



APPENDIX 5.8

OFW REMITTANCES: EXECUTIVE ORDERS NO. 857 AND 1021

If the Philippine economy was in excellent condition prior to the Aquino assassination in 1983, why would Marcos mandate, in December 1982, the remittance, solely through government-approved channels, of 50–70 percent of earnings by overseas contract workers (OCWs), heavily penalizing those who did not comply? Marcos eventually repealed the punitive provisions of this order on 1 May 1985 (Labor Day) via Executive Order 1021, which also created an “Inter-Agency Committee on Contract Workers Remittances” that was tasked to “design, adopt, [and] implement a package of incentives to reward workers who remit through official channels”; Marcos did not overturn E.O. 857 because OCW remittances had become unnecessary, but because he thought the country needed those remittances more than ever, such that he shifted from punishment to an ill-defined carrot-and-stick approach.

EXECUTIVE ORDER NO. 857, s. 1982 GOVERNING THE REMITTANCE TO THE PHILIPPINES OF FOREIGN EXCHANGE EARNINGS OF FILIPINO WORKERS ABROAD AND FOR OTHER PURPOSES

Signed on December 13, 1982

WHEREAS, existing laws and regulations governing remittances of foreign exchange earnings of overseas Filipino workers to their families, dependents and/or beneficiaries have not been fully effective in ensuring that they are coursed through official financial institutions of the Philippine Government of their authorized agents;

WHEREAS, it is necessary to protect the welfare of families, dependents and beneficiaries of Filipino workers abroad and to ensure that the foreign exchange earnings of these workers are remitted through authorized financial institutions of the Philippine Government in line with the country’s economic development program;

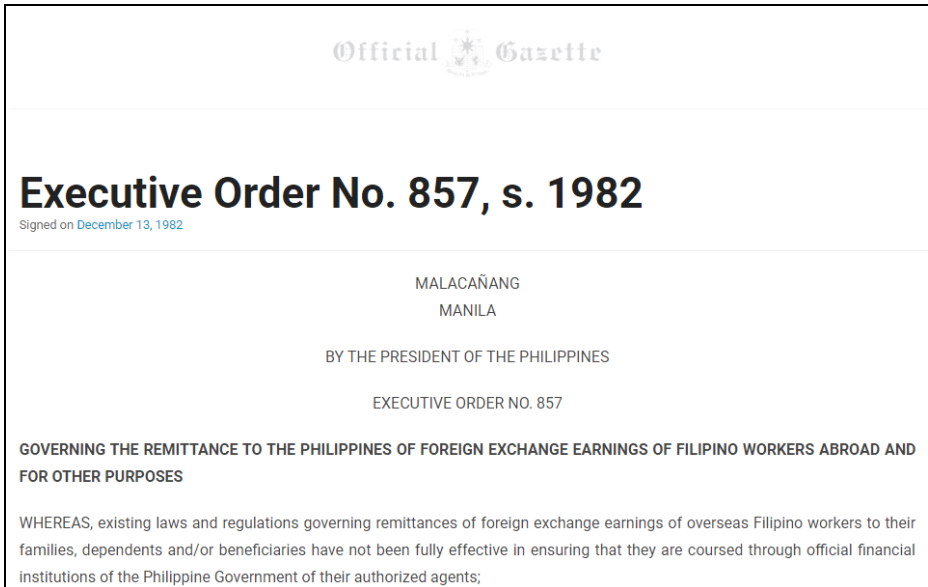


Figure 1. A screenshot from the Official Gazette.

Source: President of the Philippines. 1982. "Executive Order No. 857, s. 1982, Governing the Remittance to the Philippines of Foreign Exchange Earnings of Filipino Workers Abroad and for Other Purposes." Republic of the Philippines.

<http://www.officialgazette.gov.ph/1982/12/13/executive-order-no-857-s-1982>.

