

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



THIRTEENTH CONGRESS
2nd Regular Session

HOUSE BILL NO. 4727

*Introduced by Akbayan Representatives Loretta Ann P. Rosales, Mario
"Mayong" Joyo Aguja and Ana Theresia Hontiveros-Baraquel*

EXPLANATORY NOTE

The automotive industry – consisting of motor vehicle assemblers and distributors, parts makers, and dealers - is a major contributor to the Philippine economy. Investing approximately PhP70 billion into the country, the automotive industry employs approximately 75,000 skilled workers, infuses much-needed technology transfer into the country, pays at least PhP11 billion worth of taxes, and contributes at least US\$1.5 billion in export earnings to the Treasury each year.

However, the proliferation of imported used vehicles in the country is threatening the viability of the Philippine automotive industry, and with it, the full employment of automotive workers. In an industry that requires economies of scale for both domestic and global competitiveness, the undercutting of imported used vehicles into the market is causing a rapid decline in domestic demand, leading in turn to declining production that is causing employment layoffs.

The causal link between the continued importation of used vehicles and the eventual demise of the automotive industry is clearly illustrated in the case of New Zealand's automotive industry. Following the elimination of import restrictions on cars and auto parts, the importation of used vehicles accelerated rapidly, causing used vehicles to crowd out brand-new models from the New Zealand domestic market. This subsequently resulted in the closure in just a few years of virtually all significant assembly plants in New Zealand, and the reduction of the New Zealand automotive work force by 80%.

From the New Zealand experience, it is clear that a domestic automotive industry cannot viably co-exist with a government policy of used vehicle importation. It is either one or the other.

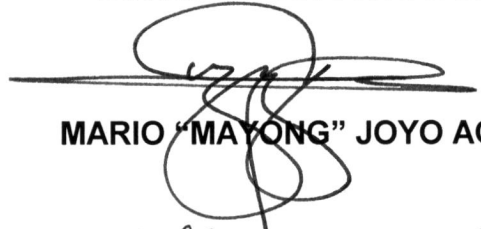
But not only does the importation of used vehicles kill local production and create unemployment. It also drains valuable foreign exchange reserves and deprives the government of much needed revenues, at a time when the country is in crisis and needs prudent fiscal and monetary management. Moreover, imported used motor vehicles pose significant environmental and safety risks that threaten the health of the public at large, and the safety of pedestrians and the riding and commuting public.

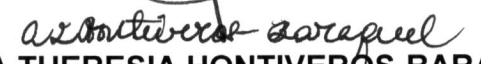
In view of all these, there is therefore a compelling need to rationalize the government's policy on the importation of used motor vehicles into the Philippines.

This bill seeks to regulate the importation of used motor vehicles into Philippine territory, including the Freeports and Special Economic Zones, subject to certain exceptions. It is hoped that this bill will help promote industrialization and full employment within the Philippine automotive sector, and the health and safety of the public at large.

Adopted,


LORETTA ANN P. ROSALES


MARIO "MAYONG" JOYO AGUJA


ANA THERESIA HONTIVEROS-BARAQUEL

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AN ACT TO REGULATE THE IMPORTATION OF USED MOTOR VEHICLES

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

SECTION 1. Short Title. - This Act shall be known as the "Used Motor Vehicles Regulation Act."

SECTION 2. Policy. - It is the policy of the State to support the productivity and growth of the national economy and to promote industrialization in the motor vehicle industry by regulating the importation, entry, and use of used motor vehicles, thus ensuring fair and healthy competition in the market, encouraging high value-added investments, promoting full employment in the motor vehicle industry, guaranteeing the quality of motor vehicles, promoting the health and safety of the riding public, and protecting the environment against pollution in the manufacture and use of motor vehicles.

SECTION 3. Definitions. -

(a) *"Motor vehicle"* - refers to any vehicle propelled by a gasoline or diesel engine or by any means other than human or animal power, constructed and operated principally for the conveyance of persons or the transportation of property or goods. The term shall include passenger cars, commercial vehicles, light commercial vehicles, and motorcycles, as follows:

(i) *"Passenger car"* - refers to any four-wheeled motor vehicle principally designed to transport persons and not primarily to transport goods

(ii) *"Commercial vehicle"* - refers to any four or more wheeled motor vehicle principally designed to transport persons and/or goods/cargo. This term shall include light commercial vehicles, buses, trucks, and special vehicles for specific uses.

