;[17]
14. Verification by the Japanese government of the proposed contract prepared by the Mission as to the conformity of the said contract with (a) the terms of the Reparations Agreement; (b) "the provisions of such arrangements [as may be] made by the two Governments for the implementation" of the Reparations Agreement; and (c) the applicable schedule;[18]
15. Conclusion by the Mission of the contract, termed as the "Reparations Contract", with the Japanese manufacturer, producer or supplier;[19]
16. Inspection by the Mission of the reparations goods to insure their compliance with the plans and specifications;[20]
17. Shipment, supervised by the Mission, of the reparations goods from Japan to the Philippines;[21]
18. Filing by the applicant end-user in favor of the Commission of a performance bond in the amount statutorily prescribed and subject to the conditions laid down by the rules and regulations of the said Commission;[22] and
19. Delivery by the Commission to the applicant end-user of the reparations goods.[23]

An analysis of the aforementioned steps or phases attached to the procurement program of reparations goods in implementation of the Reparations Agreement easily results in the observation that the conclusion between the Commission and the applicant end-user of any agreement -- wherein the Commission gives "due course" to the application of the applicant end-user; wherein the said applicant end-user "engages itself to perform" certain obligations derived from the pertinent provisions of Republic Act 1789, as amended; and, notably, wherein the parties agree to enter into a subsequent contract to supersede the earlier agreement -- evidences nothing more than the parties' participation in a simple preliminary transaction, devoid of any obligatory effect whatsoever. The qualification of such a transaction into a complete one attaches only upon the conclusion of certain salient phases

of the procurement program.

In the case at bar, the record reveals the inclusion of the reparations goods applied for by the CMI in Resolution 485 of the Commission, dated 20 November 1961, which resolution treats of the Fifth Reparations Year Tentative Schedule. This tentative schedule later became the agreed schedule for the Sixth Reparations Year "because when it was finally concluded with the Japanese Government, the Fifth Reparations Year had already expired and it was then already the 6th Reparations Year." [24] The CMI and the Commission entered into the Contract to Purchase on 29 November 1961. Verily, it appears evident that at the time of the execution of the Contract to Purchase, the CMI fully knew the status of the said agreement, particularly in relation to the reparations goods it applied for. Then, the very schedule which included the said goods in its commodity list was still pending for consultation between the Philippine and Japanese governments.

Such a schedule, a tentative one, takes the form of a mere proposed catalogue of items of specific goods which the Philippines seeks to requisition from Japan as reparations for the particular reparations year subject of negotiation. [25] And remarkably, in the preparation of the agreed annual schedule based on the tentative one, the Japanese government enjoys a certain latitude of discretion to ask for the deferment of any specific request for any given reparations item. [26] Considering this, the Commission could thus reasonably ascertain the reparations goods subject to its disposition for allocation only after the conclusion of the agreed annual schedule between the Mission in Japan and the Japanese government. [27]

In addition, the inclusion of the reparations goods applied for by an applicant end-user in the tentative schedule constitutes no guaranty of a definite allocation of the said reparations goods in favor of the said applicant end-user. As observed by this Court in *Terminal Shipping Corporation vs. Hon. Juan L. Bocar and the Reparations Commission*, [28] the annual tentative schedule formulated by the Commission has "to have some measure of flexibility," a quality "designed to meet the exigencies of bilateral negotiation and to keep pace with the ever-changing needs of a developing nation like ours." This Court therein also observed that --

"Section 6, 2nd paragraph, sub-paragraph (a) of the Reparations Act, as amended, categorically allows subsequent change in the tentative schedule involving any item or project, whether by addition, substitution or deletion, whether in kind, quantity, or value, whether partial or total, provided that such change has been duly endorsed by the National Economic Council and approved by the President."

And subject to the same extent and limitations as provided, the same provision of Republic Act 1789, as amended, also allows change even in the agreed schedule. That the law itself concedes the subsequent revision of the schedule -- either the tentative schedule prepared by the Commission or the agreed one concluded by the Mission in Japan with the Japanese government -- constitutes another indisputable indicium of the uncertainty of a definite allocation of reparations goods in favor of a particular applicant end-user.

All these considerations, relating to a material matter in the Contract to Purchase the reparations goods applied for, the CMI apparently overlooked. It failed to reckon with the relative importance of these phases of the procurement program to the qualification of the agreement it entered into with the Commission as a complete one.

