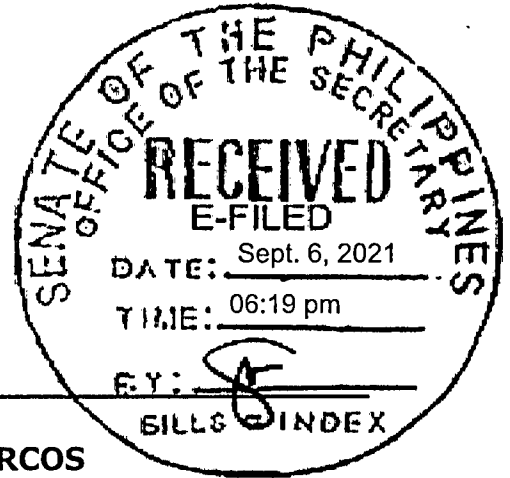EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)

SENATE
S.B. No. _2389_

Introduced by **SENATOR IMEE R. MARCOS**

AN ACT ABOLISHING THE PHILIPPINE INTERNATIONAL TRADING CORPORATION (PITC), AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Section 27, Article II of the 1987 Constitution provides that, *"The State shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption."*

The Philippine International Trading Corporation (PITC) was established on 21 July 1973 through Presidential Decree (PD) No. 252 which is an attached agency to the Department of Trade and Industry (DTI) whose primary mandate is to facilitate trade with Socialist and Other Centrally Planned Economy Countries.

The PITC was originally crafted as a mechanism to formalize trade with planned economies through government-to-government procurement. However, as of today, only two (2) centrally planned economies are in existence, which are Cuba and North Korea. The Philippines has also moved away from government-to-government trade, as exemplified by the passage of Republic Act No. 11203 or the "Rice Tariffication Law" on 14 February 2019, among others.
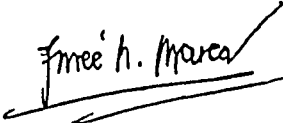
In addition, the passage of RA No. 9184 or the "Government Procurement Reform Act" has undermined the mandate of the PITC through the inclusion of relevant provisions that seeks to strengthen the procurement service of national government agencies. Section 11, Article 5 of RA No. 9184 states that *"all procurement agencies shall establish a single BAC (Bids and Awards Committee) for its procurement."* Section 63(c) further tasks the Government Procurement Policy Board

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(GPPB) to strengthen the said BACs by ensuring "*that Procuring Entities regularly conduct procurement training programs and prepare a procurement operation manual for all offices and agencies of government.*"

In addition to its mandate being undermined by changes in national policies, the PITC has dealt with issues regarding the exercise of their mandate in the previous years. In particular, the 2020 Annual Audit Report of the PITC states that PhP 11.02 billion of funds transferred from 2014 to 2020 by various source agencies remain unutilized as of 31 December 2020. These transfers were conducted in order to increase the utilization rate of government agencies, as funds transferred to the PITC is considered obligated and disbursed already. There are reports of source agencies using the interest of money transferred to the PITC to generate savings, which are used by the source agency to fund bonuses, among others.
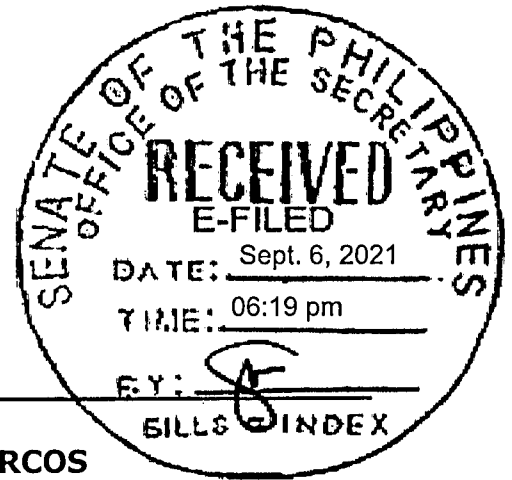
Thus, this bill seeks to address the systemic corruption in the PITC by abolishing the said agency. The trade liberalization thrust of the global economy has made the mandate of the PITC archaic and irrelevant in the current times. The passage of RA No. 9184 or the "Government Procurement Reform Act" has also weakened the mandate of the PITC. The PITC became a repository for unobligated funds of national government agencies, and as such should be abolished as it has outlived its functions to the National Government.

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

IMEE R. MARCOS

SENATE
S.B. No. ___2389___

Introduced by **SENATOR IMEE R. MARCOS**

AN ACT ABOLISHING THE PHILIPPINE INTERNATIONAL TRADING CORPORATION (PITC), AND FOR OTHER PURPOSES

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

1   **SECTION 1.** *Declaration of Policy.* – The State shall maintain honesty and
2   integrity in the delivery of public service and take positive and effective measures
3   against graft and corruption. Thus, the State shall maintain accountability and
4   responsibility among its public officials and employees and shall take appropriate
5   measures to prevent unlawful and ineffectual acts and practices, therefore promoting
6   efficiency and transparency in the conduct of its business.

7

8   **Sec. 2.** *Abolition of the Philippine International Trading Corporation (PITC).* –
9   The Philippine International Trading Corporation (PITC) created under the Presidential
10 Decree No. 252 shall be abolished.
11 In lieu of the abolition of the PITC, the respective Departments and Agencies
12 shall, thereafter, undertake the procurement of supplies, equipment, and
13 infrastructure projects. Further, the Department of Trade and Industry (DTI) shall
14 undertake the functions of PITC in relation to facilitative trade-related services,
15 responsive business solutions, and trade-related government-to-government
16 transactions, among others.

17

18 **Sec. 3.** *Separation and Retirement from Service.* – Employees affected by the
19 abolition of the PITC shall receive separation benefits under the Government

Reorganization Law and other existing laws, rules, and regulations. *Provided that,* those who are qualified to retire and receive retirement benefits under existing retirement laws shall be allowed to retire under existing laws, rules, and regulations.

Sec. 4. *Reversion of Funds.* – In coordination with the concerned Departments and Agencies, the PITC shall revert all prior years unutilized advances to the National Treasury. Current year's advances for the procurement of supplies and equipment and all other funds held in trust by the PITC shall be returned to the concerned Departments and Agencies.

Sec. 5. *Repealing Clause.* – All laws, decrees, orders, rules and regulations or other issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Sec. 6. *Separability Clause.* – If any portion or provision of this Act is declared unconstitutional, the remainder of this Act or any provision not affected thereby shall remain in force and effect.

Sec. 7. *Effectivity.* – This Act shall take effect after fifteen (15) days following the completion of its publication either in the Official Gazette or in a newspaper of general circulation in the Philippines.

Approved,