

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



HOUSE OF REPRESENTATIVES

*Introduced by Representative Rufus B. Rodriguez and
Representative Maximo B. Rodriguez, Jr.*

House Bill No. 6458

EXPLANATORY NOTE

When the COVID-19 outbreak was declared as a public health emergency, the absence of local manufacturers of the required personal protective equipment (PPEs), medicines, and testing kits for the healthcare industry became apparent. As this went into a pandemic, the supply of these critical products and their raw materials became scarce, difficult to access, and if accessible, they are very expensive. Hospitals were forced to buy these PPEs at an exorbitant price.

At the onset of the pandemic, the Philippines totally lacked its own manufacturing facilities for PPEs, their raw materials, and testing facilities. The lack of these PPEs contributed to the deaths of our healthcare workers and other frontliners. In terms of the minimum required protection, i.e. wearing of face masks, the public is left with the choice to either buy face masks at a high price, stay unprotected because they cannot afford, or use whatever material is available that actually provides false sense of protection.

The necessity of developing our own manufacturing capacity to respond to health emergencies such as COVID-19, prompted the DTI-BOI to encourage our existing manufacturing firms to repurpose their operations. These firms, however, after going through the rigid process of complying the registration for their manufacturing facility and products to conform to international standards, find themselves competing with (1) substandard imported products, (2) fake and counterfeit imported PPEs, and (3) preference to imported over local PPEs.

The Philippines needs to develop its healthcare industry to protect the health and safety of its people and safeguard the lives of our healthcare workers. Hence, this bill which seeks to avoid a similar dilemma in the future and to make our local manufacturing for healthcare industry responsive and competitive, preserve and generate employment, and sustain its development.

This bill aims to adopt efficient and effective measures that will prevent the overburdening of the healthcare system; Develop the healthcare and manufacturing industries and preserve and generate employment during the crisis; Ensure adequate and readily available supply of critical products and services to the health workers and the public; Protect the interest of the consumers and establish standards of conduct for business and industry; and Build strong partnership with the private sector and other stakeholders to deliver these measures quickly and efficiently.

In view of the foregoing, immediate approval of this measure is earnestly requested.


RUFUS B. RODRIGUEZ


MAXIMO B. RODRIGUEZ, JR.

HOUSE OF REPRESENTATIVES

*Introduced by Representative Rufus B. Rodriguez and
Representative Maximo B. Rodriguez, Jr.*

House Bill No. 6458

AN ACT

**PROVIDING FOR THE PROTECTION AGAINST PANDEMIC AND THE DEVELOPMENT
OF THE HEALTHCARE AND MANUFACTURING INDUSTRIES, AND PROVIDING FUNDS
THEREFOR**

*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 “Pandemic Protection Act”.

SECTION 2. Declaration of Policy. – It is hereby the declared policy of the State to protect and promote the right to health of the people and instill health consciousness among them. The State recognizes pandemics and other public health emergencies as threats to public health and national security, which can undermine the social, economic, and political functions of the State. It shall protect the people from pandemics and other public health emergencies. To this end, the State shall:

- (a) adopt efficient and effective measures that will prevent the overburdening of the healthcare system;
- (b) develop the healthcare and manufacturing industries and preserve and generate employment during the crisis;
- (c) ensure adequate and readily available supply of critical products and services for the health workers and the public;
- (d) protect the interest of the consumers and establish standards of conduct for business and industry; and
- (e) build strong partnership with the private sector and other stakeholders to deliver these measures quickly and efficiently.

SECTION 3. Coverage. This Act shall cover the manufacture or production of critical products, including repurposing of existing manufacturers, and supply of critical services. This also covers their entire supply chain including their raw materials, packaging and its raw materials. The benefits under this Act shall be in addition to the incentives provided under existing laws.

SECTION 4. Definition of Terms. For the purposes of this Act, the following definitions shall apply:

- (a) Accreditation refers to the process of officially recognizing a person or entity under this Act;
- (b) Critical Products refer to medicines, vaccines, personal protective equipment, ventilators and such other supplies or equipment, including its raw materials, required to address the pandemic as may be determined by the Department of Health (DOH) and other relevant government agencies;
- (c) Critical Services refer to services required for the manufacture, production and distribution of critical products. This shall also include testing laboratories; waste management, including but not limited to waste segregation, storage,

collection, sorting, treatment and disposal services; and other services as may be determined by the DOH and other relevant government agencies.

- (d) Manufacturer refers to an enterprise duly accredited or registered under Section 6 hereof, engaged in the production of critical products including preparation, processing, compounding, formulating, filling, packing, repacking, altering, ornamenting, finishing and labeling;
- (e) Packaging refers to material used to wrap or protect critical products;
- (f) Producer refers to an enterprise that manufactures, makes, grows, or produces critical products; and
- (g) Raw Material refers to materials and inputs from which a critical product and its packaging is made.

