

PRESIDENTIAL DECREE NO. 1071

**REVISING THE CHARTER OF THE
PHILIPPINE INTERNATIONAL TRADING CORPORATION**

I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree, as part of the law of the land, the Revised Charter of the Philippine International Trading Corporation as follows:

**“THE REVISED CHARTER OF THE
PHILIPPINE INTERNATIONAL TRADING CORPORATION”**

“SECTION 1. Title of this Decree. – This Decree shall be known as the Revised Charter of the Philippine International Trading Corporation.

“SECTION 2. Name, Domicile and Place of Business. – There is hereby created a body corporate to be known as the Philippine International Trading Corporation, hereinafter referred to as the Corporation, which shall exist for fifty years and shall have its principal office in Metro Manila.

“SECTION 3. Capitalization. – The authorized capital stock of the Corporation shall be two hundred million pesos (P200,000,000.00), to be divided into two million (2,000,000) shares at par value of one hundred pesos (P100.00) per share to be subscribed as follows: forty per cent (40%) representing eight hundred thousand (800,000) shares valued at eighty million pesos (P80,000,000.00) by the Republic of the Philippines [since assumed and paid for by National Development Company per E.O. 1067 s. 1985]; ten per cent (10%) representing two hundred thousand (200,000) shares valued at twenty million pesos (P20,000,000.00) by the Development Bank of the Philippines; ten per cent (10%) representing two hundred thousand (200,000) shares valued at twenty million pesos (P20,000,000.00) by the Philippine National Bank [since assumed and paid for by National Development Company per E.O. 756 s. 1981]; and the remaining forty per cent (40%) representing eight hundred thousand (800,000) shares valued at eighty million pesos (P80,000,000.00) owned by the public at not less than the par value [since assumed and paid by the National Development Company per E.O. 756 s. 1981]. For the total subscription of the Republic of the Philippines, the amount of forty million pesos (P40,000,000.00) is hereby appropriated out of the funds in the National Treasury [since assumed and paid by National Development Company per E.O. 1067 s. 1985] which amount or any portion thereof shall be released to the Corporation upon the approval of the President of the Philippines: Provided, that, the subscription of the Development Bank of the Philippines and the Philippine National Bank shall be paid to the Corporation at such time and for such amounts as shall be requested by the Board of Directors of the Corporation: [Provided, further, that, the disposition of the shares available to the public shall be made in such a manner as to result in the widest distribution thereof as possible to individuals or organized businessmen representing specific industries or products without any stockholder owning more than one per cent (1%) of the total stock offered for subscription to the public and no single group representing one specific industry or product shall own more than five per centum (5%) of such share unless approved by the Board: And, Provided, finally that, proxy voting is hereby authorized but under no agreement, contract, arrangement, scheme, or plan, shall a proxy holder be allowed to

represent more than one per cent (1%) of the stocks offered to the public for subscription.]
As Amended by E.O. 756.

“Any disposition of shares of stock of the Corporation which will change the proportion of capital distribution among the National Government, Philippine National Bank, Development Bank of the Philippines and the public shall be null and void unless previously approved by the President of the Philippines upon recommendation of the Board of Directors. Likewise, no transfer of shares of stock subscribed by the public shall be allowed to be registered in the books of the Corporation which will violate the limitations in the next preceding paragraph unless the same is previously approved by the Board of Directors of the Corporation.

“The President of the Philippines may increase the authorized capital stock of the Corporation upon recommendation by the Board of Directors of the Corporation. The Board of Directors shall recommend such increase upon approval by the affirmative vote of stockholders holding at least two-thirds (2/3) of the subscribed capital stock of the Corporation in a special meeting called for the purpose. [**Amended by E.O. 756, s. 1981**].

“SECTION 4. Voting Power of Government Shares. - The voting power of all the stocks owned and controlled by the Republic of the Philippines shall be vested in the President of the Philippines or in such person or persons as he may from time to time designate. [**Amended by E.O. 756 s. 1981, E.O. 1067 s. 1985**].

CORPORATE POWERS AND FUNCTIONS

“SECTION 5. Purposes of the Corporation. - The Corporation is hereby authorized:

- “(a) To engage in or handle for Philippine and third country enterprises through methods, systems, devices and facilities intended to achieve economies of scale and better terms of trade for Philippine business, both foreign procurement as well as foreign marketing and distribution;
- “(b) To arrange for or establish comprehensive facilities for handling all phases of warehousing and to develop and operate physical facilities for the collection, processing and distribution of cargoes and other commodities;
- “(c) To obtain or arrange more comprehensive protection for activities undertaken or commodities dealt with by monitoring or coordinating risk insurance services for existing institutions or supplementing the same;
- “(d) To employ, utilize, and monitor trade promotion services, facilities and activities being undertaken by government or private agencies;
- “(e) To promote or organize, whenever warranted, production enterprises and industrial establishments and to collaborate or associate in joint venture with any person, association, company, or entity, whether domestic or foreign, in the fields of production, marketing, procurement, and such other related businesses;
- “(f) To provide technical, advisory, investigatory, consultancy and management services

with respect to any or all of the functions, activities and operations of the Corporation; and

“(g) In general, to undertake such activities as would be appropriate to an institution created for the purposes of international trading.

