

ANNOUNCING THE APPROVAL AND EFFECTIVITY OF THE ADDENDA TO THE SIXTH INVESTMENT PRIORITIES PLAN AND FOURTH EXPORT PRIORITIES PLAN UNDER THE INVESTMENT INCENTIVES ACT AND EXPORT I...

LETTER OF INSTRUCTION NO. 154, December 26, 1973

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/e520ee65a6ba/>

WHEREAS, pursuant to the provisions of Republic Act No. 5186, otherwise known as the Investment Incentives Act, and Republic Act No. 6135, otherwise known as the Export Incentives Act, the Board of Investments has prepared the Addenda to the Sixth Investment Priorities Plan and the Fourth Export Priorities Plan and the same have been submitted to me for approval through, and with the recommendation of the National Economic and Development Authority;

WHEREAS, after a careful study of the said Addenda to the Plans and their supporting data, I found the Addenda to be feasible and in conformity with law and accordingly approved it.

NOW, THEREFORE, pursuant to Section 18 of Republic Act No. 5186 and Section 4 of Republic Act No. 6135, I, FERDINAND E. MARCOS, President of the Philippines, do hereby declare and proclaim in effect the Addenda to the Sixth Investment Priorities Plan and the Fourth Export Priorities Plan hereto attached.

Don, in the City of Manila, this 26th day of December, in the year of Our Lord, nineteen hundred and seventy-three.

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

ADDENDA TO THE SIXTH INVESTMENT PRIORITIES PLAN - 1973

Republika ng Pilipinas
Tanggapan ng Pangulo
LUPON NG PAMUMUHUNAN
(BOARD OF INVESTEMENTS)
Ortigas Building
Ortigas Ave., Pasig, Rizal

6 November 1973

Hon. Gerardo P. Sicat
Director General
National Economic and Development Authority
Padre Faura, Manila

Dear Dr. Sicat

We are submitting herewith our proposed amendments to the Sixth Investment Priorities Plan. The amendments consist of the following:

- 1) the inclusion of nine (9) new projects;
- 2) the amendment in measured capacity of three (3) project;
- 3) the amendment in the condition for grain processing (rice); and
- 4) a change in the listing of agricultural lime.

I. New Inclusions

In view of the urgency and economic implication of the present energy crisis, we are recommending the inclusion of two new projects, namely, coal mining for power generation and the manufacture of oil exploration and development equipment and facilities. These two projects are expected to encourage the development of local resources and facilities for power generation.

As part of the BOI Textiles Sector Development Program we are also recommending the inclusion of three new projects which represent major inputs into the textile weaving and knitting industries.

The new projects being proposed for inclusion are the following:

Project

Status

Measured Capacity

Coal for power generation NP Local: 2,400,000 MT

Pig iron P Local: 70,000 MT

Oil exploration and development equipment and facilities[*] P

a. Oil exploration equipment and facilities Local: 40,000 MT

Export: Variable

b. Oil development equipment and facilities Local: 32,000 MT

Export: Variable

Closed-impression die steel forgings P Local: 7,500 MT

Export: Variable

Condition:

Project should generate export revenues in the first five (5) years of commercial operation in an amount aggregating at least the difference between the total foreign exchange capital cost of the project and the amount resulting from multiplying actual project employment by \$4,000. Failure to comply with this condition shall subject the project to prescribed penalties.

Phthalic anhydride P/NP Local: 4,000 MT

Export: Variable

Integrated vinyl chloride monomer plant NP Local: 54,600 MT

Textile tops/slivers
NP Local: 10,200 MT
Export: Variable

Condition:

Project should generate export revenues in the first five (5) years of commercial operation in an amount aggregating at least the difference between the total foreign exchange capital cost of the project and the amount resulting from multiplying actual project employment by \$4,000. Failure to comply with this condition shall subject the project to prescribed penalties.

Spun yarn for textiles NP Local: 323,000 spindles or 66.9 million lbs.
Export: Variable

1.

Only new textile mills will be entitled to registration under the IPP, with the condition of location outside the Greater Manila Area. Expansion of existing textile mills in the Greater Manila Area should be registered under the Export Incentives Act, with a commitment to export a minimum proportion of production resulting from the expansion in capacity.

2.

Project should generate export revenues in the first five (5) years of commercial operation in an amount aggregating at least the difference between the total foreign exchange capital cost of the project and the amount resulting from multiplying actual project employment by \$4,000. Failure to comply with this condition shall subject the project to prescribed penalties.

Rayon fiber P Local: 25,000 MT
Export: Variable

Conditions:

1.

A project for the manufacture of dissolving pulp should be submitted for the rayon fiber project within one (1) year from the start of commercial operation of the rayon fiber project.

2.

Project should generate export revenues in the first five (5) years of commercial operation in an amount aggregating at least the difference between the total foreign exchange capital cost of the project and the amount resulting from multiplying actual project employment by \$4,000. Failure to comply with this condition shall subject the project to prescribed penalties.

With the exception of coal for power generation, a short description of the new inclusions together with their corresponding economic data and economic factors which were considered in their evaluation are attached. The data on the requirement of an economic-size plant for coal for power generation are being revised in connection with the results of the recent study of the BOI on industrial fuel and power requirements and consumption.

