

MALACAÑANG
MANILA

PRESIDENTIAL DECREE NO. 1648

REORGANIZING THE NATIONAL DEVELOPMENT COMPANY
AND ESTABLISHING A REVISED CHARTER THEREFOR.

WHEREAS, there is an urgent need to accelerate the country's development;

WHEREAS, there are important national projects that need to be undertaken for continued growth;

WHEREAS, taking into account inflationary trends, it is imperative for the government to take an active role in the acceleration of major industrial projects, as well as other desirable development ventures;

WHEREAS, the National Development Company has been created by Commonwealth Act No. 182 to serve as an agency of the government in the furtherance of its economic policies;

WHEREAS, the National Development Company, a corporate vehicle of the government, designed to pursue commercial, industrial, agricultural or mining ventures, should be restructured and strengthened in order to give the necessary impetus to national economic development;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution do hereby order and decree as part of the law of the land, the following:

SECTION 1. Short Title. - This decree shall be known as the "Revised Charter of the National Development Company."

SEC. 2. Declaration of Policy. - It is the declared policy of the State to promote overall economic development through assistance to commercial, industrial, agricultural or mining ventures. For this purpose, when necessary or when private enterprise is not willing or able to undertake vital projects, it may, on its own or in joint venture with the private sector, undertake such projects.

SEC. 3. Corporate Existence. - The Company shall have a term of fifty (50) years from the issuance hereof, which shall be deemed renewed for an equal period unless sooner dissolved by law. The Company



shall have a subsidiary corporation, which is hereby created, to be known as the "NDC Holdings Company." Existing personnel of the Company, together with appropriate assets, shall be transferred to the NDC Holdings Company as the Board of Directors of the Company may deem necessary.

SEC. 4. Powers and Functions of the Company. - The Company shall have the general powers provided in the Corporation Law, and such other powers as may be necessary to enable it to promote and maintain a sufficient level of production by an efficient coordination of the productive forces of the country or otherwise, and to secure a stable market for Philippine products. Without restricting in any manner any of the aims and purposes of this Company as set forth in this section, it is expressly declared and provided that the Company shall exercise the following powers:

- (1) Engage or invest in or extend loans and guarantees to, or enter into joint ventures with Filipino and foreign investors, whether in the majority or minority position in commercial, industrial, mining, agricultural, and other enterprises, which may be necessary or contributory to the economic development of the country, or important to the public interest;
- (2) Hold public agricultural lands and mineral lands in excess of the areas permitted to private corporations, associations and persons by the Constitution and by the laws of the Philippines;
- (3) Acquire, hold, mortgage, and alienate personal and real property in the Philippines or elsewhere;
- (4) Make contracts and enter into such arrangements as it may consider convenient and advantageous to its interests, for the development, exploitation, and operation of any of its land or mineral holdings, as well as of its industrial enterprises;
- (5) Contract loans, issue bonds and other obligations as security therefor, and for property purchased or acquired by it, or for any other object in or about its business;
- (6) Mortgage or pledge any share, stock, bond or other obligation, or any property which may be acquired by it;



- (7) Secure any bond or other obligation issued or incurred by it or its subsidiaries;
- (8) Make contracts of any kind and description;
- (9) Purchase, hold, alienate, mortgage, pledge, or otherwise dispose of the shares of the capital stock of, or any bond, security, or other evidence of indebtedness created by any other corporation or corporations, co-partnership or co-partnerships of this or any other country;
- (10) While the owner of any stock, exercise all the rights of ownership, including the right to vote thereon;
- (11) Guarantee domestic and foreign loans and other evidence of indebtedness both as to principal and interest, or either, issued by duly incorporated companies including its own subsidiaries;
- (12) Purchase bonds issued by any duly incorporated company engaged in desirable development projects;
- (13) Enter into contracts, with or without public bidding with any person or entity, domestic or foreign, and with governments for the undertaking of varied development projects, including the acquisition, by way of purchase, lease or rent or other deferred payment arrangements of equipment and/or raw materials and supplies, as well as for services connected therewith under such terms and conditions as it may deem proper and reasonable;
- (14) Exercise the right of eminent domain as may be necessary for the purpose for which the Company is created;
- (15) Invest in projects of the Association of Southeast Asian Nations (ASEAN);
- (16) Organize subsidiary companies to undertake any of the activities mentioned in Section 4 hereof;

