



CHARTER

of the

**Trade & Investment
Development Corporation
of the Philippines
(TIDCORP)**

also known as the

**Philippine Export-Import
Credit Agency
(PhileXIM)**

TABLE OF CONTENTS

		Page No.
Presidential Decree No. 1080	Revising Presidential Decree No. 550 creating the Philippine Foreign Loan Guarantee Corporation so it will now be entitled the Philippine Export and Foreign Loan Guarantee Corporation	1
ANNEXES		
A - Republic Act No. 8494	An act further amending Presidential Decree No. 1080, as amended, by reorganizing and renaming the Philippine Export and Foreign Loan Guarantee Corporation, expanding its primary purposes, and for other purposes	13
B - Executive Order No. 85	Designating the Trade and Investment Development Corporation of the Philippines (“TIDCORP”) as the Philippine Export-Import Credit Agency (“PHILEXIM”) and for other purposes	19
C - Republic Act No. 6424	An act creating the Philippine Export Credit Insurance and Guarantee Corporation, defining its powers, functions and objectives and for other purposes	21
D - Presidential Decree No. 1785	Creating the Export Credit Corporation, defining its powers and functions, providing funds therefor, and for other purposes	32

Presidential Decree No. 1080¹

REVISING PRESIDENTIAL DECREE NO. 550 CREATING THE PHILIPPINE FOREIGN LOAN GUARANTEE CORPORATION SO IT WILL NOW BE ENTITLED THE PHILIPPINE EXPORT AND FOREIGN LOAN GUARANTEE CORPORATION²

I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree the revision of Presidential Decree No. 550, dated September 11, 1974, which shall henceforth read in its entirety as follows:

WHEREAS, there is a need to supplement existing domestic financial resources with borrowings from abroad in order to meet the country's economic development requirements;

WHEREAS, such foreign obligations contracted by the private sector may need to be adequately guaranteed by government financial institutions;

WHEREAS, the Development Bank of the Philippines, the Philippine National Bank, and the National Investment and Development Corporation are the only government financial institutions presently offering guarantee coverage to such foreign obligations incurred by the private sector;

WHEREAS, there is a felt need to expand the Philippine Government's guarantee coverage of foreign loans for the private sector in order to ensure the continuous entry of these resources into the economy;

WHEREAS, there is a need to expand the government's guarantee coverage to the private sector to include banking and technical institutions granting loans to Filipino exporters, producers of export products, and contractors

¹ TIDCORP's original charter. The amendments to the charter are incorporated herein and explained by way of footnotes.

² Philippine Export And Foreign Loan Guarantee Corporation has been renamed "Trade and Investment Development Corporation of the Philippines" by virtue of Republic Act No. 8494 which took effect on March 6, 1998. (See Annex "A" - **RA 8494**). TIDCORP has been designated as the Philippine Export-Import Credit Agency (PhilEXIM) with the authority to add, append or include the said designation in its corporate name (See Annex "B", **EO 85**).

with approved service contracts abroad, and/or issuing standby letters of credit or letters of guarantee for the performance of approved service contracts abroad entered into by domestic entities, enterprises or corporation³;

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 decree:

SECTION 1. Trade and Investment Development Corporation of the Philippines.⁴

- a) There is hereby created a body corporate to be known as the Trade and Investment Development Corporation of the Philippines (TIDCORP), hereinafter referred to as the Corporation, which shall have succession in its corporate name. The Corporation shall have its principal office in Metro Manila;
- b) The Corporation shall be deemed to be a wholly owned Government corporation and shall accordingly be subject to provisions of existing laws, rules and regulations applicable to Government-owned and controlled corporations not otherwise inconsistent with the provisions of this Decree.

SECTION 2. Primary Purposes⁵. — The primary purposes of the Corporation shall be as follows:

³ The *raison d'être* for the creation of TIDCORP has been clarified and expanded. The expanded mandate has been declared a State policy. Sec. 1 of RA 8494 declares: *“It shall be the policy of the State to encourage and promote the expansion of Philippine exports, and to establish a strong and credible export credit institutions which shall be dedicated to the provision of export financing facilities and services to support the country’s export sector.”*

⁴ As amended by Sec. 2 of RA 8494.

⁵ As amended by Sec. 3 of RA 8494. In addition, Sec. 8, par. 2 of RA 8494 provides for the transfer to the TIDCORP of all the purposes, powers and functions of the Philippine Export Credit Insurance and Guarantee Corporation (created under RA 6494) and the Export Credit Corporation (created under PD 1785). Sec. 8, par. 2 of RA 8494 states that: *“All assets and liabilities, purposes, powers and functions under existing laws, including but not limited to those covered by Executive Order No. 574, Series of 1979 in relation to Republic Act No. 6424 and Executive Order No. 127, Series of 1987 in relation to Presidential Decree No. 1785; rights and obligations; and claims and interest of the Philippine Export and Foreign Loan Guarantee Corporation shall, upon effectivity of this Act, be deemed transferred to the TIDCORP”* (See Annex “C” – RA 6424 and Annex “D” – PD 1785).

- a) To guarantee, with the prior concurrence of the Monetary Board, subject to the rules and regulations that the Monetary Board may prescribe, approved foreign loans, in whole or in part, granted to any entity, enterprise or corporation organized or licensed to engage in business in the Philippines;
- b) To guarantee Philippine banking and financial institutions against loss that may be incurred in connection with (1) the grant of loans/credit accommodation to exporters, producers of export products, or contractors with approved service contracts abroad, organized or licensed to engage in business in the Philippines, and (2) with the prior concurrence of the Monetary Board, subject to the rules and regulations that the Monetary Board may prescribe, the issuance of stand-by Letters of Credit or Letters of Guarantee, as the case may be, to secure the performance of approved service contracts abroad entered into by any entity or corporation organized or licensed to engage in business in the Philippines⁶;
- c) To provide insurance cover⁷, credits⁸ and appropriate services⁹ to facilitate the export of Philippine goods and services by any entity, enterprise or corporation organized or licensed to engage in business in the Philippines; and
- d) To guarantee or provide insurance cover for investments of any entity, enterprise or corporation organized or licensed to engage in business in the Philippines.

SECTION 3. Functions¹⁰. — The Corporation shall have the following functions:

- a) To promote and facilitate the entry of foreign loans into the country for development purposes having special regard to the needs of export-oriented industries, industries registered with the Board of Investments,

⁶ Similar powers are likewise granted TIDCORP under Sec. 5 (b) of PD 1785

⁷ Similar powers are likewise granted TIDCORP under Sec. 5 (d) of PD 1785 and Secs. 19, 20 and 21 of RA 6424.

⁸ Similar powers are likewise granted TIDCORP under Sec. 5 (a) of PD 1785

⁹ Similar appropriate services are found in Sec. 5 (c), (e), (f), and (g) of PD 1785

¹⁰ These functions were expanded by Sec. 4 of RA 8494 (see footnote 5)

public utilities, and industries the promotion of which is encouraged by government policy;

- b) To guarantee loans granted by Philippine banking and financial institutions to qualified exporters, producers of export products, and contractors with approved service contracts abroad;
- c) To facilitate and assist in the implementation of approved service contracts abroad entered into by Philippine entities, enterprises, or corporations with foreign exchange earning potentials, by providing counter-guarantees to Philippine banks and financial institutions issuing stand-by Letters of Credit or of Letters of Guarantee for the performance of said service contracts;
- d) To meet requests from domestic entities, enterprises, and corporations to assist them in the coordination of their development and expansion plans with a view to achieving better utilization of their resources;
- e) To provide technical assistance in the preparation, financing and execution of development or expansion programs, including the formulation of specific project proposals; and
- f) To undertake such actions that are consistent with the primary purposes of the corporation.

