

## RP among possible beneficiaries

# OPEC to hike aid fund for LDCs

The Organization of Petroleum Exporting Countries (OPEC) is increasing from \$4 billion to \$20 billion its aid fund for projects undertaken by less developed countries to meet their development and energy needs. It was disclosed yesterday by Dr. Mana Saeed Al-Otaiba, oil minister of the United Arab Emirates and OPEC president last year, during a luncheon meeting with President Marcos.

OPEC aims to further increase this development fund in the coming years to \$109 billion, Otaiba added. This proposal will be taken up during the OPEC summit meeting to be held in November in Baghdad, Iraq.

After the meeting with Otaiba and his delegation, President Marcos told newsmen that the visit is a result of efforts of the Philippines to establish contact with various sources of crude oil.

He also said he has sent out several buying missions to the Middle East and South American countries to augment present oil supplies.

The President said that during his meeting with Otaiba, he urged the OPEC to "work out solutions for the problems of countries that belong to the Third World, especially on the impact of OPEC policies on pricing."

Otaiba said OPEC, as an organization, is ready to "devote more contributions towards the Philippines' economic development."

He also demanded that industrialized nations give a counter-part contribution to the development fund.

**OPEC FUND.** The OPEC development fund provides long-term development financing for development projects of less developed nations on concessional terms. In some instances, it gives interest-free loans.

The Philippines has availed of the OPEC development fund. Records show that as of June 30 this year, the Philippines had borrowed

\$16.25 million from the fund for an irrigation project in Bukidnon (\$3.5 million), the Cotabato-General Santos road (\$8.25 million) and for fishpen development in Laguna Bay (\$4.5 million).

The Philippines also expects to get another \$15 million from the OPEC fund which is administered by the Asian Development Bank (ADB). Half of this (or \$7.5 million) will be used to finance part of the construction of the National Power Corporation's transmission and power transformer facilities in Mindanao and Negros Island. The balance would be spent on infrastructure development.

## IFC-PASAR talks still going on

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As this developed, the foreign investors had expressed their willingness to put up part of the balance.

To fill in the gap, PASAR invited IFC to invest in the project.

Ventura emphasized that IFC's participation is purely an investment undertaking. "There are no strings attached," he said, debunking rumors that PASAR intends to acquire a loan from World Bank.

required equity contribution.

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Observers expressed apprehensions that the ministry's policy violates the constitutional right of Filipinos to seek their own means of livelihood.

Sought for comment, OEDB executive director Salvador F. Bigay said that the MOLE policy is premised on a "national need," and the principle that the present manpower export program should not be adverse to local industries.

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## Outflow of workers in critical industries restricted by gov't

(Continued from page 1)

"If this trend continues, we may soon suffer a lack of sufficiently trained personnel to run our mills, and may eventually affect domestic flour production," Maramba said. "We are not against our technical men wanting to improve their own selves economically... but government should adopt preventive measures so that the flour milling industry will not be unduly hampered."

A affected local flour millers were General Milling, Republic Flour Mills, Pacific Flour Mills, Universal Robina Corp., Wellington Flour, Pillsbury Flour and Liberty Flour. Most employees of these firms, Maramba said, had been actively connected with these companies for about 10-15 years.

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Bigay said the present brain and brawn drain problem has become "inevitable" inasmuch as the country has limited resources and capabilities, compared to Middle East and other western countries. Apparently, he noted, Filipino industries could hardly meet the wage scales and other employment benefits offered by foreign employers, as evidenced by the increasing outflow of skilled labor.

Among the other sectors affected by the loss of skilled workers are the transport and construction industries. Recently, the Pilipinas Operators Association of the Philippines said that bus companies have been plagued by the problem that drivers and mechanics have left the country for better work opportunities.

Also, a construction firm belonging to the

Philippine Contractors Association has reported that it has been losing 50 to 100 workers a year, pirated by foreign companies. The Pilipinas PCA said that Filipino contractors who bid in international construction contracts often end up competing against foreign skilled Filipino workers.

## Purchase of firm's own shares of stock

By MAT DEFENSOR

A corporation, under Section 16 of the Corporation Law, is allowed to issue shares of stocks in exchange for cash or property. When a corporation purchases its own shares by paying cash or property, the corporation naturally reduces its financial capability. Situation being avoided when a corporation reacquires its own shares through cash purchase are the impairment of the rights of creditors and the undue advantage accruing to some stockholders at the expense of the remainder. Such situations can happen when a corporation under financial trouble purchases the shares of stocks of favored stockholders to save their investments, leaving little or nothing to the creditors and remaining stockholders.

Under the present law, the power of a corporation to reacquire stocks is expressly granted to the corporation only when the appraisal right is given to dissenting stockholders under sections 17-1/2, 18 and 28-1/2 and in delinquency sales when there is no bidder for stocks for sale (Section 44). Minus those instances, a corporation's right to purchase its own shares, though not prohibited, is not expressly authorized. Hence, in the case of *Steenbert v. Velasco* (10 Phil. 953), the Supreme Court, knowing that the corporation is in a financial straits, denied the corporation's right to purchase its own shares by invoking the doctrine that the directors of a corporation must act in good faith in preserving the assets of the corporation.

However, the Securities and Exchange Commission in a letter-opinion dated April 5, 1965, and again in a letter-opinion dated Feb. 1, 1979 addressed to Philippine National Bank reiterated the general rule that in the absence of prohibition, corporations have the implied power to purchase their own shares of stock subject to the conditions that:

1. capital is not impaired;
2. a legitimate corporate object is advanced;
3. the condition of corporate affairs warrants it;
4. the transaction is designed and carried out in good faith;
5. it is intended and there results no undue advantage to a few favored stockholders at the expense of other stockholders; and
6. the rights of the creditors are not jeopardized.

Under Section 9 of the proposed code, which hopefully is now a law, a corporation has the power to purchase or reacquire its own shares subject to the limitations that the purchase must be for a legitimate corporate purpose and the corporation has an unrestricted earned surplus. The code enumerates instances considered as legitimate corporate purposes. These are:

1. "To eliminate fractional shares arising out of the declaration of stock dividends;
2. "To collect or compromise an indebtedness to the corporation, arising out of unpaid subscription in a delinquency sale and to purchase delinquent shares sold during said sale;
3. "To pay dissenting or withdrawing stockholders entitled to payment for their shares under the provisions of this code;
4. "To redeem or retire redeemable or preferred shares issued by the corporation at a price not to exceed the redemption or issued value thereof."

These instances as enumerated above are recognized by the code as not exclusive.

The status of required shares will depend on the purpose of the corporation. If stocks are reacquired under Sections 17-1/2, 18, 28-1/2 and 44 of the Corporation Law or simply by redemption in case of redeemable shares, said shares have the effect of being treated as treasury shares and shall remain issued and outstanding. If shares are required for the purpose of withdrawing them for circulation, such shares may be reverted to the status of authorized but unissued shares.

There are enough safeguards against the impairment of the rights of stockholders and creditors in both the present law and the proposed code. The guidelines set by the Securities and Exchange Commission took care of what is lacking under the present law.

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- 22nd BMP:MPP — November 17 — December 12
- 23rd BMP:MPP — February 16 — March 13
- 24th BMP:MPP — June 1 — June 26

**DEADLINE FOR 21st BMP:MPP APPLICATIONS & RESERVATION FEE — July 28, 1980**



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