(iii) *"Light commercial vehicle"* - refers to any motor vehicle designed to carry both passengers and goods/cargo, including, but not limited to: utility vehicles, sports utility vehicles, Asian utility vehicles, commuter vans, mini-cabs, and pick-ups.

(iv) *"Motorcycle"* - refers to any two or three-wheeler motor vehicle fitted with an auxiliary motor, with or without sidecars

(b) *"Used vehicle"* – refers to any motor vehicle imported, bought, or brought in from a foreign country which was acquired from either a natural or juridical person who is neither the original manufacturer nor an authorized dealer of said motor vehicle and was not the first owner thereof. This is in contrast to a *"new vehicle"* that: (i) is constructed entirely using original and brand-new engines and spare parts, and (ii) has never been sold, or registered with the Department of Transportation and Communication, the Land Transportation Office, or other appropriate agency or authority, and operated on the highways of the Philippines, or any foreign state or country.

(c) *"Bus"* - refers to a motor vehicle intended for mass transport or conveyance of passengers

(d) *"Truck"* - refers to a motor vehicle whose body configuration is designed to carry heavy loads, general freight, or for special purpose regardless of gross vehicle weight, *provided that*, pick-ups are not to be considered as trucks for the purposes of this Act.

(e) *"Pickup"* - refers to a light truck having an enclosed cab and an open body with low sides and tailgate, with a gross vehicle weight of up to 3 tons.

(f) *"Special Vehicle for Specific Use"* - refers to any motor vehicle specially constructed or adapted, equipped with various devices that enable them to perform certain non-transport functions. This term shall also refer to specialized types of motor vehicles used for the transport of persons or goods.

(g) *"GVW"* – refers to gross vehicle weight

SECTION 4. Regulation of importation. - Subject to Section 5 of this Act, the importation and/or entry of used vehicles into the Philippines, including Freeports and Special Economic Zones, for whatever purpose is prohibited.

SECTION 5. Exceptions. - Section 4 of this Act shall not apply to the following types of motor vehicles:

(a) Motor vehicles sought to be imported by returning residents or immigrants under the no-dollar importation program or other similar cases allowed under existing laws, *provided that*: (i) only a maximum of two (2) motor vehicles shall be allowed; (ii) such vehicles have a GVW not exceeding 3 tons; and (iii) such vehicles cannot be resold within the Philippines for at least three (3) years.

(b) Motor vehicles allowed for the use of officials of the Diplomatic Corps under existing laws, *provided that* such importation is duly authorized by the Department of Foreign Affairs;

(c) Trucks with GVW above 6.0 tons;

(d) Trucks with GVW between 2.5-6.0 tons, *provided that* such importation is duly authorized by the Department of Trade and Industry;

(e) Buses with GVW above 12.0 tons;

(f) Buses with GVW between 6.0-12.0 tons, *provided that* such importation is duly authorized by the Department of Trade and Industry; and

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

The importation, entry, transshipment, and/or use of the foregoing used motor vehicles shall be allowed, *provided that*: (1) the competent authorities from the country of origin certify that such vehicles are roadworthy, safe, and comply with emission standards; and (2) the appropriate Philippine authorities certify that such vehicles are roadworthy, safe, comply with emission standards, and comply with the requirements of this Act, Republic Act No. 8749, otherwise known as the Clean Air Act, Republic Act No. 8506, and other applicable laws.

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

SECTION 7. *Penal provision.* - (a) Any natural person who imports, causes the importation and/or entry of, registers, causes the registration of, and/or uses the used motor vehicles prohibited under this Act, or otherwise violates this Act in any other manner, shall be punished with the penalty of *prision correccional* and/or a fine ranging from one hundred thousand pesos (Php100,000) to two million pesos (Php2,000,000) for each used motor vehicle imported, brought in, registered, and/or used.

(b) Any juridical person found to be violating this Act shall be revoked of its licenses to operate and shall be barred from doing business in the Philippines.

(c) Any public official or government employee found to be violating this Act and/or grossly negligent in implementing this Act shall, in addition to Section 7 (a), be dismissed from public service and perpetually disqualified from holding any government position, without prejudice to administrative, criminal, and civil liability under other laws.

SECTION 8. *Repealing Clause.* - All laws, decrees, orders, rules and regulations or other issuances or parts thereof inconsistent with the provisions of this Act, including the charters of Freeports and Special Economic Zones, are hereby repealed or modified accordingly.

SECTION 9. *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.

SECTION 10. *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,