SECTION 4. Corporate Powers¹¹. — The Corporation is hereby authorized to make contracts, to lease or own real and personal property, and to sell or otherwise dispose of the same, to sue and be sued, and otherwise to do and perform any and all things that may be necessary or proper to carry out the purpose of this Decree, or as are essential to the proper conduct of such operations.

SECTION 5. Borrowing and Other Miscellaneous Powers¹². — In addition to the powers specified elsewhere in this Decree, the Corporation shall have the power:

- a) To borrow funds in foreign countries or in the Philippines with the approval of the President of the Philippines and subject, in the case of

¹¹ Additional corporate powers are found in Sec. 5 (h), (i), (j), (k), (l), (m), (n), (o), (p) and (q), Sec. 10, 11 and 17 of PD 1785; and Secs. 6, 29 and 31 of RA 6424.

¹² As amended by Sec. 5 of RA 8494

foreign borrowings, to the prior concurrence of the Monetary Board, subject to the rules and regulations that the Monetary Board may prescribe, pertinent provisions of Republic Act No. 7653 and *Bangko Sentral* rules and regulations;

- b) To buy and sell securities the Corporation has issued or guaranteed;
- c) To underwrite, or participate in the underwriting of securities issued by any domestic entity or enterprise for purposes consistent with the purpose of the Corporation;
- d) To invest funds not needed in its operations, in government treasury bills, notes and bonds either directly issued or guaranteed by the government or government financial institutions, or in notes and other debt instruments with a credit classification of double “A”; and
- e) To exercise such other powers and establish such rules and regulations as may be necessary and appropriate in the furtherance of the corporation’s purpose and functions.

SECTION 6. Operating Principles. — The operations of the Corporation shall be conducted in accordance with the following principles:

- a) The operations of the Corporation shall principally facilitate foreign OR DOMESTIC loan financing of specific projects, as well as the implementation of approved service contracts abroad with net foreign exchange earning potentials, entered into by domestic entities, enterprises or corporations. They may, however, include guarantee and counter-guarantees of (1) foreign loans made by banks or other financial institutions or suitable entities in order that the latter may finance specific development projects either by outright loan or guarantees; (2) domestic loans granted by Philippine banks and financial institutions to qualified exporters, producers of export products, and contractors with approved service contracts abroad; and (3) letters of credit and/or letters of guarantee issued by banks and financial institutions to secure the performance of service contracts abroad entered into by domestic entities, enterprises or corporations.
- b) In considering an application for a guarantee, the Corporation shall pay due regard to the ability of the borrower to obtain guarantee facilities

elsewhere on terms and conditions that the Corporation considers reasonable for the recipient, taking into account all pertinent factors;

- c) In guaranteeing a loan or a standby letter of credit or letter of guarantee, the Corporation shall pay due regard to the prospect that the borrower or the service contractor will be in a position to meet its obligations under the loan/service contract;
- d) In guaranteeing a loan or standby L/C or letter of guarantee in favor of a service contract, or in underwriting the sale of securities, the Corporation shall receive suitable compensation for its risks;
- e) The corporation shall take the necessary measures to ensure that the proceeds of any loan guaranteed by the Corporation are used only for the purposes for which the loan was granted and with due attention to considerations of economy and efficiency;
- f) The Corporation shall not guarantee a single borrower or standby L/C or letter of guarantee in favor of a single service contractor in an amount exceeding the Corporation's subscribed capital stock, nor shall the aggregate outstanding guarantee obligations of the Corporation exceed fifteen (15) times its subscribed capital stock plus surplus;
- g) When payment is made by the Corporation pursuant to a guarantee it has made, the Corporation shall be subrogated to any right, title, claim, or cause of action belonging to the creditor or service contractor;
- h) The Corporation shall be guided by sound banking principles and sound financial management in its operations.

SECTION 7. Capital Stock¹³. — The authorized capital stock of the Corporation shall be TEN BILLION PESOS (P10,000,000,000) to be fully subscribed by the Government of the Republic of the Philippines. For this purpose, such sums as may be necessary is hereby appropriated from any sums not otherwise appropriated in the National Treasury. The Board may increase the authorized capital stock of the Corporation, subject to the approval of the President of the Philippines.

¹³ As amended by Sec. 1 of Presidential Decree No. 1962 dated 11 January 1985, which provides for an increase in the authorized capital stock of the Philippine Export and Foreign Loan Guarantee Corporation.

SECTION 8. Loans from Central Bank. — The Central Bank of the Philippines may grant the Corporation loans and advances which it may need for its operations secured by any assets which are defined as acceptable security by a concurrent vote of at least five (5) members of the Monetary Board.

SECTION 9. Guarantee of National Government. — The payment of obligations incurred by the Corporation under the provisions of this Decree is fully guaranteed by the Government of the Republic of the Philippines.

SECTION 10. Board of Directors; Composition¹⁴. — The powers and functions of the Corporation shall be exercised by a Board of Directors, hereinafter referred to as the “Board” which shall be composed of nine (9) members, as follows:

- a) The Secretary of Finance, who shall be the Chairman of the Board. Whenever the Secretary of Finance is unable to attend a meeting of the Board, he shall designate an Undersecretary to attend as his alternate, who shall act as Chairman;
- b) The President of the Corporation, who shall be the Vice-Chairman of the Board, shall assist the Chairman and act in his stead in case of absence or incapacity;
- c) The Secretary of Trade and Industry. Whenever the Secretary of Trade and Industry is unable to attend a meeting of the Board, he shall designate an Undersecretary to attend as his alternate;
- d) The Governor of the *Bangko Sentral ng Pilipinas*. Whenever the Governor of the *Bangko Sentral ng Pilipinas* is unable to attend a meeting of the Board, he shall designate a Deputy-Governor as his alternate;
- e) The Director-General of the National Economic and Development Authority. Whenever the Director-General is unable to attend a meeting of the Board, he shall designate a Deputy-General of the Authority to attend as his alternate;
- f) The Chairman of the Philippine Overseas Construction Board. Whenever the POCB Chairman is unable to attend a meeting of the Board, he shall designate the POCB Vice-Chairman to attend as his alternate; and

¹⁴ As amended by Sec. 6 of RA 8494

- g) Three (3) representatives from the private sector, at least one of which shall come from the export community, who shall be elected by the *ex-officio* members of the Board and who shall hold office for a term of not more than two (2) consecutive years: *Provided*, That the representative from the private sector should be of known probity in the sector he represents.”

