

PROVIDING FOR STABILIZATION OF FISH SUPPLY AND PRICES

LETTER OF INSTRUCTIONS NO. 954, October 30, 1979

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TO:

The Ministry of Agriculture
The Ministry of the Budget
The Ministry of Finance
The Ministry of Human Settlements
The Ministry of Local Governments & Community Development
The Ministry of National Defense
The Ministry of Natural Resources
The Ministry of Trade
The National Economic and Development Authority
The Central Bank of the Philippines
The Philippine National Bank
The Development Bank of the Philippines
The Land Bank of the Philippines
The Commission on Audit
The Metro Manila Commission
The Food Terminal, Inc.
The Philippine Fish Marketing Authority
The Maritime Industry Authority

WHEREAS, fish is a basic component of the Filipino diet and an essential source of protein;

WHEREAS, fish supply and prices fluctuate wildly due to the seasonality of fish supplies, the long-standing inefficiencies in the fish marketing system, and the lack of adequate institutional credit for fish producers and fish traders;

WHEREAS, there is a pressing need for concerted action on the part of government and the private sector to stabilize fish production, streamline the fish marketing system, and provide adequate production and marketing credit.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and direct that:

- The Food Terminal, Inc. (FTI) and the Philippine Fish Marketing Authority (PFMA) shall undertake the direct procurement of a significant portion of the total volume of fish traded daily in Metro Manila area and shall sell such fish through selected traders and/or retailers with the end in view of reducing and or stabilizing fish supply and prices;
- The Ministry of the Budget is hereby directed to place the compensation and position structure of the PFMA

under the same classification as government corporations.

- The Ministry of Local Governments and Community Development, through its bureau of Cooperative Development, shall step up its organization of cooperatives among market vendors and shall coordinate the participation of all such market vendor cooperatives and consumer cooperatives in the stabilization of fish supply and prices. The Cooperative Marketing System of the Philippines (CMSP) is hereby directed to engage in the marketing of fish at reasonable prices to marketing and consumer cooperatives. The existing "Super Palengke" are hereby directed to increase their volumes of fish to be sold at reduced prices.

- A special ad-hoc committee, to be headed by the Managing Director of the Food Terminal, Inc. shall be created to prepare and submit to the President recommendations and guidelines for the importation of frozen fish to supply the requirements of local fish canners, hotels and restaurants and thus ease the pressure of demand on fish supplies and prices during the lean months. This committee shall consist of a representative of local fish canners, importers of canned fish, tin-plate manufacturers, fishing vessel operators, the Central Bank, and the Philippine Fish Marketing Authority.

- The Philippine Fish Marketing Authority (PFMA) shall immediately improve all its facilities in the Navotas Fishing Port and Fish Market, particularly completing its terminal road network and providing lighting facilities in its newly-constructed wing.

- The Philippine Fish Marketing Authority (PFMA) shall immediately undertake the accreditation of all fish producers and traders operating in the Navotas Fishing Port and Fish Market, using credit-worthiness as the one major criterion.

The PFMA, jointly with Market Administrators in public markets, shall also undertake the accreditation of all fish retailers in the public and private markets of Metro Manila.

- The Ministry of Finance, through the Market Administrators under its supervision, are the Metro Manila Commission shall assist the PFMA in the proper accreditation of all fish retailers. They shall also assist all government and private agencies that shall hereinafter be involved in the financing of market vendors.

The Market Administrators are hereby instructed to allow the use of market stalls and/or market "puestos" as collaterals for working capital loans under this program, and to respect claims by the financial institutions on the use of these market stalls or market "puestos" in the event of foreclosure of this collateral.

- The Ministry of the Budget shall immediately appropriate and release the amount of THIRTY-FIVE MILLION PESOS (P35,000,000) for the last quarter of 1979, as follows

- TWENTY MILLION PESOS (P20,000,000) for the Land Bank of the Philippines to be used as a Guarantee and Loan Fund to cover loans granted by PNB and private banks under this new fish program, including loans to FTI and PFMA.

- THREE MILLION TWO HUNDRED FIFTY THOUSAND PESOS (P3,250,000) as Corporate Equity Investment in the Philippine Fish Marketing Authority, of which P1,250,000 shall be used for its operating funds, and P2,000,000 for the completion of its terminal road network and lighting facilities in the Navotas Fish Market.

- SIX MILLION TWO HUNDRED FIFTY THOUSAND PESOS (P6,250,000) as Corporate Equity Investment in Food Terminal, Inc., of which P1,250,000 shall be used for its operating requirements and P5 million for capital outlays to support its marketing operations.

- ONE MILLION TWO HUNDRED THOUSAND PESOS (P1,500,000) for the Bureau of Fisheries and Aquatic Resources, of which P1,000,000 shall be used to locate spawning grounds of bangus fry and prawn fry and

P500,000 for regular surveys of fishing grounds.

- FOUR MILLION PESOS (P4,000,000) for the Cooperatives Development Fund of the MLGCD to be used for trading operations as well as relending to the Cooperative Marketing System of the Philippines (CMSP) under this program.

Funding for the Program shall come from the Special Activities Fund, the Corporate Equity Fund, the Social Pricing and Development Fund, from other funds and savings of the national Government otherwise appropriated.

- For 1980, the Ministry of the Budget shall appropriate and release the total amount of NINETY-THREE MILLION PESOS (P93,000,000) as follow:

- EIGHTY MILLION PESOS (P80,000,000) for the Land Bank of the Philippines to be used as a Guarantee and Loan Fund to cover loans granted by PNB and private banks under this program, including loans to FTI and PFMA.

- FIVE MILLION PESOS (P5,000,000) for PEMA to cover current operative expenditures under this program.

- FIVE MILLION PESOS (P5,000,000) for FTI to cover current operating expenditures under this program.

