



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
Second Regular Session

HOUSE BILL NO. **11097**



Introduced by **REPRESENTATIVE KATRINA REIKO CHUA - TAI**

EXPLANATORY NOTE

The One Town, One Product (OTOP) Philippines Program is an important government mechanism for strengthening Filipino micro, small, and medium enterprises (MSMEs) and promoting inclusive local economic development. Republic Act No. 11960, or the “OTOP Philippines Act,” institutionalized the program and recognized the importance of developing products based on local resources, skills, traditions, creativity, and competitive advantages. It covers a wide range of locally developed products, including processed foods, agricultural and agri-processed products, home and fashion products, arts and crafts, wellness products, and other goods and services.

The success of an OTOP enterprise, however, depends not only on producing quality products but also on the ability to bring those products to market. For many beneficiaries in provinces, islands, geographically isolated areas, and communities far from major commercial centers, transportation, particularly air transportation, can be a high cost of doing business. Limited passenger baggage allowances and expensive excess baggage or cargo charges may prevent small entrepreneurs from bringing sufficient products to trade fairs, exhibitions, tourism events, government trade missions, and other market opportunities.

This measure seeks to address that barrier by establishing an OTOP Air Transport Privilege for qualified OTOP beneficiaries and Filipino MSMEs. A qualified beneficiary shall be entitled to transport up to twenty (20) kilograms of Qualified OTOP Products per domestic passenger flight, separate from and in addition to the passenger's ordinary baggage allowance.

For officially sponsored or recognized OTOP trade fairs, exhibitions, festivals, tourism activities, government trade missions, export promotion activities, and similar events, the privilege may be increased to up to thirty (30) kilograms per qualified beneficiary per domestic passenger flight.

For products that cannot reasonably be transported as passenger baggage, the bill establishes an OTOP Air Cargo Assistance mechanism. Subject to applicable laws and operational feasibility, products may be transported as air cargo through preferential rates, consolidated shipments, simplified procedures, or other lawful forms of assistance.

The measure does not diminish aviation safety, security, quarantine, food safety, agricultural biosecurity or other regulatory safeguards. The Civil Aviation Authority of the Philippines (CAAP) shall retain its authority over aviation safety, security and the safe transportation of goods by air. Airlines shall not be required to violate aircraft weight and balance limitations, approved baggage or cargo capacity, dangerous goods regulations, quarantine restrictions, or other mandatory requirements.

The bill establishes a clear division of responsibility among government agencies. The Department of Trade and Industry (DTI), through its regional and provincial offices and in cooperation with concerned local government units, shall identify qualified OTOP beneficiaries and maintain the official registry of Qualified OTOP Products in accordance with Republic Act No. 11960.

OTOP recognition shall not exempt any product from applicable regulatory requirements. Agricultural and plant products shall remain subject to the requirements of the Department of Agriculture and the Bureau of Plant Industry; animal and animal products to the Bureau of Animal Industry; fisheries and aquatic products to the Bureau of Fisheries and Aquatic Resources; and food and other products within the jurisdiction of the Food and Drug Administration to applicable regulatory and food safety requirements. Customs and other legal requirements shall likewise remain in force.

The principle is simple: DTI determines OTOP qualification; the competent regulatory agency determines regulatory compliance; and aviation authorities determine the conditions for safe transportation by air.

Once these requirements are met, a Qualified OTOP Product should be given a fair opportunity to fly. Ordinary baggage limits alone should not unnecessarily prevent the lawful

transportation of qualified Filipino products, provided all applicable safety, security, capacity, and regulatory requirements are met.

The bill provides three transportation pathways: OTOP Cabin Allowance for products that may safely be carried in the cabin; OTOP Checked Baggage for products suitable for the baggage compartment; and OTOP Air Cargo Assistance for products that cannot reasonably be transported as passenger baggage.