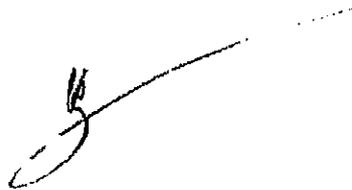


- (17) Hold public lands, including logged over areas, which the President may allocate for specific projects of the Company;
- (18) Determine its organizational structure, and the number and salaries of its officers and employees; establish and maintain offices, branches, correspondents or other units anywhere as may be needed by the Company and reorganize or abolish the same as it may deem proper; employees separated from the service pursuant to the reorganization shall be entitled to at least one month gratuity for every year of service but in no case more than twenty-four months salary in addition to other benefits which they may be entitled under existing laws and regulations, under such guidelines as the Board may determine;
- (19) Adopt and use a corporate seal which shall be judicially noted.

SEC. 5. Public Lands Availability. - Upon certification by the President, for priority projects of the Company, the Bureau of Lands and the Bureau of Forestry shall make available without delay the necessary public land to undertake such priority projects. The aforesaid priority projects, specifically agricultural plantation projects, which are certified as such by the President, shall have preferential rights over logged over areas, the provisions of P. D. 705 notwithstanding.

SEC. 6. Governing Body. - The Company shall be governed by a Board of Directors, hereinafter referred to as the "Board" which shall be composed of the Minister of Industry as Chairman, with the Minister of Finance, the Minister of Energy, the Chairman of the Development Bank of the Philippines, and the General Manager of the Company, and two (2) representatives of the private sector appointed by the President, as members.

SEC. 7. Capital Stock. - The Company shall have a capital stock of Ten Billion Pesos (P10,000,000,000.00), the amount to be subscribed by the National Government and to be paid up in accordance with project funding requirements. The present assets of the Company



may be revalued as of the date of the effectivity of this Decree and such revaluation may be reflected in the Company's capitalization. Existing liabilities of the Company due to the National Government are hereby converted as capital of the Company.

SEC. 8. Duties and Responsibilities of the Chairman. - The Chairman, who shall be the Chief Executive Officer of the Corporation, shall have the following duties and responsibilities:

- a. To prepare the agenda for the meetings of the Board, and to submit for the consideration of the Board such policies and measures as he believes necessary to carry out the purposes and objectives of this Decree;
- b. To execute, administer and implement the policies and measures approved by the Board;
- c. To direct and supervise the operations and administration of the Company;
- d. To represent the Company in all dealings with other offices, agencies and instrumentalities of the government and with all persons and other entities, public or private, domestic or foreign; and
- e. To exercise such other powers and perform such other duties provided in the by-laws and as may be vested in him by the Board.

The above powers may be delegated to the General Manager of the Company.

SEC. 9. Issuance of Tax-Exempt Bonds. - The Company, upon the recommendation of the Minister of Finance and with the approval of the President is hereby authorized to issue bonds, other securities, which are tax-exempt and guaranteed by the government, to finance its operation.

SEC. 10. Auditor. - The Commission on Audit shall appoint, subject to the approval of the Board, a representative who shall be the Auditor of the Company, and such personnel as may be necessary to assist said representative in the performance of his duties. Subsidiaries of the



Company created and registered with the Securities and Exchange Commission are to be audited by independent Certified Public Accountants as may be approved by the Board.

