

20 FEB 17 12:54

SENATE
S.B. No. 1347

RECEIVED BY: 

Introduced by **Senator Richard J. Gordon**

AN ACT
AMENDING PRESIDENTIAL DECREE NO. 252 OTHERWISE KNOWN AS THE
"PHILIPPINE INTERNATIONAL TRADING CORPORATION LAW", AS
AMENDED BY PRESIDENTIAL DECREE NO. 1071 OTHERWISE KNOWN AS
"REVISING THE CHARTER OF THE PHILIPPINE INTERNATIONAL TRADING
CORPORATION"

EXPLANATORY NOTE

No self-respecting country can move to respond to emergencies and natural disasters without adequate supplies of strategic and critical materials essential to respond to such emergencies.

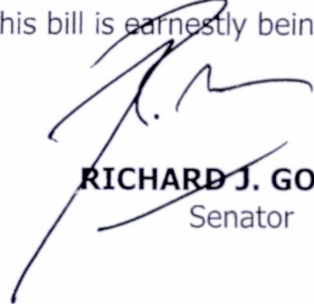
The Philippines being a country prone to natural disasters has suffered from an inexhaustible number of deadly typhoons, earthquakes, volcanic eruptions and other natural disasters. Thus, disaster preparedness is a must to enable the government to fulfill its commitment under Article II, Section 4 of the 1987 Philippine Constitution, to serve and protect the people.

In most efforts to respond to natural disasters and emergencies, access to supplies critical to relief operations is effectively cut-off by such emergencies causing innumerable human suffering to Filipinos. In the last phreatic eruption of the Taal Volcano there had been a reported shortage in the supply of face masks. This continued and was further aggravated with the currently worsening condition of the COVID-19 global health emergency.

This bill aims to solve the problem of access to critical supplies in times of natural disasters by stockpiling critical and strategic materials and the use of such supplies to address urgent need by amending the Philippine International Trading Corporation Law, adopting in its charter its additional role of being the Stockpile Supply-Chain Manager for the government. This bill also promotes local economy by undertaking to encourage the conservation and development of sources of such materials within the Philippines to decrease and preclude, whenever possible, a

dangerous and costly dependence by the Philippines upon foreign sources or a single point of failure for supplies of such materials in times of national emergency.

It is hoped that with the amendment of the Charter of the Philippine International Trading Corporation, making it the new Philippine International Trading and Critical Materials Stockpile Corporation, problems on the lack of access to strategic and critical supplies in times of national need may now be adequately addressed. It is for this purpose that the immediate passage of this bill is earnestly being sought.



RICHARD J. GORDON
Senator



SENATE
S. No. 1347

20 FEB 17 12:55

Introduced by **Senator Richard J. Gordon**

RECEIVED BY: 

AN ACT
AMENDING PRESIDENTIAL DECREE NO. 252 OTHERWISE KNOWN AS THE
"PHILIPPINE INTERNATIONAL TRADING CORPORATION LAW", AS
AMENDED BY PRESIDENTIAL DECREE NO. 1071 OTHERWISE KNOWN AS
"REVISING THE CHARTER OF THE PHILIPPINE INTERNATIONAL TRADING
CORPORATION"

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

1 **SECTION 1.** Section 2 of the Revised Charter of the Philippine International
2 Trading Corporation is hereby amended as follows:
3

4 "SECTION 2. Name, Domicile and Place of Business. – There is hereby created a
5 body corporate to be known as the [~~Philippine International Trading Corporation~~]
6 PHILIPPINE INTERNATIONAL TRADING AND CRITICAL MATERIALS STOCKPILE
7 CORPORATION, hereinafter referred to as the Corporation, which shall henceforth
8 exist for fifty years and shall have its principal office in Metro Manila."
9

10 **SEC. 2.** Section 3 of the Revised Charter of the Philippine International Trading
11 Corporation is hereby amended as follows:
12

13 "SECTION 3. Capitalization. – The authorized capital stock of the Corporation shall
14 be [~~two hundred million pesos (P200,000,000.00),~~] ONE BILLION PESOS
15 (P1,000,000,000) to be divided into [~~two million (2,000,000)] TEN MILLION shares~~
16 at par value of one hundred pesos (P100.00) per share to be subscribed as follows:
17 THIRTY PERCENT (30%) representing [~~eight hundred thousand (800,000)]
18 THREE MILLION (3,000,000) shares valued at [~~eighty million pesos~~
19 (~~P80,000,000.00~~)] THREE HUNDRED MILLION by the Republic of the Philippines;
20 TWENTY PERCENT (20%) representing [~~two hundred thousand (200,000)] TWO
21 MILLION shares valued at [~~twenty million pesos (P20,000,000.00)] TWO
22 HUNDRED MILLION PESOS (P200,000,000) by the Development Bank of the
23 Philippines; TWENTY PERCENT (20%) representing [~~two hundred thousand~~
24 (~~200,000)] TWO MILLION SHARES valued at [~~twenty million pesos~~
25 (~~P20,000,000.00~~)] TWO HUNDRED MILLION (P200,000,000) by the [~~Philippine
26 National Bank~~] LAND BANK OF THE PHILIPPINES; and the remaining THIRTY
27 PERCENT (30%) representing [~~eight hundred thousand (800,000)] THREE
28 MILLION (3,000,000) shares valued at [~~eighty million pesos (P80,000,000.00)]~~~~~~~~~~~~

1 THREE HUNDRED MILLION by NATIONAL DEVELOPMENT COMPANY at not less
2 than the par value. For the total subscription of the Republic of the Philippines,
3 the amount of [~~forty million pesos (P40,000,000.00)~~] THREE HUNDRED MILLION
4 is hereby appropriated out of the funds in the National Treasury which amount
5 or any portion thereof shall be released to the Corporation upon the approval of
6 the President of the Philippines: Provided, that, the subscription of the
7 DEVELOPMENT BANK OF THE PHILIPPINES and the [~~Philippine National Bank~~]
8 LAND BANK OF THE PHILIPPINES shall be paid to the Corporation at such time
9 and for such amounts as shall be requested by the Board of Directors of the
10 Corporation: PROVIDED FURTHER that given the current shareholdings of the
11 NATIONAL DEVELOPMENT COMPANY in the Corporation, the balance due on the
12 subscription of THE NATIONAL DEVELOPMENT COMPANY shall be paid to the
13 Corporation at such time as shall be requested by the Board of Directors of the
14 Corporation. [~~PROVIDED, FURTHER, THAT, THE DISPOSITION OF THE SHARES
15 AVAILABLE TO THE PUBLIC SHALL BE MADE IN SUCH A MANNER AS TO RESULT
16 IN THE WIDEST DISTRIBUTION THEREOF AS POSSIBLE TO INDIVIDUALS OR
17 ORGANIZED BUSINESSMEN REPRESENTING SPECIFIC INDUSTRIES OR
18 PRODUCTS WITHOUT ANY STOCKHOLDER OWNING MORE THAN ONE PER CENT
19 (1%) OF THE TOTAL STOCK OFFERED FOR SUBSCRIPTION TO THE PUBLIC AND
20 NO SINGLE GROUP REPRESENTING ONE SPECIFIC INDUSTRY OR PRODUCT
21 SHALL OWN MORE THAN FIVE PER CENTUM (5%) OF SUCH SHARE UNLESS
22 APPROVED BY THE BOARD: AND, PROVIDED, FINALLY THAT, PROXY VOTING IS
23 HEREBY AUTHORIZED BUT UNDER NO AGREEMENT, CONTRACT,
24 ARRANGEMENT, SCHEME, OR PLAN, SHALL A PROXY HOLDER BE ALLOWED TO
25 REPRESENT MORE THAN ONE PER CENT (1%) OF THE STOCKS OFFERED TO THE
26 PUBLIC FOR SUBSCRIPTION.]~~]

27
28 [~~"Any disposition of shares of stock of the Corporation which will change the
29 proportion of capital distribution among the National Government, Philippine
30 National Bank, Development Bank of the Philippines and the public shall be null
31 and void unless previously approved by the President of the Philippines upon
32 recommendation of the Board of Directors. Likewise, no transfer of shares of stock
33 subscribed by the public shall be allowed to be registered in the books of the
34 Corporation which will violate the limitations in the next preceding paragraph
35 unless the same is previously approved by the Board of Directors of the
36 Corporation."~~]

