

Office of the President
of the Philippines
Malacañang

Office of Energy Affairs

DEA CIRCULAR NO. 87-12-003

TO : ALL SERVICE CONTRACTORS

RESTORATION OF THE FILIPINO PARTICIPATION
INCENTIVE ALLOWANCE

For the guidance of all concerned, the grant of the Filipino Participation Incentive Allowance (FPIA) under PD No. 87, implementation of which was suspended in 1977, has been authorized by the President for a limited period from September 1, 1986 to December 31, 1988.

As provided in Sec. 28 of PD No. 87, the contractor under the service contract in which Philippine citizens or corporations have a minimum participating interest of fifteen percent (15%) in the contract area may, subject to the reasonable conditions imposed by the Petroleum Board (now the Office of Energy Affairs), be granted a Government subsidy commensurate with the scope of Filipino participation not exceeding seven and one-half percent (7-1/2%), which shall be computed by deducting the said allowance from the posted or market price, whichever is higher, of crude oil exports produced in the contract area, and from the market price of crude oil produced in the contract area, sold or disposed of for assumption in the Philippines.

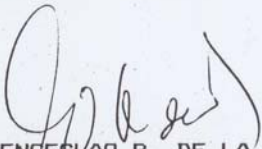
Consistent with the said authority and in accordance with the said provision, the following schedule of percentage incentive shall be granted under service contracts with requisite qualifying Filipino participation.

<u>Filipino Participation</u>	<u>Incentive Allowance</u>
30% - above	7-1/2%
27.5% but less than 30%	6-1/2%
25.0% but less than 27.5%	5-1/2%
22.5% but less than 25.0%	4-1/2%



20.0% but less than 22.5%	3-1/2%
17.5% but less than 20.0%	2-1/2%
15.0% but less than 17.5%	1-1/2%
Below 15.0%	0%

This Circular takes effect immediately.


WENCESLAO R. DE LA PAZ
Officer-in-Charge

1 December 1987
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