SEC. 11. Compensation Law. - For the purpose of determining the compensation of its officers and employees, the Company shall be considered as a government financial institution in the same category as other financial institutions such as the Central Bank and the Development Bank of the Philippines. For purposes of P. D. No. 985 and civil service requirements, the Company shall likewise be subject to the same regulations as government financial institutions.

SEC. 12. Foreign Loans. - The Company is hereby authorized to contract loans, credits, in any convertible foreign currency or capital goods, and indebtedness from time to time from foreign governments, or any international financial institutions or fund sources, or any other entities, on such terms and conditions it shall deem appropriate for the accomplishment of its purposes and to enter into and execute agreements and other documents specifying such terms and conditions. The same privilege may be extended to subsidiaries of the Company, if specifically authorized by the President of the Philippines.

The Republic of the Philippines, through the President of the Philippines, or his duly authorized representative, may guarantee, absolutely and unconditionally, as primary obligor and not as surety merely, the payment of loans, credits and indebtedness which may be over and above the amount which the President of the Philippines is authorized to guarantee under Republic Act Numbered Sixty-one hundred and forty-two, as amended, as well as the performance of all of the obligations undertaken by the Company in the territory of the Republic of the Philippines pursuant to loan agreements entered into with foreign governments or any international financial institutions or any other fund sources.

SEC. 13. Government Financial Institutions and Guarantees. - The provision of any law to the contrary notwithstanding, any financial institution owned or controlled by the Government of the Republic of the Philippines, other than the Central Bank, Government Service and Insurance System and the Social Security System, shall give preference to any loan by the Company and its subsidiaries and is hereby empowered to



guarantee acceptance credits, loans, transactions, undertakings, or obligations of any kind which may be incurred by the Company, whether directly or indirectly, in favor of any person, association or entity, whether domestic or foreign.

SEC. 14. Privileges and Incentives. - The subsidiaries of the Company, created and registered with the Securities and Exchange Commission, shall be entitled to all the incentives and privileges granted by law to private enterprises engaged in business activities. They shall not, as a matter of right, be subject to the provisions of the Government Service and Insurance System, as provided for under R. A. 186, as amended, as well as to any law, executive orders and decrees relating to leave of absences, retirement privileges, regular working hours, and other government employee benefits.

SEC. 15. Appropriations. - For the additional funding requirements of the Company, the appropriate sum needed to meet the capitalization of the Company, is hereby set aside and appropriated from the General Funds, not otherwise appropriated.

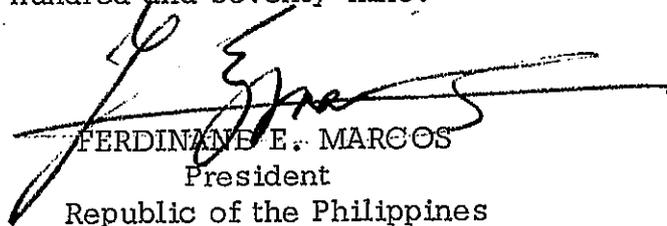
SEC. 16. Reports. - The Company shall, within three (3) months after the end of every fiscal year, submit its annual report to the President. It shall likewise submit such periodic or other reports as may be required of it from time to time.

SEC. 17. Separability Clause. - Should any provision of this Decree be held unconstitutional, no other provision hereof shall be affected thereby.

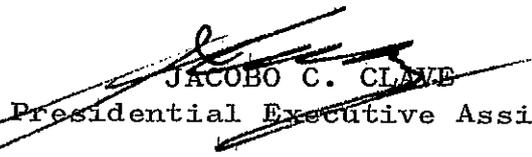
SEC. 18. Repealing Clause. - All laws, decrees, executive orders, administrative orders, rules or regulations, inconsistent herewith are hereby repealed, amended or modified accordingly.

SEC. 19. Effectivity. - This Decree shall take effect immediately.

DONE in the City of Manila, this 25th day of October
in the year of Our Lord nineteen hundred and seventy-nine.


FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:


JACOBO C. CLAVE
Presidential Executive Assistant