II. Amendment of Measured Capacity

The proposed amendment of the measured capacity of three (3) projects are:

Project Measured Capacity

Nylon fiber Local: 10,000 MT

Export: Variable

Polyester fiber Local: 16,000 MT

Export: Variable

Textiles Local: 116,400,00 sq. yds.

Export: Variable

We are recommending the increase in the local measured capacity of nylon fibers from 2,040 MT to 10,000 MT and the addition of a local measured capacity of 16,000 MT for polyester fiber. Our study of the local market for synthetic fibers has established the domestic potential of these products. Polyester is the newest among the fibers and has gained popularity only in 1970. The wide application of its staple as well as its filament forms are expected to garner a bigger share of the synthetic fiber market.

In the case of woven textiles, we are recommending the increase of the local measured capacity from 115,400,000 sq. yds. to 116,400,000 sq. yds. The slight increase of 1,000,000 sq. yds. is due to the change in population projections which are now based on the results of the 1970 general census.

III. Other amendments

In addition to the proposed new inclusions and amendments in measured capacity, we are proposing two other minor amendments:

- Amendment of the condition in grain processing (rice) regarding facilities to be established in centrals in production areas:

From: _3/

Facilities to be established in these areas may be also utilized for corn drying/ storage. The specific locations and extent of utilization for corn are treated on a case to case basis, but should not be over 60 percent of capacity.

To: _3/

Facilities to be established in these areas, as well as in selected consumption areas determined by the Board to be necessary to stabilize prices, may be utilized for corn processing/storage. The extent of utilization for corn should not be over 60 percent of capacity.

The change will enable the Board to approve corn processing/storage facilities in areas other than those limited by the former condition when the need to stabilize prices arises.

- Change in the listing of Agricultural Lime to Lime (CaO).

The proposed new classification will broaden the product coverage to all types of lime, such as industrial, chemical, hydrated and unslaked lime, including agricultural lime.

Very truly yours,

(SGD.) VICENTE T. PATERNO

Chairman

[*] Oil exploration equipment and facilities: jack-up drill rigs, floating rigs non-self propelled, semi-submersibles, drill rigs, self-propelled drill rigs.

[*] Oil development equipment and facilities: drilling platforms on fixed jacket structures, production platforms on fixed jacket structures, service platforms on fixed jacket structures, personnel bridges, flare bridges, submarine pipe lines, single-buoy mooring facilities, fixed berth mooring facilities.

Attachment A

DESCRIPTION OF PRODUCTS**PIG IRON**

The proposed project will involve the following processes:

- mining of the ore
- concentration of the ore
- agglomeration
- smelting of the ore into pig iron

The pig iron smelter plant will utilize the electric submerged arc smelter process.

Pig iron is used as raw material for foundries and steel production, it is interesting to note that the Philippines exports iron ore only to buy it back in the form of pig iron products which means not only unproductive expenditure of our foreign exchange, but also the loss of other social and economic benefits. During the last few years, our local foundries and steel mills have been producing far less than their rated capacities mainly due to the high price and shortage of their pig iron requirements. The local manufacture of pig iron will, therefore, not only replace the present importations of pig iron but more importantly, provide adequate raw materials for the continuous operation of our steel mills and foundries. It is likewise expected to bring about the expansion of existing mills and foundries as well as the establishment of other factories that depend upon iron and steel as raw materials. If pig iron will be available locally, it is expected that annual consumption will be increased by at least 10% over the next several years.

Almost all of the essential raw materials in pig iron manufacture will come from indigenous sources. This includes run-or-mine ore, limestone, charcoal, molasses and lime.

**OIL EXPLORATION AND DEVELOPMENT EQUIPMENT
AND FACILITIES**

The search for offshore oil in the Philippines is accelerating at a rapid pace in view of the present energy crisis and favorable results in oil surveys indication the probable presence of oil in commercial quantities. Along with this, the demand for the necessary equipment and facilities needed for offshore oil exploration and development will increase.

The proposed manufacture of equipment and facilities for oil exploration will over the manufacture of drill rigs

(i.e., jack-up drill rigs, drill rigs, drill rigs and self-propelled drill rigs), non-self propelled floating rigs and semi-submersibles. Equipment and facilities for oil development, on the other hand, will include the manufacture of platforms on fixed jacket structure (i.e., drilling platforms, production platforms and service platforms), bridges (flare and personnel bridges), submarine oil storage and pipes lines, and mooring facilities (single-buoy and fixed berth).

The process generally includes metal fabrication, assembly and general installation. The parts are fitted, assembled and installed as a complete unit.

Raw materials and supplies, namely, steel plates, steel sheets, alloy pipes, pipe fittings and electrical supplies are to be imported. Instrumentation supplies and control devices will have to be imported also.

The local development of an offshore construction capability is expected to induce manufacturing activities in related sectors like structural steel fabrication, pipe manufacturing and fabrication, foundries, air-conditioning equipment manufacturing, electric wire and cable manufacturing, welding rod manufacturing, oxygen and acetylene production.

With the available technical know-how and facilities, locally manufactured oil exploration and development equipment and facilities will be able to compete quality-wise in the foreign market.

