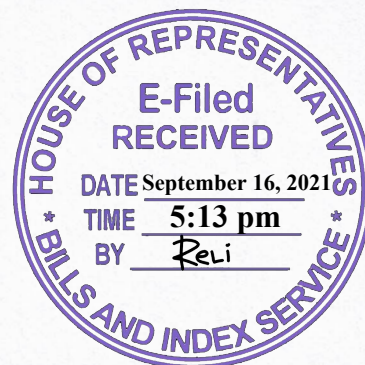


EIGHTEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



HOUSE OF REPRESENTATIVES

Introduced by Representative Rufus B. Rodriguez

House Bill No. 10221

EXPLANATORY NOTE

Section 27, Article II of the 1987 Constitution provides that:

"The State shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption."

The Philippine International Trading Corporation (PITC), was created by Presidential Decree No. 252. It was established to trade with Socialist and Other Centrally Planned Economy Countries (SOCPEC). In 1977, their mandate was expanded via PD 1071 to be one of the drivers of Philippine trade worldwide.

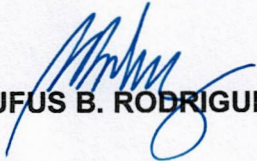
The PITC was originally crafted as a mechanism to formalize trade with planned economies through government-to-government procurement. However, as of today, only two (2) centrally planned economies are in existence, which are Cuba and North Korea.

The passage of RA No. 9184 or the Government Procurement Reform Act undermines the mandate of the PTIC through the inclusion of relevant provisions that seek to strengthen the procurement service of national government agencies. Section 11, Article 5 of RA 9184 states that "all procurement agencies shall establish a single Bids and Awards Committee (BAC) for its procurement". Section 63 (c) further tasks the Government Procurement Policy Board (GPPB) to strengthen the said BACs by ensuring "that Procuring Entities regularly conduct procurement training programs and prepare a procurement operation manual for all offices and agencies of government."

There have also been issues and controversies surrounding the PITC, including their 2020 Annual Audit Report which showed that Php 11.02 billion worth of funds transferred from 2014 to 2020 by various source agencies remain unutilized as of December 2020. These transfers were conducted in order to increase the utilization rate of government agencies, as funds transferred to the PITC are considered obligated and disbursed already. There are also reports of source agencies using the interests from money transferred to the PITC to generate savings, which are used by the source agency to fund bonuses, among others.

Thus, this bill which seeks to abolish the PITC. The trade liberalization thrust of the global economy has made the mandate of the PITC redundant and irrelevant in the current times. The passage of RA No. 9184 or the "Government Procurement Reform Act" has also weakened the mandate of the PITC.

In view of the foregoing, the approval of this bill is earnestly sought.


RUFUS B. RODRIGUEZ

EIGHTEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)

HOUSE OF REPRESENTATIVES

Introduced by Representative Rufus B. Rodriguez

House Bill No. 10221

AN ACT

**ABOLISHING PHILIPPINE INTERNATIONAL TRADING CORPORATION (PITC), AND
FOR OTHER PURPOSES**

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

SECTION 1. *Declaration of Policy.* – The State shall maintain honesty and integrity in the delivery of public service and take positive and effective measures against graft and corruption. Thus, the State shall maintain accountability and responsibility among its public officials and employees and shall take appropriate measures to prevent unlawful and ineffectual acts and practices, therefore promoting efficiency and transparency in the conduct of its business.

SEC 2. *Abolition of the Philippine International Trading Corporation (PITC).* – The Philippine International Trading Corporation (PITC) is hereby abolished.

The Department of Trade and Industry (DTI) shall undertake the functions of PITC in relation to facilitative trade-related services, responsive business solutions, and trade-related government-to-government transaction, among others.

SEC 3. *Separation and Retirement from Service.* – Employees affected by the abolition of the PITC shall receive separation benefits under the Government Reorganization Law and other existing laws, rules, and regulations. *Provide that*, those who are qualified to retire and receive retirement benefits under existing retirement laws shall be allowed to retire under existing laws, rules, and regulations.

SEC 4. *Reversion of Funds.* – In coordination with the concerned Departments and Agencies, the PITC shall revert all prior year's unutilized advances to the National Treasury. The current year's advances and all other funds held in trust by the PITC shall be returned to the concerned Departments and Agencies.

SEC 5. *Separability Clause.* – If any provision or part of this Act is held invalid or unconstitutional, the remaining parts or provisions not affected shall remain in full force and effect.

SEC 6. *Repealing Clause.* – All laws, executive orders, presidential decrees or issuances, letter of instruction, administrative orders, rules, and regulations as well as local ordinances contrary to or inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SEC 7. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its complete publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,