

FURTHER AMENDING REPUBLIC ACT NUMBERED FORTY-EIGHT HUNDRED SIXTY, AS AMENDED (RE: FOREIGN BORROWINGS ACT).

PRESIDENTIAL DECREE NO. 1939, June 27, 1984

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WHEREAS the general rescheduling, restructuring or refinancing of the external debt of the Philippines may call for the exclusion from the present ceiling on foreign borrowings of specific categories of external debt;

WHEREAS such rescheduling, restructuring or refinancing program would likewise require guaranty by the Government for the external indebtedness of corporations including financial institutions, owned or contracted by the Government of the Republic of the Philippines;

WHEREAS as a complementary measure, there would be a need to adjust correspondingly the ceiling the total amount of external debt which may be incurred or guaranteed by the Government;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, pursuant to the powers vested in me by the Constitution do hereby direct and order the amendment of Republic Act No. 4860, as amended, as follows:

SECTION 1. Section 2 of said Act, 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 ten billion United States dollars or its equivalent in other foreign currencies at the exchange rate prevailing at the time the loans, credits 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 ten 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 measures as shall be necessary to reduce the external debt service requirements to an annual level not exceeding twenty per centum of the foreign exchange receipts of the immediately preceding year, provided that, whenever necessary in connection with a general rescheduling, restructuring or refinancing of the external debt of the Philippines by foreign

creditors, the President of the Philippines, upon recommendation of the Monetary Board of the Central Bank of the Philippines, may exclude specific categories of external debt from such ceiling."

SEC. 2. The last paragraph of Section 3 of the same Act, as amended, is hereby further amended to read as follows:

"The total amount loans, creditors or indebtedness incurred, and the proceeds of bonds, securities or other evidences floated or issued, which may be guaranteed by the President under this Section shall not be more than seven and a 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. The said Act is further amended by adding a new paragraph«to Section 3, as amended, after the last paragraph thereof, to read as follows:

"Notwithstanding the provisions of the preceding paragraphs, whenever necessary in connection with a general rescheduling, restructuring or refinancing by foreign creditors or in connection with credits obtained to finance short-term trade, the President of the Philippines may, upon the recommendation of the Minister of Finance, the Monetary Board of the Central Bank of the Philippines, and the National Economic Development Authority, guarantee in behalf of the Republic of the Philippines foreign loans or credits to or external indebtedness of corporations, including financial institutions, owned or controlled by the Government of the Republic of the Philippines."

SEC. 4. Any provision of law or regulations inconsistent herewith is hereby repealed, revoked or modified accordingly.

SEC. 5. This Decree shall take effect immediately.

Done in the City of Manila this 27th day of June in the year of Our Lord, nineteen hundred and eighty-four,

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