

[LETTER OF INSTRUCTIONS NO. 216, October 07, 1974]

TO: The Director General
National Economic Development Authority
The Chairman and President
Philippine National Oil Company

The slowdown in the world economy is adversely affecting the demand in the wood products, cement and other export oriented industries. This could lead to unemployment and idle resources. Simultaneously, the rising cost of petroleum products and other imported raw materials is contributing to rapid increases in the prices of key commodities.

While there are no sure and easy solutions to these problems, the Government feels that as industrial fuel oil is a critical input to Philippines industry, a reduction of its price would assist in encouraging export production, would bring relief to certain distressed industries, and through application in certain strategically located industries with linkages to consumer goods enterprises, would assist in reducing overall cost of production and in expanding business activity.

You are therefore directed as follows:

1. The Philippine National Oil Company (PNOC), through its marketing affiliate Petrophil Corporation, shall institute effective immediately, a three-month program of special price support in industrial fuel oil to strategic industries. During such period of three months, Petrophil Corporation shall reduce by P5.00 per barrel the wholesale posted price ex-refinery, prevailing at the time of delivery, of its sales (up to its available supply) of industrial fuel oil to cement companies, textile plants, wood processing companies, pulp and paper plants, Philippine flag shipping, electric cooperatives and to other industries that may be determined by the National Economic and Development Authority (NEDA) as being strategic economically and/or industrial fuel price support to which, would result in maximum export and employment benefits.
2. The National Economic and Development Authority shall initiate studies on the desirability of extending the duration of the special price support program beyond the three-month period specified herein and on the desirability of adjusting the level of price support that would be fully responsive to the needs of Philippine industry and development in the international oil situation.

Done in the City of Manila this 7th day of October in the year of Our Lord, nineteen hundred and seventy-four.

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



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