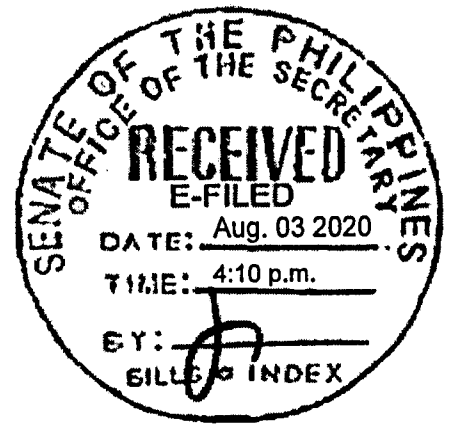


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



SENATE

Senate Bill No. 1759

Introduced by Senator FRANCIS N. PANGILINAN

AN ACT
PROVIDING FOR THE PROTECTION AGAINST PANDEMIC AND THE
DEVELOPMENT OF THE HEALTHCARE AND MANUFACTURING INDUSTRIES,
AND PROVIDING FUNDS THEREFOR

EXPLANATORY NOTE

The COVID-19 pandemic exposed the absence of local manufacturers of personal protective equipment (PPE), medicines, and testing kits for the healthcare industry in the country. At the onset of the pandemic, the supply of these critical products and its raw materials became scarce, inaccessible, and expensive.

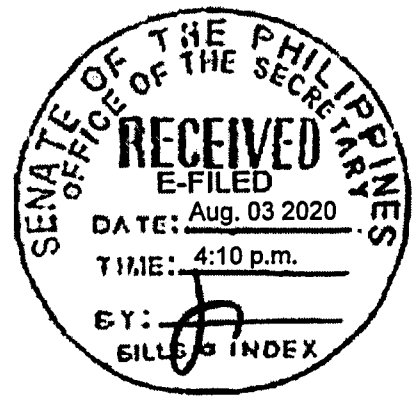
As a result, the Department of Trade and Industry-Board of Investments encouraged existing manufacturing firms to repurpose their operations. These firms, however, find themselves competing with (i) substandard imported products, (ii) counterfeit imported PPEs, and (iii) preference for imported PPEs over local ones.

In order to avoid a similar dilemma in the future, this measure seeks to make our local healthcare industry responsive and competitive by giving incentives to local manufacturers and producers of critical products and suppliers of critical services and requiring government procuring entities to give preference to locally made and produced critical products.

In view of the foregoing, the passage of this bill is earnestly sought.


FRANCIS N. PANGILINAN
Senator

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

1 **SECTION 1. Short Title.** - This Act shall be known as the "Pandemic Protection Act
2 of 2020".

3 **SECTION 2. Declaration of Policy.** - It is hereby the declared policy of the State to
4 protect and promote the right to health of the people and instill health consciousness
5 among them. The State recognizes pandemics and other public health emergencies as
6 threats to public health and national security, which can undermine the social, economic,
7 and political functions of the State. In order to protect the people from pandemics and
8 other public health emergencies, the State shall:

- 9 (a) adopt efficient and effective measures that will prevent the overburdening of
10 the healthcare system;
- 11 (b) develop the healthcare and manufacturing industries and preserve and
12 generate employment during the crisis;
- 13 (c) ensure adequate and readily available supply of critical products and services
14 for the health workers and the public;
- 15 (d) protect the interest of the consumers and establish standards of conduct for
16 business and industry; and

- 1 (e) build strong partnership with the private sector and other stakeholders to
2 deliver these measures quickly and efficiently.

3 SECTION 3. *Coverage.* - This Act shall cover accredited manufacturers and
4 producers of critical products, including its raw materials and packaging, and suppliers
5 of critical services. The benefits under this Act shall be in addition to the incentives
6 provided under existing laws.

7 SECTION 4. *Definition of Terms.* - For the purposes of this Act, the following
8 definitions shall apply:

- 9 (a) "Accreditation" refers to the process of officially recognizing a person or entity
10 under this Act;
- 11 (b) "Critical Products" refer to products required to address the pandemic such
12 as medicines, vaccines, personal protective equipment, ventilators and such
13 other supplies or equipment, including its raw materials, as may be
14 determined by the Department of Health (DOH) and other relevant
15 government agencies;
- 16 (c) "Critical Services" refer to services required for the manufacture, production
17 and distribution of critical products such as testing, waste management,
18 including but not limited to waste segregation, storage, collection, sorting,
19 treatment and disposal services, and other services as may be determined by
20 the DOH and other relevant government agencies.
- 21 (d) "Manufacturer" refers to an enterprise duly accredited under Section 6 hereof,
22 engaged in the production of critical products including preparation,
23 processing, compounding, formulating, filling, packing, repacking, altering,
24 ornamenting, finishing and labeling;
- 25 (e) "Packaging" refers to material used to wrap or protect critical products;
- 26 (f) "Producer" refers to an enterprise duly accredited under Section 6 hereof that
27 manufactures, makes, grows, or produces critical products; and

1 (g) "Raw Material" refers to materials and inputs from which a critical product
2 and its packaging are made.

3 **SECTION 5. *Conformity to Standards.*** – The materials, products, processes, and
4 services shall conform and comply with the standards and requirements issued by the
5 relevant government agencies such as, but not limited to, the DOH, Food and Drug
6 Administration (FDA), and Bureau of Philippine Standards. In the case of other critical
7 services, the equipment and technologies and services should be approved by the
8 Department of Environment and Natural Resources, DOH or other concerned regulatory
9 agencies

10 For this purpose, the relevant government agencies shall prioritize the facilitation
11 of the issuance of licenses and other requirements to manufacturers covered by this Act.

12 **SECTION 6. *Accreditation.*** – Prior to the availment of benefits herein, the
13 manufacturers and producers shall apply for accreditation with the Department of Trade
14 and Industry (DTI), through the Board of Investments (BOI). *Provided That*, in lieu of DTI-
15 BOI accreditation, manufacturers that are registered with other Investment Promotion
16 Agencies (IPAs) shall directly apply for authority to import with the concerned IPA.

17 Entities who intend to repurpose their operations to manufacture and produce
18 critical products may also apply for accreditation for purposes of this Act.

19 **SECTION 7. *Exemption from Custom Duties, Value Added Tax (VAT), Other Taxes and***
20 ***Fees.*** – Regardless of the country of origin, importation of the capital equipment, spare
21 parts and accessories, raw materials, packaging and its raw materials, or any articles
22 needed in the supply chain of the critical products or services under this Act shall be
23 exempt from custom duties, VAT, other taxes and fees such as import processing fees
24 and fees imposed by the Bureau of Customs, FDA and other relevant agencies.

25 **SECTION 8. *Exemption from VAT on Local Sales.*** – Local sales of critical products
26 and services shall be exempt from VAT. The DTI-BOI shall provide the Bureau of Internal

1 Revenue (BIR) the list of VAT-exempt critical products or services, including the new
2 and/or additional critical products and services covered under this Act. The list of VAT-
3 exempt critical products and services shall be posted in the BIR website through a
4 Revenue Memorandum Circular.

5 Further, in accordance with the invoicing requirements, the word "VAT-EXEMPT"
6 shall prominently be indicated in the invoice issued for the sale of critical products.

7 **SECTION 9. *Suspension of Export Requirement.*** - The export requirement imposed
8 under the laws administered by relevant IPAs may be suspended by the DTI-BOI to
9 satisfy national interest or in an emergency situation. The export enterprises that
10 manufacture the critical products or render critical services shall supply up to eighty
11 percent (80%) of their daily production or service to government institutions, hospitals,
12 and private establishments in the country for local or domestic use.

13 The local sales of critical products and services of such export enterprises shall be
14 deemed and treated as "export sales" in compliance of their export requirement. As such,
15 the corresponding treatment, exemption on duties, taxes and fees, and other incentives
16 warranted under the existing laws governing these export enterprises shall continue to
17 apply. Further, if such export enterprises are located in special economic zones with
18 status of separate customs territory under relevant laws, such local sales shall likewise be
19 exempt under Sections 7 and 8 hereof. For this purpose, the DTI-BOI or concerned IPA
20 shall monitor the compliance of said export enterprises.

21 The exemption on duties, taxes and fees under this Section shall subsist for a period
22 of three (3) years after the declaration by the World Health Organization that the
23 pandemic has ended.

24 **SECTION 10. *Procurement of Critical Products by the Government.*** - To ensure
25 adequate and responsive supply of critical products and supplies, the government, as the
26 procuring entity shall give preference and procure critical products manufactured,
27 produced or made in the Philippines; *Provided*, that the award shall be made to the lowest
28 domestic manufacturer-bidder provided the bid is not more than twenty percent (20%)

1 in excess of the lowest foreign bid; Provided further, that it has secured from the DTI a
2 certification that the products, articles, materials, or supplies are produced, made or
3 manufactured in the Philippines.

4 Private enterprises are also encouraged to source their requirements for critical
5 products from the local manufacturers.

6 **SECTION 11. *Relocation or Expansion of Manufacturing Enterprises in the Philippines.***

7 - Manufacturers or producers of critical products that will relocate or expand operations
8 in the Philippines are qualified to avail of the exemptions under this Act provided that
9 they meet the requirements prescribed herein.

10 **SECTION 12. *Synchronized and Integrated Government Approach.*** - All departments,

11 bureaus, agencies or instrumentalities of the government shall ensure the
12 implementation of this Act by the agencies concerned in a synchronized and integrated
13 manner. No government body shall adopt any policy or take any course of action
14 contrary to or inconsistent with this Act.

15 **SECTION 13. *Funding.*** - An amount not exceeding One Billion Pesos

16 (PhP1,000,000,000.00) is hereby allocated to the DTI-BOI to operationalize the
17 mechanisms contained in this Act.

18 **SECTION 14. *Implementing Rules and Regulations (IRR).*** - The DTI and BOI shall

19 promulgate the rules to implement this Act within thirty (30) days from the effectivity of
20 this Act.

21 **SECTION 15. *Repealing Clause.*** - All laws, issuances, orders, rules and regulations,

22 or parts thereof, which are contrary or inconsistent with this Act are hereby repealed,
23 amended or modified accordingly.

1 **SECTION 16. *Separability Clause.*** – If any provision of this Act is declared invalid or
2 unconstitutional, the other provisions not affected thereby shall remain valid and
3 subsisting.

4 **SECTION 17. *Applicability.*** – This Act shall apply and shall remain in force and
5 effect during the existence of a pandemic of national and/or international concern as
6 declared by the Secretary of Health, or during a state of public health emergency as
7 declared by the President.

8 Sections 7 and 8 of this Act shall apply to all transactions during such pandemic or
9 state of public health emergency. The incentives under these sections shall terminate
10 upon declaration by the President that a public health emergency has ceased to exist.

11 **SECTION 18. *Effectivity Clause.*** – This Act take shall effect immediately upon its
12 publication in a newspaper of general circulation or in the Official Gazette.

Approved,