CLOSED-IMPRESSION DIE STEEL FORGINGS

Forgings are component parts produced by heating a piece of alloy steel and subsequently applying force so that the metal will assume the shape of the die. Such operations are either done with air or drop hammers or upsetters.

The manufacture of rough forgings for components of machineries has not yet been listed in the IPP. However, forge plants for the manufacture of various hand tools and grinding balls and smaller forge shops are now in existence.

Finished forgings form component parts of agricultural and industrial machineries. It is used by automotive assemblers in the manufacture of transmissions, rear axle assembly, propeller shaft, engine and front suspension. It is likewise used in the manufacture of earthmoving equipment and trailers, agricultural machineries, mining equipment, refrigeration equipment, small engines, materials handling components, electric transmission components, pipe fittings and flanges for oil and petroleum, and railway rolling stock.

Until high quality alloy steel billets are locally available, raw materials will have to be imported from Japan or Australia. The die requirements will also be imported.

PHTHALIC ANHYDRIDE

Phthalic anhydride occurs as large white needles prepared by atmospheric oxidation of orthoxylene in the presence of vanadium pentoxide as catalyst.

Almost 80% of the phthalic acid market goes into the manufacture of plasticizers (mainly for vinyl resins) and alkyd resins. Other consumers are the polyester, dye, agricultural chemical and pharmaceutical industries.

Phthalic anhydride was listed in the 2nd IPP with a measured capacity of 8,000 MT. It was subsequently delisted with the registration of Resins, Inc., which has an annual rated capacity of 8,000 MT. However, due to the increasing export demand for the product, Resins, Inc., is able to supply only 45% of the local market. Phthalic anhydride is therefore being recommended for relisting in the 6th IPP with a local measured capacity of 4,000 MT and a variable export measured capacity.

Our market studies have established the export potential of this product. Japan has no plans of expanding its

phthalic anhydride production and would prefer to import to meet its needs. Taiwan needs about 12,000 MT per year of the product and it has no phthalic anhydride plant. Thailand will need about 3,000 MT per year of phthalic anhydride starting 1974 and it has no plant either. Inquiries from Taiwan, Korea and Japan have already been received. A Japanese firm has already expressed interest in a processing arrangement with a local phthalic anhydride manufacturer.

INTEGRATED VINYL CHLORIDE MONOMER PLANT

Vinyl chloride monomer is the principal raw material for the production of polyvinyl chloride (PVC) resin which is used by the fabrication industry in the manufacture of pipes and fittings, floor tiles and insulators for electrical wires and cables.

The proposed manufacture of vinyl chloride monomers from an integrated plant will have as one of its by-products, caustic soda (NaOH). Caustic soda is used by the textile, pulp and paper, soap and detergents, food and beverages and other industries.

At present, there is only one firm engaged in the manufacture of this product with a rated capacity of 10,000 MT per year. Local demand, however, is expected to increase yearly by about 30%. By 1976, projected demand is estimated to be 64,600 MT.

The local manufacture of vinyl chloride monomer will therefore not only provide the necessary raw material for PVC resin producers but will also save foreign exchange since the increasing demand for the product will otherwise have to be met through importation.

Thus, the inclusion of vinyl chloride monomer from an integrated plant is being recommended for the following reasons: the projected local measured capacity, the acute shortage of vinyl chloride monomer and the net foreign exchange savings that will be derived from the project.

TEXTILE TOPS/SILVERS

Textiles tops may be defined as the resulting fibers produced when filament yarn tow is passed through a converter which cuts the yarn into desired lengths. They are normally produced using the worsted system. Staple fiber which pass through the carding system may be termed silver and may be equivalent to tops which originate from filament yarn. Tops/silvers therefore represent an intermediate product prior to production of spun yarn. Its starting raw material may either be staple fiber or filament yarn.

This product is recommended for inclusion in the IPP with a variable export measured capacity. As part of the Textile Sector Development Program of the BOI, this will help increase our export earnings and generate labor employment.

The projected demand for the product is considered variable since it will primarily depend upon the type of fiber used, i.e., acrylic, wool, polyester, etc.

SPUN YARN

Spun yarn represents one of the major inputs into the weaving and knitting industries. Its inclusion in the IPP as a separate category from woven textiles is proposed in order to emphasize its importance. As part of the sector development program, the production of spun yarn forms the backbone of the weaving and knitting industries.

Spun yarn may consist of natural or synthetic fibers or a combination of natural and synthetic fibers in varying proportions. These fibers may be cotton, silk, ramie, linen, flax wool, polyester, nylon, rayon, acrylic or polynosic fibers. Generally, the fibers are subjected to mixing, cleaning, and bale-opening operations, scutching, carding, drawing and spinning to finally form the yarn. Depending on the length of the staple fiber used, either the cotton

or worsted system may be used for processing into spun yarn.

RAYON FIBER

Rayon is a generic name for all manufactured fibers from regenerated cellulose. It is a semisynthetic fiber classified under cellulosic fiber which is used in the manufacture of tire cord, nonwoven fabrics, surgical dressings, wearing apparel, mechanical rubber goods, coated fabrics, belts, blankets, blend with cotton for home furnishings, etc.