SECTION 11. Powers of the Board¹⁵. — The Board shall have the authority:

- a) To formulate policies to carry out effectively the provisions of this Decree;
- b) To prepare and issue rules and regulations as it considers necessary for the effective discharge of the responsibilities and exercise of the powers assigned to the Corporation under this Decree;
- c) To direct management, operations and administration of the Corporation;
- d) On the recommendation of the President of the Corporation, appoint, fix the remunerations and other emoluments, and remove the personnel of the Corporation: *Provided, however*, That positions considered by the Board to be policy-determining, primarily confidential or highly technical in nature shall not subject to the Civil Service Law; and
- e) To authorize such expenditure by the Corporation as are in the interest of the effective administration and operations of the Corporation.
- f) To compromise or release, in whole or in part any claim or settled liability to the Corporation regardless of the amount involved, under such terms and conditions it may impose to protect/promote the interest of the Corporation. This authority to compromise or release extends to claims against the Corporation.

¹⁵ As amended by Sec. 1 of EO 185 dated 5 June 1987, which provides for a new provision on the authority to compromise or release claims by or against the corporation, correspondingly incorporated as Sec. 11 (f).

SECTION 12. Meetings. — The Board shall convene as frequently as is necessary to discharge its responsibilities properly, but shall meet at least once every two weeks. The Board maybe convoked either by the Secretary of Finance or by the President of the Corporation.

The presence of FIVE (5) members shall constitute a quorum.

All decisions of the Board shall require the concurrence of at least FIVE (5) members.

SECTION 13. Remuneration of Members for Attending Meetings of the Board. — The members of the Board or their respective alternates, except the President of the Corporation, shall receive a per diem of FIVE HUNDRED PESOS (P500.00) for every Board meeting attended.

SECTION 14. President. — The Chief Executive Officer of the Corporation shall be the President who shall be appointed by the President of the Philippines, upon recommendation of the Board, for a term of six (6) years unless removed for cause or by reason of incapacity. No person shall be elected President of the Corporation unless he is a native-born Filipino citizen, at least forty (40) years of age, of good moral character and of unquestionable integrity and responsibility, and who is experienced and of recognized competence in the field of international financial transactions, banking and law. He shall be assisted by such executive officials as may be necessary for the efficient operation of the Corporation.

SECTION 15. Powers and Duties of the President. — The powers and duties of the President of the Corporation shall be:

- a) To prepare the agenda for meetings of the Board and to submit for the consideration of the Board the policies and measures which he believes to be necessary to carry out the purposes and provisions of this Decree;
- b) To execute and administer the policies and measures approved by the Board;
- c) To direct and supervise the operations and internal administration of the Board. He may delegate certain of his administrative responsibilities to other officers of the Corporation, subject to the rules and regulations of the Board; and

d) To exercise such other powers as may be vested in him by the Board.

SECTION 16. Remuneration of the President¹⁶. — The salary of the President of the Corporation shall be fixed by the Board with the approval of the President of the Philippines. Until such salary has been so fixed, the President of the Corporation shall receive a salary of Sixty Thousand Pesos (P60,000) per annum. The Board may authorize payment of allowances and other emoluments to the President of the Corporation.

SECTION 17. Other Officials and Employees of the Corporation¹⁷. — All officials and employees of the Corporation shall be appointed and removed by the Board, on recommendation of the President of the Corporation.

SECTION 18. Assistance by other Government Offices and Corporations. — Other Government offices and Government-owned and controlled corporations shall extend whatever assistance may be needed by the Corporation, including the detail of its officials and employees to the Corporation on a full-time or part-time basis under arrangements satisfactory to the Corporation and the other Government offices or corporation concerned. Said officials and employees may draw allowances and other emoluments for such assignment, notwithstanding, the provision of any law to the contrary.

¹⁶ Superseded and/or modified by Sec 7 of RA 8494. The full text of Sec. 7 reads as follows: *“The Board of Directors shall provide for an organizational structure and staffing pattern for officers and employees of the Trade and Investment Development Corporation of the Philippines (TIDCORP) and upon recommendation of its President, appoint and fix their remuneration, emoluments and fringe benefits: Provided, That the Board shall have exclusive and final authority to appoint, promote, transfer, assign and re-assign personnel of the TIDCORP, any provision of existing law to the contrary notwithstanding. All positions in TIDCORP shall be governed by a compensation and position classification system and qualification standards approved by TIDCORP’s Board of Directors based on a comprehensive job analysis and audit of actual duties and responsibilities. The compensation plan shall be comparable with the prevailing compensation plans in the private sector and shall be subject to periodic review by the Board no more than once every four (4) years without prejudice to yearly merit reviews or increases based on productivity and profitability. TIDCORP shall be exempt from existing laws, rules and regulations on compensation, position classification and qualification standards. It shall, however, endeavor to make the system to conform as closely as possible to the principles and modes provided in Republic Act No. 6758.”*

¹⁷ Ibid.

SECTION 19. Auditor. — The Chairman of the Commission on Audit shall act as the *ex-officio* Auditor of the Corporation and, as such, he is empowered and authorized to appoint a representative who shall be the Auditor of the Corporation and, in accordance with law, fix his salary, and to appoint and fix the salaries and number of the personnel to assist said representative in his work, but in all cases subject to the approval of the Board. The salaries and all other expenses of maintaining the Auditor's office shall be paid by the Corporation. The Auditor of the Corporation and personnel under him may be removed only by the Chairman of the Commission on Audit.

The representative of the Chairman of the Commission on Audit must have at least ten (10) years experience as a certified public accountant.

SECTION 20. Coordination of Policies. — Unless otherwise specifically prescribed by this Decree, the Corporation shall coordinate its policies and operations with those of the Central Bank of the Philippines, National Economic and Development Authority, Philippine Export Council, and all relevant departments of the government involved in exports.

SECTION 21. Availability of Foreign Exchange. — Subject to the provisions of Republic Act No. 265¹⁸, as amended, particularly Section 74¹⁹ thereof, the Central Bank of the Philippines shall make available to the Corporation the necessary foreign exchange to enable it to comply with its obligations incurred under this Decree.

SECTION 22. Supervision and Examination by the Central Bank. — The Corporation shall be subject to the supervision and examination by the Central Bank of the Philippines in accordance with Republic Act No. 265, as amended and Republic Act No. 337²⁰, as amended.

SECTION 23. Applicability of Central Bank Foreign Exchange Regulations. — The Guarantee operations and all other transactions of the Corporation involving foreign exchange shall be subject to the applicable foreign exchange regulations of the Central Bank.

¹⁸ Superseded by RA 7653 (The New Central Bank Act)

¹⁹ Now Sec. 72 of RA 7653

²⁰ Superseded by RA 8791 (The General Banking Law of 2000)

²¹ The tax-exempt status of the corporation was withdrawn under PD 1931, dated 11 June 1984.

SECTION 24. Tax Exemption²¹. — Notwithstanding the provision of any general or special law to the contrary, the Corporation, its assets, property, income and transaction shall be exempt from all taxation and government fees and charges.

SECTION 25. Non-Applicability of WAPCO Standards and Scales²². — The Corporation shall not be subject to standards and salary scales prescribed by the Wage and Position Classification Office.

SECTION 26. Applicability of the Corporation Law and Civil Service Law²³. — The provisions of the Corporation Law and Civil Service Law shall apply to the Corporation insofar as they are not inconsistent with the provisions of this Decree.

SECTION 27. Repealing Clause²⁴. — PRESIDENTIAL DECREE NO. 1074 AND all laws and executive orders and parts thereof inconsistent herewith are hereby repealed.

SECTION 28. Effectivity Clause. — This Decree shall take effect immediately.

