

AN ACT STRENGTHENING THE GUARANTEE AND PAYMENT POSITIONS OF THE REPUBLIC OF THE PHILIPPINES ON ITS CONTINGENT LIABILITIES ARISING OUT OF RELENT’ AND GUARANTEED LOANS BY APPROPRI...

PRESIDENTIAL DECREE NO. 1967, January 11, 1985

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WHEREAS, the current economic crisis amounts to a grave emergency which affects the stability of the nation and requires immediate action:

WHEREAS, the Republic of the Philippines as well as government-owned or controlled corporations and/or government financial institutions such as the Philippine National Bank, the Development Bank of the Philippines and the Philippine Export and Foreign Loan Guarantee Corporations have obtained various loans, relent substantial portion of its proceeds, and have likewise extended guarantees on loans both of the public and private sector to finance long-term economic and development projects;

WHEREAS, due to certain constraint, contingent or otherwise, payments on maturity schedules of relent and guaranteed loans sometimes could not be made by loan end-users, and creditors make payment demands and resort to calls on the guarantee of the Republic of the Philippine either as primary obligor or as direct and indirect guarantor;

WHEREAS, to avoid cross default situations and to protect and maintain the credit standing of the country, most specially in the international community, the National Government makes prompt payments and/or advances for all loans, including those relent and/or guaranteed by the Republic of the Philippines, government—owned or controlled corporations and/or government financial institutions;

WHEREAS, the issuance of this Decree is an essential and necessary component of the National Recovery Program formulated to meet and overcome the emergency;

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:

SECTION 1. There is hereby appropriated, out of any funds in the National Treasury not otherwise appropriated, such amounts as may be necessary to effect payments on foreign or domestic loans, or foreign or domestic loans whereon creditors make a call on the direct and indirect guarantee of the Republic of the Philippines, obtained by:

- a. the Republic of the Philippines the proceeds of which were relent to government-owned or controlled corporations and/or government financial institutions;
- b. government-owned or controlled corporations and/or government financial institutions the proceeds of which were relent to public or private institutions;
- c. government-owned or controlled corporations and/or financial institutions and guaranteed by the Republic of the Philippines;

d. other public or private institutions and guaranteed by government-owned or controlled corporations and/or government financial institutions.

SECTION 2. All repayments made by borrower institutions on the loans for whose account advances were made by the National Treasury which revert to the General Fund.

SECTION 3. in the event that any borrower institution is unable to settle the advances made out of the appropriation provided herein, the Treasurer of the Philippines shall make the proper recommendation to the Minister of Finance on whether such advances shall be treated as equity or subsidy of the National Government to the institution concerned, which shall be considered in the budgetary program of the Government.

SECTION 4. The Minister of the Finance shall issue appropriate rules and regulations to implement this decree.

SECTION 5. All laws, decrees, executive orders and regulations contrary or inconsistent with the provisions of this Decree are hereby repealed or amended accordingly.

SECTION 6. This Decree shall take effect immediately.

DONE in the City of Manila, this 11th day of January, in the year of Our Lord, nineteen hundred and eighty-five.

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