



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session



House Bill No. 7159

Introduced by CIBAC Party-List Representative
EDUARDO “BRO. EDDIE” C. VILLANUEVA

EXPLANATORY NOTE

Section 12, Article XII of the 1987 Constitution mandates the State to promote the preferential use of Filipino labor, domestic materials, and locally produced goods, and to adopt measures that help make them competitive. Despite this clear constitutional directive, domestic producers and manufacturers continue to face structural disadvantages in government procurement, where foreign-sourced goods often prevail due to scale, pricing, and established supply chains.

Government procurement represents a significant share of national expenditure and has the potential to serve as a powerful policy lever for industrial development, job creation, and supply chain resilience. However, the absence of a clear, enforceable, and standardized mechanism for granting preference to domestic bidders has limited the State’s ability to translate constitutional policy into concrete economic outcomes.

This bill seeks to address this gap by institutionalizing a Domestic Bidders Preference framework. It establishes clear definitions, standards, and procedures for determining when goods are substantially grown, produced, or manufactured in the Philippines, thereby ensuring that domestic preference is granted only to legitimate local producers and not to entities merely engaged in superficial processing or repackaging.

The proposed measure creates a certification system administered by the Department of Trade and Industry, through its Competitiveness Bureau, supported by verification, inspection, and committee review mechanisms. This ensures transparency, technical rigor, and accountability in the grant of domestic preference, while providing predictability to both procuring entities and bidders.

At the same time, the bill recognizes the Philippines’ obligations under international treaties and trade agreements. It adopts a balanced approach that allows domestic preference to operate within permissible policy space, while encouraging programs and initiatives that improve the competitiveness, productivity, and quality of local industries rather than relying on protectionism alone.

By prioritizing domestically grown, produced, and manufactured goods in government procurement, this Act aims to strengthen local industries, support Filipino workers, enhance supply chain security, and ensure that public spending contributes more directly to national economic development.

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


EDUARDO "BRO. EDDIE" C. VILLANUEVA



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AN ACT
GIVING PREFERENCE TO DOMESTIC BIDDERS PARTICIPATING IN
GOVERNMENT PROCUREMENT PROJECTS

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

1 **SECTION 1. Short Title.** – This Act shall be known as the *"Domestic Bidders*
2 *Preference Act."*

3
4 **SEC. 2. Declaration of Policy.** – Section 12, Article XII, of the Constitution
5 declares that the "State shall promote the preferential use of Filipino labor, domestic
6 materials and locally produced goods, and adopt measures that help make them
7 competitive."
8

9 To this end, the State shall provide an enabling environment for the domestic
10 private sector to mobilize its resources to promote Filipino labor, domestic materials,
11 and locally produced goods. As enunciated in the Constitution and other economic
12 policies, the government shall foster local participation in the procurement process by
13 providing preference to products made in and/or sourced from the Philippines.
14

15 It is further declared that the State shall pursue a policy of maintaining a
16 reasonable balance between its obligations under international treaties or agreements
17 and enhancement of competitiveness of Philippine trade and local industries. These
18 may include implementation of programs/projects/activities intended to improve the
19 quality of industry outputs and services, as well as the domestic entities productivity,
20 through improvement in business systems and process and the flow of inputs and
21 outputs.
22

23 **SEC. 3. Definition of Terms.** – For purposes of this Act, the following terms are
24 hereby defined as follows:
25

- 1 a) Bidder refers to a manufacturer, supplier, or distributor who submits a bid in
2 response to the requirements of the Bidding Documents;
3 b) Director refers to the Competitiveness Bureau Director;
4 c) Domestic Bidder refers to any person or entity offering unmanufactured
5 articles, materials or supplies of the growth or production of the Philippines,
6 or manufactured articles, materials, or supplies manufactured or to be
7 manufactured in the Philippines substantially from articles, materials, or
8 supplies of the growth, production, or manufacture, as the case may be, of
9 the Philippines;
10 d) Foreign Bid refers to any offer of articles, materials or supplies not
11 manufactured or not to be manufactured in the Philippines, substantially from
12 articles, materials, or supplies of the growth, production, or manufacture, as
13 the case may be, of the Philippines;
14 e) Goods refer to all items, supplies, and materials which may be needed in the
15 transaction of public businesses or in the pursuit of any government
16 undertaking, project or activity, whether in the nature of equipment, furniture,
17 stationery, materials for construction, or personal property of any kind;
18 f) Grown refers to products produced by cultivation such as crops, or products
19 that are grown, raised, and harvested;
20 g) Manufactured means conversion of raw materials into marketable form
21 through physical, mechanical, chemical, electrical, biochemical, biological or
22 other means or by a special treatment or a series of actions. It shall include
23 transformation which can be geometric or compositional, or both. Merely
24 packing or packaging shall not qualify as manufactured;
25 h) Produced refers to the creation or formation of goods through a natural
26 process;
27 i) Procuring Entity refers to any branch, constitutional commission or office,
28 agency, department, bureau, office, or instrumentality of Government of the
29 Philippines, including Government-Owned or -Controlled Corporation,
30 Government Financial Institutions, State University and College, and local
31 government units procuring goods, infrastructure projects and consulting
32 services;
33 j) Secretary refers to the Secretary of the Department of Trade and Industry;
34 and
35 k) Secretariat refers to the Supply Chain and Logistics Management Division of
36 the Competitiveness Bureau tasked to provide the assessment, verification,
37 and recommendation to the Committee for approval or disapproval.
38

39 **SEC. 4. Application.** – Only a domestic bidder may file an application for
40 certification for domestic preference. The application shall be filed at the Supply Chain
41 and Logistics Management Division of the Competitiveness Bureau.
42

43 **SEC. 5. Evaluation.** – Verification of the origin of the goods sought to be certified
44 shall be done through ocular inspection of the site where the goods were grown,
45 produced or manufactured. The Secretariat shall submit an Inspection Report to the
46 Committee containing a statement as to whether the goods offered for bidding satisfy
47 or do not satisfy the requirements for a Domestic Bidder's Certificate and the basis for
48 such finding.