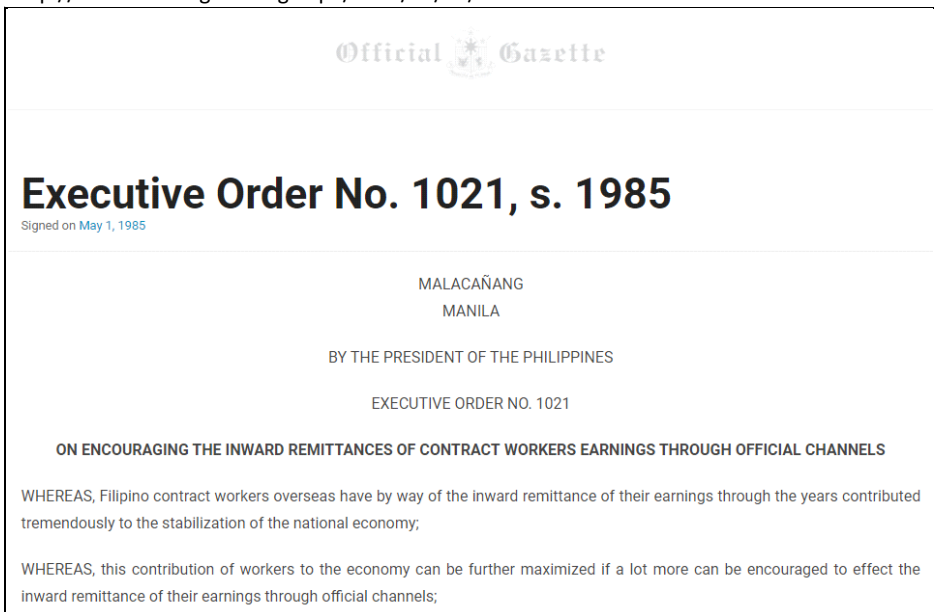


Figure 2. A screenshot from the Official Gazette.

Source: President of the Philippines. 1985. "Executive Order No. 1021, s. 1985, On Encouraging the Inward Remittances of Contract Workers Earnings Through Official Channels." Republic of the Philippines. <http://www.officialgazette.gov.ph/1985/05/01/executive-order-no-1021-s-1985>.

WHEREAS, non-compliance with these aforesaid laws and regulations and recourse to the use of unauthorized and unofficial financing institutions has led to the detriment of the country's balance of payments and economic development program;

WHEREAS, it is imperative that the mandatory remittance requirement be fully complied with by all concerned through the institution of appropriate remittance facilities and the imposition of effective sanctions;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and promulgate:

SECTION 1. It shall be mandatory for every Filipino contract worker abroad to remit regularly a portion of his foreign exchange earnings to his beneficiary in the Philippines through the Philippine banking system. Licensed agencies and other entities authorized by the Ministry of Labor and Employment to recruit Filipino workers for overseas employment are similarly required to remit their workers' earnings as provided for in this Order.

SECTION 2. All contracts of employment and agency or service agreements submitted to the Ministry of Labor and Employment shall contain a proviso that shall make it mandatory for workers to remit to the Philippines in foreign exchange at least the following portions of their earnings:

- a) Seamen or mariners: Seventy (70) percent of basic salary;
- b) Workers of Filipino contractors and construction companies: Seventy (70) percent of basic salary;
- c) Doctors, engineers, teachers, nurses and other professional workers whose contract provide for free board and lodging: Seventy (70) percent of basic salary;
- d) All other professional workers whose employment contracts do not provide for free board and lodging facilities: Fifty (50) percent of basic salary;
- e) Domestic and other service workers: Fifty (50) percent of basic salary;
- f) All other workers not falling under the aforementioned categories: Fifty (50) percent of basic salary.

SECTION 3. Passports issued to Filipino contract workers shall have an initial period of validity of one year provided that the Ministry of Foreign Affairs may adjust, as circumstances may require, the initial passport validity period. The passport shall be renewable every year upon submission of usual requirements and presentation of documentary proof of compliance to the remittance requirement in the percentages provided for in this Order. The Ministry of Foreign Affairs shall not extend or renew the passport of any contract worker unless proof of his compliance with the mandatory remittance requirement is submitted.

SECTION 4. The Ministry of Labor and Employment shall not approve the renewal of employment contracts and agency or service agreements unless proof of remittance of foreign exchange earnings is submitted.

