

[PRESIDENTIAL DECREE NO. 618, December 20, 1974]

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 and entities wholly owned by Filipino citizens;

WHEREAS, the same law provides that groups, associations and corporations which are recipient of reparations goods shall not permit a subsequent change in ownership or control as shall at any time thereafter, change the control or ownership wholly held therein by Filipino citizens;

WHEREAS, entities that have fully paid for their reparations goods are included in, and subject to the above restriction, and cannot, therefore, avail of foreign investments for purposes of expansion and development;

WHEREAS, due to the scarcity or non-availability of financing from local sources, and in line with the declared policy of the State to encourage foreign investments in certain areas of business activity in order to accelerate the economic development of the country, there is a need to amend the Reparations Law, in order to allow foreign investments in certain cases;

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 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:

"SEC. 12. * * *

"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*