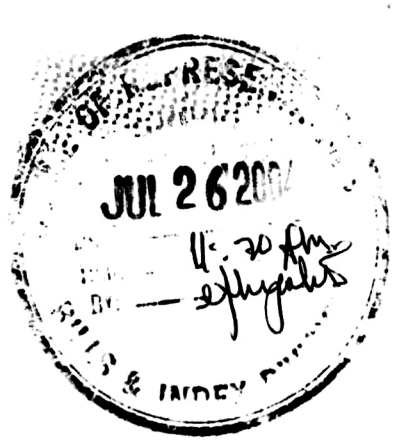
Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



THIRTEENTH CONGRESS
First Regular Session

HB NO. 1617

Introduced by **Rep. Roseller L. Barinaga**

EXPLANATORY NOTE

The Constitution states: Foreign loans may only be incurred in accordance with law and the regulations of the monetary authority...." (Section 21, Article XII). Further, the Constitution provides, "The President may contract or guarantee foreign loans on behalf of the Republic of the Philippines with the prior concurrence of the Monetary Board subject to such limitations as maybe provided by law...." (Section 20, Article VIII).

In view of the ballooning public debt of the national government, it is imperative that a debt cap or debt ceiling be imposed so as not to hamper delivery of basic social services and other priority concerns of the government, to the detriment of public interest.

The passage of this bill is earnestly solicited.

ROSELLER L. BARINAGA
Representative
2nd District, Zamboanga del Norte

Congress of the Philippines)
Thirteenth Congress)
First Regular Session)

HOUSE OF REPRESENTATIVES

HB NO. 1617

Introduced by **Rep. Roseller L. Barinaga**

AN ACT
PROVIDING FOR A CEILING ON ALL PUBLIC DEBTS OF THE REPUBLIC OF THE PHILIPPINES AND FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Title.* This act shall be known as the " Public Debt Ceiling Act of 2004."

SEC. 2. *Definition of Terms.* For purposes of this Act,

a) Public Debt – All debts incurred by the National Government as well as GOCC which include foreign borrowings, assumed liabilities (foreign and domestic), bonds, treasury bills and like instruments.

b) Emergency Loan – Loan which is incurred to meet an existing emergency which directly affects the public interest. The existence shall be determined by the President upon the advice of the Secretary of Finance.

c) Government–owned and Controlled Corporations of GOCCs - are those directly chartered under special laws.

d) Vital Undertakings – refers to economic and social infrastructure and programs.

SEC. 3. *Purpose of Contracting and Guaranteeing Foreign Loans.* Foreign loans shall be contracted or guaranteed solely to finance vital undertakings in line with the national development program.

SEC. 4. *Who may Contract or Guarantee.* Only the President with the prior concurrence of the Monetary Board may contract or guarantee both foreign and domestic debts on behalf of the Republic of the Philippines.

SEC. 5. *Debt Ceiling.* A ceiling is hereby imposed on the total public debt of the Philippines to the amount of P 1.2 Trillion which may not be exceed at anytime except with the concurrence of Congress.

SEC. 6. *Exclusions to the Ceilings.* The President of the Philippines, upon the Recommendations of the Monetary Board, whenever required pursuant to a general Rescheduling, restructuring or re-financing of the external debt of the Philippines by foreign creditors, may exclude specific categories of external debt from the limits of P 1.2 Trillion provided Congress concurs with said exclusion.

SEC. 7. *Bilateral Agreements*. Bilateral Agreements involving official assistance such as grants and commodity credit arrangements or indebtedness which the President is authorized to enter into and conclude under Republic Act No. 4860, as amended, shall not be valid and effective unless concurred in by at least two-thirds of all the members of the Senate of the Philippines.

SEC. 8. *Reportial Requirements*. The *Bangko Sentral ng Pilipinas* shall, with in thirty (30) days from the end of every quarter of the calendar year, submit to the Congress a complete report of it's decisions on applications for loans to be contracted or guaranteed by the Government or government–owned and controlled corporations which would have the effect of increasing the foreign debt.

Information as to the terms and conditions of foreign loans or guaranteed shall be made available for inspection subject to reasonable rules and regulations prescribed by the *Bangko Sentral ng Pilipinas*.

SEC. 9. *Implementing Rules and Regulations*. The Monetary Board of the *Bangko Sentral ng Pilipinas* shall formulate and implement the necessary guidelines pursuant to this Act.

SEC. 10. *Penalties.* Any violation of the provision of this Act shall, in addition to other penalties imposed by law , subject the public officials or persons responsible for such violation to an imprisonment of not less than twelve (12) years or a fine of not less than P500,000.00 .

SEC. 11. *Repealing Clause.* The following laws, decrees and executive order shall henceforth be considered repealed:

1. Presidential Decree No. 1961 - An Act authorizing the President of the Philippines on behalf of the Republic of the Philippines, and authorizing the Central Bank of the Philippines , to enter into foreign currency loan, Deposit and Guarantee Agreements and Arrangements in support of the National Economic Recovery Program , and for other purposes;

2. Presidential Decree No. 1977 - Amending Presidential Decree No. 1961;

3. Presidential Decree No. 1685 - Amending Presidential Decree Numbered Thirteen Hundred Nine Authorizing The Central Bank of the Philippines to Engage in Special Borrowing and Lending Operations;

4. Presidential Decree No. 1938 - Further Amending Presidential Decree Numbered Thirteen Hundred Nine, as amended by Presidential Decree Numbered Sixteen

Hundred and Eighty Five Authorizing the Central Bank of the Philippines to Engage in Special Borrowing and Lending Operations;

5. Executive Order No. 218 - Extending the applicability of the Presidential Decree No. 1961, as amended, to the 1987 – 1992 Philippines Financing Package and the Foreign Currency Loans. Credits Indebtedness Made, Guaranteed and Insured by Foreign Governments and their agencies maturing on or after January 1, 1987 through December 31, 1992, subject to limitations; and

6. Republic Act No. 245 - An Act Authorizing the Secretary of Finance to Borrow to Meet Public Expenditures Authorized by Law, and for other purposes, as amended.

All laws , decrees , orders proclamations , rules and regulations or parts thereof which are inconsistent with any of the provisions of this Act are hereby repealed or modified accordingly .

SEC. 12. *Seperability Clause*. If any provision of this Act or the application thereof is held invalid or unconstitutional , the validity of other provisions shall continue to be in full force and effect .

SEC. 13. *Effectivity*. This Act shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

Approved.