

LETTER OF INSTRUCTIONS NO. 437, July 21, 1976

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TO:

The Secretary
Department of National Defense
The Governor
Central Bank of the Philippines
The President
Philippine National Bank
The Administrator
National Grains Authority

WHEREAS, the policy of the state is to promote the integrated growth and development of the grains industry to ensure adequate and continuous food supply to the nation;

WHEREAS, it is likewise the policy of the government to procure and control or cause the procurement or control of such stock of grains in quantities and in locations, as may foreseeably be needed, to maintain the floor price or manage as buffer stocks to stabilize consumer prices;

WHEREAS, Letter of Instructions No. 372 directs the National Grains Authority, the Central Bank of the Philippines, the Philippine National Bank, and the Agricultural Credit Administration, to evolve, a marketing system through the establishment of a credit triangle which will provide a direct link among the NGA-operated or designated warehouses, as depository of the farm produce;

WHEREAS, the NGA has undertaken to purchase all palay paid in kind by farmers to the Land Bank of the Philippines under the "Operation Land Transfer" program of the Department of Agrarian Reforms, and to the National Irrigation Administration for irrigation fees;

WHEREAS, Letter of Instructions No. 413 has increased the support prices of palay from P50.00 to P55.00 and corn grains from P40.00 to P45.00 per bag of 50 kilos each, ex-farm ;

WHEREAS, pursuant to the objectives of the government to institute measures to fully establish the integrity and assure the negotiability of warehouse receipts evidencing grains in storage, the National Grains Authority has evolved a program of procurement under the Quedan System by entering into contracts with millers-warehousemen;

WHEREAS, to attain its objectives of accumulating sufficient stocks of grains for price stabilization, the National Grains Authority has at present a credit line in the amount of P400 million with the Philippine National Bank which is now inadequate in view of the reasons as above stated;

WHEREAS, the storage period of NGA procured grains is longer than the maturity date of the loans extended by PNB;

WHEREAS, it therefore becomes imperative that in order to assure an adequate flow of funds to carry out the cereal procurement program of the government, the credit line extended by the Philippine National Bank to the National Grains Authority be increased from P400 million to at least P600 million, the increase of at least P200 million to serve as a stand by credit line to be utilized anytime the need therefor arises, that the maturity period of the loans be extended, and that millerwarehousemen entering into a contract under the Quedan System with the National Grains Authority be disciplined to accelerate the establishment of the integrity of the "Quedan."

In view of the foregoing and to ensure uninterrupted flow of funds earmarked for the government procurement program, which is aimed at providing adequate and continuous food supply to the nation, I hereby direct, pending further orders:

- The PNB to increase the credit line of the NGA from P100 million to at least P600 million, such increase of at least P200 million to serve as a stand-by credit line to be utilized any time the need therefor arises, and that the term of the promissory notes drawn by NGA against the credit line be extended from 180 days to 270 days and may be extended further as the circumstances warrant.
- That miller-warehousemen entering into a contract with the NGA under the Quedan System shall religiously and faithfully perform their obligations under their contracts.

The institutions concerned shall adopt such measures as may be necessary and appropriate to implement and achieve the objectives of these instructions.

All persons and entities who shall commit any act which will in any manner impede or defeat the purposes of these instructions shall be held liable for the crime of economic sabotage defined and penalized under existing laws- Prosecution of such offenses shall be by and under the direction of military officers and shall be tried before the appropriate military tribunals.

All provisions of other Letters of Instructions inconsistent with these orders are hereby repealed or modified accordingly.

This Letter of Instructions shall take effect immediately.

Done in the City of Manila, this 21st day of July, in the year of Our Lord, nineteen hundred and seventy-six.

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

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