

LETTER OF INSTRUCTIONS NO. 444

TO : The Secretary of Trade  
The Secretary of Industry  
The Secretary of Foreign Affairs  
The Secretary of Planning  
The Secretary of Agriculture  
The Secretary of Natural Resources  
The Chairman, Board of Investments  
The Governor, Central Bank of the Philippines  
The Chairman, Philippine National Oil Company  
The Chairman, Philippine Coconut Authority  
The Chairman, Philippine Export Council  
The President, Philippine International Trading Corporation  
The President, Philippine Exchange Company  
The Administrator, National Grains Authority  
The Administrator, Fertilizer Industry Authority  
The Administrator, Cement Industry Authority  
The President, National Steel Corporation  
All other agencies concerned

**PROMULGATING GUIDELINES ON TRADE WITH SOCIALIST  
AND OTHER CENTRALLY-PLANNED ECONOMY COUNTRIES**

WHEREAS, it is in the national interest to develop and strengthen economic and commercial relations with all countries, including Socialist and other centrally-planned economy countries;

WHEREAS, for an effective and systematic implementation of trade agreements as well as ad hoc trade arrangements with Socialist countries and other centrally-planned economy countries, variations in the institutional mechanism of trade necessitate the adoption of certain guidelines.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby promulgate the following guidelines:

**I. COMMODITY PATTERN**

1. The import and export of goods between the Philippines and any of the Socialist and other centrally-planned economy countries shall be in accordance with the laws and rules in force in the respective countries applicable to the import and export of the commodity involved.
2. For export of goods to the aforesaid countries, particular emphasis shall be placed on export products listed in the trade and/or economic agreements with the importing country, if any, as well as those listed in the Export Priorities Plan of the Board of

Investments, and export products of enterprises within the export processing zones and industrial estates established by the government.

3. For importation of goods from the aforesaid countries, priority shall be given to commodities which are required in government-funded or -sponsored projects, particularly in agriculture and health; and raw materials and machinery and equipment not locally available in sufficient quantities, of comparable quality and at competitive prices, needed by preferred industries declared by the government, such as those listed in the Investment Priorities Plan, Export Priorities Plan (List B), Public Utilities Priorities Plan and the Tourism Priorities Plan, and by industries operating within the Export Processing Zone and Phividec Industrial Estate and other similar establishments that may be organized by the government.
4. No importation of raw materials, machinery and equipment shall be allowed in industries indicated in the Overcrowded Industries List of the Investment Coordinating Committee, as well as items the importation of which is prohibited.

## II. CHANNELS OF TRADE

1. The trade, direct or indirect, between the Philippines and any of the Socialist and other centrally-planned economy countries shall upon issuance hereof, be undertaken by or coursed through the Philippine International Trading Corporation. This shall apply to the export and import of all commodities or products including those specified for export or import by expressly authorized government agencies.
2. Inspection of commodities imported into and exported from the Philippines and these countries shall be conducted in accordance with the agreement of the parties or follow the normal procedures, i. e., through an independent international superintendent or surveyor acceptable to both parties.
3. Trade communication shall be free and exchanges of legitimate trade missions and traders between the Philippines and Socialist and centrally-planned economy countries shall be allowed, subject to any proper condition which the Department of Foreign Affairs may impose and to the guidelines established by the Department of Trade in coordination with the Philippine Export Council.
4. The Philippine International Trading Corporation shall participate in all official trade and economic discussions between the Philippines and Socialist and other centrally-planned economy countries.
5. In the event of disputes in any commercial transaction between parties from the Philippines and Socialist and other centrally-planned economy countries, the same shall be settled in accordance with the provisions of the contract between the parties, or the trade or economic agreement entered into between the Philippines and the country of the other party, if any, or with any other form of settlement mutually acceptable to both parties.

### III. PAYMENT ARRANGEMENTS

1. Payments shall be effected through prescribed instruments acceptable to the Central Bank of the Philippines and those of the Socialist and other centrally-planned economy countries concerned, in accordance with their respective foreign exchange regulations, and shall be in convertible currencies acceptable to the Central Bank of the Philippines.
2. Payments through clearing arrangements providing for swing credits with the balance to be settled in convertible currencies may be adopted on a case-to-case basis mutually acceptable to the competent authorities of both Governments. Nothing herein shall preclude the parties from entering into any other payment arrangements, subject to the approval of the monetary authorities of both Governments.
3. The establishment of normal banking correspondent relations between Philippine banking institutions and the banking institutions of Socialist and centrally-planned economy countries shall be allowed.

### IV. MONITORING

The Philippine International Trading Corporation shall submit to the Department of Trade monthly reports of all trade transactions with said countries which reports shall be monitored by the said Department and considered in its evaluation and assessment of the over-all trade position of the country. For this purpose, the Philippine International Trading Corporation shall make arrangements with the Central Bank of the Philippines and the Bureau of Customs for the consolidation of reports on actual exports to and imports from Socialist and other centrally-planned economy countries, including transshipment of exports to such countries.

### V. SPECIAL PROVISIONS

The Philippine International Trading Corporation shall adopt such measures and issue such rules and regulations as may be necessary for the effective discharge of its functions under these instructions. In this connection, the processing and approval of applications for export to or import from the Socialist and other centrally-planned economy countries shall, henceforth, be performed by the said Corporation.

Existing policy guidelines on trade with Socialist countries and other centrally-planned economy countries set forth in Executive Order No. 384 and such other policy guidelines and procedures inconsistent with the above instructions are hereby superseded.

Done in the City of Manila, this 9<sup>th</sup> day of August, in the year of our Lord, nineteen hundred and seventy six.

(SGD.) FERDINAND E. MARCOS  
President of the Philippines