

AMENDING FURTHER SECTION TWELVE OF REPUBLIC ACT NUMBERED SEVENTEEN HUNDRED AND EIGHTY-NINE, AS AMENDED, OTHERWISE KNOWN AS THE REPARATIONS LAW.

PRESIDENTIAL DECREE NO. 618, December 20, 1974

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WHEREAS, under the present provisions of the Reparations Law (Republic Act No. 1789, as amended), the acquisition and use of reparations goods is limited to Filipino citizens and entities wholly owned by Filipino citizens;

WHEREAS, the same law provides that groups, associations and corporations which are recipient of reparations goods shall not permit a subsequent change in ownership or control as shall at any time thereafter, change the control or ownership wholly held therein by Filipino citizens;

WHEREAS, entities that have fully paid for their reparations goods are included in, and subject to the above restriction, and cannot, therefore, avail of foreign investments for purposes of expansion and development;

WHEREAS, due to the scarcity or non-availability of financing from local sources, and in line with the declared policy of the State to encourage foreign investments in certain areas of business activity in order to accelerate the economic development of the country, there is a need to amend the Reparations Law, in order to allow foreign investments in certain cases;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree and order, and make as part of the law of the land the amendment of Section 12 of Republic Act No. 1789, as amended, as follows:

SECTION 1. The fifth paragraph of Section 12 of Republic Act No. 1789, as amended, is hereby amended to read as follows:

"SEC. 12. * * *

"The contract of sale shall bear the conditions that no capital goods thus acquired shall be resold, leased or in any other manner disposed of except to Filipino citizens, or to entities wholly owned by Filipino citizens who shall continue the utilization thereof in the projects for which the goods were originally intended or in similar projects, included in the economic development program of a similar priority, subject, however, to the further condition that, groups, associations and corporations which are recipient of such goods shall not permit any subsequent change in ownership or control as shall at any time thereafter change the control or ownership wholly held therein by Filipino citizens: Provided, however, That, subject to the approval of the President of the Philippines on a case to case basis upon recommendation of the National Economic and Development Authority, recipient corporations or associations which have fully paid for such goods may allow foreign equity participation therein when the same is necessary for further development and expansion, on condition that the corporation or association shall maintain Filipino ownership of at least seventy per centum of the capital stock outstanding and entitled to vote, and that seventy per centum of the members or the Board of Directors shall be Filipino citizens: Provided, further, That the corporation or association in which such foreign investment has been made shall report the same to the Board of Investments within thirty day after the

investment is received by it, and investments made in the form of foreign exchange or other assets actually transferred to the Philippines shall also be registered with the Central Bank of the Philippines pursuant to Section 2(2) of Republic Act No. 5455, as amended. It shall further contain a provision that any transfer of ownership, whether by virtue of a private contract or through court proceedings shall be to Filipino citizens or to entities wholly owned by Filipino citizens; Provided, however, That, subject to the approval of the President of the Philippines on a case to case basis upon recommendation of the National Economic and Development Authority, transfer of ownership of such capital goods which have already been fully paid for may be made to corporations or associations organized and existing under the laws of the Philippines of which at least seventy per centum, of the capital stock outstanding and entitled to vote is owned and held by Filipino citizens, and at least seventy per centum of the Board of Directors are Filipino citizens, who shall begin utilizing them in such projects as the National Economic and Development Authority shall determine within one year from notice of the Authority's decision."

SEC. 2. All provisions of existing laws, decrees orders, rules and regulations, or parts thereof, in conflict or inconsistent herewith, are hereby repealed or modified accordingly.

SEC. 3. This Decree shall take effect immediately.

Done in the City of Manila, this 20th day of December, in the year of Our Lord, nineteen hundred seventy-four.

(Sgd.)

FERDINAND E. MARCOS

President of the Philippines

By the President:

(Sgd.)

ALEJANDRO MELCHOR

Executive Secretary

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