

[EXECUTIVE ORDER NO. 32, July 24, 1986]

**DIRECTING THE ESTABLISHMENT OF A PROGRAM FOR THE
CONVERSION OF PHILIPPINE EXTERNAL DEBT INTO EQUITY
INVESTMENTS**

WHEREAS, it has come to the attention of the Government that Philippine external debt obligations owed to commercial banks or financial institutions are being traded in the secondary market;

WHEREAS, long-term equity investments in Philippine enterprises are essential to economic developments;

WHEREAS, the magnitude of the external debt of the Philippines is imposing a heavy burden on the country's resources;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Declaration of Policy. It is hereby declared to be the policy of the Government (a) to stimulate long-term equity investments in Philippine enterprises by both foreign investors and Filipinos; (b) to encourage the repatriation to the Philippines of foreign currency holdings of Philippine residents held abroad for the purpose of capitalizing equity investments in the Philippines; (c) to provide additional incentives for investments in designated sectors of the Philippine economy that require prompt revitalization and (d) to reduce the external debt burden of the Philippines.

SECTION 2. The Central Bank of the Philippines shall establish a program to convert Philippine external debt obligations owed to commercial banks or financial institutions into equity investments in Philippine enterprises. Investors, whether Filipino or foreign, who hold or purchase such obligations and have such obligations redeemed or paid in pesos by the borrower or obligor in pesos may invest the peso proceeds in the entity of Philippine enterprises, under such terms and conditions as the Central Bank of the Philippines may prescribe, consist with the objectives stated in Section 1 of this Executive Order.

SECTION 3. Incentives, such as more liberal terms of repatriation of investments and remittance of earnings from investments, may be provided to investments in preferred sectors or areas of the Philippine economy made under the program established pursuant to this Executive Order, as may be determined by the Monetary Board of the Central Bank, taking into consideration sectors of the economy that require prompt revitalization and foreign exchange earning industries.

SECTION 4. The Central Bank of the Philippines may provide limitations to the repatriation of investments and remittance of earnings from investments made