

NINETEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES First Regular Session

23 MAY 22 A11:48

SENATE

Senate Bill No. 2218



Introduced by Senator SONNY ANGARA

AN ACT

MANDATING THE FORMULATION, FINANCING, IMPLEMENTATION, MONITORING, AND EVALUATION OF A COMPREHENSIVE AND MULTI-YEAR "TATAK PINOY" (PROUDLY FILIPINO) STRATEGY, ESTABLISHING A TATAK PINOY COUNCIL, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The new administration of President Ferdinand "Bongbong" Marcos Jr. and the post-pandemic recovery of the Philippines, present a singular opportunity to transform the Philippine economy the way regional neighbors like Malaysia or South Korea did decades ago, and China more recently. Nothing less than a whole-of-nation approach is needed to make this happen.

Throughout the decades, different presidential administrations have taken steps to address the structural challenges of the Philippine economy such as the high cost of power, inadequate skills, or poor logistics. However, not enough attention has been paid to the coordinated transformation of the economy across three interrelated dimensions. First, the imperative to modernize agriculture and increase its productivity. Second, the need to increase the employment share of the manufacturing sector, and in general, of the complex sectors of the economy. And third, the production and export of a more complex basket of products and services like the manufacturing of advanced microchips, electric vehicle components, and even aerospace parts.

According to the *Atlas of Economic Complexity,* the seminal work of Dr. Ricardo Hausmann of Harvard University and Dr. Cesar Hidalgo of the Massachusetts Institute of Technology (MIT), a country becomes prosperous when it is able to produce and trade a diverse array of complex and uncommon products and services. For a country to achieve this diversity, it needs to leverage the relatedness of the skills, productive know-how, inputs, and technology it possesses, to make new products and services and further expand its capabilities. And by aiming to be competent in producing and offering complex or sophisticated products and services, a country empowers itself to

branch out into other forms of complex production and economic activity, thereby jumpstarting a virtuous cycle where high-paying, "good" jobs are generated.

Neither the public nor the private sector can achieve this by themselves. In this way, economic development should be pursued collectively. Hastening the process of transforming the Philippine economy demands that stakeholders from both the public and private sectors should organize, plan, align, and integrate their respective efforts.

To achieve this, it is important to address the coordination, institutional, and information asymmetry challenges between the public and private sectors that prevent the Philippine economy from acquiring comparative advantage in new products and services (i.e., diversifying production) and from upgrading and expanding its productive capabilities (i.e., producing more sophisticated products). It is also imperative to increase firms' (as well as government agencies') organizational capabilities to make them more efficient and productive. That these challenges persist helps explain why the country's manufacturing sector still faces perennial difficulties with competing in the world economy in complex products.

With this measure mandating the development of a Tatak Pinoy (Proudly Filipino) Strategy, we aim to respond to these challenges and bridge the gaps. Inspired by the years of consultations which our office has conducted with several government agencies, local government units (LGUs), academe, industry associations, and private business institutions, our measure aims to institutionalize a programmatic and multisectoral approach to the country's development planning and public expenditure policies, ensuring that throughout the process, local enterprises are prioritized and provided ample support.

In particular, we seek to mandate government agencies to collaborate with the private sector, including the academe and civil society, to formulate, finance, implement, monitor and evaluate a comprehensive strategy—involving plans, programs, projects, and policies – focused on the expansion and diversification of the productive capabilities of local enterprises.

The general objective is to increase the economic complexity of the Philippines, which Drs. Hausmann and Hidalgo have demonstrated through empirical data to be the most important determinant of whether or not an economy grows and develops. We believe that pursuing this objective should be the country's primary path towards creating more high-paying jobs and earning opportunities; raising incomes and living standards of Filipino families; reversing brain drain or the outflow of Filipino talent, expertise, and know-how; encouraging a wider geographical spread of economic prosperity, especially towards less developed areas and disadvantaged sectors; and improving equality by making public services available and accessible to all stakeholders.

Now is the opportune time to pursue such objectives, especially when achieving them requires no less than all sectors of society to work synergistically—an imperative that echoes the platform of unity of President Marcos Jr. The country is also expected

to hit upper middle-income status in the coming years pushed forth by an increasing population and a productive industrial sector. By pursuing such objectives today, we lay the foundation for this growth momentum to continue well into our future.

We dubbed this advocacy "Tatak Pinoy" or Proudly Filipino because we believe that the results it seeks to achieve—namely, world-beating Filipino enterprises selling globally competitive Philippine-made products, goods, and services to the rest of the world—are things that the country as whole can and should be proud of.

