

EXECUTIVE ORDER NO. 298

PROVIDING FOR ALTERNATIVE AND/OR INTERMEDIATE MODES OF
PRIVATIZATION PURSUANT TO PROCLAMATION NO. 50 (s. 1986)

WHEREAS, the Asset Privatization Trust (APT) was created to take, for the benefit of the National Government, title to and possession of, conserve, provisionally manage and dispose of assets which have been identified for privatization and transferred to the APT;

WHEREAS, the APT, in its divestment program, should seek to restore, as soon as possible, existing physical facilities of the transferred assets into viable and productive operations under private sector management and ownership, and thus to contribute towards national economic recovery within the context of a private enterprise system and thereby generate maximum cash recovery for the National Government;

WHEREAS, the APT is authorized to conserve the transferred assets and to rehabilitate such assets if necessary to conserve their value or permit their sale, including, without limitation, to oversee the management and operation of corporations or other businesses constituting such assets, and to enter into such service agreements as may be necessary for such purpose;

WHEREAS, the APT has been accorded the widest latitude of flexibility and autonomy in its operations, particularly in the areas of accounting, auditing, procurement, contracting, asset management, disposition and personnel;

WHEREAS, the APT, after more than eight (8) years of existence, is left with assets which by their physical nature, technical obsolescence, legal impediments, or business prospects, are considered very difficult to dispose of by final sale;

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

Section 1. **Alternative and/or Intermediate Modes of Privatization.** To enhance the assets transferred to the APT pursuant to Proclamation No. 50 (s. 1986) and/or maximize recovery therefrom, but without in any way impeding the speedy disposition of these assets, the APT is hereby authorized to enter into the following alternative modes of privatization and/or intermediate modes of privatization prior to the final disposal of the asset,

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or

particularly, but not limited to cases, where the asset is deemed marketable and shutdown or mothball costs approximate costs of operation, or where preservation of factor inputs, such as technical skills or contractual relations including franchises, is deemed necessary:

- 1 Joint Venture - whereby the APT arranges for the APT-held asset to carry on a specific business enterprise with another person/entity for their mutual benefit, using their combined funds, land, resources, facilities and services, either through a joint venture corporation or as separate personalities. Thereafter, the joint venture project is privatized or referred to the proper government agency for implementation in accordance with Section 23, paragraph 2 of Proclamation No. 50 (s. 1986);

B-O-T Schemes - whereby the APT finds proponents who will undertake infrastructure and/or development projects using the APT-held asset, under any of the arrangements provided for under Republic Act No. 6957, as amended, which project is then referred to the proper government agency for implementation in accordance with Section 23, paragraph 2 of Proclamation No. 50 (s. 1986);

Management Contract - whereby a corporation undertakes to manage or operate all or substantially all of the business of an APT-held asset. This contract may also be designated as a service contract or operating agreement;

- 1.4 Lease-Purchase - whereby the lessee of an APT-held asset would have the right to purchase the same. The price and terms of the purchase must be set forth for the option to be valid, which option may run for the length of the lease period; and

Securitization - whereby the form of the APT-held asset is changed or modified, such as from physical form to equities or certificate of participation, subject to Section 2 of Republic Act No. 7886.

Section 2. Applicability of Laws and Regulations. The exercise by the APT of its authority to enter into the foregoing alternative and/or intermediate modes of privatization shall be subject to the pertinent laws and regulations.

At the expiration of the term of the APT, all contracts and other obligations created through the foregoing alternative and/or

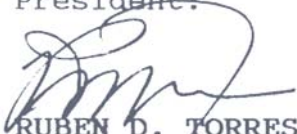
intermediate modes of privatization shall be handled by the special committee to be created by the President pursuant to Republic Act No. 7886.

Section 3. **Effectivity.** This Executive Order shall take effect immediately

DONE in the City of Manila, this 30th day of January in the year of Our Lord, Nineteen Hundred and Ninety-Six.



By the President:



RUBEN D. TORRES
Executive Secretary

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