

# Presidential Decree No. 286, s. 1973

September 5, 1973

MALACAÑANG  
MANILA

## PRESIDENTIAL DECREE No. 286

AUTHORIZING THE CREATION OF A PHILIPPINE AEROSPACE DEVELOPMENT CORPORATION, APPROPRIATING FUNDS THEREFORE, AND FOR OTHER PURPOSES.

WHEREAS, in order to maximize the national utility of the aviation and aerospace industry, a definite policy for its rationalization has become imperative;

WHEREAS, such a rationalization calls for a positive government participation in development project for study and research in and assembly and manufacture of appropriate aircraft or devices and for the improvement of existing facilities for technical and maintenance support for such aircraft or devices;

WHEREAS, government initiative in and control of the industry in aircraft assembly and manufacture and technical, repair and maintenance support facilities shall result in substantial savings of valuable foreign exchange reserves and optimum utilization of skilled manpower in the country;

WHEREAS, the public utility and public service elements of the industry can, thus, be enhanced by standardized and modernized flight and ground equipment and a reasonable fare structure that shall allow air travel for a larger segment of the population;

WHEREAS, such a government venture shall best serve the interests of national security and facilitate the performance of other governmental functions, such as mail service, relief and other civic undertakings;

WHEREAS, a modernized and reliable aircraft technical repair and maintenance support system and a developed air craft assembly and manufacture industry shall likewise respond to the market demands of neighboring countries in Southeast Asia;

NOW, THEREFORE, I, FERDINAND E. MARCOS, by virtue of the powers vested in me by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines, and pursuant to Proclamation No. 1081, dated September 21, 1972 and General Order No. 1 dated September 22, 1972, as amended, and in order to effect the desired changes and reforms in the social and economic structure of our society, do hereby decree and order the creation and organization of a body corporate and politic to be known as the Philippine Aerospace Development Corporation, in accordance with the following:

**Section 1.** The Philippine Aerospace Development Corporation, hereinafter referred to as the Corporation, shall be governed by this Decree and its by-laws, as authorized hereunder, and shall have succession for a period of fifty years from and after the date of the approval of this Decree. The principal office of the Corporation shall be in the City of Manila.

1. To undertake all manner of activity, business or development projects for the establishment of a reliable aviation and aerospace industry, including the assembly and manufacture of all forms of aircraft, device, equipment or contraption and studies or researches for innovations and improvement thereon.

2. To engage in the maintenance, repair/overhaul, and modification of aerospace and associated flight and ground equipment and components thereof in order to provide technical services and overhaul support to the Philippine Air Force, the national airline, foreign airline companies, foreign air forces and to the aviation industry in general.

**Section 2. Powers of the Corporation.** In order to accomplish the foregoing corporate purposes, the Corporation shall be vested with the following powers:

1. To prepare the corporate by-laws;

2. To carry on any other lawful business whatsoever in pursuance of or in connection with the foregoing primary purposes;

3. To enter into, make and perform and carry out contracts of every kind and description for the foregoing corporate purposes with any person, firm, association or corporation; to have one or more officers in and outside of the Philippines, and to conduct its business and exercise its powers throughout and in any part of the Republic of the Philippines and/or in any and all foreign countries, states and territories;

4. To hold public agricultural lands and mineral lands in excess of the areas permitted to private corporations, associations and persons by the laws of the Philippines for a period not exceeding twenty-five years, renewable by the President of the Philippines for another twenty-five years.

5. To acquire, hold, mortgage and alienate personal and real property in the Philippines or elsewhere;

6. To purchase, hold, alienate, mortgage, pledge or otherwise dispose of the shares of the capital stock of, or any bond, security, of other corporations or associations of this or any other country; and while the owner of said stock to exercise all the rights of ownership, including the right to vote thereon;

7. To execute any and all acts which a partnership or a natural person is authorized to perform under the laws now existing or which may hereafter be enacted; and

8. To perform such other acts as it may deem appropriate for the proper enforcement of this Decree.

**Section 3. Capital Stock.** The initial authorized capital stock of the Corporation shall be Fifty Million (P50,000,000.00) Pesos, divided into five hundred thousand shares, having a par value of one hundred (P100.00) pesos no share of stock shall be transferred at less than par.

