[BSP CIRCULAR NO. 1319, January 03, 1992]

RULES ON EXPORT RETENTION

1. Any commodity exporter may retain a maximum of forty percent (40%) of his foreign exchange receipts from exports in a Special Foreign Currency Deposit Account (SFCDA) with any Authorized Agent Bank (AAB) in the Philippines. For this purpose, the AAB concerned shall allow the opening of such SFCDA at any time without need of prior Central Bank (CB) approval provided that the exporter-depositor shall indicate in writing his agreement that all records pertaining to the account shall be subject to verification/examination by the CB Export Department. AABs are authorized to pay interest on the SFCDA.

2. The SFCDA may be used to pay directly the following trade-related foreign exchange obligations of the exporter concerned:

a. Commission to agents abroad under an AAB-approved agreement, provided that an AAB may approve an agreement only if the commission does not exceed ten percent (10%) of shipment value;

b. CB-approved claims of buyers abroad for rebates, discounts, or refunds for rejected/defective shipments and similar charges;

c. Freight/insurance costs to shipping/insurance firms due on export shipments on CIF and C & F basis;

d. Licensing fees approved and registered with the Bureau of Patents, Trademarks & Technology Transfer;

e. Supervision/survey fees to foreign surveyors to determine outturn weights of export shipments at the port of discharge;

f. Travel funds not exceeding the limits allowed under existing CB rules:

g. Advertising and other promotional expenses incurred abroad;

h. Importation of machinery, components and spare parts needed, as well as raw materials and essential inputs used, in export production;

i. Interest payments on and amortization of CB-registered foreign loans except prepayments which need prior CB approval; and

j. Other similar or analogous payments/obligations/remittances as may be authorized by the CB.