

[BSP CIRCULAR NO. 1317, December 11, 1991]

FCDU LOANS TO EXPORTERS

In accordance with Monetary Board Resolution No. 1320 dated November 29, 1991, effective immediately, all exporters may avail themselves of FCDU loans from a U.S. Dollar-based credit facility for their peso or foreign exchange requirements from the Foreign Currency Deposit Unit (FCDU) of a local commercial bank without need of prior Central Bank (CB) approval, subject to the following conditions:

1. The amount of the FCDU loan which may be granted herein shall be up to seventy percent (70%) of the export irrevocable L/C (either confirmed or unconfirmed), purchase order (P.O.) or sales contract (S.C.);
2. Proceeds thereof shall be availed of either in pesos thru the sale of the foreign exchange to the lending local commercial bank to pay local costs, or directly in foreign exchange to pay import costs of machinery, spare parts or raw materials to be used in the production of, or as inputs of, commodities to be exported;
3. Payment for the FCDU loan shall be directly deducted from the foreign exchange proceeds of export shipments of the borrower but the amount to be deducted for this purpose shall not exceed seventy percent (70%) of proceeds from each export shipment;
4. The loan shall have a short term maturity not to exceed 360 days. Within this period, roll-overs may be allowed provided the maturity of the loan shall coincide with the payment period of the covering export L/C, P.O., or S.C.;
5. In case any balance of the loan remains unpaid at maturity, the borrower shall be allowed to pay the loan in foreign exchange thru the purchase of the needed foreign exchange from the banking system or other sources;
6. The terms of the loan shall be in accordance with the prevailing rates in the international capital markets;
7. The FCDU and the exporter concerned shall comply with the weekly reporting requirements on the transactions involved prescribed by CB; and
8. Exporters who violate this Circular and other CB guidelines issued or may be issued for this credit facility shall be subject to appropriate sanctions as may be approved by the Monetary Board or under Section 34 of R.A. 265, as amended.

This Circular supersedes CB Circular No. 1262 dated November 9, 1990 and amends all other CB rules inconsistent herewith.