

[PRESIDENTIAL DECREE NO. 900, March 04, 1976]

CREATING THE PHILIPPINE NATIONAL LINES, DEFINING ITS POWERS AND FUNCTIONS, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES.

WHEREAS, it is the policy of the government to dispose of its shares in the Philippine National Lines, to the private sector at a propitious time;

WHEREAS, the government, cognizant of the vital role that shipping plays in the economic growth of the country, has given various incentives to Philippine shipping companies for the accelerated expansion and modernization of their fleet;

WHEREAS, despite these incentives given to the industry, private shipping companies have failed to expand and modernize their fleet due to the heavy capital requirement involved;

WHEREAS, statistics show that in 1974, the Philippine overseas fleet carried only a measly 7.8% of the country's foreign trade which accounted for a drain of some 600 million dollars representing freight payments to foreign flag carriers;

WHEREAS, the situation is expected to get worse in the years to come unless the government will take an active part by way of pioneering the operation of a national line that will augment but not compete with the fleet requirement of the Philippine international trade;

WHEREAS, such government involvement and initiative shall further the national objective and policy of developing national self-reliance, best serve the interest of national security, and facilitate the performance of other essential governmental functions;

WHEREAS, a well developed shipping industry shall serve to meet the market demands and service requirements of neighboring countries in Southeast Asia.

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

SECTION 1. *Creation of the PNL.*—There is hereby created a body corporate and politic to be known as the Philippine National Lines, hereinafter referred to as PNL, which shall be governed by this Decree and its by-laws as authorized hereunder and shall have succession for a period of fifty (50) years from and after the date of approval of this Decree. The principal office of the PNL shall be located in a place to be determined by the Board of Directors.

SEC. 2. *Purpose of the PNL.*—The PNL, by itself or through its subsidiary/subsidiaries, shall undertake all manner of business activity for the establishment of a reliable shipping services that shall include but not be limited to:

- a. The ownership, lease, charter, management and operation of merchant vessels, whether for cargo or passengers on a scheduled, non-scheduled or charter basis on domestic and/or international scale;
- b. Ship brokerage and other related or supportive activities;

- c. The ownership, establishment, management and operation of shipbuilding and ship repair facilities in order to provide adequate services to the shipping industry.

SEC. 3. *Powers of the PNL.*—In order to accomplish the foregoing corporate purpose, the PNL shall be vested with the following powers:

- a. To prescribe, and thereafter to amend and repeal, its by-laws not inconsistent with this Decree;
- b. To adopt and use a seal and alter it when necessary;
- c. To sue and be sued in any court;
- d. To carry on any other lawful business whatsoever in pursuance of, or in connection with, the foregoing corporate purpose;
- e. To enter into, make, perform and carry out contracts of every kind and description for the foregoing corporate purpose with any person, firm or association or corporation, domestic or foreign;
- f. To have one or more offices in and outside of the Philippines, and to conduct its business and exercise its powers throughout and in any part of the Republic of the Philippines and/or in any or all foreign countries, states and territories;
- g. To acquire, hold, mortgage and alienate personal and real property in the Philippines or elsewhere;
- 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 borrow funds from any source, private or government, foreign or domestic;
- j. To invest, own or otherwise participate in equity in any establishment firm or entity engaged in the industry; to form, organize, invest in, establish and maintain subsidiary or subsidiaries;
- k. To exercise such powers and perform such acts as may be necessary to carry out the purpose for which the PNL was established or which from time to time may be declared by the Board of Directors to be necessary, useful, incidental or auxiliary to accomplish such purpose.

SEC. 4. *Capital Stock Appropriation.*—The PNL shall have a capital stock divided into FIVE MILLION no-par shares to be subscribed, paid for, and voted on, as follows:

- a. Two million shares of stock shall be subscribed and paid for the Government of the Republic of the Philippines. Such shares shall have an initial value of Forty Pesos (P40.00) per share and may be redeemed by the PNL and resold only to the National Government at re-issue value to be determined by the Board of Directors and approved by the President of the Philippines. For this purpose, the amount of EIGHTY MILLION PESOS out of the General Fund, not otherwise appropriated, is hereby appropriated for the payment of the two million shares subscribed by the Republic of the Philippines.
- b. One million shares of stock shall be subscribed and paid for by the National Development Company at issue value to be determined by the Board of Directors of the PNL.
- c. Subject to the approval of the President of the Republic of the Philippines, the remaining two million shares shall be subscribed to by the Government of the Republic of the Philippines or any of its national financial institutions or government-owned or controlled corporations or the private sector to the