

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

24 FEB -6 A8 :27

SENATE

RECEIVED BY

S. No. 2530

Introduced by SENATOR RONALD "BATO" DELA ROSA

AN ACT
MODERNIZING THE PHILIPPINE COAST GUARD, CREATING FOR THE
PURPOSE THE PHILIPPINE COAST GUARD MODERNIZATION TRUST FUND,
AND APPROPRIATING FUNDS THEREFOR

EXPLANATORY NOTE

The Philippine Coast Guard (PCG) is mandated to, among others, enforce regulations in accordance with all relevant maritime international conventions, treaties or instruments and national laws for the promotion and safety of life property at sea within the maritime jurisdiction of the Philippines and conduct port state control implementation, and to assist in the enforcement of laws on fisheries, immigration, tariff and customs, forestry, firearms and explosives, human trafficking, dangerous drugs and controlled chemicals, transnational crimes, and other applicable laws within the maritime jurisdiction in the Philippines.¹

In compliance with its mandate and in the whole-of-nation approach being implemented by the national government in addressing the regional security challenges posed by territorial disputes in the West Philippine Sea,² the PCG has been one of the country's front liners in protecting the country's sovereign rights with respect to its exclusive economic zone.

¹ Section 3 (a) and (l) of Republic Act No. 9993 otherwise known as the "Philippine Coast Guard Law of 2009."

² <https://www.pna.gov.ph/articles/1080463>

Considering the current developments in the West Philippine Sea which includes harassment by the Chinese Coast Guard through engaging in “dangerous maneuvers” aimed at obstructing resupply missions to Ayungin Shoal and other threats in our maritime jurisdiction, there is a need to modernize the PCG in order for them to effectively carry out their mandate and to further realize the whole-of-nation approach in addressing the dispute over the West Philippine Sea.

In view thereof, the passage of this measure is earnestly sought.


RONALD "BATO" DELA ROSA

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

1 Section 1. *Short Title.* – This Act shall be known as the "*Philippine Coast*
2 *Guard Modernization Act.*"

3 Sec. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to
4 develop the Philippine Coast Guard (PCG), and ensure the continued protection and
5 defense of our maritime border, economy, and environment. Toward this end, the
6 Modernization Program under this Act shall develop and enhance the capabilities of
7 the PCG to effectively perform under the following functional areas:

- 8 a. Maritime Safety;
- 9 b. Maritime Search and Rescue;
- 10 c. Maritime Security;
- 11 d. Maritime Law Enforcement; and
- 12 e. Maritime Environment Protection.

1 Sec. 3. *Philippine Coast Guard Modernization Program.* – The PCG shall
2 implement the Philippine Coast Guard Modernization Program, hereinafter referred
3 to as the “Program”; *Provided, however,* That payments for the amortization of
4 outstanding multi-year contract obligations incurred under Section 7 of this Act may
5 extend beyond this period.

6 Sec. 4. *Objectives.* – The Program shall be implemented in accordance with
7 the following objectives:

- 8 a. Minimize, if not totally eliminate, accidents at sea;
- 9 b. Reduce the search efforts and hasten response time during search and
10 rescue operations;
- 11 c. Contribute substantially to securing maritime zones and territorial waters
12 from terrorism, lawlessness and other threats to national security and
13 territory;
- 14 d. Effectively contribute to the enforcement of the Philippine criminal and
15 other special laws within maritime zones and territorial waters; and
- 16 e. Minimize, if not totally eliminate, pollution in the maritime zones or areas
17 and hasten response time in cases of emergencies.

18 Sec. 5. *Components of the Modernization Program.* – The components of the
19 PCG Modernization program shall be divided into four tiers in line with its
20 capabilities, as follows:

21 (a) First Tier: Development of PCG Response Bases and Enhancement of
22 Maritime Domain Awareness Capabilities.

- 23 i. Response Bases. -The PCG modernization program shall entail the
24 construction and development of permanent response bases to house all

1 PCG operational units, such as Marine Laboratories, Search and Rescue
2 Vessels (SARVs), Offshore Patrol Vessels (OPV), Maritime Pollution
3 Vessels (MARPOL vessels), and others to allow the PCG to rapidly
4 respond to maritime emergency calls in the most efficient and effective
5 manner;

6 ii. Maritime Domain Awareness (MDA) Capabilities. -The PCG
7 modernization program shall entail the acquisition and upgrade of
8 equipment and systems such as Radar Stations, Lighthouses, Unmanned
9 Aerial Vehicles, Unmanned Underwater Vehicles, and SARVs to enhance
10 MDA capabilities;

11 (b) Second Tier: Development of Infrastructure and Interdiction Capabilities.