Rayon was covered in the 1st, 2nd, 3rd, and 4th IPPs on a preferred pioneer status but it was delisted due to the high capital investment required for the project. However, in view of the textile sector program of the BOI which would require rayon as one of its raw materials, and the increasing demand for fitter and yarn by our local textile mills, it is being proposed for relisting in the 6th IPP.

The increase in the demand for our garment exports using local fabrics has considerably increased the fiber and yarn requirements of local textile mills. Their requirements of rayon fiber have always been supplied through importations from Japan and the United States. Fiber and yarn consumption for 1972 amounted to 79,655 MT, of which 71,930 MT (90%) were imported and only 7,725 MT were locally produced. Based also on past importations (1963-1972), the average share of rayon to total fiber and yarn imports was about 23% or approximately 57% of total synthetic importations. Since the demand of our garment and textile industries have increased, the expected demand for rayon by 1976 is 24,310 MT.

Attachment B

STATISTICAL TABLES

ADDENDUM TO TABLE 26

OF THE

SIXTH INVESTMENT PRIORITIES PLAN

DEMAND-SUPPLY GAP AND ANNUAL CAPACITY OF THE

RECOMMENDED ECONOMIC-SIZE PLANT

(in thousands)

Name of Product

Demand Projection Year

Projected Demand

Existing

Capacity

Measured Capacity

Annual Capacity of the Recommended Economic-Size Plant

Total

Local

Export

A Revision in Measured Capacity

Nylon fibers

Polyester fiber

Textiles

B. New Inclusions

Pig iron

Oil exploration and development equipment and facilities

a) oil exploration
equipment and
facilities

b) oil development
equipment and
facilitie

Closed-impression die
steel forgings

Phthalic anhydride

Integrated vinyl chloride
monomer plant

Textile tops/slivers

Spun yarn for textiles

Rayon fibers

1976

1976

1976

1976

1975

1975

1977

1976

1975

1976

1976

Variable

Variable

Variable

70 MT

Variable

Variable

Variable

Variable

64.6 MT

Variable

Variable

Variable

7.080 MT

14.400 MT

552.060 sq. yds.

—

—

—

3 MT

8 MT

10 MT

—

860 spindles

—

Variable

Variable

Variable

70 MT

Variable

Variable

Variable

Variable

54.6 MT

Variable

Variable

Variable

10 MT

16 MT

116,400 sq. yds.

70 MT

40 MT

32 MT

7.5 MT

4 MT

54.6 MT

10.2 MT

323 spindles

25 MT

Variable

Variable

Variable

—

Variable

Variable

Variable

Variable

—

Variable

Variable

Variable

2 MT

2 MT

6,762 sq. yds.

34.9 MT

5 MT

8 MT

5.5 MT

4 MT

21 MT

2.4 MT

10 spindles

7.92 MT

ADDENDUM TO TABLE 27
OF THE
SIXTH INVESTMENT PRIORITIES PLAN

INVESTMENT REQUIREMENT AND VALUE OF OUTPUT
OF THE RECOMMENDED ECONOMIC-SIZE PLANT
(in thousand pesos)

Name of Product

Investment Requirement

Value of Output

Total

Capital Equipment

Others

Pig iron

Oil exploration and development equipment and facilities

Closed-impression die steel forgings

Phthalic anhydride

Integrated vinyl chloride monomer plant

Textile tops/slivers

Spun yarn for textiles

Rayon fibers

27,927

51,000

31,000

5,973

64,597

8,801

24,329

65,956

18,665

31,450

22,500

5,444

50,600

6,746

16,935

46,657

9,262

19,550

8,500

529

13,997

2,055

7,394

19,299

22,045

45,000

22,177

9,520

57,344

25,800

41,382

48,773

ADDENDUM TO TABLE 28
OF THE
SIXTH INVESTMENT PRIORITIES PLAN

LABOR REQUIREMENT OF THE ECONOMIC-SIZE PLANT
BY LEVEL OF SKILL

Name of Product

Total

Supervisory & Skilled

Semiskilled

Unskilled

Number

Salary
(in P000)

Number

Salary
(in P000)

Number

Salary
(in P000)

Number

Salary
(in P000)

Pig iron

Oil exploration and development equipment and facilities

Closed-impression die steel forgings

Phthalic anhydride

Integrated vinyl chloride monomer plant

Textile tops/slivers

Spun yarn for textiles

Rayon fibers

238

6,750

273

26

239

62

137

460

1,978

49,500

720

164

1,130

553

485

2,522

165

3,600

109

14

119

44

112

267

1,595

36,000

360

103

619

481

420

1,029

9

1,350

100

9

80

7

17

126

53

7,200

216

50

365

32

46

416

64

1,800

64

3

40

11

8

67

330

6,300

144

11

146

40

19

177

ADDENDUM TO TABLE 29
OF THE

SIXTH INVESTMENT PRIORITIES PLAN

ECONOMIC FACTORS

Name of Product

Value Added

Coefficient at

Usage of

Indigenous

Raw

Materials

Total

Fixed

Assets

per

Workers

(pesos)

Imported

Fixed

Assets

per

Workers

(pesos)

