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OPEC LEADER — Dr. Mana Saeed Al-Otaiba (left row, nearest President Marcos' desk), United Arab Emirates oil minister and last year's OPEC president, called on President Marcos yesterday. At lunch which Mr. Marcos hosted later, Al-Otaiba said the Organization of Petroleum Exporting Countries will increase to $20 billion its aid fund to help less developed countries like the Philippines. Others in photo are members of the visiting minister's party, including Ahmed M. Al-Rahma, Abbas Mohamed Abbas Zaki, Abdulla Al-Farisi, Idris Haboush, Nasser Al-Jabari, Khaled Al-Ashi and Joseph Al-Sheikh. (Story on page 8)

New MOLE policy

Skilled workers' outflow curbed

By RODRIGO V. ALVAREZ
Reporter

The Ministry of Labor and Employment no longer allows any skilled Filipino workers employed in certain "critical" industries to leave for employment overseas if his employer here does not approve of the departure. If the departing worker is unemployed, he must show proof he has been out of job for the past six months.

Critical industries are those where there is a current need for limited skills and professions. They include the following: petrochemicals, aviation, telecommunications, power, hotel (skilled workers), and agricultural research and technology.

This new MOLE policy is in response to protests persistently raised by business firms on the continuing exodus of skilled workers and professionals, on whom they have incurred substantial costs to train.

The list of critical industries was arrived at following a series of dialogues with various industry groups, the ministry and its overseas placement-related bureaus, the Overseas Employment Development Board (OEDB) and the Bureau of Employment Services (BES).

The government move supported a proposal of the Philippine Association of Flour Millers, Inc. (PAFMI), which sought OEDB's assistance to require PAFMI clearance to applications of skilled workers in the domestic flour milling industry to get jobs abroad.

PAFMI president Felix K. Maramba, Jr., also executive vice-president of Liberty Flour Mills, Inc., said in an interview that the domestic industry last year lost about 200 technical men, who left for Saudi Arabia. These technicians, who were mostly recruited by private fee-charging agencies, were hired by employers of three newly constructed Saudi flour mills, Maramba explained.

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Pilipinas Shell seeks price hike of 30.81 ctvs per liter

Pilipinas Shell Petroleum Corp. is asking the Board of Energy permission to increase prices of its petroleum products by an average price of 30.81 centavos per liter.

Pilipinas Shell's petition, formally filed yesterday, was the third to be received by the BOE.

Mobil Oil Phils., Inc. and Caltex Phils., Inc. filed last week their respective proposals for average price increases of 36.53 centavos and 20.609 centavos, respectively.

Only two oil companies — Basic-Landoil Energy Corp. and the government-owned Petrophil Corporation — have not filed petitions.

In its petition, Pilipinas Shell said it needs the price increase due to new increases in crude oil prices, chemicals, inland freight, refinery costs, and provisions for continuing increases in working capital and fixed asset requirements.

Pilipinas Shell said the 30.81-centavos increase it is asking for represents the following:

* an average of 26.98 centavos per liter in the new crude oil prices

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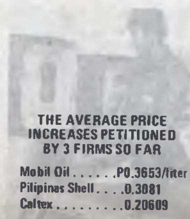

THE AVERAGE PRICE INCREASES PETITIONED BY 3 FIRMS SO FAR

Mobil Oil	P0.3653/liter
Pilipinas Shell	0.3081
Caltex	0.20609

Rice price up 15 ctvs per kilo very soon

By JULIE J. DE LA CRUZ
Reporter

The National Grains Authority (NGA) is expected to announce very soon a P0.15-increase on the [illegible] of milled rice, or [illegible] been approved by President Marcos. A presidential letter of instructions to this effect will be issued soon.

The new price ceiling was recommended by an inter-agency committee composed of the ministries of trade, finance and agriculture, the NGA, Central Bank and the National Economic and Development Authority.

Actually, the draft of the LOI was submitted to the President as early as April, along with the LOI increasing the support price for palay from P1.30 to P1.40 per kilo.

But the President delayed announcement [illegible] effective July 1, to prevent public hoarding and panic-buying.

The Cabinet standing committee headed by Finance Minister Cesar Virata has earlier approved in principle an agriculture ministry recommendation last April to raise the retail price of milled rice by at least P0.15 per kilo, along with the proposal to set the new support price for palay at P1.40 per kilo.

