

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

5 SEP 20 18:16

SENATE  
S. No. 2122

RECEIVED BY: 

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Introduced by **Senator Richard J. Gordon**

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### EXPLANATORY NOTE

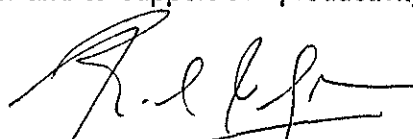
The proliferation of imported used motor vehicles in our country, mostly through smuggling and evasion of taxes and duties in Freeports and Special Economic Zones, creates a culture of corruption and is highly detrimental to our fiscal and economic welfare.

The importation of used motor vehicles in our country is killing our local automotive industry that pays at least PhP11 billion worth of taxes to the government and employs approximately 75,000 skilled workers. It is also defeating our bid to attract investors to develop our local automotive manufacturing and assembly capability and its downstream industries. To accelerate the sound development of the automotive industry in the Philippines, there is a need to rationalize our policy on the importation of used motor vehicles in our country through an appropriate legislation that is more permanent in character. Subject to certain exceptions such as trucks, buses, and special vehicles for specific uses that may be legitimately imported into our country, this bill seeks to prohibit the importation of used motor vehicles into the Philippines, including Freeports and Special Economic Zones.

The importation of used motor vehicles in the Philippines has only deleterious effects to our country's development. In New Zealand, following the elimination of import restrictions on cars and auto parts, automotive assembly plants closed down, laying-off as much as 80% of the automotive work force.

The importation of used motor vehicles into the Philippines strips the government of much-needed revenue in taxes and duties as well. It also deprives us of our limited foreign exchange reserves. These imported used motor vehicles which have been merely refurbished or possibly converted are also of questionable quality and are likely to put the health and safety of the riding public at risk. These imported used motor vehicles also pose as pollution hazards that are harmful to our environment.

Thus, to ensure fair and healthy competition in the market, to encourage high value-added investments, to promote full employment in the automotive industry, to guarantee the quality of motor vehicles and promote the health and safety of the riding public, and to protect the environment against pollution, a law to regulate the importation of used motor vehicles in our country is needed to promote industrialization and to support the productivity and growth of our national economy.

  
**RICHARD J. GORDON**  
Senator

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## AN ACT TO REGULATE THE IMPORTATION OF USED MOTOR VEHICLES

*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 “Used Motor Vehicles  
2 Regulation Act.”

3 Sec. 2. *Policy.* – It is the policy of the State to support the productivity and growth of  
4 the national economy and to promote industrialization in the automotive industry by  
5 regulating the importation and/or entry of used motor vehicles, thus ensuring fair and  
6 healthy competition in the market, encouraging high value-added investments, promoting  
7 full employment in the automotive industry, guaranteeing the quality of motor vehicles and  
8 promoting the health and safety of the riding public, and protecting the environment against  
9 pollution.

10 Sec. 3. *Definitions.* – For purposes of this Act,

11 (1) “Motor vehicle” refers to any vehicle propelled by a gasoline or diesel engine or  
12 by any means other than human or animal power, constructed and operated principally for  
13 the conveyance of persons or the transportation of property or goods. The term includes  
14 passenger cars, commercial vehicles, light commercial vehicles, and motorcycles defined  
15 as follows:

16 (a) “Passenger car” refers to any four-wheeled motor vehicle principally  
17 designed to transport persons and not primarily to transport goods.

18 (b) “Commercial vehicle” refers to any four or more wheeled motor vehicle  
19 principally designed to transport persons and/or goods or cargo. This term shall  
20 include light commercial vehicles, buses, trucks, and special vehicles for specific  
21 uses.

1 (c) "Light commercial vehicle" refers to any motor vehicle designed to carry  
2 both passengers and goods or cargo, including, but not limited to utility vehicles,  
3 sports utility vehicles, asian utility vehicles, commuter vans, mini-cabs, and pick-ups.

4 (d) "Motorcycle" refers to any two or three-wheeler motor vehicle fitted with an  
5 auxilliary motor, with or without sidecars.

6 (2) "Used vehicle" refers to any motor vehicle imported in the Philippines and which,  
7 prior to its arrival in the Philippines, has already been driven or used for the conveyance of  
8 persons or the transportation of property or goods.

9 (3) "Bus" refers to a motor vehicle intended for mass transport or conveyance of  
10 passengers.