With this measure, we hope to let the whole world know that the country is uniting to target and develop specific enterprises and economic sectors. We aim to send a strong message that ours is a proud and competent culture; that despite perennial challenges and setbacks through the years, in fact, we have always been so—as demonstrated by our proud heritage and history. We want to demonstrate that Philippine-made products, goods, and services can be—and at times already are—at par with global standards, and that we as a nation are ready to do more.

Through this measure, we seek to encourage no less than a total national effort to pursuing the economic development and prosperity of the country. For if there is one thing that should unite all Filipinos, it is the pride and support for Tatak Pinoy enterprises.

SONNY ANGARA

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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

- Section 1. Short Title. This Act shall be known as the "Tatak Pinoy (Proudly Filipino) Act".
- Sec. 2. *Declaration of Policy.* It is hereby declared the policy of the State to encourage, support, and promote the production and offering of Philippine-made products, goods, and services of increasing diversity, sophistication, and quality by local enterprises that are globally competitive. Pursuant to Article XII, Section 1 of the Constitution emphasizing the promotion of "industrialization and full employment based on sound agricultural development and agrarian reform, through industries that make full and efficient use of human and natural resources, and which are competitive in both domestic and foreign markets," the State hereby adopts the following policies:
 - a) In collaboration with the private sector, the State shall endeavor to transform the Philippine economy to such degree that local enterprises

produce and offer more sophisticated products, goods, and services that are not ubiquitous, widely manufactured, or commonly available across the world;

- b) The State shall encourage the continuous improvement, expansion, and diversification of the productive capabilities of local enterprises and their linkages with domestic, regional, and global value chains.
- c) The State shall ensure that its initiatives to support local enterprises are market-driven or are in anticipation of future market demand;
- d) The State shall identify business sectors, market segments, and product opportunities for local enterprises to target and gain comparative advantage in. Towards this end, the State shall employ scientifically rigorous methods including, but not limited to, analysis of the country's product space, and of rankings in economic complexity indices;
- e) To elicit pride for Philippine-made products, goods, and services, the State shall encourage and promote the skill, ingenuity, creativity, and innovativeness of Filipino workers, craftsmen, laborers, and professionals;
- f) The State shall support local enterprises through its regular functions, such as, but not limited to, the procurement of products, goods, and services manufactured or offered by local stakeholders. Towards this end, all government agencies and instrumentalities shall formulate metrics on how, within their respective spheres, they can help support local Philippine-made products, goods, and services;
- g) The State recognizes the complementary roles of the public and private sector, including the academe and civil society, in generating high-paying

jobs; pursuing economic development; and co-creating solutions to the country's biggest challenges. As such, the State shall actively seek out close partnerships with the private sector, and endeavor to jointly develop, finance, implement, and continuously improve a nationwide strategy for supporting local enterprises;

- h) The State recognizes the crucial role scientific and technological innovation plays in economic growth and development. As such, the State shall implement plans, programs, and projects that continuously improve the country's education system; ensure better technology transfer among firms, the academe, and government institutions; and, encourage the generation and sharing of new scientific and technological knowledge through research and development (R&D); and,
- i) In pursuit of inclusive economic growth and development, the State shall ensure that public expenditures to support local enterprises are equitably spread across the country, particularly among fourth, fifth, and sixth class provinces and municipalities, and directed to disadvantaged sectors such as, but not limited to, the urban poor, subsistence farmers and fisherfolk, indigenous communities and micro, small and medium-sized enterprises (MSMEs).
- **Sec. 3.** *Definition of Terms. -* For the purposes of this Act, the following terms shall mean:
 - a) **Economic complexity** refers to the economic measurement which is calculated based on the diversity of products, goods, and services a country

produces and their ubiquity, or the number of the countries able to produce them (and those countries' complexity);

- b) *Infant industries* refer to an industry that is in its early stages, where it experiences relative difficulty in competing with established competitors abroad and/or is less productive than global benchmarks or best practices;
- c) **Product Space** refers to a type of visualization that depicts the connectedness between products based on the similarities of the know-how required to produce them. The product space visualizes the paths that countries can take to diversify. Products are linked by their proximity to each other, based on the probability of co-export of both of the two products;
- d) **Sophisticated** refers to the state when a product, good, or service requires a high level of technology, human capital, competencies or knowhow, and infrastructure to be produced or offered;
- e) **Sophistication** refers to the level of technology, human capital, competencies or know-how, and infrastructure required for a product or service to be offered by an economy like that of the Philippines;
- f) **Structural Transformation** refers to the process in which the composition and distribution of activities within an economy, as measured by such factors as output, employment, and trade, changes and shifts from low-productivity to high-productivity;
- g) **Technology Transfer** refers to the process by which one party systematically transfers to another party the knowledge for the manufacture of a product, the application of a process, or rendering of a

service, which may involve the transfer, assignment or licensing of Intellectual Property Rights (IPRs).

