

ADMINISTRATIVE MEASURES TO FURTHER STRENGTHEN EXPORT TRADE

LETTER OF INSTRUCTIONS NO. 1040, June 24, 1980

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TO :

The Minister of Industry

The Minister of Trade

The Governor
Central Bank of the Philippines

The Chairman
Board of Investments

The Chairman
Development Bank of the Philippines

The President
Philippine Export and Foreign Loan Guarantee Corporation

The President
Philippine International Trading Corporation

The Commissioner
Bureau of Internal Revenue

The Commissioner
Bureau of Customs

WHEREAS, the sound and balanced development of the economy requires the expansion and sustained growth of export trade, the attainment of which necessitates the trading sector's assumption of a leading and more innovative role in improving the country's export performance;

WHEREAS, this role requires that trading firms develop and extend their functional coverage to include expanded bulk trading, adequate and reliable sources of supply, world-wide market networks, trade and production financing, risk absorption and other innovative functions needed to improve trade leverage;

WHEREAS, to assist in the organization and development of such trading companies, there is a need to provide administrative support for the operations of trading companies registered under P. D. 1646, hereinafter referred to as "Registered Export Trading Company."

NOW, THEREFORE, I, Ferdinand E. Marcos, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution do hereby order and direct:

- A Registered Export Trading Company may operate bonded manufacturing warehouses under such guidelines as may be prescribed by the Bureau of Customs and the Board of Investments.
- The Central Bank under such terms and conditions as may be prescribed by the Monetary Board, shall provide a Registered Export Trading Company:
- Access to rediscounting facilities through the availment of more favorable loan value, rediscount rate/interest charges and maturities;
- More liberal export payment terms and preferential export credit financing facilities from internal and external fund sources for non-traditional manufactured export products;
- The Development Bank of the Philippines, the Philippine Export and Foreign Loan Guarantee Corporation, and other banking and financial institutions shall give preferential treatment to loan and/or guarantee applications of Registered Export Trading Company for medium-and long-term export financing.
- A Registered Export Trading Company may trade directly or indirectly with Socialist and other centrally planned economy countries.
- Export sales of Registered Export Trading Company under P.D. 1646 shall include commission income.
- Export sales of a Registered Export Trading Company of export products manufactured by export producers operating bonded manufacturing warehouses or importing raw materials under-bond shall be considered by the Bureau of Customs, under such regulations as the latter may prescribe, as valid liquidation of raw material imports. Further the sale between such export producer and registered export trading company shall not be considered as domestic sales by the Bureau of Internal Revenue and the Bureau of Customs.
- Export traders and export producers engaged in indirect exports may register with the Board of Investments in order to avail themselves of the tax benefits under P.D. 1469.

This letter of Instructions shall take effect

DONE in the City of Manila, this 24th day of June, in the year of Our Lord, Nineteen Hundred and Eighty.

(Sgd.) FERDINAND E. MARCOS

President of the Philippines

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