1 **SEC. 6. Approval or Denial of Application.** – After evaluation, if the Secretariat
2 finds that an applicant conforms to and meets the requirement for a Domestic Bidder's
3 Certificate, the Director shall approve the application and issue the corresponding
4 Certificate.

5
6 If the application is denied, the Director shall issue a written notification specifying
7 the grounds for the denial of the application.

8
9 Where no request for reconsideration is filed, the denial of the application shall
10 become final. The denial shall be without prejudice to re-filing of application.

11
12 **SEC.7. Determination of Substantial Compliance.** – Prospective bidders shall
13 only be granted a Domestic Bidder's Certificate and apply for domestic preference
14 when the goods, supplies, or materials offered for bidding are substantially grown,
15 produced, or manufactured in the Philippines.

16
17 In determining whether the goods are substantially grown and produced in the
18 Philippines, the following general principles shall be considered:

- 19
20 a) The origin of the product shall be disputably presumed as that which is indicated
21 in the label;
- 22 1. Livestock born and raised within the Philippines are deemed originated
23 in the Philippines; and
 - 24 2. Plants grown and produced within the Philippines are deemed originated
25 in the Philippines.
- 26 b) In determining whether the goods are substantially manufactured in the
27 Philippines, the following general principles shall be considered:
- 28 1. Manufacture of industrial goods or processing of agricultural products
29 into (a) semi-finished/intermediate goods for use as inputs in the
30 production of other goods, or (b) finished products for final consumption,
31 shall be deemed manufactured or processed in the Philippines.
 - 32 2. Casting or molding, forming, machining, or joining/assembly of raw
33 materials, and the production of discrete parts to transform materials
34 from one form to another valuable form encompasses manufacturing.
35 Mere packing or packaging shall not constitute manufacturing. Simple
36 processing covering any or a combination of activities such as cleaning,
37 sorting, shredding, pulverizing, grinding, crushing, compacting,
38 dissolving and filtration shall also not be considered manufacturing.

39
40 **SEC. 8. Composition of the Committee.** – A Committee of Three shall be
41 established to review the recommendation of the Secretariat, and to grant or deny
42 each application.

43
44 The Committee shall be composed of the head of agency of the Competitiveness
45 Bureau as Chair, with third level officials from any of the following Department of Trade
46 and Industry agencies: Regional/Provincial Offices, Bureau of International Trade
47 Relations, Board of Investments, Competitiveness and Ease of Doing Business Group,
48 Consumer Protection Group and Management Services Group.

1
2 Except for the officials and staff of the Competitiveness Bureau, the Committee
3 members and technical staff shall be entitled to receive an honorarium subject to the
4 existing rules and regulations issued by the Department of Budget and Management
5 and the Commission on Audit, charged to the Competitiveness Bureau.
6

7 **SEC. 9. Domestic Bidders Certificate. –**
8

- 9 a) The Certification shall remain valid for a period of two (2) years. It shall include
10 the scope, validity, remarks or conditionalities. It is non-transferable and
11 limited only to the products specified in the scope.
12 b) Subject to notice and hearing, the Certificate shall be revoked for any of the
13 following grounds:
14 1. Making material false statement in the application required of the
15 Bidder when a true statement would have warranted the Secretariat's
16 denial or to recommend Certification;
17 2. Making false representations as a matter of fact, whether or not the
18 same results in damage or legal injury to a third party, after the
19 Certification has been issued; and
20 3. Any other circumstance analogous to the foregoing.
21

22 **SEC. 10. Implementing Rules and Regulations. –** The Within one hundred
23 twenty (120) days from the effectivity of this Act, the Department of Trade and Industry
24 (DTI) and other relevant stakeholders, in consultation with relevant government
25 agencies and stakeholders, shall promulgate the implementing rules and regulations
26 (IRR) to carry out the provisions of this Act.
27

28 Failure of the relevant government agencies to promulgate the IRR within the
29 specified period shall subject the heads of these government agencies to
30 administrative penalties under applicable civil service laws.
31

32 Should the IRR contain provisions that are contrary to this Act, the heads of the
33 government agencies responsible for such provision, when done in bad faith or with
34 gross negligence, shall be held administratively liable.
35

36 **SEC. 11. Separability Clause. –** If any portion or provision of this Act is declared
37 unconstitutional, the remainder hereof or any provisions not affected thereby shall
38 remain in force and effect.
39

40 **SEC. 12. Repealing Clause. –** Any law, presidential decree or issuance,
41 executive order, letter of instruction, rule, or regulation inconsistent with the provisions
42 of this Act is hereby repealed or modified accordingly.

43 **SEC. 13. Effectivity. –** This Act shall take effect fifteen (15) days after its
44 complete publication in the Official Gazette or in a newspaper of general circulation.
45

46 *Approved,*