12 i. Interdiction Capabilities. – The PCG modernization program entails the
13 acquisition of state-of-the-art vessels and equipment to enhance
14 interdiction and law enforcement capabilities;

15 ii. Coast Guard Stations and Substations. – The PCG modernization
16 program entails the improvement and development of infrastructures
17 and facilities of Coast Guard stations and substations: Provided, that
18 each shoreline municipality shall have its own substations, be fully
19 equipped, and have constant or uniform stations: Provided further, that
20 substations will serve as its smaller unit;

21 iii. MARPOL (Maritime Pollution) Vessels. - The PCG modernization program
22 shall acquire MARPOL vessels to strengthen the marine environment
23 protection mandate of the PCG.

1 (c) Third Tier: Acquisition and Development of Patrol Vessels and Air
2 Capabilities

3 i. Offshore Patrol Vessels. - The PCG modernization program shall develop
4 and acquire new OPVs to strengthen coastal defense and the
5 management of the country's EEZ. The acquisition of OPVs shall enable
6 the PCG to:

- 7 1. Patrol, detect, intercept, engage, and challenge, if necessary, any
8 vessel illegally intruding into or passing through the Philippines' EEZ,
9 up to areas near or around the Philippine territorial limits;
- 10 2. Provide transportation of personnel and material in times of natural
11 disaster and rescue operations;
- 12 3. Conduct search and rescue operations during maritime incidents; and
- 13 4. Support the Philippine naval armed forces.

14 ii. Aircrafts. - The PCG modernization shall acquire and develop aircrafts to
15 enable the PCG to:

- 16 1. Strengthen maritime and airspace security in different areas and
17 stations;
- 18 2. Patrol, detect, and challenge, if necessary, any vessel and aircraft
19 illegally intruding into or passing through the Philippines' EEZ
20 management, up to areas near or around the Philippine territorial
21 limits;
- 22 3. Support its operations as a law enforcement arm and a nautical
23 service; and
- 24 4. Support the Philippine naval armed forces.

1 (d) Fourth Tier: Infrastructure and Facilities Development.

2 i. Development and Improvement of Training Facilities. -The PCG
3 modernization program shall entail the development and improvement
4 of training facilities for study, training, professional progress, and
5 exercise. This shall allow the PCG to obtain game changing equipment
6 and facilities that will assist and empower PCG personnel;

7 ii. Construction and Development of Shipyards. - The PCG modernization
8 program shall provide for the construction and development of
9 shipyards that can contribute to regional industrial infrastructure and
10 national security interests; and

11 iii. Construction and Development of Hangars. - The PCG modernization
12 program shall entail the construction and expansion of hangars that
13 serves as protection from the weather and direct sunlight, and for
14 maintenance, repair, production, assembly, and storage of aircraft.

15 SEC. 6. *Period of implementation.* - The modernization program under this Act
16 shall be implemented every three (3) years, reflecting the four (4) tiers as stated
17 under Section 5 of this Act, for a total period of twelve (12) years: *Provided,*
18 *however,* That payments for the amortization of outstanding multi- year contract
19 obligations incurred under this Act may extend beyond this period.

20 SEC. 7. *Submission to Congress.* - Within ninety (90) days from the effectivity
21 of this Act, the President, upon the recommendation of the Secretaries of the
22 Department of Transportation, Department of Budget and Management, and the
23 Department of Finance, shall submit the PCG Modernization Program to Congress. It
24 shall contain the following:

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- i. Personnel strength and inventory of facilities and equipment during the various phases of the modernization program;
- ii. Modernization projects and activities to be undertaken, including any major weapon and non-weapon equipment and technology acquisitions, any major infrastructure construction or improvement to be undertaken, and the particular objective(s) and component(s) under Sections 3 and 4, respectively, of this Act to which such intended acquisition, construction or improvements belongs; and
- iii. Priorities, schedules, and phases of implementation of modernization projects and activities; and
- iv. Estimated average cost for each modernization project or activity to be undertaken.

Thereafter, the PCG shall, through the DOTr Secretary, submit to the Office of the President and Congress, an annual report containing the progress and status of the implementation of the BFP Modernization Program.

Sec. 8. Self-Reliance Program. – In the implementation of the Program, the PCG shall, as far as practicable, give preference to Filipino contractors and suppliers, and secondly to foreign contractors or suppliers, willing and able to locate a substantial portion of, if not the entire, production process of the terms involved with the Philippines.

In order to generate local employment opportunities, and enhance technology transfer to the Philippines, the Secretary of the DOTr shall, as far as practicable, incorporate in each contract or agreement special foreign exchange reduction

1 schemes such as countertrade, in-country manufacture, co-production, or other
2 innovative arrangements or combination thereof.