Done in the City of Manila, this 31st day of January, in the year of Our Lord, nineteen hundred and seventy-seven.

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

²² See footnote 16

²³ Ibid.

²⁴ Superseded by Secs. 8 (par 2), 9 and 10 of RA 8494. (**Sec. 8, par. 2** states: “*All assets and liabilities, purposes, powers and functions under existing laws, including but not limited to those covered by Executive Order No. 574, Series of 1979 in relation to Republic Act No. 6424 and Executive Order No. 127, Series of 1987 in relation to Presidential Decree No. 1785; rights and obligations; and claims and interest of the Philippine Export and Foreign Loan Guarantee Corporation shall, upon effectivity of this Act, be deemed transferred to the TIDCORP*”; **Sec. 9** provides: “*If any provision of this Act is subsequently declared invalid or unconstitutional, the validity of the remaining provisions hereof shall remain in force and effect*”; **Sec. 10** declares: “*All laws, decrees, executive orders, rules and regulations, and other issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.*”)

Republic Act No. 8494**AN ACT FURTHER AMENDING PRESIDENTIAL DECREE NO. 1080, AS AMENDED, BY REORGANIZING AND RENAMING THE PHILIPPINE EXPORT AND FOREIGN LOAN GUARANTEE CORPORATION, EXPANDING ITS PRIMARY PURPOSES, AND FOR OTHER PURPOSES**

SECTION 1. It shall be the policy of the State to encourage and promote the expansion of Philippine exports, and to establish a strong and credible export credit institutions which shall be dedicated to the provision of export financing facilities and services to support the country's export sector.

SECTION 2. Section 1 of Presidential Decree No. 1080, as amended, is hereby amended to read as follows:

“SECTION 1. Trade and Investment Development Corporation of the Philippines.

- “a) There is hereby created a body corporate to be known as the Trade and Investment Development Corporation of the Philippines (TIDCORP), hereinafter referred to as the Corporation, which shall have succession in its corporate name. The Corporation shall have its principal office in Metro Manila;
- “b) The Corporation shall be deemed to be a wholly owned Government corporation and shall accordingly be subject to provisions of existing laws, rules and regulations applicable to Government-owned and controlled corporations not otherwise inconsistent with the provisions of this Decree.”

SECTION 3. Section 2 of Presidential Decree No. 1080, as amended, is hereby amended, to read as follows:

“SECTION 2. Primary Purposes. — The primary purposes of the Corporation shall be as follows:

- “a) To guarantee, with the prior concurrence of the Monetary Board, subject to the rules and regulations that the Monetary Board may prescribe, approved foreign loans, in whole or in part, granted to any entity, enterprise or corporation organized or licensed to engage in business in the Philippines;
- “b) To guarantee Philippine banking and financial institutions against loss that may be incurred in connection with (1) the grant of loans/credit accommodation to exporters, producers of export products, or contractors with approved service contracts abroad, organized or licensed to engage in business in the Philippines, and (2) with the prior concurrence of the Monetary Board, subject to the rules and regulations that the Monetary Board may prescribe, the issuance of stand-by Letters of Credit or Letters of Guarantee, as the case may be, to secure the performance of approved service contracts abroad entered into by any entity or corporation organized or licensed to engage in business in the Philippines;
- “c) To provide insurance cover, credits and appropriate services to facilitate the export of Philippine goods and services by any entity, enterprise or corporation organized or licensed to engage in business in the Philippines; and
- “d) To guarantee or provide insurance cover for investments of any entity, enterprise or corporation organized or licensed to engage in business in the Philippines.”

SECTION 4. Section 3 of Presidential Decree No. 1080, as amended, is hereby amended to read as follows:

“SECTION 3. Functions. — The Corporation shall have the following functions:

- “a) To promote and facilitate the entry of foreign loans into the country for development purposes having special regard to the needs of export-oriented industries, industries registered with the Board of Investments, public utilities, and industries the promotion of which is encouraged by government policy;

- “b) To guarantee loans granted by Philippine banking and financial institutions to qualified exporters, producers of export products, and contractors with approved service contracts abroad;
- “c) To facilitate and assist in the implementation of approved service contracts abroad entered into by Philippine entities, enterprises, or corporations with foreign exchange earning potentials, by providing counter-guarantees to Philippine banks and financial institutions issuing stand-by Letters of Credit or of Letters of Guarantee for the performance of said service contracts;
- “d) To meet requests from domestic entities, enterprises, and corporations to assist them in the coordination of their development and expansion plans with a view to achieving better utilization of their resources;
- “e) To provide technical assistance in the preparation, financing and execution of development or expansion programs, including the formulation of specific project proposals; and
- “f) To undertake such actions that are consistent with the primary purposes of the corporation.”

SECTION 5. Borrowing and Other Miscellaneous Powers. — In addition to the powers specified elsewhere in this Decree, the Corporation shall have the power:

- “a) To borrow funds in foreign countries or in the Philippines with the approval of the President of the Philippines and subject, in the case of foreign borrowings, to the prior concurrence of the Monetary Board, subject to the rules and regulations that the Monetary Board may prescribe, pertinent provisions of Republic Act No. 7653 and Bangko Sentral rules and regulations;
- “b) To buy and sell securities the Corporation has issued or guaranteed;

- “c) To underwrite, or participate in the underwriting of securities issued by any domestic entity or enterprise for purposes consistent with the purpose of the Corporation;
- “d) To invest funds not needed in its operations, in government treasury bills, notes and bonds either directly issued or guaranteed by the government or government financial institutions, or in notes and other debt instruments with a credit classification of double “A”; and
- “e) To exercise such other powers and establish such rules and regulations as may be necessary and appropriate in the furtherance of the corporation’s purpose and functions.”

SECTION 6. Section 10 of Presidential Decree No. 1080, as amended, is hereby amended to read as follows:

“SECTION 10. Board of Directors, Composition. — The powers and functions of the Corporation shall be exercised by a Board of Directors, hereinafter referred to as the “Board” which shall be composed of nine (9) members, as follows:

- “a) The Secretary of Finance, who shall be the Chairman of the Board. Whenever the Secretary of Finance is unable to attend a meeting of the Board, he shall designate an Undersecretary to attend as his alternate, who shall act as Chairman;
- “b) The President of the Corporation, who shall be the Vice-Chairman of the Board, shall assist the Chairman and act in his stead in case of absence or incapacity;
- “c) The Secretary of Trade and Industry. Whenever the Secretary of Trade and Industry is unable to attend a meeting of the Board, he shall designate an Undersecretary to attend as his alternate;
- “d) The Governor of the Bangko Sentral ng Pilipinas. Whenever the Governor of the Bangko Sentral ng Pilipinas is unable to attend a meeting of the Board, he shall designate a Deputy-Governor as his alternate;

- “e) The Director-General of the National Economic and Development Authority. Whenever the Director-General is unable to attend a meeting of the Board, he shall designate a Deputy-General of the Authority to attend as his alternate;
- “f) The Chairman of the Philippine Overseas Construction Board. Whenever the POCB Chairman is unable to attend a meeting of the Board, he shall designate the POCB Vice-Chairman to attend as his alternate; and
- “g) Three (3) representatives from the private sector, at least one of which shall come from the export community, who shall be elected by the *ex-officio* members of the Board and who shall hold office for a term of not more than two (2) consecutive years: Provided, That the representative from the private sector should be of known probity in the sector he represents.”