To facilitate implementation, the bill establishes a Unified OTOP Air Transport Certification System using digital certificates, QR codes, electronic permits, product identification numbers and other secure mechanisms. This will enable participating air carriers to verify beneficiary eligibility, product registration and required regulatory clearances while reducing unnecessary documentation.

The measure also provides safeguards against abuse. Persons who falsely represent products as OTOP Products, misuse OTOP credentials, conceal prohibited commodities, misdeclare products or quantities, or otherwise misuse the privilege may be suspended or removed from the program and subjected to applicable sanctions.

The OTOP Air Transport Privilege is more than an additional baggage benefit. It is a market-access and MSME development measure designed to address a logistical barrier that can prevent locally produced goods from reaching customers, distributors, retailers, tourism establishments, and trade events.

More affordable transportation can help OTOP enterprises increase sales, reach new markets, and expand production. This can create opportunities for farmers, fisherfolk, artisans, raw-material suppliers, packaging providers, transport operators, and other community-based businesses, while creating employment, strengthening local supply chains, and increasing household and community income.

The government already supports OTOP enterprises through product development, packaging, branding, standards compliance, market access and promotion. This measure complements those efforts by addressing another essential part of enterprise development by moving finished products to market.

A product cannot generate income if it cannot reach the customer. By helping qualified OTOP enterprises transport their products more affordably and efficiently, we can enable them to

pursue more market opportunities, expand their customer base, increase production, create jobs, and build sustainable enterprises.

Ultimately, this measure is an investment in Filipino entrepreneurship, local producers, farmers, fisherfolk, artisans, and MSMEs. By giving qualified, legally transportable OTOP Products a fair and practical opportunity to fly, we strengthen the connection between local production and market opportunity while maintaining full respect for aviation safety, security, public health, agricultural biosecurity, and other legitimate regulatory requirements.

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


KATRINA REIKO CHUA-TAI



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HOUSE BILL NO. 11097

Introduced by **REPRESENTATIVE KATRINA REIKO CHUA-TAI**

1 **AN ACT**

2 **PROMOTING THE MARKET ACCESS AND ECONOMIC DEVELOPMENT OF ONE**
3 **TOWN, ONE PRODUCT (OTOP) ENTERPRISES BY ENSURING THE AIR**
4 **TRANSPORTATION OF QUALIFIED OTOP PRODUCTS, PROVIDING FOR AN OTOP**
5 **AIR TRANSPORT PRIVILEGE FOR QUALIFIED BENEFICIARIES AND MICRO,**
6 **SMALL AND MEDIUM ENTERPRISES, SUBJECT TO AVIATION SAFETY,**
7 **SECURITY, QUARANTINE, SANITARY, PHYTOSANITARY AND OTHER**
8 **APPLICABLE LAWS, RULES AND REGULATIONS, AND FOR OTHER PURPOSES**

9
10 *Be it enacted by the Senate and House of Representatives of the Philippines in*
11 *Congress assembled:*
12

13 SECTION 1. *Short Title.* - This Act shall be known as the “**OTOP Air Transport**
14 **Assistance Act.**”

15 SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to promote
16 inclusive, sustainable and broad-based economic development by strengthening Filipino micro,
17 small and medium enterprises (MSMEs), local producers, farmers, fisherfolk, artisans,
18 cooperatives and other qualified beneficiaries of the One Town, One Product (OTOP) Philippines
19 Program.

20 The State recognizes that market access, transportation and logistics are essential to the
21 survival, growth and competitiveness of local enterprises, particularly those located in provinces,
22 islands, geographically isolated areas and communities whose products must be transported over
23 substantial distances to reach domestic and international markets.

1 The State further recognizes that transportation costs and ordinary passenger baggage
2 limitations may constitute a significant barrier to the participation of OTOP enterprises in trade
3 fairs, exhibitions, tourism activities, government trade missions, commercial transactions and
4 other market-development opportunities.