Fixed

Assets

per

Peso

Wage

Fixed

Assets

Value

Added at

Domestic

Prices

Foreign

Exchange

Benefit

Cost

Ratio

Foreign

Exchange

Benefit

Imported

Raw

Materials

Discounted

Rate of

Return on

Foreign

Exchange

Investement

(%)

Domestic

Prices

World

Prices

Pig iron

Oil exploration and development equipment and facilities

Closed-impression die steel forgings

Phthalic anhydride

Integrated vinyl chloride monomer plant

Textile tops/slivers

Spun yarn for textiles

Rayon fibers

.61

.38

.41

.33

64

.12

.61

.47

.63

.39

.52

.51

.36

.36

.65

.40

73

.30

—

.05

61

.005

.37

.26

78,426

4,659

82,418

209,393

211,715

108,801

123,613

101,428

5,020

577

6,886

20,385

14,452

8,670

10,730

8,502

9.44

.64

31.25

33.29

44.78

12.19

34,92

18.50

1.38

.18

2.47

1.74

1.38

2.22

.67

2.04

6.33

1.81

1.56

1.87

4.25

1.42

3.28

2.17

28.22

2.00

1.83

2.17

7.88

1.45

4.06

3.01

196

203

83

120

95

201

198

85

ADDENDUM TO TABLE 30
OF THE
SIXTH INVESTMENT PRIORITIES PLAN

LINKAGE EFFECTS

Name of Product

Index of Dispersion

Index of Sensitivity

Pig iron

Oil exploration and development equipment and facilities

Closed-impression die steel forgings

Phthalic anhydride

Integrated vinyl chloride monomer plant

Textile tops/slivers

Spun yarn for textiles

Rayon fibers

1.31 to 1.40

1.31 to 1.40

1.31 to 1.40

1.11 to 1.20

1.11 to 1.20

1.11 to 1.20

1.01 to 1.10

1.01 to 1.10

1.21 to 1.40

1.21 to 1.40

1.21 to 1.40

3.21 and over

3.21 and over

3.21 and over

2.41 to 3.20

2.41 to 3.20

ADDENDA TO THE FOURTH EXPORT PRIORITIES PLAN - 1973.

Republic ng Pilipinas
Tanggapan ng Pangulo
LUPON NG PAMUMUHUNAN
(BOARD OF INVESTMENTS)
Ortigas Building
Ortigas Ave., Pasig, Rizal

22 October, 1973

Dr. Gerardo P. Sicat
Chairman
National Economic and Development Authority
Padre Faura, Manila

Dear Dr. Sicat:

We are submitting herewith our proposed amendments to the Fourth Export Priorities Plan. These consist of the inclusion of new products in List A and new products in List B and the amendment of the product description of two (2) List B products together with their corresponding Brussels Trade Nomenclature (BTN) and Standard International Trade Classification (SITC) numbers.

I. New Inclusions

The new products being proposed for inclusion are the following:

List A: Exportable Product of Existing Firms

BTN SITC

Exportable Products

39.05 581.92

Modified hard resins

40.01 231.1

Rubber latex

60.05; 841.4 (4)

Other made-up articles of textile

62.02; 656.9 (1)

94.04 821.0 (3)

66.01 899.41

Umbrellas

83.09 698.53

Clasps, books, eyes, buckles, etc., of base metal

82.05 695.24

Interchangeable tools for hand or machine tools (e.g. diamond drill bits)

84.46 to

84.48 719.51

(52) (54)

Machine tool for working wood, plastic, minerals, their parts and accessories (e.g. band saws)

List B: Exportable Products of Preferred Areas of Investment

BTN SITC

Exportable Products

09.04 to

09.10 075.1;

075.2 (2)

(3) (4) (5) (9)

Spices (NP)

23.197 081.99

Fodder (cattle feed) (NT)

26.01 283.2(1)

Beneficiated nickel silicate ore (NP)

22.08 512.24

Alcohol (molasses fermentation) (NIP)

44.23 632.4

Builders' woodwork, including pre-fabricated and sectional buildings or components of wood (NP)

50 to 56 652 to 653

Woven fabrics

94.00 821.0

Furniture (NP)

69.10 662.45

Vitrified tiles (NP)

91.00 864.1;

8642

Clocks and watches and parts thereof (P)

97.01;

97.02;

97.03 8942 (1) (2) (3)

Toys (1ST)

98.10 899.34

Cigarette lighters (NIP)

83.01 698.11

Locks (NP)

A short description of the projects proposed for inclusion in the EPP together with the different data and economic factors which were considered in their evaluation are shown in the attachments.

