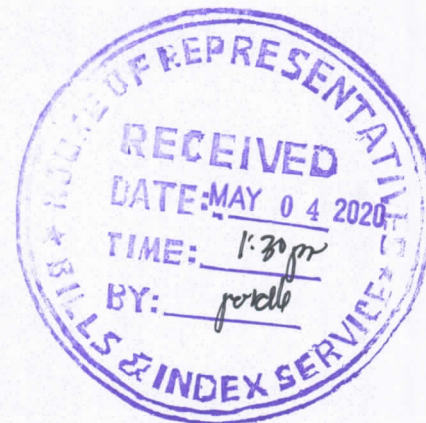


EIGHTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
First Regular Session

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HOUSE OF REPRESENTATIVES
H.B. No. 6667

Introduced by **Representative TEODORICO "NONONG" T. HARESCO, JR.**

EXPLANATORY NOTE

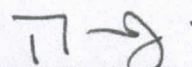
Located along the typhoon belt and the ring of fire of the Pacific, the Philippines is a country prone to disasters. The geographical characteristic of the country makes it susceptible to natural calamities—with more than 50 active volcanoes on its setting and an average of 20 typhoon landing on its territory. It is due to this inbred fact that a bolstered and robust disaster preparedness is vital.

Countries such as Canada, Switzerland and the United States of America came up with measures to efficiently respond to disasters, either natural or man-made, by creating emergency strategic stockpiles specifically designed to guarantee the supply of essential goods and services in times of serious shortages brought about by emergency situations. Stockpiling is the solution forged by these countries to thwart shortages of goods and equipment in times of emergency such as the currently worsening state of the global pandemic COVID-19.

This bill aims to solve the problem of access to critical supplies in times of natural disasters by stockpiling critical and strategic materials and the use of such supplies to address urgent need by amending the Philippine International Trading Corporation Law, adopting in its charter its additional role of being the Stockpile Supply-Chain Manager for the government to make it the new Philippine International Trading and Critical Materials Stockpile Corporation.

This bill also promotes local economy by undertaking to encourage the conservation and development of sources of such materials within the Philippines to decrease and preclude, whenever possible, a dangerous and costly dependence by the Philippines upon foreign sources or a single point of failure for supplies of such materials in times of national emergency.

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


TEODORICO "NONONG" HARESCO, JR.

HOUSE OF REPRESENTATIVES
H.B. No. 6667

Introduced by Representative TEODORICO "NONONG" T. HARESCO, JR.

AN ACT
AMENDING PRESIDENTIAL DECREE NO. 252 OTHERWISE KNOWN AS THE
"PHILIPPINE INTERNATIONAL TRADING CORPORATION LAW", AS AMENDED BY
PRESIDENTIAL DECREE NO. 1071 OTHERWISE KNOWN AS "REVISING THE CHARTER
OF THE PHILIPPINE INTERNATIONAL TRADING CORPORATION"

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

1 **SECTION 1.** Section 2 of the Revised Charter of the Philippine International Trading
2 Corporation is hereby amended as follows:

3
4 "SECTION 2. Name, Domicile and Place of Business. - There is hereby created a body
5 corporate to be known as the ~~{Philippine International Trading Corporation}~~ PHILIPPINE
6 INTERNATIONAL TRADING AND CRITICAL MATERIALS STOCKPILE CORPORATION,
7 hereinafter referred to as the Corporation, which shall henceforth exist for fifty years and
8 shall have its principal office in Metro Manila."

9
10 **SEC. 2.** Section 3 of the Revised Charter of the Philippine International Trading Corporation
11 is hereby amended as follows:

12
13 "SECTION 3. Capitalization. - The authorized capital stock of the Corporation shall be ~~{two~~
14 ~~hundred million pesos (P200,000,000.00)}~~ ONE BILLION PESOS (P1,000,000,000) to be
15 divided into ~~{two million (2,000,000)}~~ TEN MILLION shares at par value of one hundred
16 pesos (P100.00) per share to be subscribed as follows:
17 THIRTY PERCENT (30%) representing ~~{eight hundred thousand (800,000)}~~ THREE
18 MILLION (3,000,000) shares valued at ~~{eighty million pesos (P80,000,000.00)}~~ THREE
19 HUNDRED MILLION by the Republic of the Philippines; TWENTY PERCENT (20%)
20 representing ~~{two hundred thousand (200,000)}~~ TWO MILLION shares valued at ~~{twenty~~
21 ~~million pesos (P20,000,000.00)}~~ TWO HUNDRED MILLION PESOS (P200,000,000) by the
22 Development Bank of the Philippines; TWENTY PERCENT (20%) representing ~~{two~~
23 ~~hundred thousand (200,000)}~~ TWO MILLION SHARES valued at ~~{twenty million pesos~~
24 ~~(P20,000,000.00)}~~ TWO HUNDRED MILLION (P200,000,000) by the ~~{Philippine National~~
25 ~~Bank}~~ LAND BANK OF THE PHILIPPINES; and the remaining THIRTY PERCENT (30%)
26 representing ~~{eight hundred thousand (800,000)}~~ THREE MILLION (3,000,000) shares
27 valued at ~~{eighty million pesos (P80,000,000.00)}~~ THREE HUNDRED MILLION by
28 NATIONAL DEVELOPMENT COMPANY at not less than the par value. For the total

1 subscription of the Republic of the Philippines, the amount of [forty million pesos
2 (P40,000,000.00)] THREE HUNDRED MILLION is hereby appropriated out of the funds in
3 the National Treasury which amount or any portion thereof shall be released to the
4 Corporation upon the approval of the President of the Philippines: Provided, that, the
5 subscription of the DEVELOPMENT BANK OF THE PHILIPPINES and the [Philippine
6 National Bank] LAND BANK OF THE PHILIPPINES shall be paid to the Corporation at such
7 time and for such amounts as shall be requested by the Board of Directors of the
8 Corporation: PROVIDED FURTHER that given the current shareholdings of the NATIONAL
9 DEVELOPMENT COMPANY in the Corporation, the balance due on the subscription of THE
10 NATIONAL DEVELOPMENT COMPANY shall be paid to the Corporation at such time as shall
11 be requested by the Board of Directors of the Corporation. ~~{PROVIDED, FURTHER, THAT,~~
12 ~~THE DISPOSITION OF THE SHARES AVAILABLE TO THE PUBLIC SHALL BE MADE IN SUCH~~
13 ~~A MANNER AS TO RESULT IN THE WIDEST DISTRIBUTION THEREOF AS POSSIBLE TO~~
14 ~~INDIVIDUALS OR ORGANIZED BUSINESSMEN REPRESENTING SPECIFIC INDUSTRIES OR~~
15 ~~PRODUCTS WITHOUT ANY STOCKHOLDER OWNING MORE THAN ONE PER CENT (1%) OF~~
16 ~~THE TOTAL STOCK OFFERED FOR SUBSCRIPTION TO THE PUBLIC AND NO SINGLE GROUP~~
17 ~~REPRESENTING ONE SPECIFIC INDUSTRY OR PRODUCT SHALL OWN MORE THAN FIVE~~
18 ~~PER CENTUM (5%) OF SUCH SHARE UNLESS APPROVED BY THE BOARD: AND, PROVIDED,~~
19 ~~FINALLY THAT, PROXY VOTING IS HEREBY AUTHORIZED BUT UNDER NO AGREEMENT,~~
20 ~~CONTRACT, ARRANGEMENT, SCHEME, OR PLAN, SHALL A PROXY HOLDER BE ALLOWED~~
21 ~~TO REPRESENT MORE THAN ONE PER CENT (1%) OF THE STOCKS OFFERED TO THE~~
22 ~~PUBLIC FOR SUBSCRIPTION.}~~

23
24 [~~"Any disposition of shares of stock of the Corporation which will change the proportion of~~
25 ~~capital distribution among the National Government, Philippine National Bank,~~
26 ~~Development Bank of the Philippines and the public shall be null and void unless previously~~
27 ~~approved by the President of the Philippines upon recommendation of the Board of~~
28 ~~Directors. Likewise, no transfer of shares of stock subscribed by the public shall be allowed~~
29 ~~to be registered in the books of the Corporation which will violate the limitations in the next~~
30 ~~preceding paragraph unless the same is previously approved by the Board of Directors of~~
31 ~~the Corporation."~~]