SECTION 5. For purposes of this Order, proof of compliance with the mandatory remittance requirement as mentioned in Section 1 hereof, may consist of any of the following documents or such alternative as may be approved by the Central Bank of the Philippines showing that the contract worker had in fact effected aforesaid remittance and had caused the surrender of the same for pesos through the Philippine banking system:

- a. Confirmed bank (foreign) remittance form;
- b. Certification from employer, duly authenticated, that remittance has been effected;
- c. Certification as to the surrender for pesos to the Philippine banking system; and
- d. Receipt of International Postal Money Order.

SECTION 6. Remittances of foreign exchange earnings may be undertaken individually by the contract worker or collectively through the employer under a payroll deduction scheme, in accordance with Central Bank regulations and applicable guidelines.

SECTION 7. As a prerequisite for accreditation by the Ministry of Labor and Employment, an employer shall commit to provide facilities to effect the remittances and monitoring of foreign exchange earnings of Filipino workers in his employ.

SECTION 8. The Central Bank of the Philippines shall cause necessary arrangements to be made with the appropriate financing institutions to handle the remittances called for in this Order. In the

absence of appropriate banking facilities, the Embassy or Consulate nearest to the job site, in accordance with local laws and regulations, may act in the interim as the channel for remittance of foreign exchange earnings. The Ministry of Foreign Affairs shall immediately inform the Central Bank of the Philippines these arrangements and shall remit all funds thereto.

SECTION 9. Contract workers who fail to comply with the requirements of this Order shall be suspended or excluded from the list of eligible workers for overseas employment. In cases of subsequent violations, he shall be repatriated from the job site at the expense of the employer or at his expense, as the case may be.

Filipino or foreign employers and/or their representatives who fail to comply with the requirements under this Order shall be excluded from the overseas employment program. In the case of local private employment agencies and entities, failure to comply with the provisions hereof shall be a ground for cancellation of their license or authority to recruit workers for overseas employment, without prejudice to their liabilities under existing laws and regulations.

SECTION 10. The Ministries of Labor and Employment and Foreign Affairs and the Central Bank of the Philippines shall draw up the necessary rules and procedures for the proper implementation of this Order within ten (10) days from the signing hereof.

SECTION 11. All provisions of existing orders, rules and regulations inconsistent herewith are hereby repealed.

SECTION 12. This Order shall take effect thirty (30) days after the promulgation of implementing rules and procedures.

Done in the City of Manila, this 13th day of December, in the year of our Lord, Nineteen Hundred and Eighty Two.

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

By the President:
(Sgd.) JUAN C. TUVERA
Presidential Executive Assistant

EXECUTIVE ORDER NO. 1021, s. 1985
ON ENCOURAGING THE INWARD REMITTANCES OF CONTRACT
WORKERS EARNINGS THROUGH OFFICIAL CHANNELS

Signed on May 1, 1985

WHEREAS, Filipino contract workers overseas have by way of the inward remittance of their earnings through the years contributed tremendously to the stabilization of the national economy;

WHEREAS, this contribution of workers to the economy can be further maximized if a lot more can be encouraged to effect the inward remittance of their earnings through official channels;

WHEREAS, government recognizes this contribution of overseas contract workers and should therefore reward them through a package of incentives;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

1. The repeal of the punitive provisions of Executive Order No. 857;
2. The creation of an Inter-Agency Committee on Contract Workers Remittances to be composed of representatives from the Ministry of Labor and Employment, Ministry of Foreign Affairs, the Central Bank of the Philippines, the Bankers Association of the Philippines and a workers representative who shall be nominated by the Minister of Labor and Employment. The Committee shall immediately design, adopt and, with the concurrence of the Minister of Labor and Employment, the Minister of Foreign Affairs and the Governor of the Central Bank, implement a package of incentives to reward workers who remit through official channels.

The Central Bank shall provide the Committee with Secretariat services.

3. The Committee shall also study the institutionalization of a payroll system for foreign employers employing twenty five (25) or more workers. The payroll system shall include an incentive plan for employers or their local agencies.

4. The Committee shall also study the legalization of the money couriers system and make its recommendation to the Monetary Board in this regard.
5. The Ministry of Labor and Employment, the Ministry of Foreign Affairs and the Central Bank of the Philippines shall together issue the corresponding implementing rules within 45 days from issuance thereof.

Done in the City of Manila this First Day of May, 1985.

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

By the President:
(Sgd.) JUAN C. TUVERA
Presidential Executive Assistant