Such Capital stock shall be subscribed to, paid for and voted upon as follows:

(a) The amount of ten million (P10,000,000.00) pesos shall be subscribed and paid for by the Government of the Republic of the Philippines and for which purpose, said amount is hereby set aside and appropriated from the proceeds of the General Fund not otherwise appropriated.

(b) The amount of twenty million (P20,000,000.00) shall be subscribed and paid for by the Development Bank of the Philippines.

(c) The amount of twenty million (P20,000,000.00) pesos shall be offered for subscription to domestic and foreign investors.

Twenty five per centum of the value of all stock subscribed under paragraphs (b) and (c) shall be paid for at the time of subscription, and the balance thereof shall be subject to call upon a majority vote of the Board of Directors, with the approval of the Chairman.

The voting power pertaining to stock subscribed by the Government of the Republic of the Philippines shall be vested in the President or in such person or persons as he may designate.

The voting power pertaining to stock subscribed by the government financial institutions under paragraph (b) shall be vested in the Chairman, Board of Governors.

Each share of stock shall represent one vote and any agreement, contract, arrangement, scheme or plan that shall transfer voting rights to any person other than the stockholders is prohibited.

**Section 4. Board of Directors.** The Corporation shall be governed and its activities shall be directed, controlled and managed by a Board of Directors which shall be composed of four (4) ex officio members, namely, the Executive Secretary, the Secretary of National Defense, the Chairman, Board of Governors of the Development Bank of the Philippines and the Chairman, Board of Investments and three (3) members to be appointed by the President of the President. The three appointive directors shall each serve for a term of four (4) years. The President shall appoint a Chairman from among the seven directors.

**Section 5. Functions and Duties of the Board of Directors**

(1) The Board shall appoint and fix the salaries of a General Manager and such other officials as may be necessary for the internal administration of the Corporation.

(2) The Board shall establish such number of Divisions in the Corporation as may be necessary for the accomplishment of its corporate purposes.

(3) The Board shall submit to the President of the Philippines and shall publish an annual report of the condition of the Corporation before the end of February of each year.

**Section 6. The Auditor.** The Chairman of the Commission on Audit shall appoint a representative who shall be the auditor of the Corporation. He shall likewise appoint the necessary personnel to assist said representative in the performance of his duties. The salaries of the auditor and his staff shall be fixed by the Chairman of the Commission on Audit with the advice of the Board of Directors and said salaries, and other expenses for the auditors's office shall be paid by the Corporation. The Auditor of the Corporation and personnel under him may be removed only by the Chairman of the Commission on Audit.

The Auditor must be a certified public accountant with at least ten years experience as certified public accountant. No relative of any member of the Board of Directors or the Chairman of the Commission on Audit within the fourth degree of consanguinity and affinity shall be appointed as such representative.

**Section 7.** *Exemptions from tax and customs duties.* The Corporation shall be exempt from all national, provincial, municipal and city taxes and assessments now in force or hereafter established for a period of five (5) years from the date it commences operations.

The importation by the Corporation of all such equipment, materials, devices and other items to be used or necessary for the purposes authorized under this Decree shall be fully exempt from all customs duties and all other taxes, assessments and charges related to such importation.

**Section 8.** *Effectivity.* This Decree shall take effect upon its approval. The Chairman of the Board, shall within thirty (30) days from the date of his appointment, call for an organizational meeting of the Board in order that corporate business may immediately be commenced.

Done in the City of Manila, this 5th day of September, in the year of Our Lord, nineteen hundred and seventy-three.

(Sgd.) **FERDINAND E. MARCOS**

By the President:

(Sgd.) **ALEJANDRO MELCHOR**  
Executive Secretary