

[REPUBLIC ACT NO. 4860, September 08, 1966]

AN ACT AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO OBTAIN SUCH FOREIGN LOANS AND CREDITS, OR TO INCUR SUCH FOREIGN INDEBTEDNESS, AS MAY BE NECESSARY TO FINANCE APPROVED ECONOMIC DEVELOPMENT PURPOSES OR PROJECTS, AND TO GUARANTEE, IN BEHALF OF THE REPUBLIC OF THE PHILIPPINES, FOREIGN LOANS OBTAINED OR BONDS ISSUED BY CORPORATIONS OWNED OR CONTROLLED BY THE GOVERNMENT OF THE PHILIPPINES FOR ECONOMIC DEVELOPMENT PURPOSES INCLUDING THOSE INCURRED FOR PURPOSES OF RE-LENDING TO THE PRIVATE SECTOR, APPROPRIATING THE NECESSARY FUNDS THEREFOR, AND FOR OTHER PURPOSES.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. The President of the Philippines is hereby authorized in behalf of the Republic of the Philippines to contract such loans, credits and indebtedness with foreign governments, agencies or instrumentalities of such foreign governments, foreign financial institutions, or other international organizations, with whom, or belonging to countries with which, the Philippines has diplomatic relations, as may be necessary and upon such terms and conditions as may be agreed upon, to enable the Government of the Republic of the Philippines to finance, either directly or through any government office, agency or instrumentality or any government-owned or controlled corporation, industrial, agricultural or other economic development purposes or projects authorized by law: Provided, That at least seventy-five per cent shall be spent for purposes or projects which are revenue-producing and self-liquidating, such as electrification, irrigation, river control and drainage, telecommunication, housing, construction and improvement of highways and bridges, airports, ports and harbors, school buildings, waterworks and artesian wells, air navigation facilities, development of fishing industry, and others: *Provided*, That such foreign loans shall be used to meet the foreign exchange requirements or liabilities incurred in connection with said development projects to cover the cost of equipment, related technical services and supplies, where the same are not obtainable within the Philippines at competitive prices as well as part of the peso costs, other than working capital and operational expenses not exceeding twenty per cent of the loan: Provided, further, That in the case of roads, bridges, irrigation, portworks, river control, airports, and power, the amount shall not exceed seventy per cent of the loan.

The authority of the President of the Philippines as herein provided shall include the power to issue, for the purposes herein before stated, bonds for sale in the international markets the income from which shall be fully tax-exempt in the Philippines: