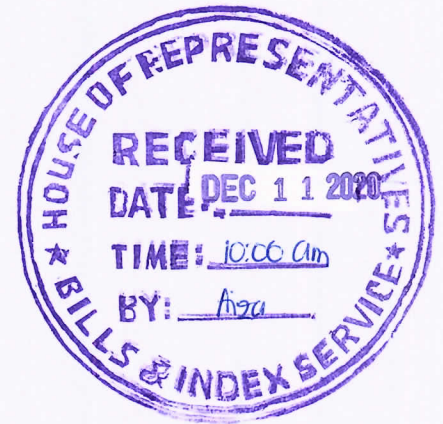


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 8213



Introduced by Representative Edgar Mary S. Sarmiento

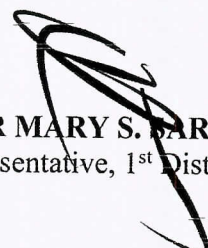
EXPLANATORY NOTE

Under existing laws and regulations, construction contributed around six percent (6%) to the economy, recording the highest growth rate among the industry sector. It has supplied 33.9% of overall capital investments in the country, and carried a 9.4% share of total employment. In recent years, construction has shown to be one of the strong drivers of the nation's economic growth.

Recognizing the valuable impact of the sector to our economy, this measure seeks to institutionalize the rules governing local and foreign contractors, in order to protect the welfare of local contractors while also allowing foreign contractors to participate in the industry with reasonable regulations. Without putting in place any safeguards for our own local contractors, they face a threat of being crushed by the unregulated entry of foreign firms, who will then be able to compete against even the smallest local players in the industry. This bill likewise restricts foreign contractors from being awarded with government contracts, given that these are funded by taxpayers' money. However, foreign contractors may still freely participate in foreign-financed projects, Build-Operate-Transfer (BOT) contracts, and Public-Private Partnership (PPP) programs.

Especially at this time when Filipino contractors are reeling from the effects of the pandemic, it is imperative that the State establish necessary measures to strengthen the local industry, not handicap them any further by opening the floodgates for foreign competitors to wash them out.

As such, the passage of this measure is earnestly sought.


EDGAR MARY S. SARMIENTO
Representative, 1st District Samar

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Eighteenth Congress
Second Regular Session

HOUSE BILL NO. 8213

Introduced by **Rep. Edgar Mary Sarmiento**

AN ACT
FURTHER AMENDING REPUBLIC ACT NO. 4566 ALSO KNOWN AS 'THE
CONTRACTORS' LICENSING LAW'

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

SEC. 1. A new Section 24 of Republic Act No. 4566 is hereby inserted to read as follows:

"Section 24. *License types.* – License means the authority granted by the Philippine Contractors Accreditation Board (the "Board") with conformity of the Construction Industry Authority of the Philippines (the "Authority") for a person to engage in construction contracting in the Philippines. There shall be two types of licenses designated as regular and special licenses:

- a) Regular license is issued to a domestic construction firm which shall authorize the licensee to engage in construction contracting within the field and scope of his license classification(s) for as long as the License validity is maintained through annual renewal, unless renewal is denied or the License is suspended, cancelled or revoked for cause.

Regular license shall be reserved for and issued only to constructor-firms of Filipino sole proprietorship, or partnership/corporation with at least sixty percent (60%) Filipino equity, except when otherwise allowed by the implementing rules.

- b) Special license is issued to a joint venture, consortium, foreign constructor, or project owner which shall authorize the licensee to engage only in the construction of a single specific undertaking/project. In case the licensee is a foreign firm, the license authorization shall be further subject to condition(s) as may have been imposed by the proper Philippine government authority in the grant of the privilege for him to so engage in construction contracting in the

Philippines. Annual renewal shall be required for as long as the undertaking/project is in progress, but shall be restricted to only as many times as necessary for completion of the same.

The following may qualify for a Special License:

- 1) A joint venture, consortium or any such similar association organized for a single specific undertaking/project;
- 2) A foreign firm legally allowed by the proper Philippine government authority to undertake construction activities in the Philippines;
- 3) A foreign firm after it has showed to the Board that the technology involved in the project or undertaking is new, inexistent, inadequate or limited in the Philippines;
- 4) A project owner undertaking by himself, sans the service of a constructor, the construction of a project intended for sale, lease, commercial/industrial use or any other income generating purpose.”

SEC. 2. A new Section 25 of Republic Act No. 4566 is hereby inserted to read as follows:

“Sec. 25. *Foreign Reciprocity*. – No foreign contractor shall be granted a license to practice construction contracting in the Philippines, unless the country or state of which the foreign contractor is a subject or citizen, specifically permits Filipino contractors to practice within its territorial limits on the same basis as the subjects or citizens of said foreign country or state under reciprocity and under international agreements; *Provided*, that such foreign contractor shall duly establish its business in the Philippines, and shall ensure technology transfer and capacity building of local contractors.”

SEC. 3. A new Section 26 of Republic Act No. 4566 is hereby inserted to read as follows:

“Sec. 26. *Restriction in government contracts*. – Government contracts shall not be awarded to foreign contractors unless the Board has duly certified that no other local contractor can undertake the specific project applied for: *Provided*, that foreign contractors shall be allowed to undertake foreign-financed projects, Build-Operate-Transfer (BOT) contracts, and Public-Private Partnership (PPP) programs.”

SEC. 4. The succeeding sections of Republic Act No. 4566 are hereby renumbered accordingly.

SEC. 5. *Implementing Rules and Regulations*. The Philippine Contractors Accreditation Board, in coordination with the Construction Industry Authority of the Philippines, and in consultation with other stakeholders shall issue the implementing rules and regulations within thirty (30) days from the effectivity of this Act.

SEC. 6. *Separability Clause*. If, for any reason, any part or provision of this Act is declared invalid such declaration shall not affect other provisions of this Act.

SEC. 7. *Repealing Clause.* Any law, presidential decree or issuance, executive order, administrative order, rule or regulation contrary to, or inconsistent with the provisions of this Act is hereby repealed, modified or amended accordingly.

SEC. 8. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,