

[ADMINISTRATIVE ORDER NO. 21, September 06, 1966]

STATING THE GOVERNMENT POLICY ON DOMESTIC AND FOREIGN INVESTMENTS AND DIRECTING ALL GOVERNMENT AGENCIES AND INSTRUMENTALITIES, GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS AND GOVERNMENT FINANCIAL INSTITUTIONS TO OBSERVE THE PROVISIONS OF THE CONSTITUTION OF THE PHILIPPINES AND EXISTING LAWS WITH REGARD TO INVESTMENTS

By virtue of the powers vested in me by law, I, FERDINAND E. MARCOS, President of the Philippines, do hereby declare that the policy of the Philippine Government is to encourage domestic and foreign investment in certain areas of economic activity. To this end, all government agencies and instrumentalities, government-owned or controlled corporations and government financial institutions are hereby directed to observe the provisions of the Constitution of the Philippines and all existing laws in a manner that would assist or encourage investment in the Philippines.

All investors of the Philippines shall be assured of the basic rights and guarantees provided for in the Constitution of the Philippines.

The Central Bank of the Philippines and the National Economic Council are hereby directed to assure investors the following:

(a) Repatriation of Investment. – The right to repatriate the whole or any part of the proceeds from the liquidation of the investment in the currency in which the investment was originally made and at the exchange rate prevailing at the time of repatriation.

(b) Remittance of Earnings. – The right to remit earnings from the investment in the currency in which the investment was originally made and at the exchange rate prevailing at the time of remittance.

(c) Payments of Foreign Loans. – The right to remit at the exchange rate prevailing at the time of remittance such sums as may be necessary to meet payments of interest and principal on foreign loans.

(d) Servicing of Foreign Obligations. – The right to remit at the exchange rate prevailing at the time of remittance such sums as may be necessary to service foreign obligations arising from contracts for: (1) the transfer by license or otherwise of patent processes or formulas or other technological rights of foreign origin; and (2) foreign assistance concerning technical and factory management, design, planning, construction and similar matters.

Pursuant to the provisions of the Constitution of the Philippines, investments shall be free from expropriation by the government except for a public purpose and upon

payment of just compensation (Article III, Section 1, Paragraph (2)). Neither shall such investments be requisitioned except in the interest of national welfare and defense and upon payment of just compensation (Article XIII, Section 6). The provisions of the Philippine Constitution (Article XIII, Section 1; Article XIV, Section 8) and all other special laws where a minimum Filipino participation is required in certain areas of economic activity shall be observed. In the event of war, foreign investors shall be treated in accordance with the generally accepted principles of international law (Article II, Section 3).

To the extent allowed under existing laws, enterprises financed by foreign capital may employ foreign nationals in supervisory, technical or advisory positions. As a matter of policy, however, foreign investors shall, as much as possible, utilize Filipino administrative, supervisory and technical skills.

The areas of investment which the Philippine Government would like to encourage are:

(a) Commercial Agricultural Crops

- (1) For export, such as bananas, african oil palms, pineapples, fruits, vegetables, etc.
- (2) For import substitution, such as grain, soybean, wheat, cotton, etc.

(b) Livestock

- (1) Beef and dairy farm. operation.

(c) Marine Products

- (1) Deep sea fishing, prawn and oyster farming, pearl culture, for export and domestic consumption.

(d) Mining

- (1) Base metals.
- (2) Coal, crude petroleum and natural gas.

(e) Wood Processing

- (1) Veneer and plywood manufacturing.

(f) Food Manufacturing

- (1) Canning and preserving of fruits and vegetables.
- (2) Canning of fish and other sea foods, including fish meal manufacturing and processing of fish canning by-products.

(g) Pulp and Paper Products

- (1) Manufacture or conversion of wood and other pulping materials into pulp.

(h) Chemicals

- (1) Manufacture of basic industrial and agricultural chemicals.
- (2) Manufacture of drugs and anti-biotics.