32
33 [~~"The President of the Philippines may increase the authorized capital stock of the~~
34 ~~Corporation upon recommendation by the Board of Directors of the Corporation. The Board~~
35 ~~of Directors shall recommend such increase upon approval by the affirmative vote of~~
36 ~~stockholders holding at least two thirds (2/3) of the subscribed capital stock of the~~
37 ~~Corporation in a special meeting called for the purpose."~~]

38
39 **SEC. 3.** Section 5 of the Revised Charter of the Philippine International Trading Corporation
40 is hereby amended as follows:

41
42 "SECTION 5. Purposes of the Corporation. - The Corporation is hereby authorized:

43
44 XXX

45
46 (t) TO ACT AS THE SUPPLY-CHAIN MANAGER IN THE STOCKPIILING OF STRATEGIC AND
47 CRITICAL MATERIALS AS MAY BE DETERMINED BY THE PRESIDENT OF THE
48 PHILIPPINES; TO ACQUIRE AND RELEASE SUCH MATERIALS AS DIRECTED BY THE

1 PRESIDENT OF THE PHILIPPINES IN THE INTEREST OF THE PUBLIC IN RESPONSE OR
2 IN PREPARATION OF ANY CONCEIVED NATIONAL EMERGENCY;
3

4 (u) TO DO ALL SUCH OTHER THINGS AS ARE INCIDENTAL OR APPURTENANT TO OR
5 GROWING OUT OF OR CONNECTED WITH THE AFORESAID BUSINESS OR POWERS OF
6 THE CORPORATION OR ANY PART THEREOF OR CONDUCTIVE TO THE ATTAINMENT OF
7 ITS CORPORATE PURPOSES AND OBJECTS.”
8

9 **SEC. 4.** Section 7 of the Revised Charter of the Philippine International Trading Corporation
10 is hereby amended as follows:
11

12 “SECTION 7. Composition of Board of Directors. – The powers and functions of the
13 Corporation shall be exercised by the Board of Directors which shall be composed of the
14 following:
15

16 “(a) The Secretary of the Department of Trade AS THE CHAIRMAN;

17 “(b) The President of the Corporation AS THE VICE-CHAIRMAN;

18 “(c) The Director-General of the National Economic and Development Authority;

19 “(d) The Chairman of the Board of Investments;

20 “(e) The Secretary of the Department of Agriculture;

21 “(f) The Secretary of the Department of Natural Resources;

22 “(g) THE SECRETARY OF DEPARTMENT OF HEALTH;

23 “(H) ~~The Chairman of the Board of Governors~~ PRESIDENT of the Development Bank of the
24 Philippines;

25 “(I) The President of the ~~{Philippine National Bank}~~ LAND BANK OF THE PHILIPPINES;

26 “(J) THE GENERAL MANAGER OF THE NATIONAL DEVELOPMENT COMPANY;

27 “(k) A Representative from the Office of the President;

28 “(L) A REPRESENTATIVE FROM THE PRIVATE SECTOR;
29

30 **SEC. 5.** A new Title is inserted after Section 7, which shall be as follows:
31

32 **“STOCKPIILING OF STRATEGIC AND CRITICAL MATERIALS”**
33

34 SECTION 7. *STRATEGIC AND CRITICAL MATERIALS STOCKPILE DIVISION.* – THERE SHALL
35 BE CREATED WITHIN THE PHILIPPINE INTERNATIONAL TRADING AND CRITICAL
36 MATERIALS STOCKPILE CORPORATION A DIVISION IN-CHARGE OF STOCKPIILING OF
37 STRATEGIC AND CRITICAL MATERIALS AS MAY BE DETERMINED BY THE PRESIDENT OF
38 THE PHILIPPINES.
39