SECTION 7. The Board of Directors shall provide for an organizational structure and staffing pattern for officers and employees of the Trade and Investment Development Corporation of the Philippines (TIDCORP) and upon recommendation of its President, appoint and fix their remuneration, emoluments and fringe benefits: Provided, That the Board shall have exclusive and final authority to appoint, promote, transfer, assign and re-assign personnel of the TIDCORP, any provision of existing law to the contrary notwithstanding.

All positions in TIDCORP shall be governed by a compensation and position classification system and qualification standards approved by TIDCORP’s Board of Directors based on a comprehensive job analysis and audit of actual duties and responsibilities. The compensation plan shall be comparable with the prevailing compensation plans in the private sector and shall be subject to periodic review by the Board no more than once every four (4) years without prejudice to yearly merit reviews or increases based on productivity and profitability. TIDCORP shall be exempt from existing laws, rules and regulations on compensation, position classification and qualification standards. It shall, however, endeavor to make the system to conform as closely as possible to the principles and modes provided in Republic Act No. 6758.

SECTION 8. All incumbent personnel of the Philippine Export and Foreign Loan Guarantee Corporation shall continue to exercise their duties and functions as personnel of the TIDCORP until the reorganization is fully

implemented but not to exceed one (1) year from the approval of this Act. The Board of Directors is authorized to provide separation benefits for those who cannot be accommodated in the new structure. All those who shall retire or are separated from the service on account of the reorganization under the preceding Section shall be entitled to such incentives, as are authorized by the Corporation, which shall be in addition to all gratuities and benefits to which they may be entitled under existing laws.

All assets and liabilities, purposes, powers and functions under existing laws, including but not limited to those covered by Executive Order No. 574, Series of 1979 in relation to Republic Act No. 6424 and Executive Order No. 127, Series of 1987 in relation to Presidential Decree No. 1785; rights and obligations; and claims and interest of the Philippine Export and Foreign Loan Guarantee Corporation shall, upon effectivity of this Act, be deemed transferred to the TIDCORP.

SECTION 9. If any provision of this Act is subsequently declared invalid or unconstitutional, the validity of the remaining provisions hereof shall remain in force and effect.

SECTION 10. All laws, decrees, executive orders, rules and regulations, and other issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SECTION 11. This Act shall take effect fifteen (15) days from its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation whichever comes earlier.

Approved: February 12, 1998 •••••

 **Executive Order No. 85****DESIGNATING THE TRADE AND INVESTMENT DEVELOPMENT CORPORATION OF THE PHILIPPINES ("TIDCORP") AS THE PHILIPPINE EXPORT-IMPORT CREDIT AGENCY ("PHILEXIM") AND FOR OTHER PURPOSES**

WHEREAS, TRADE AND INVESTMENT DEVELOPMENT CORPORATION OF THE PHILIPPINES ("TIDCORP") is a government owned and controlled corporation created by virtue of Presidential Decree No. 1080, as amended by Republic Act No. 8494;

WHEREAS, TIDCORP was created to pursue the policy of the State to encourage and promote the expansion of Philippine exports and to establish a strong and credible export credit institution which shall be dedicated to the provision of export financing facilities and services to support the country's export sector;

WHEREAS, pursuant to its legal mandate, and conformably to the above-described policy of the State, TIDCORP has engaged in and offered, among others, the following services to both government-owned and private owned corporations:

- a. the guarantee of foreign loans for developmental purposes having special regard to the needs of export oriented industries, BOI-registered industries, public utilities and industries, the promotion of which is encouraged by Government policy;
- b. the provision of insurance cover and related services to facilitate the export of Philippine goods and services; and
- c. the grant of direct credits and loans to exporters of Philippine goods and services;
- d. the extension of guarantees to cover political and commercial risk in connection with the financing of export, manufacture, treatment

of goods, the rendering of services, or any other matter which promotes export trade and the import-substitution industry.

WHEREAS, TIDCORP is already functionally an export-import credit agency;

WHEREAS, there is a distinct need to designate TIDCORP as the export-import credit agency to strengthen its role in the development and expansion of international trade as well as to effectively respond to the economic requirements of the country;

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. TIDCORP is hereby designated as the Philippine Export-Import Credit Agency (“PHILEXIM”). TIDCORP may add, append or include the above designation in its corporate name for any purposes it may deem appropriate or necessary.

SECTION 2. All executive orders, issuances, rules, regulations and other issuances or parts thereof which are inconsistent with this Executive Order are hereby revoked or modified accordingly.

SECTION 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this 18th day of March, in the year of Our Lord, two thousand and two.



 **Republic Act No. 6424****AN ACT CREATING THE PHILIPPINE EXPORT CREDIT INSURANCE AND GUARANTEE CORPORATION, DEFINING ITS POWERS, FUNCTIONS AND OBJECTIVES AND FOR OTHER PURPOSES**

SECTION 1. Short Title. — This Act shall be known as the “Philippine Export Credit Insurance and Guarantee Corporation Act.”

SECTION 2. Declaration of Policy. — It is the policy of the State to actively encourage, promote, and diversify exports and foreign markets of Philippine goods and services in order to attain a rising level of production and employment, increase foreign exchange earnings, hasten the economic development of the country, and assure that the benefits of economic growth accrue to the Filipino people. Towards this end, it is important that sufficient incentives and protection be extended to exporters so that the export capabilities of the country may be better exploited and encouraged to develop to the fullest extent possible.

SECTION 3. Definition of Terms. — For purposes of this Act, the following definitions shall apply:

- (a) “Corporation” shall mean the Philippine Export Credit Insurance and Guarantee Corporation created under this Act.
- (b) “Board” shall mean the Board of Directors of the Corporation.
- (c) “Capital or Insurance Fund” shall mean the capital of the Corporation from which no disbursement shall be made until after the Corporation shall have exhausted every other available financial resource and every possibility of borrowing from financial institutions in accordance with this Act.
- (d) “Credit Risks” shall mean possible non-payment of credit granted to a foreign customer by the insured in connection with an export transaction resulting from or occasioned by circumstances,

happenings or events which are outside or beyond the control of the insured as follows:

- (1) Insolvency or protracted default of the foreign customer;
 - (2) Governmental action under circumstances not due to the fault of the buyer which prevents the transfer of payment to exporters;
 - (3) New import or export licensing restrictions in the country of the foreign customer or of the insured;
 - (4) Moratoria, war, revolution, civil disturbances, or similar circumstances which prevent the payment of accepted goods and/or services; and
 - (5) Such other risks connected with export transactions on deferred payment, except against risks of devaluation or changes in the exchange rate and against risks that are normally insured with commercial insurers licensed to do business in the Philippines such as fire, marine, casualty, accident, fidelity, surety, and physical damage.
- (e) “Export Credit Agency” shall mean a corporation commission, board, agency of a government, or body incorporated or established in any country having purposes similar to those of the Corporation.
- (f) “Export Credit Insurance” shall mean a contract of insurance entered into by the corporation with persons, natural or juridical, engaged in transactions involving goods and/or services exported or contracted to be exported for losses attributable to the occurrence of any of the credit risks defined in paragraph (d) above.
- (g) “Export Transaction” shall mean any transaction involving: (i) the export of goods out of the Philippines; (ii) the manufacture, treatment or servicing of goods for, or the sale or leasing of goods to, a foreign customer; (iii) the sale or licensing of any right in a patent, trademark, or copyright to a foreign customer; or (iv) the

rendering to a foreign customer of any managerial, construction, technological, marketing or other services.