- **Sec. 4.** *Tatak Pinoy Strategy.* To achieve the objectives of this Act, a Tatak Pinoy Strategy (TPS) shall be formulated, financed, implemented, monitored, evaluated, and continuously improved upon by the Tatak Pinoy Council, hereinafter referred to as 'the Council' as prescribed by Section 10 of this Act. The TPS shall outline the plan for the country to incrementally and systematically expand and diversify the productive capabilities of local enterprises, and empower them to produce and offer increasingly diverse and sophisticated products, goods, and services, and compete in the global market.
 - a) **Development and Coverage.** The development of the TPS shall coincide with that of the Philippine Development Plan (PDP) at the beginning of every Presidential administration. The TPS shall cover a period of at least six (6) years and shall provide for mid-term updates every three (3) years.
 - b) *Identification of National Priorities and Strategic Goals.* As part of the development of the TPS, the country's national priorities and strategic goals shall be identified and consolidated through a consultative process that substantially involves both the public and private sectors.
 - c) *Target Sectors and/or Economic Activities.* The TPS shall list target sectors and/or economic activities, including but not limited to creative industries as defined by Republic Act No. 11904, otherwise known as the Philippine Creative Industries Development Act. The list shall include targets

for the short-term (3 years), medium-term (6 to 9 years), and long-term (12 years and beyond).

Sec. 5. *Pillars of the Tatak Pinoy Strategy.* – The TPS shall include plans and programs, and shall be organized according to the following pillars: (1) manpower; (2) infrastructure; (3) technology and innovation; (4) investments; and (5) public fiscal management and government procurement.

The Council may establish technical clusters and working groups under each pillar to formulate objectives and targets, conduct the necessary stakeholder consultations, and ensure proper implementation of the TPS. Under each pillar, the TPS shall identify relevant public-private initiatives and the government support or assistance to be provided per targeted sector or economic activity. Each cluster shall be headed by a government agency, as determined by the Council, and include relevant private sector representatives.

a) Manpower – The Department of Labor and Employment (DOLE), in coordination with the Council, the Department of Education (DepEd), the Commission on Higher Education (CHED), and the Technical Education and Skills Development Authority (TESDA), shall develop a National Upskilling and Manpower Competitiveness Agenda; *Provided, further,* That said agenda shall be a roadmap for ensuring that there is adequate and skilled manpower to realize the national priorities and strategic goals and support the target sectors and economic activities identified in the TPS; *Provided, finally,* That the Agenda shall include different modalities for training, skills development, upskilling, reskilling, and lifelong learning to be implemented by both public and private stakeholders;

b) Infrastructure – The Department of Public Works and Highways (DPWH), in coordination with the Council and other relevant government instrumentalities such as, but not limited to, the Department of Budget and Management (DBM), the Department of Finance (DOF), and the Department of Information and Communications Technology (DICT), the Department of Transportation (DOTr), the Department of Trade and Industry (DTI), the Department of Energy (DOE), the Department of Agriculture (DA), the Department of Health (DOH), the Department of Tourism (DOT), the Department of Education (DepEd), and the Department of National Defense (DND), shall lead in the formulation of a National Infrastructure Development Strategy: *Provided*, That the Strategy shall provide the basis for coordinating, integrating, and accelerating infrastructure development across the country to fulfill the national priorities and strategic goals and support the target sectors and economic activities identified in the TPS;

Technology and Innovation – The Department of Science and Technology (DOST) and its attached agencies, in coordination with the Council and other relevant government instrumentalities such as but not limited to the National Innovation Council (NIC), the Department of National Defense (DND), the Armed Forces of the Philippines (AFP), the Philippine Space Agency (PhilSA), the Commission on Higher Education (CHED), state universities and colleges (SUCs), and private universities with reputable track record in scientific and technological research, shall ensure that the TPS is harmonized with the National Innovation Agenda and Strategy

Document (NIASD), in accordance with Republic Act No. 11293 otherwise known as "the Philippine Innovation Act";

- d) Investments The Department of Trade and Industry (DTI), in coordination with the Council and Investment Promotion Agencies shall formulate a Tatak Pinoy Strategic Investment Priority Plan, which shall at the minimum identify sectors and/or activities and set investment targets that will enable Philippine industries to transition to the production of diversified and sophisticated goods and services whether for domestic or foreign consumption. For this purpose, existing industry roadmaps may be used as reference. The DTI, through the Board of Investments, shall ensure that the identified sectors and/or activities shall be included in the Strategic Investment Priority Plan (SIPP);
- e) Public Fiscal Management and Government Procurement The Development Budget Coordination Committee (DBCC) shall ensure that programs and projects that result in the enhancement of the capabilities of local enterprises to produce and offer increasingly sophisticated products, goods, and services shall be included in the expenditure priorities and the national government fiscal program.

