

SEC. 4. Section 12 of the same decree is hereby amended by adding, after subparagraph (h) thereof, a new subparagraph to be known as subparagraph (i), to read as follows:

“(i) Exemption from the investment requirements of foreign corporations under Section 126 in relation to Section 148 of the *Corporation Code of the Philippines*.”

SEC. 5. The Department shall be vested with the authority to promulgate such rules and regulations as may be necessary to implement

the provision of this decree, subject to the approval of the Secretary of Energy.

SEC. 6. Any provision of existing general and special laws inconsistent with the provisions of this decree is hereby modified, amended or repealed accordingly.

SEC. 7. This Decree shall take effect upon its approval.

Done in the City of Manila this 1st day of January in the Year of Our Lord, Nineteen Hundred and Eighty-three.

OEA CIRCULAR NO. 87-12-003

TO: ALL SERVICE CONTRACTORS RESTORATION OF THE FILIPINO PARTICIPATION INCENTIVE ALLOWANCE

For the guidance of all concerned, the grant of the Filipino Participation Incentive Allowance (FPIA) under PD No. 87, implementation of which was suspended in 1977, has been authorized by the President for a limited period from September 1, 1986 to December 31, 1988.

As provided in Section 28 of PD No. 87, the contractor under the service contract in which Philippine citizens or corporations have a minimum participating interest of fifteen percent (15%) in the contract area may, subject to the reasonable conditions imposed by the Petroleum Board (now the Office of Energy Affairs), be granted a Government subsidy commensurate with the scope of Filipino participation not exceeding seven and one-half percent (7½%), which shall be computed by deducting the said allowance from the posted or market price, whichever is higher, of crude oil exports produced in the contract area, and from the market price of crude oil produced in the contract area, sold or disposed of for consumption in the Philippines.

Consistent with the said authority and in accordance with the said provision, the following schedule of percentage incentive shall be granted under service contracts with requisite qualifying Filipino participation.

Filipino Participation Incentive Allowance

30%	-	above	7½%
27.5%	-	but less than 30%	6½%
25.0%	-	but less than 27.5%	5½%
22.5%	-	but less than 25.0%	4½%
20.0%	-	but less than 22.5%	3½%
17.5%	-	but less than 20.0%	2½%
15.0%	-	but less than 17.5%	1½%
Below 15.0%			0%

This Circular takes effect immediately.

W. R. DELA PAZ
Officer-in-Charge

1 December 1987