“SECTION 6. Powers of the Corporation. – In order to attain its purposes and objectives, the Corporation shall have the following powers: [As Amended by E.O. No. 133 s. 1987]

“(a) To engage in and carry on the business of dealership, brokerage, manufacture and distribution of commodities, products, goods, wares, merchandise, machineries and equipment and in connection therewith, to purchase, borrow, acquire, hold, exchange, sell, distribute, lend, mortgage, pledge, or otherwise dispose of, import or export, process or turn to account in any lawful manner, commodities, products, goods, wares, merchandise, and other articles of commerce and interest therein or instrument evidencing rights to acquire such interest and to guarantee any and all obligations relating to transactions made on any board of trade, commodities exchange, or similar institutions, and to do any and all things as may be useful in connection with or incidental to the conduct of such business;

“(b) To build, make, construct, maintain, purchase, sell, charter, deal in and with, own, lease, pledge, and otherwise dispose of all modes of transportation, together with all components, tools, machinery and appliances appurtenant thereto as are utilized in the transport of goods and merchandise by air, land or sea;

“(c) To carry on the business of public and private warehousing and all the business necessarily or impliedly incidental thereto, and to further carry on the business of general warehousing in all its several aspects; to construct, hire, purchase, operate and maintain any means or conveyances for the transportation to and from storage, by air, land or water, of any and all products; goods, wares, merchandise or manufactured articles, to issue certificates, warrants and receipts, negotiable or otherwise, to persons warehousing goods with the Corporation, and to make negotiate or secure advances or loans upon the security of such stored merchandise and products or otherwise to construct, purchase, take or lease, develop, operate or otherwise acquire any wharf, pier, dock, warehouse, storage room or other facilities, rights, franchises or premises deemed capable of being advantageously used in connection with the business of the Corporation, and to rent, lease, hypothecate and convey the same, and generally to carry on and undertake any and all business activity, transaction or operation commonly carried on or undertaken by warehousemen;

“(d) To act as shipping agent and ship broker, to handle ship husbanding and ship chandlery, and to engage in any aspect for the business of longshoring, lighterage, stevedoring, freight forwarding, packing and carting, and conveying;

“(e) To borrow, raise, or obtain funds to support or carry out its objectives and purposes and/or to arrange financing or equipment credit or any kind of financial or material assistance for its own account or its clients from any financial or lending institutions, local or foreign, and to secure any or all of the same, to the extent that may be required such as by any lawful guaranty or counter-guaranty by pledge, mortgage or

deed of trust, or by creating or suffering to exist a charge, lien or encumbrance, general or special, upon its revenues and/or assets, and likewise by similar guarantees, pledges, mortgages, liens and other security arrangements to secure the performance by the Corporation of any obligation or liability it may undertake for itself or for other companies or enterprises in which it may be interested; such loans obtained under this authority shall be guaranteed by the government in accordance with existing regulations;

- “(f) To provide financial accommodations to its clients, and maintain with or for customers’ accounts with respect to commodities and/or securities including margin accounts and to do such things as may be requisite or appropriate or incidental to the maintenance of such accounts;
- “(g) To act as agents or brokers in the business of marine, fire, life, accident and fidelity insurance, in the business of giving protection to principals and employers and any other kind or class of insurance in all its branches;
- “(h) To organize and incorporate subsidiaries whose capital stock may be subscribed in whole or in part by the Corporation; Provided, however, that the controlling interest of not less than sixty per cent (60%) of the authorized capital stock of such subsidiaries shall at all times remain with the Corporation: Provided, finally, that the organization and incorporation of such subsidiaries shall be subject to prior approval of the President of the Philippines;
- “(i) To establish, maintain, operate or conduct branch businesses or offices for the transaction of business for itself and on behalf of other persons, firms, corporations, or other entities, either domestic or foreign, and to act as manufacturers’ agents, commission merchants, merchandise brokers, insurance, shipping and transport agents, or in any other representative capacity for persons, firms, corporations or other entities, either domestic or foreign, for the investment, loan payment, transmission or collection of money, commodities or securities and/or the purchase, sale, improvement, development and management of property including business concerns and undertakings and generally, to transact and undertake an agency business, whether in respect of any commercial or financial matters;
- “(j) To undertake or contract for researches, studies and surveys on any subject of interest to the Corporation including but not limited to such matters as business and economic conditions of various countries, including the structure of their commodities and financial markets, the institutional arrangements for mobilizing investments thereat, the legal and tax constraints and incentives obtaining therein; to promote products overseas through holding of trade fairs, exhibits and the like, coordinating with the Department of Trade in undertaking such activities;
- “(k) To acquire an interest in or to enter into partnership, amalgamate with or enter into other arrangements for sharing profits, mutual assistance or cooperation with any person or company carrying on or about to carry on or engage in any business transaction, operation or work capable of being conducted so as to purchase, take or otherwise acquire and hold shares of stock or other securities of or interest in any such company and to sell, hold and re-issue with or without guaranty or otherwise deal with the same;

- “(l) Subject to the limitations established by law, to acquire by purchase, subscription, exchange, assignment, gift, or otherwise, and to sell, assign, transfer, exchange, mortgage, pledge, and deal in and with, and otherwise, to enjoy, and dispose of, any bonds, debentures, promissory notes, shares of capital stock, and/or other securities and/or obligations, created, negotiated or issued by any corporation, association, or other entity, foreign or domestic, and while the owner thereof, to exercise all the rights, powers and privileges of ownership, including the right to receive, collect, and dispose of any and all dividends, interest and income, derived therefrom, and the right to vote on any shares of the capital stock, and upon any bonds, debentures and/or other securities, having voting power so owned;
- “(m) To cause or allow the legal title to or any legal or equitable interest in any business or any other real or personal property acquired or carried on by the Corporation to remain or be vested or registered in the name of any other person or entity whether upon trust for or as agent nominee of the Corporation or upon such other terms and conditions which may be determined to be necessary or expedient by the Board of Directors of Corporation;
- “(n) To acquire by purchase or lease, or otherwise, lands and interest in lands and to own, hold, improve, develop and manage any real estate so acquired and to erect or cause to be erected on any lands owned, held or occupied by the Corporation, buildings or other structures with their appurtenances, and to rebuild, enlarge, alter or improve any buildings or other structures now or hereafter erected on any lands so owned or occupied;
- “(o) To purchase, own, hold, or otherwise acquire such machineries, equipment, tools, materials, supplies, or other parts as may be necessary, convenient, or appropriate for any of the purposes for which the Corporation is formed;
- “(p) To invest and deal with the funds of the Corporation in such manner as may be deemed proper, in order not to make such funds idle and unproductive pending their full utilization for the principal objects and purposes for which the Corporation has been organized;
- “(q) To apply for, register, purchase or otherwise acquire, or obtain a lien on, or interest in, any patent, patent rights, licenses, designs, processes, trademarks, tradenames, distinctive marks, inventions, and improvements thereof, and concessions which may appear likely to be advantageous or useful to the Corporation or its clients; to use, exercise or otherwise turn to account said property, rights, and to enter into know-how and data or process feedback agreements, including the use of computers, as the same may be related to or necessary or appropriate to carry on the objectives and purposes of the Corporation;
- “(r) To pay for any property or rights acquired or services obtained by the Corporation either in cash, shares or other securities of the Corporation, or partly in cash and partly in shares or other securities, under such terms and conditions as its Board of Directors shall determine to be reasonable. To enter into any agreement or contract with any government or any of the agencies and instrumentalities thereof, or with any person or company on any undertaking that may be conducive to the attainment of objectives of the Corporation or of any of them, and to obtain from any such

government or authority, person or company any rights, privileges and concessions, which the Corporation may think desirable;

- “(s) To establish, operate and maintain its own communication system throughout the country as may be needed or required by its business operations for which purpose, the proper franchise is hereby granted; and
- “(t) To do all such other things as are incidental or appurtenant to or growing out of or connected with the aforesaid business or powers of the Corporation or any part thereof or conducive to the attainment of its corporate purposes and objects.

THE BOARD OF DIRECTORS

SECTION 7. Composition of Board of Directors. – The powers and functions of the Corporation shall be exercised by the Board of Directors which shall be composed of the following:

- “(a) The Secretary of the Department of Trade;
- “(b) The President of the Corporation;
- “(c) The Director-General of the National Economic and Development Authority;
- “(d) The Chairman of the Board of Investments;
- “(e) The Secretary of the Department of Agriculture;
- “(f) The Secretary of the Department of Natural Resources;
- “(g) The Chairman of the Board of Governors of the Development Bank of the Philippines;
- “(h) The President of the Philippine National Bank;
- “(i) A Representative from the Office of the President;
- “(j) [Six (6) other members to be appointed by the President of the Philippines for a term of five years in such manner that the first members appointed shall have terms of office of one, two and three years for every two members and that, to the extent possible, the financial, agricultural, industrial and commercial interests, shall be represented: Provided, however, That for purposes of determining the quorum, the same shall be based on the number of members of the Board actually appointed/ designated as such.] **Amended by E.O. 756 s. 1981**