In government procurement activities, preference shall be given to domestically-produced and manufactured goods, supplies and materials which meet the specified or desired quality; *Provided, further,* That in order to claim preference, the DTI shall certify that such goods, supplies and materials are grown, produced or manufactured in the Philippines; *Provided,*

finally, That domestic preference shall be applied in a manner consisten
with the Philippines obligations under international agreements;

- with the Philippines obligations under international agreements;

 Sec. 6. Planning Call. The Council shall issue in a timely manner a Planning

 Call for the TPS to government agencies and relevant private sector stakeholders.

 Such Planning Call shall include the standards and guidelines for preparing the TPS.

 The Planning Call shall commence parallel to the formulation of the Philippine

 Development Plan by the NEDA. National government agencies shall submit to the

 Council their respective plans and programs and report relevant issues and implementation gaps.
 - **Sec. 7.** *Harmonization of Plans.* The Council shall direct the government's planning cycle to ensure the harmonization and coherence of national, sectoral, and spatial plans and programs by prescribing standards, guidelines, compliance, and accountability mechanisms. The Council shall also review and approve the short-term, medium-term and long-term development plans submitted by the agencies as stipulated in Section 6 of this Act, in order to recommend appropriate action.
 - **Sec. 8.** *Automatic Review and Update.* The NEDA, in coordination with the Council, shall perform an annual review of the implementation of the TPS as provided under this Act, in accordance with the monitoring and evaluation policies and guidelines of the agency. To ensure responsiveness to market conditions, the TPS shall be subject to amendment or revision every three (3) years unless there are supervening events that require an earlier amendment or modification.
 - **Sec. 9.** *Reportorial Requirement.* All departments, agencies, government instrumentalities, and local government units (LGUs) mandated to implement the TPS

shall submit a quarterly report to the Council. Such reports shall then be collated by
the NEDA acting as Tatak Pinoy Council Secretariat, and then submitted to the Office
of the President, the Senate President, the Speaker of the House of Representatives
and the Chairpersons of the Senate Committees on Finance and Trade and Industry
and House Committees on Appropriations and Trade and Industry.

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Sec. 10. *Tatak Pinoy Council.* – There is hereby created a Tatak Pinoy Council, herein referred to as 'the Council,' which shall be led by a tripartite partnership between the Director General of the National Economic and Development Authority (NEDA), as the Chairperson, and the Secretary of Trade and Industry and the Secretary of Finance, both as vice-Chairpersons. The Secretaries of Agriculture, Budget and Management, Education, Information and Communications Technology, Labor and Employment, Public Works and Highways, Science and Technology, Tourism, the Director General of the Technical Education and Skills Development Authority, the Chairperson of the Commission on Higher Education, and two (2) private sector representatives will also serve as members: Provided, That the respective heads of agencies may designate their representatives whose rank shall not be less than an Undersecretary: Provided, further, That the private sector representatives shall be appointed by the President of the Philippines for a term of three (3) years, and may be reappointed only once from the nominees submitted by reputable business groups, academic institutions, or associations: Provided, finally, That the President shall have the power to reconstitute the public sector members of the Council in order to fully achieve the objectives of this Act.

- 1 that will diversify the productive capabilities of local enterprises and increase the
- 2 country's economic complexity. Towards this end, the Council shall have the following
- 3 powers and functions:

- a) Formulate the multi-year Tatak Pinoy Strategy or TPS, in accordance with Sections 4 and 5 of this Act;
 - b) Ensure timely compliance of agencies with the Planning Call, as described in Section 6 of this Act;
 - c) Coordinate with national government agencies (NGAs) and local government units (LGUs) to ensure that their respective development plans, policies, and programs, are harmonized towards promoting the diversification and sophistication of Philippine-made products, goods, and services offered by local enterprises, whether exported or consumed locally;
 - d) Ensure that plans under the TPS are implemented well, and in accordance with the objectives of this Act;
 - e) Audit existing policies, programs and projects of government and require the implementing agencies to submit reports on industry performance and provide policy recommendations to address industry gaps and other challenges;
 - f) Monitor, evaluate, and periodically review and assess the TPS and its implementation thereof;
 - g) Recommend policies, processes, including reengineering of systems and procedures, in order to attain diversification and sophistication of Philippine-made products, goods, and services;