- THREE MILLION PESOS (P3,000,000) for the Bureau of Fisheries and Aquatic Resources to cover current operating expenditures for its surveys under this program.

- The Philippine National Bank is hereby directed to provide credit lines in the total amount of EIGHTY-TWO MILLION PESOS (P82,000,000) as Follow:

- TWENTY-THREE MILLION PESOS (P23,000,000) for Food Terminal, Inc. for fish trading; and THREE MILLION PESOS (P3,000,000) for the Philippine Fish Marketing authority.

- The amount of TWENTY MILLION PESOS (P20,000,000) for working capital requirements of fish producers, on a non-collateral basis.

- The amount of THIRTY-SIX MILLION PESOS (P36,000,000) for working capital requirements of fish traders.

The Philippines National Bank in hereby further directed open a branch at the Navotas Fishing Port and Fish Market immediately and to temporarily set-up a mobile bank prior to the operation of such branch.

- The Central Bank of the Philippines shall qualify for a rediscounting rate of 4% all working capital loans granted by government financial institutions and private banks to fish producers (fishing vessel operators, fishpond and fishpen operators), fish traders, fish market vendors/retailers and market vendors' credit cooperative, FTI, PFMA and CMSP which are covered by promissory note at an interest rate not to exceed 12% per annum plus 2% service charge.

The Central Bank is hereby further directed to seek ways and means to provide rediscounting facilities for medium and long-term loans under this program.

The Central Bank shall encourage the active participation of private commercial banks, development banks, and rural banks in the financing of fish producers and traders, particularly market vendors.

- The Land Bank shall immediately set-up a Guarantee and Loan Fund for the last quarter of 1979 totalling TWENTY MILLION PESOS (P20,000,000) broken down as follows:

- ONE MILLION FIVE HUNDRED THOUSAND PESOS (P1,500,000) to guarantee loans granted by PNB to fish producers.

- FIVE MILLION TWO HUNDRED FIFTY THOUSAND PESOS (P5,250,000) to guarantee loans granted by PNB to FTI and PFMA for their fish marketing operations.

- TEN MILLION SEVEN HUNDRED FIFTY THOUSAND PESOS (P10,750,000) to guarantee loans granted by private banks to market vendors.

For 1980, the Land Bank shall set-up a Guarantee and Loan Fund of EIGHTY MILLION PESOS (P80,000,000), broken down as follows:

- SIX MILLION PESOS (P6,000,000) to guarantee loans granted by PNB to fish producers.

- TWENTY-ONE MILLION PESOS (P21,000,000) to guarantee loans granted by PNB to FTI and PFMA for fish marketing operations.

- FORTY-THREE MILLION PESOS (P43,000,000) to guarantee loans granted by PNB to fish traders.

- TEN MILLION PESOS (P10,000,000) to guarantee loans granted by private banks to market vendors.

The Land Bank Guarantee and Loan Fund shall cover 80% of the value of all working, capital loans under this program.

The Land Bank shall facilitate the processing of all claims against its Guarantee and Loan Fund and shall institute appropriate procedures to encourage PNB and private banks to extend adequate credit against this program.

- The Commission on Audit shall draw up flexible audit procedures to enable FTI, PFMA and CMSP to match the purchasing and marketing practices of the private sector, including allowing immediate cash payments and verbal commitments for the sourcing and marketing of fish.

- The Development Bank of the Philippines is hereby directed to accelerate the negotiations of its Third fisheries Credit Project for the medium and long-term financial needs of fish producers such as fishing vessel operators, fish pond and fish pen operators; and to accelerate the implementation of the Asian Development Bank-assisted fish pen development project in Laguna de Bay.

- The Ministry of Natural Resources shall set-up a permanent unit in the Bureau of Fisheries and Aquatic Resources (BFAR) to conduct regular identification, classification, evaluation, and monitoring of fishing areas throughout the country. The permanent unit in the BFAR is directed immediately to undertake a survey to locate bangus and prawn spawning grounds to help alleviate the problem of lack of bangus and prawn fry.

- The National Economic and Development Authority (NEDA) shall immediately conduct hearings with the view to reducing import duties on fishing vessels from the present rate of 30% down to 10% ad valorem and increasing import duties on yachts and other pleasure vessels from the present rate of 30% to 50% ad valorem.

- The Maritime Industry Authority (MARINA) shall increase the quota for the importation of second-hand fishing vessels over 10 years old from the present quota of 20 vessels to 40 vessels per year. The Administrator of MARINA shall create and head, an ad-hoc committee involving all agencies of the government involved in the processing of applications, registration, and licensing of joint fishing ventures with foreign entities for the purpose of cutting down the number of steps in the licensing procedure in order to hasten the entry of new fishing ventures and the commissioning of additional fishing vessels for increased fish production.

- The Southwest Command shall provide, based on consultations with fishing vessel operators, the security measures Required to enable fishermen to operate safely in Southern Mindanao and Southern Palawan waters.

- The Ministry of Agriculture shall accelerate the implementation of its rice-fish or "Palay-Isdaan" project

order to cover more areas rapidly.

In this connection, the Ministry of Agriculture is hereby authorized to establish, in coordination with the Bureau of Fisheries and Aquatic Resources, fish nurseries all over the country.

- The Presidential Action Committee on Food, to be created under a companion Letter of Instructions, shall coordinate, supervise and monitor the activities of all the above-named agencies with regard to ensuring the stabilization of fish supply and prices.

All provisions of other Letters of Instructions inconsistent with this order are hereby repealed and/or amended accordingly.

This Letter of Instructions shall take effect immediately-

Done in the City of Manila, this 30th day of October, in the Year of Our Lord, Nineteen Hundred and Seventy-Nine.

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

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