We are also proposing the revision of the product description of two (2) List B products in order to broaden the export industrial coverage of very related products that similarly enjoy cost advantages and for which significant interest for joint ventures have been shown. The revision would change their product classifications and descriptions from:

BTN SITC

Exportable Products

16.05

85.01 to

85.28 032.0 (2)

722 to 726;

729

Processed shrimps and shellfish (NP) Electronic parts and components such as transistors, diodes, printed circuit boards, integrated circuits, variable resistors and rotary switches (P)

To:

16.04 032.0 (1) Processed seafoods (NP)

16.05 (2)

85.01 to

85.28;

92.11;

92.13 722 to 726;

729;

891.1(1) (2)

Electrical and electronic machinery, equipment, apparatus, and their parts and components (P/NP)

Very truly yours,

(SGD.) VICENTE T. PATERNO

Chairman

Attachment A
STATISTICAL TABLES

ADDENDUM TO TABLE 31
OF THE
FOURTH EXPORT PRIORITIES PLAN

INVESTMENT REQUIREMENT AND VALUE OF OUTPUT OF THE
RECOMMENDED ECONOMIC-SIZE PLANT
(in thousands)

Name of Product

Annual Capacity of
the Recommended
Economic-Size Plant

Investment Requirement (Pesos)

Value of
Output
(Pesos)

Total

Capital
Equipment

Others

New Inclusions

Spices

Fodder (cattle feed)

Beneficiated nickel

silicate ore

Alcohol (molasses fermentation)

Builder's woodwork

Furniture

Woven fabrics

Ceramic bathroom accessories

Vitrified tiles

Clocks and watches

Toys

Cigarette lighters

Locks

.410 MT

15

MT

200

MT

9,417

liters

refined

alcohol

6

MBF

.192 MBF

8,830

yds.

1,485

pcs.

48,000

pcs.

120

pcs.

1,800

units

3,400

pcs.

6,050

pcs.

1,870

8,727

31,552

6,610

5,551

1,163

54,586

4,094

16,000

1,815

2,150

3,719

7,044

1,230

7,474

23,278

5,860

5,145

813

42,113

2,544

14,500

965

700

2,880

4,800

640

1,253

8,274

750

406

350

12,473

1,550

1,500

850

1,450

839

2,244

3,067

9,000

16,341

9,939

6,825

1,380

48,035

5,025

12,000

5,452

2,350

8,133

18,876

ADDENDUM TO TABLE 32
OF THE
FOURTH EXPORT PRIORITIES PLAN

LABOR REQUIREMENTS OF THE RECOMMENDED ECONOMIC-SIZE PLANT
BY LEVEL OF SKILL

Name of Product

Total

Supervisory & Skilled

Semiskilled

Unskilled

Number

Salary
(in P000)

Number

Salary
(in P000)

Number

Salary
(in P000)

Number

Salary
(in P000)

New Inclusions

Spices

Fodder (cattle feed)

Beneficiated nickel
silicate ore

Builders' woodwork

Alcohol (molasses
fermentation)

Furniture

Woven fabrics

Ceramic bathroom
accessories

Vitrified tiles

Clocks and watches

Toys

Cigarette lighters

Locks

41

65

257

154

44

48

484

119

68

74

75

38

275

216

240

1,741

611

232

204

1,707

519

410

505

266

181

975

15

53

172

54

25

19

399

70

15

34

10

31

135

134

206

1,425

336

183

120

1,461

334

212

381

63

158

549

2

9

41

27

6

12

65

45

40

23

40

6

80

6

27

159

96

18

43

193

171

152

83

143

20

254

24

3

44

73

13

17

20

4

13

17

25

1

60

76

7

157

179

31

41

53

14

46

41

60

3

172

ADDENDUM TO TABLE 33
OF THE
FOURTH EXPORT PRIORITIES PLAN

ECONOMIC FACTORS

Name of Product

Ratio of Direct

Labor to Total

Labor

Usage of

Indigenous

Raw Materials

Value Added

Coefficient at World

Prices

Foreign Exchange

Benefit-Cost

Ratio

New Inclusions

Spices

Fodder (cattle feed)

Beneficiated nickel silicate ore

Builders' woodwork

Alcohol (molasses fermentation)

Furniture

Woven fabrics

Ceramic bathroom accessories

Vitrified tiles

Clocks and watches

Toys

Cigarette lighters

Locks

.41

.77

.39

.40

.94

.92

.84

.63

.85

.36

.92

.42

.83

h.i.

h.i.

.65

h.i

h.i.

h.i.

.37

.59

.69

.16

h.i.

.11

.80

.16

.61

.73

.23

.48

.48

.72

.69

.50

.56

.48

.51

.63

24.35

13.62

4.04

28.60

1.21

1.03

3.86

3.29

7.22

1.75

2.96

1.59

6.62

h.i. — highly indigenous

Attachment B

DESCRIPTION OF PRODUCTS

SPICES

This product fits into the domestic program for the hiked processing of fruits and vegetables to cope with increasing demand in both local and foreign markets.

Spices are aromatic parts of plants, mostly tropical, which are dried and used in food preparation either whole or in pulverized form. Spices may be made from the root, bark, fruit, flower, bud or seed of a plant.

An onion/garlic plant was used as the representative economic-size plant for processed spices because onion and garlic have the biggest share in the world spice market. Although the study is limited to onion and garlic, proponents may go into processing of other spices more particularly those from plants which are locally grown, such as ginger, pepper and cinnamon. It is advisable to concentrate and to process a limited range of varieties for economic reasons.

The world market for dehydrated onion and garlic has been steadily growing. The import demand for spices of the United States and the United Kingdom is big enough to warrant domestic processing for export. At present the bulk of Philippine exports of spices, particularly ginger, is shipped to Hongkong in an unprocessed state. The principal end-users are the dry-soup industries, fish and canning industries and other food industries.