- (h) “Foreign Affiliate” shall mean a person, entity, association or corporation carrying on business outside the Philippines that is directly or indirectly controlled by the insured, or vice-versa.
- (i) “Foreign Customer” shall mean a person or any entity, corporation, or organization carrying on business or other activities outside the Philippines, and may include a foreign government.
- (j) “Foreign Government” shall mean the government of a country, other than the Philippines, or of any political subdivision or agency thereof.
- (k) “Guarantee” shall mean an undertaking by the Corporation to pay the bank or creditor of an insured exporter for money advanced or loans granted to said exporter against export credit instruments that are not paid at maturity.
- (l) “Insured” shall mean any citizen of the Philippines or corporation or partnership or other entity organized under existing Philippine laws who has entered into a contract of insurance with the Corporation covering an export transaction with a foreign customer, in accordance with the provisions of this Act.
- (m) “Instrument” shall mean a promissory note, bill of exchange, bond, debenture, or any other evidence of indebtedness payable by a foreign customer and, in case the customer is a foreign government, includes an agreement to pay.
- (n) “Technical Reserve” shall mean all the available funds kept in a separate account out of which claims for losses will be paid.

- (o) “Working Fund” shall mean the account to which all investment incomes, premium incomes, and all other incomes shall be credited and against which all operating costs and other expenses, including claims paid, shall be debited.

ARTICLE I

Creation, Purposes and Powers of the Corporation

SECTION 4. Creation, Name, Domicile and Term. — xxx xxx.

SECTION 5. Purposes — The Corporation is established for the purposes of facilitating and developing trade between the Philippines and other countries by means of the powers and authority provided in this Act.

SECTION 6. Corporate Powers. — The Corporation shall have the power:

- (a) To adopt, alter, and use a corporate seal which shall be judicially noticed;
- (b) To have the right of succession;
- (c) To make or enter into contracts;
- (d) To lease or own real and personal property, and to sell or otherwise dispose of the same;
- (e) To sue and be sued;
- (f) To act as receiver;
- (g) To take, hold and sell mortgages on real and personal property and any other security, as additional security for any loan made or guarantees given under this Act, and to acquire, by foreclosure or other proceedings, or in any manner, sell, lease or otherwise dispose of real and/or personal property;
- (h) To employ agents or representatives in any part of the Philippines and/or abroad in the pursuit of the affairs of the Corporation;

- (i) To invest the earnings of the Corporation in bonds, stocks, debentures, or other securities which are fully guaranteed by the Government of the Philippines or by the Central Bank of the Philippines: Provided, however, That preference shall be given to Central Bank supported securities which are high yielding and readily marketable;
- (j) To contract indebtedness in any currency, issue, sell and discount bonds, debentures, and other evidences of indebtedness of the Corporation, upon recommendation of the Secretary of Finance and with the concurrence of the Monetary Board of the Central Bank of the Philippines, but in no case to exceed at any one time, including other borrowings, an aggregate amount equivalent to fifteen times its combined capital and surplus;
- (k) To adopt, by its Board of Directors, by-laws not inconsistent with law, prescribing the manner by which its general business may be conducted, and the privileges granted to it may be exercised and enjoyed;
- (l) To promulgate such rules and regulations as may be necessary to implement the intent and provisions of this Act, which rules and regulations shall take effect thirty (30) days after their publication in two (2) newspapers of general circulation in the Philippines;
- (m) To exercise, by its Board of Directors, or duly authorized officers or agents, all powers specifically granted by the provisions of this Act and such incidental powers as shall be necessary to carry on the powers so granted;
- (n) To acquire, discount and hold such assets and incur such liabilities as may result directly from operations authorized by the provisions of this Act, or as are essential to the proper conduct of such operations. In discharging its functions and in exercising its authority under this Act, the Corporation may avail itself of the services and facilities of appropriate departments, branches, and agencies of the Government of the Philippines, including government owned-or-controlled corporations. Such government instrumentalities and sub-divisions shall extend such assistance

to the Corporation as may be necessary for the attainment of the objectives of this Act.

ARTICLE II
The Board of Directors

SECTION 7. Board of Directors. — xxx xxx.

SECTION 8. Qualifications. — xxx xxx.

SECTION 9. Disqualifications. — xxx xxx.

SECTION 10. Removal of Board Members. — xxx xxx.

SECTION 11. Meetings of the Board. — xxx xxx.

SECTION 12. Exercise of Authority. — xxx xxx.

ARTICLE III
The Organizational Structure of the Corporation

SECTION 13. Powers and Duties of the President of the Corporation. — xxx xxx.

SECTION 14. Applicability of Civil Service Law. — xxx xxx.

SECTION 15. Conflict of Interests of the President of the Corporation. — xxx xxx.

SECTION 16. Compensation of the President of the Corporation.
— xxx xxx.

SECTION 17. Management Succession. — xxx xxx.

SECTION 18. Auditor — xxx xxx.

ARTICLE IV
General Operations of the Corporation

SECTION 19. Issuance of Insurance Policies and Guarantee Certificates. — The Corporation shall have full authority to issue policies of insurance and certificates of guarantee against credit risks arising out of or in connection with export transactions. Such insurance policies shall be limited in coverage to export transactions where there are reasonable expectations of repayment from the buyer, and to risks in the form of circumstances, happenings, or events which are outside of or beyond the control of the insured: Provided, however, That preference shall be given to Philippine nationals as defined under Section 3 (f) of Republic Act Numbered Fifty One Hundred Eighty-Six or to Board of Investments registered export producers, export traders, or service exporters or to any export products whose local contents shall be no less than twenty per cent (20%) of the individual F.O.B. Philippine port value as defined under Section 3 (b), (c), (d) and (e) of Republic Act Numbered Sixty-One Hundred Thirty-Five, known as the Export Incentives Act of 1970: Provided, further, That the insurance coverage shall in no case exceed eighty per cent (80%) of the invoice value of the goods and/or services exported or contracted to be exported: Provided, finally, That the Corporation shall not enter into contracts of insurance against risks of devaluation or changes in the exchange rates and risks that are normally insured with commercial insurers licensed to do business in the Philippines such as fire, marine, casualty, accident, fidelity, surety and physical damage.

The Corporation shall conduct its operations in a manner which will make it self-sustaining by deriving sufficient income from premiums and investments to pay and compensate for any losses and expenditures.

SECTION 20. Export Credit Insurance and Guarantee. — The Corporation may:

- (a) Enter into a contract of insurance with any person, partnership, corporation, or any other juridical entity carrying on business or other activities in the Philippines that may agree after application to insure with Corporation against risk of credit loss under or in respect of an export transaction.
- (b) Issue guarantees, by appropriate indorsement of instruments or otherwise, to any person in connection with an export transaction in respect of which a contract of insurance has been or could be entered into under paragraph (a) of this Section.

The Corporation, in entering into a contract of insurance pursuant to paragraph (a) of this Section, may agree with the insured that an export transaction between a foreign customer and a foreign affiliate of the insured shall be treated as an export transaction between the foreign customer and the insured, and that any loss to the foreign affiliate under or in respect of the transaction shall be deemed to be a loss to the insured.