Section 7 (b) of Republic Act 1789, as amended, and Article 5 of the Reparations Agreement spell out other details of comparative significant effect on the Contract to Purchase between the CMI and the Commission. Both section 7 (b) and Article 5 provide that the authority to conclude, on behalf of the Philippine government, any proposed reparations contract with any Japanese national or firm for the manufacture, production or supply of reparations goods resides with the Mission in Japan. Article 5, however, subjects the proposed reparations contract, before its conclusion by the Mission with the Japanese national or firm, to verification by the Japanese government as to its compliance with (a) the terms of the Reparations Agreement; (b) the provisions of

arrangements between the two governments for the implementation of the said Agreement; and (c) the applicable schedule. Indeed, the said Article requires the Japanese government to examine all aspects of the proposed reparations contract and to determine their acceptability or non-acceptability.

Upon the favorable action taken, under such requirements by the Japanese government on the proposed reparations contract -- which contract provides for either the manufacture or production or supply by the particular Japanese national or firm of the specific reparations items verified as to their approved specifications -- finally rests the availability of the reparations goods subject of the preliminary agreement between the applicant end-user and the Commission. With the availability of the reparations goods applied for definitely ascertained, the procurement of the said goods for and in behalf of the applicant end-user becomes actually and absolutely certain. This then qualifies the transaction, evidenced by the Contract to Purchase, between the applicant end-user and the Commission into a complete one. More importantly, such completion of the transaction makes operative the essential commitment of the parties expressly stipulated in the Contract to Purchase, which is, the execution of the contract of conditional purchase and sale for the reparations goods "accordingly procured."

In the instant case, the records clearly indicate the verification by the Japanese government of the reparations contract for the procurement of the reparations goods applied for by the CMI on 1 April 1963.^[29] Thus, on 1 April 1963, the definite availability of the said goods became finally certain. The element of completeness then accrued to the Contract to Purchase entered into between the CMI and the Commission on 29 November 1961 and the completion of the said transaction, in turn, rendered in force the obligation of the parties to execute the contract of conditional purchase and sale -- a contract to supersede the antecedent agreement.

II

The other point being challenged vehemently by the CMI relates to the conclusion reached by this Court in its decision dated 22 February 1968 on the appropriate use of the free market rate of exchange of the Philippine peso to the United States dollar in fixing the peso cost of the reparations goods requisitioned by the Commission from Japan for allocation to the CMI. On this matter, the CMI claims that the reparations goods it requested are payable in "a sum in Philippine currency equivalent to the procurement cost at the exchange rate of P2 for \$1." This, insists the CMI, constitutes the express understanding and agreement of the parties at the time of the execution of the Contract to Purchase.

The arguments the CMI proffers on this particular point also hardly warrant an extended discussion and this Court sees no valid reason to adopt a different or modified stand in favor of the said CMI on the question raised. Apparently, the CMI chooses a rather inflexible stand on the problem instead of taking an approach fairly consistent with the economic realities of the situation. Nonetheless, inasmuch as the question on the applicability of either the free market rate of exchange obtaining in the Philippines as of the time of the procurement of the reparations items from Japan or the rate of exchange of P2 for every \$1 in ascertaining the peso cost of the goods constitutes a matter of vital interest and importance not only to the CMI but also to others similarly situated, this Court deems it peremptory to expound on, although not at length, several additional considerations which underscore the rejection of the said CMI's reiterated contentions.

To start with, Article 1 of the Reparations Agreement fixes and expresses Japan's reparations obligation as a definite amount in United States dollars payable in such amount of Japanese yen equivalent to such amount of dollars within the period and in the manner prescribed in the said Agreement. The Memorandum dated 30 April 1956 re the Analysis of the Draft Agreements Negotiated by the Philippine and Japanese Technical Panels provides an insight into the particular reason for measuring Japan's obligation in terms of a currency foreign to both the Philippines and Japan. The Memorandum, in no uncertain terms, states:

"Inasmuch as the yen is not a stable currency and one that may be devalued any time, it is not safe to fix Japan's reparations obligation in yen because in the event of its devaluation, the Philippines would get less reparations in Japanese services and products. x x x. As the United States dollar is more stable in value than the Japanese yen, Japan's obligation expressed in dollars is a more stable and reliable measure of such obligation. Should the yen be devalued some time in the future, such as devaluation will have no effect on the quantity of the services and products that the Philippines would get as reparations because under Article 1 ... Japan is obliged to set aside whatever amount of yen is necessary to discharge its obligation thus expressed in United States dollars."

The said Memorandum also relates that the original Japanese draft proposal for Article 1 specified the reparations obligation of Japan in terms of the yen. The Philippine Technical Panel did not find this proposal acceptable so as to recommend its adoption by the Philippine Plenipotentiary Panel for the main reason that this proposed version of Article 1 subjected the value of the reparations obligation of Japan to the fluctuation of the then unstable yen.