37
38 [~~"The President of the Philippines may increase the authorized capital stock of the
39 Corporation upon recommendation by the Board of Directors of the Corporation.
40 The Board of Directors shall recommend such increase upon approval by the
41 affirmative vote of stockholders holding at least two-thirds (2/3) of the subscribed
42 capital stock of the Corporation in a special meeting called for the purpose."~~]

43
44 **SEC. 3.** Section 5 of the Revised Charter of the Philippine International Trading
45 Corporation is hereby amended as follows:

46
47 "SECTION 5. Purposes of the Corporation. – The Corporation is hereby authorized:
48

(t) TO ACT AS THE SUPPLY-CHAIN MANAGER IN THE STOCKPILING OF STRATEGIC AND CRITICAL MATERIALS AS MAY BE DETERMINED BY THE PRESIDENT OF THE PHILIPPINES; TO ACQUIRE AND RELEASE SUCH MATERIALS AS DIRECTED BY THE PRESIDENT OF THE PHILIPPINES IN THE INTEREST OF THE PUBLIC IN RESPONSE OR IN PREPARATION OF ANY CONCEIVED NATIONAL EMERGENCY;

(U) TO DO ALL SUCH OTHER THINGS AS ARE INCIDENTAL OR APPURTENANT TO OR GROWING OUT OF OR CONNECTED WITH THE AFORESAID BUSINESS OR POWERS OF THE CORPORATION OR ANY PART THEREOF OR CONDUCTIVE TO THE ATTAINMENT OF ITS CORPORATE PURPOSES AND OBJECTS."

SEC. 4. Section 7 of the Revised Charter of the Philippine International Trading Corporation is hereby amended as follows:

"SECTION 7. Composition of Board of Directors. The powers and functions of the Corporation shall be exercised by the Board of Directors which shall be composed of the following:

- "(a) The Secretary of the Department of Trade AS THE CHAIRMAN;
- "(b) The President of the Corporation AS THE VICE-CHAIRMAN ;
- "(c) The Director-General of the National Economic and Development Authority;
- "(d) The Chairman of the Board of Investments;
- "(e) The Secretary of the Department of Agriculture;
- "(f) The Secretary of the Department of Natural Resources;
- "(g) THE SECRETARY OF DEPARTMENT OF HEALTH;
- "(H) The ~~Chairman of the Board of Governors~~ PRESIDENT of the Development Bank of the Philippines;
- "(I) The President of the [~~Philippine National Bank~~] LAND BANK OF THE PHILIPPINES;
- "(J) THE GENERAL MANAGER OF THE NATIONAL DEVELOPMENT COMPANY;
- "(k) A Representative from the Office of the President;
- "(L) A REPRESENTATIVE FROM THE PRIVATE SECTOR;

SEC. 5. A new Title is inserted after Section 7, which shall be as follows:

"STOCKPILING OF STRATEGIC AND CRITICAL MATERIALS"

SECTION 7. *STRATEGIC AND CRITICAL MATERIALS STOCKPILE DIVISION*- THERE SHALL BE CREATED WITHIN THE PHILIPPINE INTERNATIONAL TRADING AND CRITICAL MATERIALS STOCKPILE CORPORATION A DIVISION IN-CHARGE OF STOCKPILING OF STRATEGIC AND CRITICAL MATERIALS AS MAY BE DETERMINED BY THE PRESIDENT OF THE PHILIPPINES.

THE PHILIPPINE INTERNATIONAL TRADING AND CRITICAL MATERIALS STOCKPILE CORPORATION SHALL ENSURE ROTATION AND REPLENISHMENT OF

1 STOCKS. IT SHALL ALSO ENSURE THAT THERE EXISTS AT ALL TIMES A STEADY,
2 AVAILABLE AND ADEQUATE SUPPLY OF SUCH MATERIALS ESSENTIAL IN
3 RESPONDING TO PANDEMICS, NATURAL DISASTERS AND OTHER NATIONAL
4 EMERGENCIES. FOR THIS PURPOSE, PROCUREMENT OF THE SAID MATERIALS
5 SHALL BE CONSIDERED AS PROCUREMENT OF STOCKS IN TRADE OF THE
6 CORPORATION IN THE REGULAR COURSE OF BUSINESS AS A TRADING
7 COMPANY AND SHALL THEREFORE BE EXEMPTED FROM THE COVERAGE OF R.A.
8 9184 AND ITS IMPLEMENTING RULES AND REGULATIONS. TO THE EXTENT
9 POSSIBLE, THE CORPORATION SHALL LIKEWISE ADOPT COUNTERTRADE AS A
10 MODE OF PROCUREMENT /STOCKPILING OF CRITICAL MATERIALS.

11
12 SECTION 8. *MATERIALS CONSTITUTING THE STOCKPILE.*- THE PRESIDENT OF
13 THE PHILIPPINES SHALL DETERMINE FROM TIME TO TIME (1) WHICH
14 MATERIALS ARE STRATEGIC AND CRITICAL FOR THE PURPOSES OF THIS ACT;
15 (2) THE QUALITY AND QUANTITY OF EACH SUCH MATERIAL TO BE ACQUIRED
16 FOR THE PURPOSES OF THIS ACT AND; (3) THE FORM IN WHICH EACH SUCH
17 MATERIAL SHALL BE ACQUIRED AND STORED.

18
19 STRATEGIC AND CRITICAL MATERIALS SHALL MEAN ESSENTIAL MEDICAL
20 AND/OR LIFE SAVING SUPPLIES NEEDED IN TIMES OF PANDEMICS SUCH AS
21 FACE MASKS, BODY BAGS, PERSONAL PROTECTIVE EQUIPMENT AND SIMILAR
22 SUPPLIES OR EQUIPMENT.

23
24 THE PRESIDENT OF THE PHILIPPINES SHALL CALL ON AND SEEK COUNSEL
25 FROM THE SECRETARIES OF THE DEPARTMENT OF NATIONAL DEFENSE,
26 DEPARTMENT OF AGRICULTURE, DEPARTMENT OF ENERGY, DEPARTMENT OF
27 HEALTH, AND DIRECTOR GENERAL OF THE FOOD AND DRUG ADMINISTRATION
28 ON THE DETERMINATION OF THE MATERIALS TO BE STOCKPILED AND THE
29 AMOUNTS THEREOF.

30
31 THE QUANTITY OF ANY MATERIAL TO BE STOCK PILED UNDER THIS ACT MAY
32 BE CHANGED ONLY AS PROVIDED IN THIS SECTION OR AS OTHERWISE
33 PROVIDED BY LAW.

34
35
36 SECTION 9. *DISPOSAL AUTHORITY.*- MATERIALS IN THE STOCKPILE MAY BE
37 RELEASED FOR USE, SALE, OR OTHER DISPOSITION:

38
39 (1) ON THE ORDER OF THE PRESIDENT OF THE PHILIPPINES , AT ANY TIME
40 THE PRESIDENT DETERMINES THE RELEASE OR DISPOSAL OF SUCH MATERIALS
41 IS REQUIRED FOR PURPOSES OF DISASTER PREPAREDNESS AND RELIEF;
42 PROVIDED, HOWEVER, THAT NOTHING HEREIN SHALL PROHIBIT THE
43 CORPORATION FROM DISPOSING OR TRADING IN STOCK MATERIALS TO
44 ENSURE ROTATION, REPLENISHMENT AND FRESHNESS OF STOCKS IN SUCH
45 MANNER AS PROVIDED BY LAW.

46
47 (2) IN TIME OF WAR DECLARED BY THE CONGRESS OR DURING A NATIONAL
48 EMERGENCY, ON THE ORDER OF ANY OFFICER OR EMPLOYEE OF THE

1 PHILIPPINES DESIGNATED BY THE PRESIDENT TO HAVE AUTHORITY TO ISSUE
2 DISPOSAL ORDERS UNDER THIS SUBSECTION, IF SUCH OFFICER OR EMPLOYEE
3 DETERMINES THAT THE RELEASE OF SUCH MATERIALS IS REQUIRED FOR
4 PURPOSES OF THE NATIONAL DEFENSE OR DISASTER PREPAREDNESS AND
5 RELIEF; AND
6

7 (3) ON THE ORDER OF THE SECRETARY OF DEFENSE IF THE PRESIDENT HAS
8 DESIGNATED THE SECRETARY TO HAVE AUTHORITY TO ISSUE RELEASE
9 ORDERS UNDER THIS SUBSECTION AND, IN THE CASE OF ANY SUCH ORDER, IF
10 THE SECRETARY DETERMINES THAT THE RELEASE OF SUCH MATERIALS IS
11 REQUIRED FOR USE, MANUFACTURE, OR PRODUCTION FOR PURPOSES OF
12 NATIONAL DEFENSE OR DISASTER PREPAREDNESS AND RELIEF.
13

14 ANY ORDER OF DISPOSAL, OTHER THAN FOR REASONS OF ROTATION OR
15 REPLENISHMENT, SHALL BE PROMPTLY REPORTED BY THE PRESIDENT, OR BY
16 THE OFFICER OR EMPLOYEE ISSUING SUCH ORDER, IN WRITING, TO THE
17 COMMITTEE ON GOVERNMENT CORPORATIONS AND PUBLIC ENTERPRISE AND
18 COMMITTEE ON DEFENSE OF BOTH SENATE AND HOUSE OF REPRESENTATIVES.
19

20 SECTION 10. *ADVISORY COMMITTEES.*- THE PRESIDENT MAY APPOINT
21 ADVISORY COMMITTEES COMPOSED OF INDIVIDUALS WITH EXPERTISE
22 RELATING TO MATERIALS IN THE STOCKPILE OR WITH EXPERTISE IN
23 STOCKPILE MANAGEMENT TO ADVISE THE PRESIDENT WITH RESPECT TO THE
24 ACQUISITION, TRANSPORTATION, PROCESSING, REFINING, STORAGE,
25 SECURITY, MAINTENANCE, ROTATION, AND DISPOSAL OF SUCH MATERIALS
26 UNDER THIS ACT. THE COMMITTEE SHALL BE ENTITLED TO PER DIEMS IN
27 ACCORDANCE WITH THE RULES AND REGULATIONS OF THE GOVERNANCE
28 COMMISSION FOR GOCCS (GCG).
29

30 SECTION 11. *REPORT TO CONGRESS.*- NOT LATER THAN FEBRUARY 15 OF
31 EACH YEAR, THE PRESIDENT SHALL SUBMIT TO THE CONGRESS AN ANNUAL
32 WRITTEN REPORT DETAILING OPERATIONS UNDER THIS ACT. EACH SUCH
33 REPORT SHALL INCLUDE—
34

35 (1) INFORMATION WITH RESPECT TO FOREIGN AND DOMESTIC PURCHASES
36 OF STOCKPILED CRITICAL MATERIALS DURING THE PRECEDING FISCAL YEAR;
37

38 (2) INFORMATION WITH RESPECT TO THE ACQUISITION AND DISPOSAL OF
39 STOCKPILED CRITICAL MATERIALS UNDER THIS ACT THROUGH
40 COUNTERTRADE DURING SUCH FISCAL YEAR;
41

42 (3) SUCH OTHER PERTINENT INFORMATION ON THE ADMINISTRATION OF
43 THIS ACT AS WILL ENABLE THE CONGRESS TO EVALUATE THE EFFECTIVENESS
44 OF THE PROGRAM PROVIDED FOR UNDER THIS ACT AND TO DETERMINE THE
45 NEED FOR ADDITIONAL LEGISLATION.
46

47 SECTION 12. *SOURCE OF MATERIALS.*- CONSISTENT WITH THE COUNTRY'S
48 OBLIGATIONS UNDER INTERNATIONAL TREATIES OR AGREEMENTS, MATERIALS

