

A DECREE AMENDING PRESIDENTIAL DECREE NO. 894, AS AMENDED

PRESIDENTIAL DECREE NO. 1466, June 11, 1978

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WHEREAS, it has been declared a national policy to accord high priority to the development of the country's maritime and air transport industries;

WHEREAS, Presidential Decree No. 806 was promulgated in recognition of the important role that overseas shipping plays in the economic development of the country;

WHEREAS, Presidential Decree No. 894, as amended by Presidential Decree Nos. 917 and 962, was promulgated to conserve the country's foreign exchange, promote the growth and development of the Philippines' overseas air and water transport industries, and to enhance national self-reliance in the transport of passengers and cargoes;

WHEREAS, it is necessary to align the provisions of Presidential Decree No. 894, as amended, with the equal cargo-sharing concept contained in Presidential Decree No. 806; and

WHEREAS, there is need for a more effective mechanism to implement the provisions of these Decrees.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby decree the following as part of the laws of the land;

SECTION 1. The term "Philippine flag air carriers" as used herein, shall mean aircrafts which are duly registered in the Philippines and operated by the Philippine citizens or by a corporation or other entity owned or controlled by citizens of the Philippines.

The term "Philippine flag vessels" as used in this Decree shall refer to vessels which are duly registered in the Philippines and are owned or controlled, or chartered by Philippine citizens or by a corporation or other entity owned or controlled by citizens of the Philippines.

SECTION 2. Whenever any office, agency, or instrumentality of the government, including all government-owned or controlled corporations, shall procure, contract for, or otherwise obtain any transportation of persons or export and import cargoes by air or water between the Philippines and a place outside thereof, the payment for which is made or will ultimately be made from funds of the Republic of the Philippines or such instrumentalities or corporations, the head of the government office, agency, instrumentality, or government-owned or controlled corporation concerned shall obtain such transportation services from Philippine flag air carriers and/or vessels.

SECTION 3. Any persons, partnership, corporation or entity granted a loan or credit or whose obligation is guaranteed by the government or any of its financial institutions, shall, upon the effectivity of this Decree, utilize the services of Philippine flag air carriers and/or vessels in the transportation of persons and export and import cargoes between the Philippines and a place outside thereof whenever such transportation and/or cargo are paid from the proceeds of such loan, credit, or/and guarantee.

SECTION 4. The Civil aeronautics Board and the Freight Booking and Cargo Consolidation Center of the Philippine Shippers' Council shall serve as the central implementing agencies for the air and sea-borne transport

aspects of this Decree, respectively.

SECTION 5. The requirements on the use of Philippine flag air carriers and vessels as prescribed in Sections 2 and 3 hereof may be waived in whole or in part and or for specified period of time not exceeding one year by the Civil Aeronautics Board or the Freight Booking and Cargo Consolidation Center, as the case may be, in any of the following instances: (a) when the services of a suitable Philippine flag air carrier or vessel are not available AT REASONABLE FREIGHT RATES, AND within a reasonable period of time; (b) when a relevant international agreement entered into, or an international convention adhered to by the Philippine government provides otherwise; (c) on the basis of reciprocity, when the government of a foreign country or any of its instrumentalities grants similar treatment in the utilization of Philippine flag carriers or vessels as the flag carriers or vessels of the said country in the transport of persons and cargoes; and (d) IN THE CASE OF EXPORT COMMODITY GROUPS, DETERMINED AS EXEMPTED BY THE GOVERNING COUNCIL OF THE PHILIPPINE EXPORT COUNCIL; and (e) when their judgment, the national interest so requires; Provided, that the implementing agencies hereof may delegate the granting of waivers to the Philippine consular offices abroad through the Department of Foreign Affairs, or to any authorized organization.

SECTION 6. The Secretary of Trade, in his capacity as Chairman of the Philippine Shippers' Council, and the Secretary of Tourism, in his capacity as Chairman of the Civil Aeronautics Board, in consultation with the Maritime Industry Authority, Department of Foreign Affairs, the Commission on Audit, the Philippine Export Council, and other appropriate government agencies, shall within ninety (90) days from the approval of this Decree, promulgate the necessary implementing rules and regulations to assure the smooth and efficient implementation of the provisions of this Decree, as well as ensure faithful compliance therewith by all parties concerned.

SECTION 7. The Chairman of the Commission on Audit shall disallow the payment of passenger fare or cargo freight on foreign flag air carrier or vessel, as the case may be, in the absence of a waiver procured from the Civil Aeronautics Board or the Freight Booking and Cargo Consolidation Center, or the duly authorized consular office, as the case may be.

SECTION 8. Any violation of the provisions contained in Section 2 and 3 hereof, as well as any provision of the implementing rules and regulations to be issued in connection therewith, shall be punished by a fine not to exceed the cost of the freight of the shipment, but which shall not be less than five thousand pesos (P5,000.00). In addition, the government offices and financing institutions and implementing agencies concerned, shall adopt and implement such administrative sanctions and measures as may be necessary to assure faithful compliance with the provisions of this Decree.

SECTION 9. There is hereby initially appropriated the sum of one hundred fifty thousand pesos (P150,000.00) from the funds of the National Treasury not otherwise appropriated, each to the Civil Aeronautics Board and the Freight Booking and Cargo Consolidation Center, for their operational expenses in connection with the implementation of this Decree. Thereafter, adequate funds for this purpose shall be included in the national budget.

SECTION 10. All laws, decrees, orders, rules and regulations or parts thereof inconsistent with or contrary to the provisions of this Decree and hereby repealed or modified accordingly.

SECTION 11. This Decree shall take effect upon issuance of the implementing rules and regulations.

DONE in the City of Manila, this 11th day of June in the year of Our Lord nineteen hundred and seventy-eight.

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

By the President:

(Sgd.) JACOBO C. CLAVE
Presidential Executive Assistant

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