

MALACANANG
Manila

LETTER OF INSTRUCTIONS NO. 640

TO: The Secretary of Public Information
The Secretary of Education and Culture
The Secretary of National Defense
The Secretary of Finance
The Broadcast Media Council

In furtherance of the national objective to bring about the speedy normalization of conditions in Southern Philippines and in response to the request of the Katipunan ng mga Barangay for wider dissemination of news and public information as well as the propagation of educational programs for in-school and out-of-school youths in areas to be jointly designated by the Secretary of Public Information and the Secretary of Education and Culture, the Secretary of Public Information is hereby authorized to enter into a contract agreement with the Banahaw Broadcasting Corporation under these terms and conditions:

- 1) Banahaw Broadcasting Corporation is hereby directed to assist the Government in providing its radio-TV facilities for use by the Government as defined by the Secretary of Public Information in consultation with the Secretary of National Defense on matters pertaining to peace and order, and with the Secretary of Education and Culture on matters pertaining to education.
- 2) In this cooperative venture between Government and the private sector, Banahaw Broadcasting Corporation is hereby authorized:
 - a) To import free from import duties and taxes of whatever kind or nature radio-TV broadcast equipment and associated hardware in an amount not exceeding Three Million Dollars (\$3,000,000).
 - b) To import within a period of 5 years from the date of the first importation free of duties and taxes of whatever kind or nature, semi-knocked down or completely knocked down components or parts for assembly of low-priced radio or TV sets in the amount not exceeding Two Million Dollars (\$2,000,000) for the first twelve months. This basic recurring annual allocation shall be progressively increased by an additional Five Hundred Thousand Dollars (\$500,000) every 12 month period thereafter, provided that any unused allocation for any year may be utilized in subsequent years. The tax and duty free importation for the radio/TV assembly plant shall not exceed Two Hundred Fifty Thousand Dollars (\$250,000).

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- c) Banahaw Broadcasting Corporation is further authorized to enter into a contract with a private manufacturing company, having a joint venture agreement with a foreign TV manufacturer/supplier for the assembly, manufacture, and distribution of such sets, including the lease or acquisition by the private manufacturing company of assembling/manufacturing equipment, provided that the selling price of the sets shall be maintained at a low-price level in accordance with the objectives of this LOI. The private manufacturing company undertaking the assembly or manufacture and/or distribution of such sets shall likewise enjoy exemption from the payment of duties and national and municipal taxes of whatever kind or nature, in connection with the assembly or manufacture, sale, marketing and distribution of the sets, including the acquisition and/or use of the assembling-manufacturing equipment and spare parts imported by virtue of this LOI, except that dividends to its stockholders shall be subject to tax. Said private manufacturing company shall furthermore be entitled to bring in not more than five foreign technicians at a time to assist in the installation and operation of the assembling/manufacturing equipment and the training of personnel.
- d) In the distribution of the radio-TV sets, priority shall be given to the requirements of the Department of Public Information, Department of Education and Culture, Armed Forces of the Philippines, and other government agencies charged with the implementation of economic and social projects in the rural areas. Out of the first radio-TV sets produced, Banahaw Broadcasting Corporation and/or the private manufacturing company engaged in assembling the sets is hereby directed to donate one thousand(1,000) units to the Katipunan ng mga Barangay for distribution to Barangays in the critical areas.

3) The Department of Public Information, thru its Bureau of National and Foreign Information and Bureau of Broadcasts, and in cooperation with the Department of Education and Culture and the Department of National Defense shall be responsible for the information and education campaign of government in the implementation of this Letter of Instructions.

Signed this 15th day of December, in the year of Our Lord, Nineteen Hundred and Seventy-Seven.

(SGD.) FERDINAND E. MARCOS
President of the Philippines

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