SECTION 21. Contracts of Re-Insurance. — The Corporation may enter into a contract of re-insurance with any duly organized export credit agency or insurance organization whereby: (a) the Corporation shall undertake to insure that agency or organization against its liability to any person carrying on business or other activities in the country in which that agency or organization is established as a result of loss arising out of an export transaction; or (b) that agency or organization shall undertake to insure the Corporation against its liability to a person under a contract of insurance entered into under Section 20 of this Act.

SECTION 22. Liability Under Outstanding Contracts. — The total outstanding liability of the Corporation under contracts of insurance entered into and guarantees issued under Sections 20 and 21 of this Act shall not exceed a total of thirty (30) times the aggregate of the Insurance Fund and the amount credited to the surplus account of the Corporation within the first three years of operation; sixty (60) times within the next three years thereafter; and one hundred (100) times beyond a period of six years; Provided, however, That whenever eighty per cent (80%) of such maximum liability shall have been issued by the Corporation, no policy of insurance or certificate of guarantee shall be issued except to Philippine nationals or a Board of Investments registered export producer, export trader, or service exporter, or an export product as provided under Section 3 of Republic Act Numbered Fifty-One Hundred Eighty-Six and Sixty-One Hundred Thirty-Five.

SECTION 23. Premium Rates. — The Board shall approve schedules of premium rates that are reasonable and based on risks involved, and consistent with premium rates currently charged for similar export credit insurance coverage throughout the world taking into consideration relevant factors including, but not limited to: a) country of the buyer; b) length of the credit and forms of payment instrument under which it is granted; and c) the type, the products, and the principal markets of the exporter.

SECTION 24. Settlement of Claims. — The Board of Directors shall promulgate such rules and regulations for the settlement of claims that may be filed by the insured by virtue of any insurance policy issued by the Corporation under the provisions of this Act, and for the conduct of the proceedings of the Board of Arbitrators which may be constituted hereunder. Such claim(s) should be settled within a reasonable time taking into consideration the circumstances surrounding the case. In case of conflict or failure to have the claim(s) settled within a reasonable time or that the insured believes that the award made is unfair, the parties may agree to arbitrate in which case the insured shall submit to the Board a written request that the claim(s) be referred to a Board of Arbitrators for settlement.

SECTION 25. Board of Arbitrators. — The Board of Arbitrators shall be composed of three (3) members, one from the designated members of the Board to be selected by the President of the Corporation, one member to be selected by the policyholder concerned who shall be drawn from one of the industry chambers, and one member to be selected by the first two members, who shall be drawn from a competent relevant group.

SECTION 26. Capital or Insurance Fund. — xxx xxx.

SECTION 27. Appropriation. — xxx xxx.

SECTION 28. Working Fund. — xxx xxx.

SECTION 29. Stand-by Credit Line. — The Central Bank of the Philippines is authorized to extend a stand-by credit line to the Corporation, the provisions of any law to the contrary notwithstanding: Provided, however, That the total amount of such credit line shall not exceed an aggregate amount of One Hundred Million Pesos (P100,000,000.00) at any one time: Provided, further, That the rate of interest to be charged by the Central Bank in connection therewith shall be the lowest rate normally granted by the Central Bank for high priority types of credit: And Provided, finally, That such credit line shall be availed of by the Corporation only for the purpose of paying insurance claims

in accordance with this Act, and only whenever the Board considers the working fund to be impaired.

SECTION 30. Commencement of Operations. — xxx xxx.

ARTICLE V
Special Provisions

SECTION 31. Additional Financial Powers. — By the affirmative vote of at least five (5) members of the Board, the Corporation may negotiate, purchase, lend money against, sell or otherwise dispose of a negotiable instrument insured or guaranteed by it, a negotiable instrument made payable to the Corporation or an interest in any such instrument, or a negotiable instrument made or accepted by a foreign customer under or in connection with an export transaction in respect of which a contract of insurance has been entered into under Section 20 of this Act.

SECTION 32. Tax Exemptions. — xxx xxx.

SECTION 33. Auditing and Legal Service. — xxxx xxx.

SECTION 34. Prohibitions. — No official or employee of the Government, its sub-divisions or instrumentalities shall appear as counsel for or act as agent or representative of, or in any manner intervene or intercede, directly or indirectly, in behalf of any party applying for insurance with the Corporation.

Any information, data, records, or documents relating to the condition or business of the Corporation or of any insured person, firm, association or corporation are hereby declared confidential in nature. Any member of the Board, officer or employee of the Corporation who shall, directly or indirectly, reveal such confidential information to any third party, except to an export credit agency or upon order of competent court, shall be liable for any financial loss suffered by the Corporation as a result thereof, without prejudice to any criminal liability.

Any of the foregoing persons who may be found guilty of gross negligence in the performance of his duties resulting in a financial loss to the Corporation or the insured, shall be liable for such loss.

SECTION 35. Penal Clause. — Any violation of the provisions of this Act or of the rules and regulations promulgated by the Board pursuant to this Act, shall be punished by a fine not to exceed Fifty Thousand Pesos (P50,000.00) or imprisonment for not more than three (3) years or both, at the discretion of the Court. If the offender is not a citizen of the Philippines, he shall be deported without further proceedings on the part of the Deportation Board, in addition to the penalty prescribed herein and after service of the sentence therefor. If the guilty party is a government official or employee, he shall, in addition, be dismissed from the service with prejudice to reinstatement and subsequent appointment to any public office. If the violation is committed by a member of the Board, such member shall be punished with double the penalty herein provided.

In cases where any of the provisions of this Act is violated by a duly organized corporation, partnership, or association, the principal officers or managing partner thereof who knowingly caused or failed to prevent the commission of such violation shall be held liable therefor.

SECTION 36. Applicability of the Corporation Law. — The provisions of the Corporation Law which are not inconsistent with the provisions of this Act shall be applicable to this Corporation.

SECTION 37. ~~Separability Clause.~~ — xxx xxx.

SECTION 38. Repealing Clause. — xxx xxx.

SECTION 39. Effectivity. — This Act shall take effect upon its approval.

 **Presidential Decree No. 1785****CREATING THE EXPORT CREDIT CORPORATION,
DEFINING ITS POWERS AND FUNCTIONS, PROVIDING FUNDS
THEREFOR, AND FOR OTHER PURPOSES**

WHEREAS, the Government encourages, promotes, and develops the export of goods and services, and the establishment and operation of private enterprises engaged in the manufacture of capital goods;

WHEREAS, the development of the export and capital goods industry is hampered by the lack of proper credit, guarantee, and insurance facilities at rates and on terms and conditions which will place the nation's exports at a competitive level in the international market and will enable local industries to manufacture capital goods, likewise at levels competitive with imported goods and services.

WHEREAS, there is a need to establish a government-owned or controlled corporation to provide the required credit, guarantee, and insurance facilities at preferential rates and on liberal terms and conditions;

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 decree the following:

SECTION 1. Short Title. — This Decree shall be known as the “Charter of the Export Credit Corporation.”