“The Secretary of Trade shall be the Chairman of the Board and shall preside over its meetings: Provided, That, whenever the Secretary of Trade is unable to do so, the President of the Corporation shall preside over such meetings: Provided, further, That, if both the Secretary of Trade and the President of the Corporation are absent, the members of the Board present shall, there being a quorum, elect from among themselves a presiding officer for that particular meeting: And, provided, finally, That, except those members of

the Board representing the private sector, and the Secretary of Trade and the President of the Corporation who shall be represented by the Undersecretary of Trade and the Executive Vice President, respectively, the other ex-officio members of the Board shall, whenever unable to attend said meetings, be represented by their duly designated representatives who shall have the same powers, duties, and privileges in these meetings as the ex-officio members they are representing. **[Amended by E.O. 756, s. 1981]**

SECTION 8. Qualifications of the Members of the Board of Directors. – No person shall be appointed as member of the Board unless he is a Filipino citizen, of good moral character and of unquestionable integrity and responsibility and reputed to have considerable experience in foreign trading operations.

SECTION 9. Removal. – The President of the Philippines may remove any member of the Board for any of the following reasons:

- “(a) If the member no longer possesses the qualifications specified in Section 8;
- “(b) If the member is guilty of any act or omission of fraudulent or illegal character or manifestly opposed to the aims and interests of the Corporation;
- “(c) If in the opinion of the President of the Philippines, continued membership in the Board of such member will be inimical to or work against the interests of the Corporation.

SECTION 10. Absence and Vacancy. – In the event of any vacancy in the Board resulting from the death, resignation or removal of an appointive member, the President of the Philippines shall appoint a new Director who shall serve the unexpired period of the term pertaining to the Director he succeeded.

SECTION 11. Remuneration. – The members of the Board of Directors or their respective alternates, except the President and the Executive Vice President of the Corporation, shall each receive a per diem of P750.00 for every meeting of the Board actually attended. The amount of such per diem received by each Director and his alternate shall not exceed the sum of P1,500.00 for any single meeting.

SECTION 12. Powers and Functions. – The Board of Directors of the Corporation shall have the following powers and functions:

- “(a) To adopt corporate by-laws to implement and supplement the provisions of this Decree;
- “(b) To establish the policies for determining fees and charges as well as fix such fees and charges for services rendered by the Corporation; or to authorize the President of the Corporation to fix said fees and charges within the policies, guidelines and limitations established by the Board;
- “(c) To approve appointments made by the President of the Corporation to executive and senior management level positions in the Corporation;

- “(d) Consistent with its corporate purposes and powers, to determine/reorganize and approve the most effective organizational framework for the Corporation and its staffing pattern; fix the salaries of its officers and employees and determine their reasonable allowances, bonuses and other incentives as may be recommended by the President of the Corporation;
- “(e) Establish administrative rules and regulations for the operation of the Corporation;
- “(f) To exercise the general powers of business corporations as provided in Act 1459, as amended;
- “(g) To do all act or acts as may be necessary for the achievement of the expressed purposes and powers of the Corporation.

OFFICERS OF THE CORPORATION

SECTION 13. Officers of the Corporation. – In line with paragraph (d) of the next preceding Section, the Board of Directors shall determine the officers of the Corporation who, except as provided in this Decree, shall be appointed by the President of the Corporation subject to confirmation by the Board. The Corporation may have an Executive Vice President and such Vice Presidents and Assistant Vice Presidents as may be required for the effective operation of the Corporation.

SECTION 14. Qualification of the President. – No person shall be appointed as President of the Corporation unless he is a Filipino citizen, of good moral character and of unquestionable integrity and responsibility and reputed to have considerable experience in foreign trading operations.

SECTION 15. Appointment and Tenure. – The President of the Corporation shall be appointed by the President of the Philippines for a term of two (2) years without prejudice to renewals.

SECTION 16. Removal. – The President of the Corporation may be removed from office by the President of the Philippines, on the same ground provided for the removal of members of the Board of Directors of the Corporation.

SECTION 17. Outside Interests of the President. – Unless otherwise directed by the President of the Philippines, the President of the Corporation need not limit his professional activities to those pertaining directly to his position in the Corporation; and may accept other employment, whether public or private, and receive remuneration therefor; provided, however, that the same should not impair the performance of his duties to the Corporation.

SECTION 18. Remuneration. – The salary of the President of the Corporation shall be fixed by the Board of Directors of the Corporation subject to the approval of the President of the Philippines.