

## LETTER OF INSTRUCTIONS NO. 904, March 28, 1979

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TO: The Minister of Agriculture  
The Administrator, National Grains Authority  
The Governor, Central Bank of the Philippines  
The President, Philippine National Bank  
The President, Land Bank of the Philippines  
All Concerned

Whereas, the Philippines has attained rice self-sufficiency and has in fact become a rice-exporter because of dramatically increased rice production by Filipino farmers;

Whereas, despite the substantial increases in farm yields per hectare and in prices received by farmers since 1972, farm incomes are slightly less today than in 1972;

Whereas, the drastic inflation caused by the earlier OPEC price increases beginning in 1974 have greatly eroded the farmers purchasing power over the last few years;

Whereas, the support price of palay has remained at the same level for almost three years since May 1976, while prices of other basic commodities have been increasing;

Whereas, the prices of crude oil sold by OPEC countries has increased drastically within the last few months and has resulted in a general increase in the prices of commodities and services worldwide as well as in the Philippines;

Whereas, in view of those cost increases and inflationary trends, there is need to increase palay support prices in order to maintain farm incomes and partially restore the purchasing power of the farmer;

Whereas, in order to maintain the new palay support price, the government must procure sufficient stocks to prevent palay prices from falling below the farmers' cost of production, and for this purpose it is imperative that additional financing be extended to the National Grains Authority in order to support farm prices of palay.

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

- That the National Grains Authority increase the support price of palay paid to farmers from the present P1.10 per kilo to the level of P1.30 per kilo, clean and dry;
- That the Philippine National Bank extend to the National Grains Authority an additional credit line of P200 million and the Land Bank of the Philippines an additional credit line of P300 million to be utilized by the NGA for the procurement of rice from farmers;
- That the Central Bank of the Philippines continue to rediscount NGA local procurement operations papers presented by the Philippine National Bank and the Land Bank of the Philippines, if necessary on an ex-ante ceiling

basis;

- 4. That all government institutions concerned take such other measures as may be necessary and appropriate to implement and achieve the objectives of this Letter of Instruction.

All provisions of other letters of instructions inconsistent with this order are hereby modified accordingly.

This Letter of Instruction shall take effect April 1, 1979.

Issued this 20th day of March, in the year of Our Lord, nineteen hundred and seventy-nine in the City of Manila.

(Sgd.) FERDINAND E. MARCOS

President of the Philippines

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