3 The PCG shall likewise ensure that in negotiating all applicable contracts or
4 agreements, provisions on the transfer to the PCG of the principal technology
5 involved, as well as the training of the PCG personnel to operate and maintain such
6 equipment and technology are incorporated therein.

7 *Sec. 9. Philippine Coast Guard Modernization Trust Fund.* – There is hereby
8 created a trust fund to be known as the "*Philippine Coast Guard Modernization Trust*
9 *Fund*", to be administered by the Secretary of the DOTr in accordance with laws,
10 rules and regulations. The trust fund shall be used exclusively for the Program,
11 excluding salaries and allowances. The trust fund shall be funded out of the
12 following:

- 13 a. Appropriation for the Program;
- 14 b. The proceeds from the sale, ease, or joint development of coast guard
15 properties and lighthouse reservations, as may be authorized by
16 Congress, including such immovable and other facilities as may be found
17 therein, not covered by the Bases Conversion and Development Authority,
18 as provided for in Republic Act No. 7227, as amended, otherwise known
19 as *the "Bases Conversion and Development Act of 1992"*;
- 20 c. Share of the PCG from the proceeds of the sale of the coast guard
21 properties provided for under the *Bases Conversion and Development Act*
22 *of 1992*;
- 23 d. The proceeds from the disposal of excess of uneconomically repairable
24 equipment and other moveable properties in the PCG arsenal;

- 1 e. Funds from budgetary surplus, if any, as may be authorized by Congress
2 subject to the provisions of Section 13 of this Act;
- 3 f. Loans, grants, bequests, or donations from local and foreign sources,
4 specifically earmarked for the Program;
- 5 g. Dues, fines, and penalties collected by the PCG in the exercise of its
6 functions; and
- 7 h. All interest income of the trust fund.

8 **Sec. 10. *Equipment Acquisition Per Function Area.*** – In order to further
9 specialize PCG capabilities, equipment acquisition shall be initiated within the
10 respective functional areas as mentioned in Section 2 of this Act but integrated into
11 the Program to allow interoperability and ensure a greater degree of reliability.

12 **Sec. 11. *Contract Negotiation.*** – The procurement process shall be governed
13 in accordance with Republic Act No. 9184, otherwise known as the "*Government*
14 *Procurement Reform Act*". The procurement process shall be exercised by the PCG
15 General Headquarters, unless delegated to the next lower-management by the PCG
16 Commandant.

17 **Sec. 12. *Progress Report.*** – The Secretary of the DOTr shall submit to the
18 President and Congress, an annual report on the status of the Philippine Coast Guard
19 Modernization Act Trust Fund, as provided for in Section 9 of this Act, not later than
20 the end of the first quarter of the succeeding year.

21 The Commandant of the PCG shall also submit to the President and Congress,
22 an annual status report containing the process of the implementation of the
23 modernization program under this Act, including the PCG modernization activities

1 implemented prior to the approval of this Act not later than the end of the first
2 quarter of the succeeding year.

3 *Sec. 13. Appropriations.* – The amount necessary to implement the provisions
4 of this Act shall be sourced from the PCG Modernization Trust Fund as provided in
5 Section 9 of this Act. In addition, the annual appropriations for the Program shall
6 include the amount necessary to support the funding requirements for all
7 modernization projects submitted to the Congress. The funds to be appropriated to
8 implement the provisions of this Act shall be included in the General Appropriations
9 Act under the DOTr.

10 *Sec. 14. Joint Congressional Oversight Committee.* – A joint Congressional
11 Oversight Committee is hereby created to monitor and oversee the implementation
12 of the provisions of this Act. It shall be composed of six (6) senators and six (6)
13 representatives to be appointed by the Senate President and the Speaker of the
14 House of Representatives, respectively. It shall be co-chaired by the Chairperson of
15 the Committee on Transportation for both Houses. The minority parties of both
16 houses shall have at least two (2) representatives therein.

17 *Sec. 15. Sunset Review.* – Five (5) years after the effectivity of this Act, the
18 Joint Congressional Oversight Committee shall conduct a systematic evaluation of
19 the accomplishments and impact of this Act as well as the performance and
20 organizational structures of the PCG.

21 *Sec. 16. Separability Clause.* - If any provision of this Act is declared invalid or
22 unconstitutional, the remainder of this Act or any provisions not affected thereby
23 shall remain in effect.

1 *Sec. 17. Repealing Clause.* – All other laws, decrees, executive orders and
2 rules and regulations contrary to or inconsistent with the provisions of this Act are
3 hereby repealed or modified accordingly.

4 *Sec. 18. Effectivity.* - This Act shall take effect after fifteen (15) days from its
5 publication in the Official Gazette or in a newspaper of general circulation.

Approved,