Quality is a major consideration. Experience and technical know-how, however, is difficult to acquire and involves a lengthy and costly process. This can be hastened, though, through foreign technical tie-ups.

FODDER (Cattle Feed)

The proposal for the inclusion of fodder in the Export Priorities Plan is premised on two considerations. (1) there is a minimal usage for cattle feed domestically due to the abundance of green grass for cattle feeds throughout the year, and (2) there is a large foreign demand for fodder. The Japanese export market alone has increased by about 493% from 1962 to 1972. Investors from Japan likewise have sounded out interest in joint venture activities in this area.

Fodder production involves the growing, drying, baling and/or pelletizing of plant materials belonging the grass family, Grainincae, which includes sorghum, corn, sudan grass, and others which are generally used as forage for cattle.

The proposed product refers to compressed bay fodder. This is made from pellets of ground dried grass forage which is granulated, and kobu which is pulverized and cubed.

The major raw material being considered for fodder production is sorghum. It is important to note that a number of raw materials like sugar cane tops, napier grass, rice and corn stalks can also be processed into compressed

fodder. However, the feeding value in terms of digestible nutrients of these raw materials tend to be low compared with young sorghum.

BENEFICIATED NICKEL SILICATE ORE

Beneficiation is defined as the (1) dressing and processing of nickel ores for the purpose of removing the unwanted constituents, regulating the size of the desired product and improving its quality, purity or assay grade; (2) concentration or other preparation of nickel ore for smelting by drying, flotation or magnetic separation.

Nickel deposits are classified as sulfides, oxides and silicates. Sulfide nickel ore is a mixture of sulfide minerals with varying amounts of worthless rock minerals called gangue. The main sulfide minerals are pentlandite, pyrrhotite and iron sulfide. Nickel laterites (oxides) are residual soil containing concentrations of iron oxides, hydroxides and aluminum hydroxides. Nickel silicates are hydrous, nickel-magnesium silicate minerals exemplified by garnierite whose nickel content is variable and may even reach up to 47% nickel. They are mined in New Caledonia, Indonesia and Brazil. Prospecting and exploration work currently being undertaken in Palawan revealed the presence of garnierite.

The known and blocked nickel silicate ore reserves of the country are either limited or too scattered to warrant the establishment of nickel-processing or refining plants. It is therefore proposed to mine and beneficiate the country's nickel silicate deposits so that they can be utilized.

Beneficiated nickel ore is used as a raw material of pyrometallurgical or hydrometallurgical nickel extractive plants in order to produce electrolytic nickel and other pure forms of nickel and nickel salts, ferronickel and nickel oxide. Nickel is used in the manufacture of stainless steel (wrought), alloy steel (wrought), iron and steel castings, electroplating, nickel alloys and copper alloys.

ALCOHOL (Molasses Fermentation)

Ethyl alcohol production in the Philippines is closely identified with the sugar industry because it is being produced mainly from molasses. In the country's large sugar centrals, alcohol production from fermented molasses is an integral part of its operation in order to optimize the utilization of molasses by-products.

The domestic requirement for ethyl alcohol is adequately met by existing local producers because of our abundant supply of molasses. Alcohol production is one of the major consumers of molasses in the Philippines. However, the bulk of our molasses production is disposed of through the export market. Alcohol manufacture and molasses disposition are two economic activities which are interdependent and interrelated with each other.

Refined ethyl alcohol is mostly used for human internal consumption as liquor and medicinal drug. Unrefined alcohol or denatured alcohol, on the other hand, is used as fuel in rural areas and as solvent and chemical intermediate for varnish, inks, and paints.

The Philippines has not exported ethyl alcohol in the past. We do, however, export liquor made out of locally-produced refined ethyl alcohol. Lately, a new development is shaping up in the Southeast Asian export market for alcohol and molasses, particularly in Japan.

BUILDERS' WOODWORK

The industry refers to the processing of logs and flitches into builders' woodwork and prefabricated components of wood through the establishment of a wood-processing plant or through the forward integration of existing sawmills. Its proposed inclusion in the Export Priorities Plan fits into the scheme of developing industrial wood manufacturers for export which is a necessary undertaking to avoid economic dislocations as a result of the log phase-out.

The products covered under this category are:

- 1) Worked lumber which, in addition to being dressed, has been matched, shiplapped or patterned. This clarification includes edge and end glued lumber, floorings, mouldings, jambs, door and window frames.
- 2) Wood tiles, stair treads, stepladders, handles and other articles of wood. These products are utilized for construction of and interior trim.

The Philippines' main export markets for lumber and lumber products are the United States and Canada, although there has been substantial exports to Japan lately. Japan's share of the market rose from 10% in 1967 to 20% in 1971 or an increase of 9.13 MBF over a 5-year period. The United States' share, on the other hand, went down from 58% in 1967 to 31% in 1971. There are also active markets in Australia, Guam and Western Europe.

FURNITURE

The proposed activity covers the manufacture of furniture, either in whole pieces, sets, or parts thereof.

Furniture include upholstered pieces such as seats, chairs, sofas, stools and beds; storage pieces such as chests, cabinets and bookcases; and occasional pieces such as chairs, tables and stands.

The primary raw material is either wood, rattan, plastic, metal or a combination of these materials. The raw materials may be derived from usable wastes thus reducing significantly overall wastage.