The expression thus of the monetary value of Japan's obligation in US dollars -- then the foreign exchange considered established in its convertibility as well as in its stability in value in relation to other foreign currencies -- stems from the intention of the Philippine government to obtain Japanese services and goods equivalent as nearly as possible in worth to the true value of the said Japanese obligation as expressed and fixed in US dollars. Considered in the light that the Philippines originally claimed from Japan the amount of \$8,000,000,000[30] (although scaled down later to an "irreducible minimum" of \$1,000,000,000)[31] as reparations settlement, the observation that the Philippine government assuredly aimed and intended -- by way of insisting on stipulating Japan's obligation in US dollars in the Reparations Agreement -- to obtain for the Philippines and the Filipino people Japanese services and goods worth not only the total but also the true value of the considerably reduced amount of \$550,000,000 becomes one of utmost importance and significance.

Consequently, any transaction by the Commission relating to the distribution of the reparations goods, particularly the sale thereof to an applicant end-user -- in line with the foregoing and to realize the discovered design of the Philippine government to obtain the maximum benefit derived from either the utilization or the disposition of the reparations goods -- necessarily calls for a recompense equivalent to the true worth of the said goods as expressed in US dollars, that is, a quid pro quo arrangement. Translated into terms apposite to the particular question raised by the case at bar, this requires the applicant end-user, the CMI, to deliver to the Commission the amount (referred to as the procurement cost) in Philippine pesos corresponding as nearly as possible to the true and exact value of the reparations goods procured -- machineries and equipment for an integrated cotton and rayon textile plant -- as stated in US dollars.

The concomitant dilemma as to the translation of the value of the reparations goods expressed in US dollars into Philippine pesos poses no real difficulty. The actual and exact procurement cost of the reparations goods -- and this the CMI admits[32] -- becomes known to the applicant end-user and the Commission only upon the submission and transmission by the Mission to the said Commission of the Summary Statement of Costs covering the reparations goods procured and already shipped to the Philippines. This statement quotes the procurement cost -- fixed and specified in US dollars -- of the reparations goods as reflected in the reparations contract entered into between the Mission and the Japanese manufacturer, producer or supplier concerned. Plainly, under the circumstances, the prevailing rate of exchange (of the Philippine peso to the US dollar) at the time of that particular phase of the procurement program when the procurement cost becomes fixed and certain as well as definitely ascertained -- more specifically, upon the conclusion by the Mission of the reparations contracts with the Japanese manufacturer, producer or supplier concerned -- constitutes the appropriate measure for converting the US-dollar-stated procurement cost of the reparations goods into the domestic currency. Thus, if the Commission secures for an applicant end-user an animal feed plant with the procurement cost of \$1,500,000 per

the Summary Statement of Costs as well as the reparations contract, and the free money market at that time when the Mission concluded the reparations contract with the Japanese supplier of the said plant dictates a rate of exchange (of the Philippine peso to the US dollar) of P3 for every \$1, the peso cost of the said plant, after the proper translation, would amount to P4,500,000.

This of course necessarily implies no determinate rate of exchange (of the Philippine peso to the US dollar) for use by the Commission in fixing the procurement cost in Philippine pesos of all the items it requisitions from Japan as reparations for applicant end-users. Any change -- rise or fall -- in the purchasing power of the Philippine peso in the foreign money exchange, particularly in relation to the US dollar, would consequently affect the translation of the US-dollar-stated procurement cost of the reparations goods into Philippine pesos. In such wise, the conversion of the procurement cost -- stated in US dollars -- into Philippine pesos definitely rests on whatever rate of exchange (of the Philippine peso to the US dollar) obtains -- to repeat -- at the time of that particular phase of the procurement program when the said cost becomes not only fixed and certain but also definitely ascertained. For indeed, if Republic Act 1789, as amended, required the applicant end-user to pay the procurement cost of the reparations goods it applied for in US dollars, the said applicant end-user would have to purchase, with the necessary amount of Philippine pesos, US dollars at no matter what rate of exchange (of the Philippine peso to the US dollar) prevails at the time it would make payment to the Commission in order to satisfy the said cost.

Apropos to all of these, the circumstance that an applicant end-user chooses to acquire reparations goods on a credit basis, preferring to pay on installments^[33] the cost of the said goods according to a schedule of payments, creates no effect on the said cost expressed in US dollars. No justification exists for demanding of the applicant end-user to shoulder an unwarranted burden: that of requiring it, after splitting the US-dollar-stated procurement cost into equal amounts, to make payment of every installment in a sum in Philippine pesos corresponding to the installment amount stated in US dollars converted at the rate of exchange (of the Philippine peso to the US dollar) obtaining at the time the said installment payment falls due. It suffices that the translation exclusively involves the total US-dollar-stated procurement cost and makes use of a single measure of conversion -- that rate of exchange (of the Philippine peso to the US dollar) prevailing at the time of that particular phase of the procurement program when the said cost becomes fixed and certain as well as definitely ascertained.