11 (4) "Truck" refers to a motor vehicle whose body configuration is designed to carry  
12 heavy loads, general freight, or for special purpose regardless of gross vehicle weight,  
13 provided that, pick-ups are not to be considered as trucks for purposes of this Act. Pickups  
14 refer to light trucks having an enclosed cab and an open body with low sides and tailgate,  
15 with a gross vehicle weight of up to 3 tons.

16 (5) "Special Vehicle for Specific Use" refers to any motor vehicle especially  
17 constructed or adapted, equipped with various devices that enable it to perform certain non-  
18 transport functions. This term also refers to specialized types of motor vehicles used for the  
19 transport of persons or goods.

20 (6) "GVW" refers to Gross Vehicle Weight.

21 Sec. 4. *Regulation of Importation.* – Subject to Sec. 5 of this Act, the importation  
22 and/or entry of used vehicles in the Philippines, including Freeports and Special Economic  
23 Zones, for whatever purpose is prohibited.

24 Sec. 5. *Exceptions.* – Sec. 4 of this Act shall not apply to the following:

25 (1) Motor vehicles sought to be imported by returning residents or immigrants under  
26 the no-dollar importation program or other similar cases allowed under existing laws,  
27 provided that, (a) only a maximum of 2 motor vehicles shall be allowed; (b) such vehicles  
28 have a GVW not exceeding 3 tons; and (c) such vehicles cannot be resold within the  
29 Philippines for at least three (3) years;

30 (2) Motor vehicles allowed for the use of officials of the Diplomatic Corps under  
31 existing laws and authorized to be imported by the Department of Foreign Affairs;

32 (3) Trucks with GVW above 6.0 tons;

1 (4) Trucks with GVW between 2.5 to 6.0 tons, provided that such importation is  
2 covered by an authority to import issued by the Department of Trade and Industry;

3 (5) Buses with GVW above 12.0 tons;

4 (6) Buses with GVW between 6.0 to 12.0 tons, provided that such importation is  
5 covered by an authority to import issued by the Department of Trade and Industry; and

6 (7) Special vehicles for specific uses such as fire trucks, ambulances, funeral  
7 hearses/coaches, crane lorries, tractor heads or truck tractors, boom trucks, tanker trucks,  
8 tank lorries with high pressure spray gun, reefers or refrigerated trucks, mobile drilling  
9 derricks, transit/concrete mixers, mobile radiological units, wreckers or "two trucks",  
10 concrete pump trucks, aerial/bucket flat-form trucks, street sweepers, vacuum trucks,  
11 garbage compactors, self-loader trucks, man-lift trucks, lighting trucks, trucks mounted with  
12 special purpose equipment, and all other types of vehicles designed for special purposes.

13 The importation and/or entry of the foregoing used vehicles shall be allowed,  
14 provided that the competent authorities from the country of origin certify that such vehicles  
15 are roadworthy, safe, and comply with emission standards; and that the appropriate  
16 Philippine authorities certify that such vehicles are likewise roadworthy, safe, and comply  
17 with emission standards, as well as comply with the requirements of this Act, Republic Act  
18 No. 8749 or the Philippine Clean Air Act of 1999, and other applicable laws.

19 *Sec. 6. Non-registrability and Seizure.* – All used vehicles in violation of this Act shall  
20 not be allowed registration with the Land Transportation Office and shall be subject to  
21 seizure without redemption.

22 *Sec. 7. Penal Provision.* – Any person who violates this Act shall be punished with  
23 the penalty of *prision correccional*, or a fine ranging from one hundred thousand pesos  
24 (PhP100,000) to ten million pesos (PhP10,000,000) for each used vehicle, or both.

25 Any juridical person found to be violating this Act shall be revoked of its license/s to  
26 operate and shall be barred from doing business in the Philippines.

27 Any public official or government employee found to be violating this Act and/or  
28 grossly negligent in implementing this Act shall be dismissed from service and perpetually  
29 disqualified from holding any public office or government employment, without prejudice to  
30 administrative, criminal, and civil liability under other laws.

31 *Sec. 8. Repealing Clause.* – All laws, decrees, orders, rules and regulations or other  
32 issuances or parts thereof inconsistent with the provisions of this Act, including those of  
33 Freeports and Special Economic Zones, are hereby repealed or modified accordingly.

1           Sec. 9. *Separability Clause.* – If any portion or provision of this Act is declared  
2 unconstitutional, the remainder of this Act or any provision not affected thereby shall remain  
3 in force and effect.

4           Sec. 10. *Effectivity.* – This Act shall take effect after fifteen (15) days following the  
5 completion of its publication either in the Official Gazette or in a newspaper of general  
6 circulation in the Philippines.

7           Approved,