1 h) Propose legislation or amendments to Philippine laws and regulations 2 related to industry development and promotion of the sophistication and diversification of Philippine-made products, goods, and services; 3 i) Provide technical assistance and advisory opinions in the review of 4 proposed national or local legislation, regulations, or procedures; and, 5 i) Perform such other functions as may be necessary, or as may be directed 6 by the President of the Philippines, for the attainment of the objectives of 7 this Act. 8 Sec. 11. Technical and Secretariat Support. - The NEDA is hereby 9 designated to provide overall technical and secretariat support for the Tatak Pinov 10 Council. As the principal secretariat, the NEDA shall shall have the following duties 11 and responsibilities: 12 13 a) Determine and prepare the agenda of the Council meetings, and prepare 14 the minutes of each meeting; 15 b) Serve as venue for the initial processing and discussion of the work of the Tatak Pinov Council; 16 17 c) Receive and prepare communications pertinent to the work of the Council; d) Manage and maintain the official records of the Council; 18 e) Prepare the annual budget of the Council; 19 20 f) Prepare reports as required by the Council; and g) Perform other duties as may be assigned by the Council. 21

DICT, DOLE, DPWH, DOST, DOT, TESDA, and CHED shall be solely dedicated to serve

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At least one (1) representative each from the DTI, DOF, DA, DBM, DepEd,

as liaisons to the Council and provide technical and/or administrative support to the Tatak Pinoy Council Secretariat.

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- Sec. 12. *Information Dissemination and Awareness Campaign.* To ensure broad buy-in and acceptance, the Council, in coordination with the Philippine Information Agency (PIA), shall ensure that the goals and objectives of the TPS are communicated through a nationwide information dissemination and awareness campaign. A parallel effort to communicate the TPS in an appropriate and effective manner to the rest of the world shall be undertaken.
- Sec. 13. Implementing Rules and Regulations. A committee composed 9 of one (1) representative each from the National Economic and Development 10 Authority (NEDA), the Department of Finance (DOF), the Department of Trade and 11 Industry (DTI), the Department of Budget and Management (DBM), the Department 12 13 of Agriculture (DA), Department of Education (DepEd), Department of Information and Communications Technology (DICT), Department of Labor and Employment 14 15 (DOLE), Department of Public Works and Highways (DPWH), Department of Science 16 and Technology (DOST), Department of Tourism (DOT), the Technical Education and 17 Skills Development Authority (TESDA), the Commission on Higher Education (CHED), 18 and two (2) private sector representatives shall, within sixty (60) days from the effectivity of this Act, formulate and prescribe, after public hearing/s and publication, 19 20 as required by law, the implementing rules and regulations including, among others, the criteria and guidelines for evaluation of bid proposals, list of fiscal and non-fiscal 21 incentives and arrangements that the Government may provide for projects, in order 22 to carry out the provisions of this Act in the most expeditious manner. 23

This committee shall be headed by the NEDA representative, as the Chairperson, with the DTI and DOF representatives serving as vice-Chairpersons. The Committee may conduct, formulate, and prescribe after due public hearing/s and publication, amendments to the implementing rules and regulations, consistent with the provisions of this Act.

The non-promulgation of the rules and regulations provided under this section shall not prevent the immediate implementation of this Act upon effectivity.

Sec 14. *Appropriations.* - The funds necessary to carry out the initial implementation of this Act shall be charged against available appropriations of the agencies concerned, subject to existing budgeting, accounting, and auditing laws, rules, and regulations. The appropriations necessary for the continued implementation of this Act in succeeding years shall be prepared in accordance with regular government budget procedures and shall be included in the budgets of the concerned NGAs under the annual General Appropriations Act.

Sec. 15. *Separability Clause. -* If any part or provision of this Act is declared unconstitutional, the remainder of this Act or any affected thereby shall remain in force and effect.

Sec. 16. *Repealing Clause.* - Any provision of laws, orders, agreements, rules, or regulations contrary to and inconsistent with this Act is hereby repealed, amended or modified accordingly.

- 1 Sec. 17. Effectivity This Act shall take effect fifteen (15) days after its
- 2 publication either in the *Official Gazette*, or in at least two (2) newspapers of general
- 3 circulation.
- 4 Approved,