

[PRESIDENTIAL DECREE NO. 934, May 14, 1976]

AMENDING FURTHER SECTION TWELVE OF REPUBLIC ACT NUMBERED SEVENTEEN HUNDRED AND EIGHTY-NINE, AS AMENDED, OTHERWISE KNOWN AS THE REPARATIONS LAW.

WHEREAS, under the present provisions of the Reparations Law (Republic Act No. 1789, as amended), the acquisition and use of reparations goods is limited to Filipino citizens or to entities at least seventy per centum of the capital stock outstanding and entitled to vote is owned and held by Filipino citizens;

WHEREAS, certain Filipino-owned vessels thus acquired have passed their economic lives resulting in high operating costs and low operating efficiency and in turn adversely affecting the viability of the Philippine merchant fleet;

WHEREAS, the said vessels may be resold in the world market at prices favorable to the owners, in particular; and the industry in general;

WHEREAS, the sale of those vessels at the said advantageous prices shall generate substantial funds needed for the acquisition of more modern and efficient replacement vessel in line with the fleet modernization program of the Government;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree and order, and make as part of the law of the land the further amendment of Section 12 of Republic Act No. 1789, as amended as follows:

SECTION 1. The fifth paragraph of Section 12 of Republic Act No. 1789, as amended, is hereby amended to read as follows:

"SECTION 12. x x x x

"The contract of sale shall bear the conditions that no capital goods thus acquired shall be resold, leased or in any other manner disposed of except to Filipino citizens or to entities wholly owned by Filipino citizens who shall continue the utilization thereof in the projects for which the goods were originally intended or in similar projects included in the economic development program of a similar priority, subject, however, to the further condition that groups, associations and corporations which are recipient of such goods shall not permit any subsequent change in ownership or control as shall at any time thereafter change the control or ownership wholly held therein by Filipino citizens: *Provided, however*, that subject to the approval of the President of the Philippines on a case to case basis upon recommendation of the National Economic and Development Authority, recipient corporations or associations which have fully paid for such goods may allow foreign equity participation therein when the same is necessary for further development and expansion, on condition that the corporation or association shall maintain Filipino ownership of at least seventy per centum of the capital stock outstanding and entitled to vote, and that seventy per centum of the members of the Board of Directors shall be Filipino citizens: *Provided, further* that the corporation or association in which such foreign investment has been made shall report the same to the Board of Investments within thirty