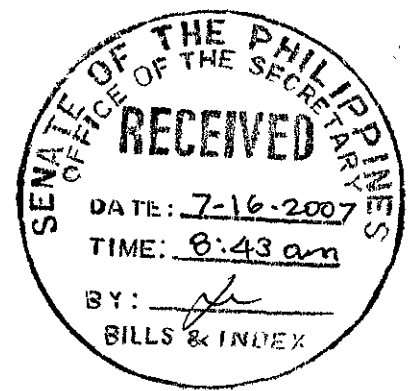


FOURTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



SENATE
S. No. 1232

Introduced by **Senator Richard J. Gordon**

EXPLANATORY NOTE

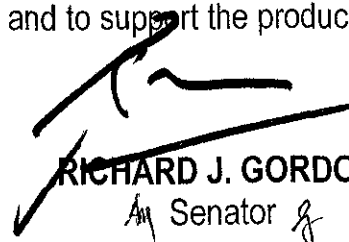
The proliferation of imported used motor vehicles in our country, mostly through smuggling and evasion of taxes and duties in Freeports and Special Economic Zones, creates a culture of corruption and is highly detrimental to our fiscal and economic welfare.

The importation of used motor vehicles in our country is killing our local automotive industry that pays at least P11 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 in 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 workforce.

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.

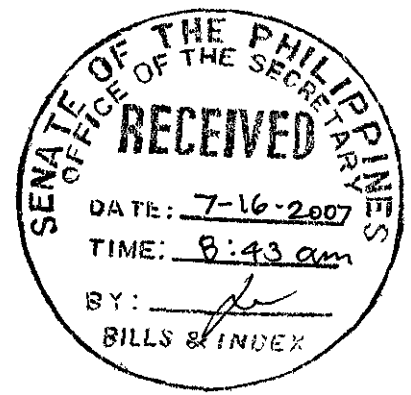
Thus, to ensure fair and healthy competition in the market, to encourage high value-added investments, to promote full employment in the automotive industry, to guarantee the quality of motor vehicles and promote the health and safety of the riding public, and to protect the environment against pollution, a law to regulate 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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FOURTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

SENATE
S. No. 1232



Introduced by **Senator Richard J. Gordon**

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 of 2007.”

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 designed to
17 transport persons and not primarily to transport goods.

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

84

1 (c) "Light Commercial vehicle" refers to any motor vehicle designed to carry both
2 passengers and goods or cargo, including but not limited to utility vehicles, sports utility
3 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 auxiliary 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 transportation of property or goods.

9 (3) "Bus" refers to any 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 weight, provided
13 that, pick-ups are not to be considered as trucks for purposes of this Act. Pick-ups refer to
14 light trucks having an enclosed cab and an open body with low sides and tailgate, with a
15 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
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 two (2) motor vehicles shall be allowed; (b) such
28 vehicles have a GVW not exceeding 3 tons; and (c) such vehicles cannot be resold within
29 the Philippines for at least three (3) years;

30 (2) Motor vehicles allowed for the use of officials of the Diplomatic Corps under the
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 derricks, transit/concrete mixers, mobile radiological units, wreckers or "two trucks",
9 concrete pump trucks, aerial/bucket flat-form trucks, street sweepers, vacuum trucks,
10 special purpose equipment, and all other types of vehicles designed for special purposes.

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

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

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

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

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

30 **Sec. 8. Repealing Clause.** – All laws, presidential decrees orders, rules or
31 regulations or other issuances or parts thereof inconsistent with the provisions of this Act,
32 including those of Freeports and Special Economic Zones, are hereby repealed or modified
33 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 provisions not affected thereby shall
3 remain in force and effect.

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

7 Approved,