SECTION 2. Declaration of Policy. — It is the policy of the State to encourage, promote and develop the export of manufactured goods, products and other goods and services by extending credits, guarantees, and insurance coverage at interest rates and charges and on an internationally competitive basis, in order to attain a rising level of production and employment, increase foreign exchange earnings and improve the country's balance of payments, accelerate the economic growth the development of the nation, and secure to the Filipino people the benefits of such growth and development.

SECTION 3. Creation, Name, Domicile and Term. — xxx xxx.

SECTION 4. Purposes. — The Corporation shall have the following purposes:

- a. To promote and develop the export of goods and services;
- b. To foster the development of capital goods industry; and
- c. To provide the facility for the grant of direct credits and loans, financial guarantees and insurance coverage to exporters and financial institutions, with reference to their provision of credits or loans in support of the export of Philippine goods and services at interest rates and charges and on a competitive basis.

SECTION 5. Powers and Functions. — The Corporation shall have the following powers and functions:

- a. To extend direct loans or other credit facilities in Philippine or foreign currency to any persons and entities in respect of the financing of export contracts and foreign trade transactions including the sale of domestically manufactured capital goods at competitive interest rates and charges;
- b. To give or make arrangements for the giving of guarantees covering political and commercial risk to, or for the benefit of, persons or entities engaged in business in the Philippines, banks and financial institutions, in connection with the financing of export, manufacture, treatment of goods, the rendering of services, or any other matter which in the determination of the Corporation promotes the export trade and the import-substitution industry. The guarantee, given or arranged as herein provided, shall be on such terms and conditions as the Corporation may deem proper; provided, that the Corporation shall not give, or make arrangement for, performance guarantees;
- c. To make grants to, or subsidize, in Philippine or foreign currency, any persons or entities for the purpose of

supplementing any interest receivable or received by them as consideration for their provision of such facilities as aforementioned, and for persons or entities engaged in business in the Philippines to purchase, discount, rediscount, sell and negotiate, with or without its indorsement, notes, drafts, bills of exchange, acceptances, including banker's acceptances and other evidences of indebtedness in connection therewith;

- d. To enter into contracts of insurance with any persons or entities to insure them against the risk of war, expropriation, restrictions on remittances and such other risks as may appear to the Corporation to be non-commercial risks, in respect of, or in connection with, export contracts or transactions;
- e. To act as agent for any persons, entity, government or agency of a government in respect of or in connection with export contracts or transactions;
- f. To issue bonds and to borrow money from local and/or foreign sources;
- g. To invest its funds in any activity related to export and import-substitution and in any bonds or securities issued and/or guaranteed by the Government of the Philippines;
- h. To purchase, hold, alienate, mortgage, pledge or otherwise dispose of the shares of the capital stock of, or any bond, security of other corporations or associations of this or any other country; and while the owner of said stock, to exercise all the rights of ownership, including the right to vote thereon;
- i. To acquire assets, real or personal, or interest therein, and encumber or otherwise dispose the same as it may deem proper and necessary in the conduct of its business;
- j. To determine its organizational structure, and the number and salaries of its officers and employees;
- k. To establish and maintain offices, branches, agencies, subsidiaries, correspondents or any other units within or outside

the Philippines as may be needed by the Corporation and reorganize or abolish the same as it may deem proper;

- l. To adopt By-Laws for the regulation of its proceedings; prescribing the duties of officers and employees of the Corporation; delegating to the President the conduct of any business of the Board of Directors; fixing the salaries, fees or other remuneration to be paid to the Directors, and generally, for the conduct and management of its activities;
- m. To sue and be sued.
- n. To adopt and use a corporate seal which shall be judicially noticed;
- o. To perform such acts and exercise such functions as may be necessary for the attainment of the purposes and objectives herein specified;
- p. To promulgate such rules and regulations as may be necessary to carry out the purposes of this Decree; and
- q. To perform such other functions as may be provided by law.

SECTION 6. Restriction on powers. — The Corporation is not a bank within the meaning of Republic Act Numbered Three Hundred thirty-seven (General Banking Act), as amended, and as such, can not perform commercial banking functions, except as provided herein.

SECTION 7. Capital Stock. — xxx xxx.

SECTION 8. Governing Body. — xxx xxx.

SECTION 9. Duties and Responsibilities of the President. — xxx xxx.

SECTION 10. Loans. — The Corporation is hereby authorized to contract loans, credits, in any convertible foreign currency, and incur indebtedness from time to time from foreign governments or any international financial institutions or fund sources, or any other entities, on such terms and conditions it shall deem appropriate for the accomplishment of its purposes and

to enter into and execute agreements and other documents specifying such terms and conditions.

The Republic of the Philippines, through the President of the Philippines or his duly authorized representative, may guarantee, absolutely and unconditionally, as primary obligor and not as surety merely, the payment of the loans, credits and indebtedness issued up to the amount herein authorized, which may be over and above the amount which the President of the Philippines is authorized to guarantee under Republic Act Numbered sixty-one hundred forty-two, as amended, as well as the performance of all or any of the obligations undertaken by the Corporation in the territory of the Republic of the Philippines pursuant to loan agreements entered into with foreign governments or any international financial institutions or fund source.

SECTION 11. Issuance of Bonds. — The Corporation, upon the recommendation of the Minister of Finance and with the approval of the President, is hereby authorized to issue bonds or other securities, in Philippine or foreign currency, whether tax-exempt or not, which may be guaranteed by the Government, to finance the export and capital goods industries.

SECTION 12. General Counsel. — xxx xxx.

SECTION 13. Privileges and Incentives. — The Corporation shall be entitled to all such privilege and incentives as are or may be granted by law to private enterprises engaged in the export and capital goods industries.

Other government offices and other government-owned or controlled corporations shall extend whatever assistance may be needed by the Corporation or any of its branches, offices and subsidiaries, including the detail of its officials and employees to the Corporation or any of its subsidiaries on full-time or part-time basis under arrangements satisfactory to the Corporation or any of its subsidiaries and the government office or corporation concerned. Said officials and employees, as well as the directors of the Corporation and its subsidiaries, may receive allowances and other emoluments, notwithstanding the provision of any law to the contrary.

The employees of the Corporation shall be entitled to all the retirement and insurance benefits and leave privileges of government employees.

SECTION 14. Tax exemptions. — xxx xxx.

SECTION 15. Exemption from Civil Service Law. — xxx xxx.

SECTION 16. Non-applicability of the laws on Usury and Uniform Currency, and certain provisions of the Insurance Code. — The provisions of Republic Act Numbered two thousand five hundred sixty-six (Usury Law), as amended; Republic Act Numbered five hundred twenty-nine (Uniform Currency Law), as amended; and Chapters III, IV, and VIII, of Presidential Decree No. 612 (The Insurance Code) shall not apply to the operation and activities of the Corporation.

SECTION 17. Access to Rediscounting Facilities of the Central Bank. — The Corporation shall have access to the rediscounting facilities of the Central Bank under the most favorable term available for any entity under Central Bank rules and regulations.

SECTION 18. Appropriations. — xxx xxx.

SECTION 19. Reports. — xxx xxx.

SECTION 20. Separability Clause. — xxx xxx.

SECTION 21. Repealing Clause. — xxx xxx.

SECTION 22. Effectivity. — This Decree shall take effect immediately.

Done in the City of Manila, this 15th day of January, in the year of Our Lord, nineteen hundred and eighty-one.