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EPZA's Peña breaks silence on exporters' complaints

By ABRINO AYDINAN
Reporter

"The BEPZ (Bataan Export Processing Zone) is functioning and functioning very well," Administrator Teodoro Q. Peña of the Export Processing Zone Authority said in an interview with *Business Day* last week. He also indicated that the EPZA is working on the complaints of export firms in the zone.

PEÑA

Peña made the statement to "lead off" his "clarification of the situation in the BEPZ." (See *Business Day*, June 17, 30 & July 7).

"There is a tendency to blow up facts" about the BEPZ, Peña said, although he recognized the existence of "defects" in the system. "There is no perfect system; just like the (living organism's) body, there are always infirmities," he said.

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Corporate Developments

• Despite equity deficit, Ford gets okay on P142-m CP issue

The Securities and Exchange Commission yesterday gave the go-signal to Ford Philippines, Inc. to issue P142 million worth of commercial paper in the money market.

(Commercial papers are securities issued by a company to financial institutions; they are actually a form of borrowings.)

Ford's authority to issue such instruments will last only two months from date of approval. However, it appears that the company will jump on the opportunity, since its resources are in need of replenishment.

Ford's losses piled up through its years of participation in the Progressive Car Manufacturing Program, amounting to P167.3 million as of last year, according to the financial statements submitted to the SEC. The parent company in the USA has injected about P193.67 million into the local subsidiary. What remains of this capital infusion is P27.69 million as of last year (with P1.3 million

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• 9 firms get BOI incentives

The Board of Investments (BOI) last week approved the registration of Norphil Agro-Industrial Corp., an export producer of peanut oil and meal, under the Export Incentives Act (Republic Act No. 6135).

The project which is estimated to cost P48.5 million, will have an annual production capacity of 12,960 metric tons for peanut oil and 13,770 metric tons for peanut meal.

The firm intends to export 100% of its peanut oil production and 70% of peanut meal output. The balance of 30% will be sold to local feedmillers. Target export markets are Japan, Europe and Southeast Asia.

For the first five years of operations, the firm expects record sales of $66.027 million.

Norphil has marketing tieup with Nippi Boeki Kabushiki Kaisha and Sumitomo Corp. of Japan.

OTHER APPROVALS. Also approved under the Export Incentives Act was the P12.278 million project of Mattel Philippines Inc., an export producer of toys (Barbie and Sunshine dolls), costume and costume ensembles and other plastic toys.

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'Nothing definite' yet on IFC equity in PASAR

The Philippine Associated Smelting and Refining Corp. (PASAR) has yet to complete negotiations with the International Finance Corp., an affiliate of the World Bank, for a possible equity investment in the country's $250-million copper smelter.

In an interview with *Business Day*, Constante V. Ventura, PASAR president, said negotiations between PASAR and IFC are "still going on." In effect, Ventura denied reports that PASAR had already accepted IFC's offer to put in 6% or $5 million of the $100-million equity of the copper smelter, one of the planned 11 major industrial projects of the country.

The PASAR official said an IFC inspection team was here a few days ago to assess the situation and verify the financial figures related to the project provided to them.

The data gathered by the team will still be evaluated by IFC and "nothing is definite yet," Ventura said. However, he added that IFC has indicated its willingness to invest $5 million in the project.

EQUITY SHARING. Depending on how much equity will finally be put in by IFC and considering the 32% equity share already finalized with a Japanese consortium of Marubeni Corp., Sumitomo Corp. and C. Itoh, Ventura said equity sharing between the National Development Corp. (NDC) and the nine co-owner copper mining firms will still be determined.

Originally, only 30% of the project's equity was to be allowed for foreign investors and 70% to be shared by NDC and the nine mining

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INSIDE

Despite equity deficit, Ford gets okay on ₱142-m CP issue

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resulting mainly from an upvaluation of certain assets).

Business Day files show that Ford's total liabilities last year reached P486.77 million while its assets amounted to P408 million, for an equity deficit of P78.64 million.

INELIGIBLE. SEC rules would make Ford Philippines ineligible to borrow through the money market, since the company failed to meet the required debt-to-equity ratio of 3:1. However, the company expects P126.1 million to be infused by the parent company "within the year."