CERAMIC BATHROOM ACCESSORIES

The proposed project refers to the manufacture of ceramic bathroom accessories of light pieces or what are known as small wares such as soap and grab, paper holder, towel post, soap holder, toothbrush and tumbler holder. Ceramic bathroom accessories are usually glazed and produced in different colors.

At present, there is only one local firm engaged in the manufacture of these products. Although there is no local measured capacity, the export market appears promising. This is encouraged by existing demand in countries like the United States and Japan because of increasing labor costs in these countries and shortage in export capability of low-labor cost developing country suppliers. The recent move of the Japanese firms in basing their operations in Southeast Asian countries would spell bright prospects for joint-venture investments in this activity. Our success in the export market, therefore, would largely depend on its competitiveness in price and quality with Japan and other exporting countries.

VITRIFIED TELES

Vitrified tile is a type of ceramic product which is noted for its high resistance to water absorption and abrasion. It can be both glazed and unglazed and can be produced in different colors and sizes (mosaic, 4¼" x 4¼", 6" x 6", 6" x 12", etc.). Vitrified tiles are produced by firing different ceramic materials to vitrification (nonporosity) temperature ranging from 1,000 C. to 1,300 C.

Locally-produced vitrified tiles (unglazed) are primarily used as flooring materials for comfort rooms, kitchens, washrooms and showers but it can also be used in other places like lobbies and reception rooms of buildings and offices, in building facades, in terminals of public buildings and in open places like parks and sidewalks.

Vitrified tiles were listed in the 1st and 2nd Investment Priorities Plan but the measured capacity has since been filled up. This product is being proposed for inclusion in the Export Priorities Plan because of existing potentials of exporting to the U.S., the number one importer, as a result of the decrease in the production of ceramic products in Japan.

CLOCKS AND WATCHES

The manufacture for export of clocks and watches is proposed in response to the active to foreign investors,

principally Japan, in engaging joint-venture setups in developing Southeast Asian countries as a result of increasing labor costs in Japan and other clock-producing countries.

The proposed production scheme will involve the local manufacture of the following components: body, backplate, glass, dials, winding lever and hands. The movement or the "engine" will be imported from Switzerland.

Other raw materials such as stainless steel sheets and brass bars will also be imported while plastic cases will be locally procured.

TOYS

The products proposed for export under this category are wooden toys with the small and intricate parts to be made of plastic. The toys will be designed with special consideration on safety in order to meet the regulations imposed by government bodies in the U.S., Canada, and Europe. The United States remains as the largest export market. Similarly, the markets are growing in Western Europe, Canada, Australia, Sweden and Denmark. Initially, the toys envisioned are such items as trains, airplanes, tugboats, etc. with moving parts.

The major steps involved in the production are carpentry, plastic moulding, painting, assembly, packing and shipment. Carpentry covers the various physical transformation processes that wood materials go through like planing, cutting, slitting, forming, finishing, etc. The plastic components are manufactured either by compression or injection mouldings. Painting and assembly follows, after which the toys are packed and shipped by containers.

CIGARETTE LIGHTERS

The cigarette lighters being proposed for local manufacture will utilize butane as fuel and will have a replaceable butane container in contrast with the throw-away lighters wherein the whole unit is discarded as soon as the butane is exhausted.

The manufacture of butane lighters involves the in-house production of the head or the mechanism which acts as the release valve of the container and at the same time furnishes the spark to ignite the gas. The plastic body will be subcontracted to local tube manufacturers. The head is produced by diecasting and machining. The material for the body will be imported while the plastic tube will be locally procured.

Like clocks and watches, cigarette lighters have attracted the interest of foreign investors. The Philippines has definitely a labor cost advantage over Hongkong in attracting foreign investments especially from Japan in the export production of cigarette lighters.

LOCKS

Locks may be classified into padlocks, night latches, push locks and deadlocks. These items are used primarily as safeguards in homes, factories, buildings and to close containers, compartments and boxes for safekeeping.

The manufacture of locks essentially involves diecasting, machining and press work of the components. Zinc alloy, brass sheets, steel plates, steel wires and brass rods are the principal raw materials. Eighty percent (80%) of the total materials will be locally procured. Zinc and brass alloys will be recovered from locally-generated scrap.

WOVEN FABRICS

Woven fabrics are the products of the spinning, weaving and finishing of natural and man-made fibers used essentially for clothing. They are also used for draperies, mosquito nets, waddings, paddings, surgical and clinical gauzes, etc.

Woven fabrics may be unbleached, scoured, bleached, dyed, printed, mercerized, napped, etc. The designs may also be produced by additional warp or weft threads introduced during weaving.

Cotton has been the major raw material for fabrics. Man-made fibers like rayon, nylon, polyester, acrylics, etc. have, however, been developed as substitutes or for blending with cotton to improve the quality of fabrics (to add strength, resistance to creases, stains, mildew, light, etc.)

The inclusion of woven fabrics in the EPP is expected to serve as an encouragement for the private sector to go into fabrics manufacture which can subsequently be sold to garment manufacturers and exporters. It will likewise help alleviate the present raw materials shortage of local garment manufacturers.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.