1 MAY BE OBTAINED FROM DOMESTIC OF FOREIGN SOURCES AND THE
2 PROCUREMENT THEREOF SHALL BE OPEN TO ALL ELIGIBLE SUPPLIERS,
3 MANUFACTURERS AND DISTRIBUTORS. HOWEVER IN THE INTEREST OF
4 AVAILABILITY, EFFICIENCY AND TIMELY DELIVERY OF MATERIALS, THE
5 CORPORATION SHALL ENCOURAGE THE DEVELOPMENT OF DOMESTIC SOURCES
6 FOR STRATEGIC AND CRITICAL MATERIALS TO ENSURE STEADY, AVAILABLE
7 AND ADEQUATE SUPPLY OF SUCH MATERIALS ESSENTIAL IN RESPONDING TO
8 PANDEMICS, NATURAL DISASTERS AND OTHER NATIONAL EMERGENCIES, AND
9 IN SUCH MANNER AS MAY BE ALLOWED BY LAW, TO INCLUDE THE ADOPTION
10 OF COUNTERTRADE AND INDUSTRIAL COOPERATION UNDER E.O. 120 S. 1993
11 TO AUGMENT STOCKPILING AND AVAILABILITY OF CRITICAL MATERIALS
12

13 (1) BY PURCHASING, OR MAKING A COMMITMENT TO PURCHASE, EITHER
14 DIRECTLY OR THROUGH COUNTERTRADE, STRATEGIC AND CRITICAL
15 MATERIALS OF DOMESTIC ORIGIN WHEN SUCH MATERIALS ARE NEEDED FOR
16 THE STOCKPILE;
17

18 (2) BY CONTRACTING WITH DOMESTIC FACILITIES, OR MAKING A
19 COMMITMENT TO CONTRACT WITH DOMESTIC FACILITIES, FOR THE
20 PROCESSING OR REFINING OF STRATEGIC AND CRITICAL MATERIALS IN THE
21 STOCKPILE WHEN PROCESSING OR REFINING IS NECESSARY TO CONVERT
22 SUCH MATERIALS INTO A FORM MORE SUITABLE FOR STORAGE AND
23 SUBSEQUENT DISPOSITION;
24

25 (3) BY IDENTIFYING EXISTING DOMESTIC FACILITIES AND DOMESTICALLY
26 PRODUCED STRATEGIC AND CRITICAL MATERIALS TO MEET THE
27 REQUIREMENTS OF DEFENSE AND ESSENTIAL CIVILIAN INDUSTRIES IN
28 TIMES OF NATIONAL EMERGENCY WHEN EXISTING DOMESTIC SOURCES OF
29 SUPPLY ARE EITHER INSUFFICIENT OR VULNERABLE TO SINGLE POINTS OF
30 FAILURE; AND
31

32 (4) BY CONTRACTING WITH DOMESTIC FACILITIES TO RECYCLE STRATEGIC
33 AND CRITICAL MATERIALS, THEREBY INCREASING DOMESTIC SUPPLIES
34 WHEN SUCH MATERIALS WOULD OTHERWISE BE INSUFFICIENT TO SUPPORT
35 DEFENSE AND ESSENTIAL.
36

37 SECTION 13. *INSTITUTIONAL LINKAGES.*- PHILIPPINE INTERNATIONAL
38 TRADING AND CRITICAL MATERIALS STOCKPILE CORPORATION SHALL
39 MAINTAIN AND DEVELOP INSTUTIONAL LINKAGES/PARTNERSHIP WITH
40 GOVERNMENT AND NON-GOVERNMENT INSTITUTIONS INCLUDING BUT NOT
41 LIMITED TO THE DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT,
42 PHILIPPINE RED CROSS, NATIONAL DISASTER RISK REDUCTION AND
43 MANAGEMENT COUNCIL AND SIMILAR INSTITUTIONS, CONCERNING THE
44 UTILIZATION AND DISTRIBUTION OF MATERIALS IN THE STOCKPILE.
45

46
47 **SEC. 11.** Subsequent sections are hereby renumbered accordingly.
48

1 **SEC. 12. *Separability Clause.*** – If any provision of this Act is declared
2 unconstitutional, such sections or parts not affected thereby shall remain in full force
3 and effect.

4
5 **SEC.13. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its
6 publication in the Official Gazette or in at least two (2) national newspaper of general
7 circulation.

8
9 *Approved,*