SECTION 5. Conformity to Standards. The materials, products, processes, and services shall conform and comply with the guidelines on the standards and requirements issued by the relevant government agencies such as, but not limited to, the DOH, Food and Drug Administration (FDA), and Bureau of Philippine Standards. In the case of other critical services, the equipment and technologies and services should be approved by the Department of Environment and Natural Resources, DOH or other concerned regulatory agencies

For this purpose, the relevant government agencies shall prioritize the facilitation of the issuance of licenses and other requirements to manufacturers covered by this Act.

SECTION 6. Accreditation. Prior to the availment of benefits herein, the manufacturers and producers shall apply for accreditation with the Department of Trade and Industry (DTI), through the Board of Investments (BOI). Provided That, in lieu of DTI-BOI accreditation, manufacturers that are registered with other Investment Promotion Agencies (IPAs) shall directly apply for authority to import with the concerned IPA.

SECTION 7. Exemption from Custom Duties, Value Added Tax (VAT), Other Taxes and Fees. Regardless of the country of origin, importation under this Act of the capital equipment, spare parts and accessories, raw materials, packaging and its raw materials, or any articles needed in the supply chain of the critical products or services shall be exempt from custom duties, VAT, other taxes and fees such as import processing fees and fees imposed by the Bureau of Customs, FDA and other relevant agencies.

SECTION 8. Exemption from VAT on Local Sales. The exemption from VAT shall apply to the sale of critical products and services. The DTI-BOI shall provide the Bureau of Internal Revenue (BIR) the list of VAT-exempt critical products or services, including the new and/or additional critical products covered under this Act. The list of VAT-exempt critical products or services shall be posted in the BIR website through a Revenue Memorandum Circular.

Further, in accordance with the invoicing requirements, the word "VAT-EXEMPT" shall prominently be indicated in the invoice issued for the sale of critical products.

SECTION 9. Suspension of Export Requirement. The export requirement imposed under the laws administered by relevant IPAs may be suspended by the DTI-BOI to satisfy national interest or in an emergency situation. The export enterprises that manufacture the critical products or render critical services shall supply up to eighty percent (80%) of their daily production or service to government institutions, hospitals, and private establishments in the country for local or domestic use.

The local sales of critical products and services of such export enterprises shall be deemed and treated as "export sales" in compliance of their export requirement. As such, the corresponding treatment, exemption on duties, taxes and fees, and other incentives warranted under the existing laws governing these export enterprises shall continue to apply. Further, if such export enterprises are located in special economic zones with status of separate customs territory under relevant laws, such local sales shall likewise be exempt under Sections 7 and

8 hereof. For this purpose, the DTI-BOI or concerned IPA shall monitor the compliance of said export enterprises.

The exemption on duties, taxes and fees under this Section shall subsist for a period of three (3) years after the declaration by the World Health Organization that the pandemic has ended.

SECTION 10. Procurement of Critical Products by the Government. To ensure adequate and responsive supply of critical products and supplies, the government, as the procuring entity shall give preference and procure critical products manufactured, produced or made in the Philippines; Provided, that the award shall be made to the lowest domestic manufacturer-bidder provided the bid is not more than twenty percent (20%) in excess of the lowest foreign bid; Provided further, that it has secured from the DTI a certification that the products, articles, materials, or supplies are produced, made or manufactured in the Philippines.

Private enterprises are also encouraged to source their requirements for critical products from the local manufacturers.

SECTION 11. Relocation or Expansion of Manufacturing Enterprises in the Philippines. Manufacturers or producers of critical products that will relocate or expand operations in the Philippines are qualified to avail of the exemptions under this Act provided that they meet the requirements prescribed herein.

SECTION 12. Synchronized and Integrated Government Approach. All departments, bureaus, agencies or instrumentalities of the government shall ensure the implementation of this Act by the agencies concerned in a synchronized and integrated manner. No government body shall adopt any policy or take any course of action contrary to or inconsistent with this Act.

SECTION 13. Funding. An amount not exceeding One Billion Pesos (PhP1,000,000,000.00) is hereby allocated to the DTI-BOI to operationalize the mechanisms contained in this Act.

SECTION 14. Implementing Rules and Regulations (IRR). The DTI and BOI shall promulgate the rules to implement this Act.

SECTION 15. Repealing Clause. All laws, issuances, orders, rules and regulations, or parts thereof, which are contrary or inconsistent with this Act are hereby repealed, amended or modified accordingly.

SECTION 16. Separability Clause. If any provision of this Act is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

SECTION 17. Effectivity Clause. This Act shall take effect immediately upon its publication in a newspaper of general circulation or in the Official Gazette: Provided that, Sections 7 and 8 shall apply to all transactions during the effectivity of Republic Act No. 11469. Except for Section 9 under this Act, Sections 7 and 8 shall terminate upon declaration by the President that this public health emergency has ceased to exist.

SECTION 18. Applicability. This Act shall apply and shall remain in force and effect during the existence of a pandemic of national and/or international concerns as declared by the Secretary of Health, or during a state of public health emergency as declared by the President.

Approved,