

FURTHER AMENDING SECTIONS 2 AND 3 OF REPUBLIC ACT NUMBERED FORTY-EIGHT HUNDRED SIXTY AS AMENDED (RE: FOREIGN BORROWING ACT.)

PRESIDENTIAL DECREE NO. 621-A, December 23, 1974

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WHEREAS, the Government's Development Plan entails a massive investment in order to sustain and advance the social and economic development heretofore attained' for the welfare of the nation;

WHEREAS, sizeable portion of the funding requirements of the Development Plan has to be generated from foreign borrowing particularly to provide the foreign exchange costs for the importation of capital equipment, materials and technical services urgently needed to maintain the sustained and continuing implementation of the various priority developmental projects embarked upon by the Government;

WHEREAS, the present ceiling of US\$1 Billion or its equivalent in other foreign currencies on the aggregate amount of foreign loans that may be contracted directly by the National Government, and of US\$500 Million or its equivalent in foreign currencies that may be incurred under government guarantee by eligible entities including government-owned and/or-controlled corporations and financial institutions, prescribed under the Foreign Borrowing Act which was enacted in 1970, have balances considered insufficient to meet the foreign borrowing program formulated consistent with national development goals 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:

SECTION 1. Section 2 of Republic Act Numbered Four Thousand Eight Hundred Sixty, as amended, is further amended to read as follows:

SEC. 2. The total amount of loans, credits or indebtedness, excluding interests and other normal banking charges which shall not be in excess of those imposed or charged by the International Bank for Reconstruction and Development, the Asian Development Bank or other reputable international organization or non-governmental national or international lending institution which the President is authorized to incur under Section one of this Act shall not exceed five billion United States dollars or its equivalent in other foreign currencies at the exchange rate prevailing at the time the loans, credit or indebtedness are incurred at terms of payment of not less than 10 years except those contracted in the interest of national security and rehabilitation resulting from natural calamities: Provided, That the price, interest rates and other charges on loans, credits or indebtedness from non-governmental national or international lending institutions or firms extending supplier's credits or deferred credit arrangements shall be determined by the rules and regulations which may be promulgated by the Central Bank: Provided, finally, That seventy-five per centum of such total authorized amount of five billion United States dollars or its equivalent in other currencies shall be incurred for projects of the public sector and twenty-five per centum thereof shall be utilized for projects of the private sector and that no individual, partnership, cooperative, association or private corporation shall be allowed to borrow more than fifteen per centum of the total of such loans, credits, indebtedness authorized to be incurred for relending by the Development Bank of the Philippines or any other government financial institution except those who may undertake projects whose financial requirements are in excess of such limitation, in which case the

recommendation of the National Economic and Development Authority and the approval by the President to exceed such limit is required.

"The Central Bank of the Philippines shall promulgate and enforce such measure as shall be necessary to reduce the external debt service requirements to an annual level not exceeding twenty per centum of the average of the foreign exchange receipts of the immediately preceding year."

SEC. 2. Section three of the same Act is hereby further amended by inserting a new paragraph after the last sentence thereof, to read as follows:

"The total amount of loans, credits or indebtedness incurred, and the proceeds of bonds, securities or other evidences of indebtedness floated or issued, which may be guaranteed by the President under this Section shall not be more than two and one half billion United States Dollars or its equivalent in other foreign currencies at the exchange rate prevailing at the time the guarantee is made excluding interest and other normal banking charges imposed or charged by the International Bank for Reconstruction and Development, the Asian Development Bank and other similar international financial institutions."

SEC. 3. Any provision of law, decree, rules or regulations, inconsistent herewith are hereby repealed, amended or modified accordingly.

SEC. 4. This Decree shall take effect immediately.

Done in the City of Manila, this 23rd day of December, in the year of Our Lord, nineteen hundred and seventy-four.

(Sgd.)

FERDINAND E. MARCOS

President of the Philippines

By the President:

(Sgd.)

ALEJANDRO MELCHOR

Executive Secretary

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