

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

PRESIDENTIAL DECREE NO. 699, May 12, 1975

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WHEREAS, it is 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 the 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 order 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 functions 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 the 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 paragraphs:

"(XVIII) Whenever the Authority determines that to accomplish its production, processing, marketing and

other incidental functions, it is necessary to contract indebtedness, it shall by 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 Philippines; 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 sub-division 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 annual 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 sub-section. 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 in 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 currencies, or other forms of indebtedness, from 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 so 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, division 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 it 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

By the President:

(Sgd.)

ALEJANDRO MELCHOR

Executive Secretary

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