On the other hand, Ford USA is not without trouble. *Fortune* magazine reported that the automotive giant incurred a loss of $164 million during the first quarter of the year. Neither are expectations on improved sales bright until at least the fourth quarter, the report said.

Ford USA will be cutting capital investments by $0.5 billion yearly until 1984, or from the previously planned $4 billion to $3.5 billion, according to the report.

It also said that the company earned $309 million from overseas operations during the first quarter. Ford Philippines was not among those earners. It incurred a net loss of P19.77 million during the period. Although it recorded P95.42 million in sales during the quarter, exceeding slightly its projection of P95.1 million, cost of goods sold already amounted to P95.62 million. Interest and other expenses added P12.5 million.

Ford USA has an outstanding guarantee on P375.2 million of the local subsidiary's liabilities.

SECOND CASE. This is the second time the SEC relaxed its debt-to-equity requirement on companies seeking to raise funds through the money market.

Philippine Tobacco Filters Corp. earlier was recently given authority to borrow P40 million, although its debts amount to ten times the equity. PTFC's application was approved because of the guarantee put by Herdis Group, Inc., the parent company, on PTFC's commercial papers.

Rice price ceiling raised soon

(Continued from page 1)

A subsequent proposal from the NGA and the inter-agency committee, however, indicated that the price of the commodity will have to be higher than P0.15 per kilo, but not to exceed P0.25 per kilo.

In arriving at the new proposal, the inter-agency committee cited factors such as the last fuel price increases and the consequent cost increments on fertilizers, farm equipment and other farm production inputs which adversely affected farmers.

The Cabinet standing committee has noted that palay production costs have risen by P1,856 to an average of P2,287 per hectare as a result of the last oil price increase. The costs include the annual interest of P81 per hectare paid by farmers on Masagana 99 loans.

"We cannot continue to have the price of rice at low levels," Economic Planning Minister Gerardo P. Sicat said then. The President approved the earlier recommendation for an increase of only P0.15 per kilo.

However, even without official announcement on the new ceiling price for rice, and in spite of government control on the price of the commodity, a survey conducted by *Business Day* showed that retailers in Metro Manila have followed the increase in the palay support price.

Retail prices of rice were found to have climbed up to P2.70 to P2.80 per kilo — P0.25 to P0.35 beyond the ceiling price, for C-4 and Wagwag varieties.

According to an NGA spokesman, rice prices, whether for ordinary or special varieties, have been set by the government at the controlled ceiling price of P2.45 per kilo.

Pilipinas Shell seeks 30.81-centavo raise

(Continued from page 1)

the company is paying to its suppliers; this amount accounts for some 80% of the entire adjustment sought;

* an allocation of 1.72 centavos to help the company meet increases in operating costs which had been covering from its working capital; this part of the increase will help Pilipinas Shell meet cost of repairs for its equipment. The company said this portion of the increase is in lieu of its petition for an assured return on investment (sought last April);

* the remaining 2.11 centavos is intended for additional costs it expects to incur in buying chemicals, for transportation costs, and expenses related to its refinery.

Pilipinas Shell's main supplier of crude oil is Kuwait which increased its price by $4.17 per barrel — from $27.50 to $31.67 — effective July 1. Kuwait crude accounts for about 19% of Pilipinas Shell's total oil imports.

On the average, Pilipinas Shell's suppliers increased their prices by $3.68 per barrel, from $29.374 to $33.056. Its seven oil suppliers are Kuwait, Iraq (Basrah light), Dubai, Oman (Oman Blend), Malaysia (Seria, Tapis Blend and Miri), Indonesia (Handil and Walio) and China (Shengli).

The oil firm is also asking the BOE to include in its authorized price increases, a mechanism wherein Pilipinas will be able to meet various other working capital expenses and other expenditure requirements.

Pilipinas Shell vice-president Marangal B. Domingo also said that the government should also consider the shift in accounting principles which was imposed on the oil companies' method of inventory valuation last year. The process, from a last in-first out (LIFO) method to a moving-average method, allegedly will increase income taxes of Pilipinas Shell by two times this year.