In the controversy at bar, the Mission concluded reparations contracts for the procurement of the reparations goods applied for by the CMI with the corresponding Japanese suppliers sometime in April 1963.^[34] Consistency with all the foregoing demands the adoption of that money market rate of exchange of the Philippine peso vis-a-vis the US dollar prevailing at that time in the determination of the peso equivalent of the procurement cost of the reparations goods expressed in US dollars.^[35]

All told, this Court finds no compelling reason to disturb the conclusions set forth in the decision promulgated on 22 February 1968 assailed by the CMI. This Court's extended discussion of the considerations herein included more than suffices to further dispose of and settle the issues raised and already resolved in the aforesaid decision as well as submitted anew by the CMI in its "Motion for Reconsideration and/or Clarification."

ACCORDINGLY, the "Motion for Reconsideration and/or Clarification" filed by the Consolidated Mills, Inc. on 18 May 1968 is hereby denied, and this denial is final and immediately executory. No costs.

Teehankee, Barredo, Makasiar, Antonio, Muñoz Palma, Concepcion, Jr., and Martin, JJ., concur.
Fernando, J., did not take part having been the previous counsel of plaintiff-appellant.
Aquino, JJ., no part.

[1] Now Mabuhay Vinyl Corporation.

[2] AN ACT PRESCRIBING THE NATIONAL POLICY IN THE PROCUREMENT AND UTILIZATION OF REPARATIONS AND DEVELOPMENT LOANS FROM JAPAN, CREATING A REPARATIONS COMMISSION TO IMPLEMENT THE POLICY, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES.

[3] As amended by Republic Act 2611 approved on 20 July 1959 and by Republic Act 3079 approved on 17 June 1961.

[4] Limited, for the purposes of this Resolution, to those steps or phases in relation to the procurement of reparations goods at the instance of a private applicant end-user.

[5] Section 2 (a) of RA 1789, as amended by RA 3079.

[6] Section 6 (a) of RA 1789, as amended by RA 3079.

[7] Ibid.

[8] Ibid.; Article 4 of the Reparations Agreement.

[9] Ibid.

[10] Section 7 (a) of RA 1789, as amended by RA 3079.

[11] Section 6 (a) of RA 1789, as amended by RA 3079.

[12] Section (a-1) inserted by RA 2611 in RA 1789 and as amended by RA 3079.

[13] Ibid.

[14] Section 7 (a) and (d) of RA 1789, as amended by RA 3079.

[15] Section 6 (b) of RA 1789, as amended by RA 2611.

[16] Section 7 (b) of RA 1789, as amended by RA 3079.

[17] Section 6 (b) of RA 1789, as amended by RA 2611.

[18] Article 5 (2) of the Reparations Agreement.

[19] Section 7 (b) of RA 1789, as amended by RA 3079.

[20] Section 7 (c) and Section 8 of RA 1789.

[21] Section 7 (c) of RA 1789.

[22] Section 12-A inserted by RA 3079 in RA 1789.

[23] Section 6 (d) of RA 1789, as amended by RA 3079.

[24] Partial Stipulation of Facts under date of 11 October 1963, Record on Appeal, p. 68.

[25] Terminal Shipping Corporation vs. Hon. Juan L. Bocar and the Reparations Commission, L-26369, 29 February 1972, 43 SCRA 351.

[26] Memorandum dated 30 April 1956 re the Analysis of the Draft Agreements Negotiated by the Philippine and Japanese Technical Panels.

[27] Terminal Shipping Corporation vs. Hon. Juan L. Bocar and the Reparations Commission, *supra*.

[28] *Ibid*.

[29] Partial Stipulation of Facts under date of 11 October 1963, Record on Appeal, p. 72.

[30] Senate Congressional Record, Third Congress of the Republic, Third Special Session, Vol. III, No. 8, 2 July 1956, p. 169.

[31] Senate Congressional Record, Third Congress of the Republic, Third Special Session, Vol. III, No. 12, 9 July 1956, p. 302.

[32] Motion for Reconsideration and/or Clarification, p. 63.

[33] In sales of reparations goods on credit basis, section 12 of Republic Act 1789, as amended, requires the first installment to be paid at a prescribed period after complete delivery of the goods, and the balance to be paid in equal annual installments with interest at three per cent per annum within a period fixed by the Commission after considering the economic life expectancy of the goods but in no case exceeding 10 years from the date the first installment becomes due in case of ordinary capital goods and 20 years in case of ocean-going vessels.

[34] Partial Stipulation of Facts under date of 11 October 1963, Record on Appeal, p. 72.

[35] Parenthetically, during this period, the Presidential Directive dated 30 October 1962, as further clarified on 28 March 1963, specifically directed the application of the free market rate of exchange of the Philippine peso to the US dollar in the matter of payments by applicant end-users for the reparations goods they applied for and subsequently acquired.

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