40 THE PHILIPPINE INTERNATIONAL TRADING AND CRITICAL MATERIALS STOCKPILE
41 CORPORATION SHALL ENSURE ROTATION AND REPLENISHMENT OF STOCKS. IT SHALL
42 ALSO ENSURE THAT THERE EXISTS AT ALL TIMES A STEADY, AVAILABLE AND ADEQUATE
43 SUPPLY OF SUCH MATERIALS ESSENTIAL IN RESPONDING TO PANDEMICS, NATURAL
44 DISASTERS AND OTHER NATIONAL EMERGENCIES. FOR THIS PURPOSE, PROCUREMENT
45 OF THE SAID MATERIALS SHALL BE CONSIDERED AS PROCUREMENT OF STOCKS IN
46 TRADE OF THE CORPORATION IN THE REGULAR COURSE OF BUSINESS AS A TRADING
47 COMPANY AND SHALL THEREFORE BE EXEMPTED FROM THE COVERAGE OF R.A. 9184
48 AND ITS IMPLEMENTING RULES AND REGULATIONS. TO THE EXTENT POSSIBLE. THE

1 CORPORATION SHALL LIKEWISE ADOPT COUNTERTRADE AS A MODE OF PROCUREMENT
2 /STOCKPILING OF CRITICAL MATERIALS.

3
4 SECTION 8. *MATERIALS CONSTITUTING THE STOCKPILE.* - THE PRESIDENT OF THE
5 PHILIPPINES SHALL DETERMINE FROM TIME TO TIME (1) WHICH MATERIALS ARE
6 STRATEGIC AND CRITICAL FOR THE PURPOSES OF THIS ACT; (2) THE QUALITY AND
7 QUANTITY OF EACH SUCH MATERIAL TO BE ACQUIRED FOR THE PURPOSES OF THIS ACT
8 AND; (3) THE FORM IN WHICH EACH SUCH MATERIAL SHALL BE ACQUIRED AND STORED.

9
10 STRATEGIC AND CRITICAL MATERIALS SHALL MEAN ESSENTIAL MEDICAL AND/OR LIFE
11 SAVING SUPPLIES NEEDED IN TIMES OF PANDEMICS SUCH AS FACE MASKS, BODY BAGS,
12 PERSONAL PROTECTIVE EQUIPMENT AND SIMILAR SUPPLIES OR EQUIPMENT.

13
14 THE PRESIDENT OF THE PHILIPPINES SHALL CALL ON AND SEEK COUNSEL FROM THE
15 SECRETARIES OF THE DEPARTMENT OF NATIONAL DEFENSE, DEPARTMENT OF
16 AGRICULTURE, DEPARTMENT OF ENERGY, DEPARTMENT OF HEALTH, AND DIRECTOR
17 GENERAL OF THE FOOD AND DRUG ADMINISTRATION ON THE DETERMINATION OF THE
18 MATERIALS TO BE STOCKPILED AND THE AMOUNTS THEREOF.

19
20 THE QUANTITY OF ANY MATERIAL TO BE STOCK PILED UNDER THIS ACT MAY BE
21 CHANGED ONLY AS PROVIDED IN THIS SECTION OR AS OTHERWISE PROVIDED BY LAW.

22
23 SECTION 9. *DISPOSAL AUTHORITY.* - MATERIALS IN THE STOCKPILE MAY BE RELEASED
24 FOR USE, SALE, OR OTHER DISPOSITION:

25
26 (1) ON THE ORDER OF THE PRESIDENT OF THE PHILIPPINES , AT ANY TIME THE
27 PRESIDENT DETERMINES THE RELEASE OR DISPOSAL OF SUCH MATERIALS IS
28 REQUIRED FOR PURPOSES OF DISASTER PREPAREDNESS AND RELIEF; PROVIDED,
29 HOWEVER, THAT NOTHING HEREIN SHALL PROHIBIT THE CORPORATION FROM
30 DISPOSING OR TRADING IN STOCK MATERIALS TO ENSURE ROTATION,
31 REPLENISHMENT AND FRESHNESS OF STOCKS IN SUCH MANNER AS PROVIDED BY
32 LAW.

33
34 (2) IN TIME OF WAR DECLARED BY THE CONGRESS OR DURING A NATIONAL
35 EMERGENCY, ON THE ORDER OF ANY OFFICER OR EMPLOYEE OF THE PHILIPPINES
36 DESIGNATED BY THE PRESIDENT TO HAVE AUTHORITY TO ISSUE DISPOSAL ORDERS
37 UNDER THIS SUBSECTION, IF SUCH OFFICER OR EMPLOYEE DETERMINES THAT THE
38 RELEASE OF SUCH MATERIALS IS REQUIRED FOR PURPOSES OF THE NATIONAL
39 DEFENSE OR DISASTER PREPAREDNESS AND RELIEF; AND

40
41 (3) ON THE ORDER OF THE SECRETARY OF DEFENSE IF THE PRESIDENT HAS
42 DESIGNATED THE SECRETARY TO HAVE AUTHORITY TO ISSUE RELEASE ORDERS
43 UNDER THIS SUBSECTION AND, IN THE CASE OF ANY SUCH ORDER, IF THE SECRETARY
44 DETERMINES THAT THE RELEASE OF SUCH MATERIALS IS REQUIRED FOR USE,
45 MANUFACTURE, OR PRODUCTION FOR PURPOSES OF NATIONAL DEFENSE OR
46 DISASTER PREPAREDNESS AND RELIEF.

47
48 ANY ORDER OF DISPOSAL, OTHER THAN FOR REASONS OF ROTATION OR
49 REPLENISHMENT, SHALL BE PROMPTLY REPORTED BY THE PRESIDENT, OR BY THE

1 OFFICER OR EMPLOYEE ISSUING SUCH ORDER, IN WRITING, TO THE COMMITTEE ON
2 GOVERNMENT CORPORATIONS AND PUBLIC ENTERPRISE AND COMMITTEE ON DEFENSE
3 OF BOTH SENATE AND HOUSE OF REPRESENTATIVES.
4

5 SECTION 10. *ADVISORY COMMITTEES.* - THE PRESIDENT MAY APPOINT ADVISORY
6 COMMITTEES COMPOSED OF INDIVIDUALS WITH EXPERTISE RELATING TO MATERIALS
7 IN THE STOCKPILE OR WITH EXPERTISE IN STOCKPILE MANAGEMENT TO ADVISE THE
8 PRESIDENT WITH RESPECT TO THE ACQUISITION, TRANSPORTATION, PROCESSING,
9 REFINING, STORAGE, SECURITY, MAINTENANCE, ROTATION, AND DISPOSAL OF SUCH
10 MATERIALS UNDER THIS ACT. THE COMMITTEE SHALL BE ENTITLED TO PER DIEMS IN
11 ACCORDANCE WITH THE RULES AND REGULATIONS OF THE GOVERNANCE COMMISSION
12 FOR GOCCS (GCG).
13

14 SECTION 11. *REPORT TO CONGRESS.* - NOT LATER THAN FEBRUARY 15 OF EACH YEAR,
15 THE PRESIDENT SHALL SUBMIT TO THE CONGRESS AN ANNUAL WRITTEN REPORT
16 DETAILING OPERATIONS UNDER THIS ACT. EACH SUCH REPORT SHALL INCLUDE—
17

18 (1) INFORMATION WITH RESPECT TO FOREIGN AND DOMESTIC PURCHASES OF
19 STOCKPILED CRITICAL MATERIALS DURING THE PRECEDING FISCAL YEAR;
20

21 (2) INFORMATION WITH RESPECT TO THE ACQUISITION AND DISPOSAL OF
22 STOCKPILED CRITICAL MATERIALS UNDER THIS ACT THROUGH COUNTERTRADE
23 DURING SUCH FISCAL YEAR;
24

25 (3) SUCH OTHER PERTINENT INFORMATION ON THE ADMINISTRATION OF THIS ACT
26 AS WILL ENABLE THE CONGRESS TO EVALUATE THE EFFECTIVENESS OF THE
27 PROGRAM PROVIDED FOR UNDER THIS ACT AND TO DETERMINE THE NEED FOR
28 ADDITIONAL LEGISLATION.
29

30 SECTION 12. *SOURCE OF MATERIALS.* - CONSISTENT WITH THE COUNTRY'S OBLIGATIONS
31 UNDER INTERNATIONAL TREATIES OR AGREEMENTS, MATERIALS MAY BE OBTAINED
32 FROM DOMESTIC OR FOREIGN SOURCES AND THE PROCUREMENT THEREOF SHALL BE
33 OPEN TO ALL ELIGIBLE SUPPLIERS, MANUFACTURERS AND DISTRIBUTORS. HOWEVER IN
34 THE INTEREST OF AVAILABILITY, EFFICIENCY AND TIMELY DELIVERY OF MATERIALS,
35 THE CORPORATION SHALL ENCOURAGE THE DEVELOPMENT OF DOMESTIC SOURCES
36 FOR STRATEGIC AND CRITICAL MATERIALS TO ENSURE STEADY, AVAILABLE AND
37 ADEQUATE SUPPLY OF SUCH MATERIALS ESSENTIAL IN RESPONDING TO PANDEMICS,
38 NATURAL DISASTERS AND OTHER NATIONAL EMERGENCIES, AND IN SUCH MANNER AS
39 MAY BE ALLOWED BY LAW, TO INCLUDE THE ADOPTION OF COUNTERTRADE AND
40 INDUSTRIAL COOPERATION UNDER E.O. 120 S. 1993 TO AUGMENT STOCKPILING AND
41 AVAILABILITY OF CRITICAL MATERIALS
42

43 (1) BY PURCHASING, OR MAKING A COMMITMENT TO PURCHASE, EITHER DIRECTLY
44 OR THROUGH COUNTERTRADE, STRATEGIC AND CRITICAL MATERIALS OF DOMESTIC
45 ORIGIN WHEN SUCH MATERIALS ARE NEEDED FOR THE STOCKPILE;
46

47 (2) BY CONTRACTING WITH DOMESTIC FACILITIES, OR MAKING A COMMITMENT TO

1 REFINING IS NECESSARY TO CONVERT SUCH MATERIALS INTO A FORM MORE
2 SUITABLE FOR STORAGE AND SUBSEQUENT DISPOSITION;
3

4 (3) BY IDENTIFYING EXISTING DOMESTIC FACILITIES AND DOMESTICALLY PRODUCED
5 STRATEGIC AND CRITICAL MATERIALS TO MEET THE REQUIREMENTS OF DEFENSE
6 AND ESSENTIAL CIVILIAN INDUSTRIES IN TIMES OF NATIONAL EMERGENCY WHEN
7 EXISTING DOMESTIC SOURCES OF SUPPLY ARE EITHER INSUFFICIENT OR
8 VULNERABLE TO SINGLE POINTS OF FAILURE; AND
9

10 (4) BY CONTRACTING WITH DOMESTIC FACILITIES TO RECYCLE STRATEGIC AND
11 CRITICAL MATERIALS, THEREBY INCREASING DOMESTIC SUPPLIES WHEN SUCH
12 MATERIALS WOULD OTHERWISE BE INSUFFICIENT TO SUPPORT DEFENSE AND
13 ESSENTIAL.
14

15 SECTION 13. *INSTITUTIONAL LINKAGES.* PHILIPPINE INTERNATIONAL TRADING AND
16 CRITICAL MATERIALS STOCKPILE CORPORATION SHALL MAINTAIN AND DEVELOP
17 INSTITUTIONAL LINKAGES/PARTNERSHIP WITH GOVERNMENT AND NON-GOVERNMENT
18 INSTITUTIONS INCLUDING BUT NOT LIMITED TO THE DEPARTMENT OF SOCIAL
19 WELFARE AND DEVELOPMENT, PHILIPPINE RED CROSS, NATIONAL DISASTER RISK
20 REDUCTION AND MANAGEMENT COUNCIL AND SIMILAR INSTITUTIONS, CONCERNING
21 THE UTILIZATION AND DISTRIBUTION OF MATERIALS IN THE STOCKPILE.
22

23 **SEC. 6.** Subsequent sections are hereby renumbered accordingly.
24

25 **SEC. 7. *Separability Clause.*** – If any provision of this Act is declared unconstitutional, such
26 sections or parts not affected thereby shall remain in full force and effect.
27

28 **SEC. 8. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its publication in
29 the Official Gazette or in at least two (2) national newspaper of general circulation.
30

31 *Approved,*