Hearings on 6 tax bills held this week

The Bureau of Internal Revenue and the National Tax Research Center, the tax-research arm of the National Economic and Development Authority, will conduct this week separate public hearings on six tax bills sponsored by the Cabinet at the Batasang Pambansa.

The hearings are all scheduled this week to enable the government to firm up its final stand on the next tax measures as fast as possible.

The first hearing is scheduled today and will be conducted by the NTRC.

The subject of the hearing are two bills seeking to increase the specific taxes on cigarets, distilled spirits, compounded and fermented liquors.

The hearing on the bill raising specific taxes on cigarets will start at 9 a.m. while the other bill will be taken up at 2 p.m. The hearings will be held at the NTRC office at BF Condominium, Intramuros.

Tomorrow, the BIR will conduct hearings on the modification of charges on forest products from specific to ad valorem taxes (9:30 a.m.) and on the ad valorem tax or royalties imposed on mineral and mineral products. The hearing starts at 9:30 a.m. at the BIR head office in Quezon City.

CAPITAL GAINS. For Thursday, there will be a hearing in the morning (9:30 a.m.) on the capital gains tax on earnings from transactions on shares of stock (9:30 a.m.) and on the uniform franchise tax (2:30 p.m.). These hearings will likewise be conducted by the BIR at its head office.

The salient feature of the tax bill on liquors is an increase in the rates of specific taxes on distilled spirits, compounded liquors and fermented liquors by an average increase of P0.10 per liter. This bill is expected to generate an additional P86.6 million in government revenue.

On cigarets, the bill seeks to increase the specific tax rates on Virginia-type cigarets to P1.0 per 1,000 cigarets. The present rate is P1.00. The bill also seeks to provide a statutory maximum retail price with penal provisions for violations. In addition, the bill will impose higher maximum retail prices for foreign-brand cigarets manufactured locally under licensing agreements.

Another bill to be discussed is a proposal to consolidate all existing charges on timber by adopting an ad valorem tax in place of the present specific tax. On the basis of existing prices of forest products, the government expects to realize an additional P459 million.

MINING ROYALTIES. For mineral and mineral products, the government is seeking to increase the ad valorem tax or royalties to 10% from the present rates which range from 1.5% to 2%. The tax will be based on the actual market value of the gross output except those products which will be used in manufacturing finished products classified as basic and essential items which will be taxed at a preferential rate of 5%. Additional revenues to be raised are estimated at P238 million.

The bill, however, which is expected to raise a lot of interest is the proposal to re-impose capital gains taxes on stock market transactions in place of the present 0.0025% (or 1/4 of 1%) stock transaction tax which is only temporary.

The proposed tax rate is 10% for gains up to P100,000, and 20% for the incremental amount over P100,000.

Nonresident investors, however, will be subject only to the stock transaction tax for transactions under any share listed in the dollar boards of any domestic stock exchange.

FRANCHISES. The sixth bill to be discussed is the 3% uniform franchise tax on all franchise grantees, excluding the state-owned Philippine Airnes, Inc., franchise holders of electric cooperatives, and ice plant and cold storage operators.

This bill will not only standardize the tax (which currently varies from franchise holder to franchise holder) but will also withdraw the income tax exempt status of some franchise grantees.

The government through the BIR, the NTRC and the finance committee of the Batasang Pambansa has been holding public hearings on its new tax measures to get a feedback.

Last week, the three groups jointly held a hearing in Cebu City on Cabinet Bill No. 34, which aims to adopt the gross income tax system in place of the present income net income tax system

The government hopes to have these tax measures approved before the end of the year, since the expected additional revenues will be used to supplement government budget expenditures for 1981.

TODAY

- **Stockholders' meeting** of the Dizon Copper Mines; 3 p.m. at the Club Filipino.
- **Cocktails** in celebration of the fifth anniversary of the Philippine Coconut Research and Development Foundation, Inc.; 6 p.m. at the Club Strata in Pasig, Metro Manila.
- **Stockholders' meeting** of the Golden River Mining Corporation; 5 p.m. at the Manila Garden Hotel.
- Start of the three-day **Australian Building Materials Display;** 1 p.m. to 6 p.m. at the Manila Peninsula Hotel.
- **Auction sale** of the Bureau of Customs; 9:30 a.m. Bureau of Customs building.