5 It is therefore the policy of the State to establish an OTOP Air Transport Privilege that shall
6 facilitate and ensure, whenever legally and operationally feasible, the transportation by air of
7 qualified OTOP Products, separate from and in addition to the ordinary passenger baggage
8 allowance of qualified beneficiaries.

9 The implementation of this Act shall at all times be consistent with aviation safety and
10 security, aircraft weight and balance requirements, dangerous goods regulations, quarantine,
11 sanitary and phytosanitary requirements, food safety, customs, environmental protection,
12 consumer protection and all other applicable laws, rules and regulations.

13 SEC. 3. **Objectives.** – This Act shall have the following objectives:

- 14 (a) To ensure that qualified and legally transportable OTOP Products have a practical and
15 accessible means of transportation by air;
- 16 (b) To reduce the transportation and logistics burden of qualified OTOP beneficiaries and
17 Filipino MSMEs;
- 18 (c) To expand the domestic and international market access of OTOP enterprises:
- 19 (d) To facilitate the participation of OTOP beneficiaries in trade fairs, exhibitions, tourism
20 activities, festivals, government trade missions and other market-development
21 opportunities;
- 22 (e) To promote the growth, sustainability, competitiveness and resilience of OTOP
23 enterprises;
- 24 (f) To strengthen local economic activity and livelihood opportunities in communities
25 where OTOP Products are produced;
- 26 (g) To promote Filipino-made products and locally developed enterprises;

1 (h) To encourage collaboration among government agencies, airlines, airports, logistics
2 providers, local government units and OTOP enterprises; and

3 (i) To enable OTOP enterprises to thrive, grow, create employment and contribute more
4 substantially to Philippine economic development.

5 SEC. 4. **Definition of Terms.** – For purposes of this Act:

6 (a) **“OTOP Philippines Program”** refers to the One Town, One Product (OTOP)
7 Philippines Program institutionalized under Republic Act No. 11960, otherwise known
8 as the “OTOP Philippines Act.”

9 (b) **“OTOP Beneficiary”** refers to an MSME duly determined and recognized as a
10 beneficiary of the OTOP Philippines Program in accordance with Republic Act No.
11 11960, including qualified local producers and enterprises falling within the coverage
12 of the Program.

13 (c) **“Qualified OTOP MSME”** refers to a Filipino-owned micro, small or medium
14 enterprise that satisfies the applicable legal definition of an MSME and has been duly
15 determined and recognized as an OTOP beneficiary by the appropriate DTI office in
16 accordance with Republic Act No. 11960 and this Act.

17 (d) **“Qualified OTOP Product”** refers to a product duly identified, registered, accredited,
18 certified or otherwise recognized as an OTOP Product under Republic Act No. 11960
19 and this Act, and which is legally and safely transportable by air after compliance with
20 all applicable regulatory requirements.

21 (e) **“OTOP Produce”** refers to agricultural, plant, animal, fisheries, food or other locally
22 produced commodities that qualify as OTOP Products and are intended for lawful
23 transportation to domestic or international markets.

24 (f) **“OTOP Air Transport Privilege”** refers to the transportation assistance established
25 under this Act that entitles a Qualified OTOP Beneficiary to transport Qualified OTOP

Products by air, separate from and in addition to the beneficiary's ordinary passenger baggage allowance, subject to this Act and its implementing rules and regulations.

(g) ***“OTOP Cabin Allowance”*** refers to the portion of the OTOP Air Transport Privilege that may be carried inside the passenger cabin, subject to applicable cabin baggage, security, stowage and aircraft operational requirements.

(h) ***“OTOP Checked-Baggage Allowance”*** refers to the portion of the OTOP Air Transport Privilege that may be transported in the aircraft baggage compartment as checked baggage.

(i) ***“OTOP Air Cargo Assistance”*** refers to preferential, assisted or facilitated transportation of Qualified OTOP Products through the air cargo system when such products cannot reasonably be carried as cabin or checked baggage.

(j) ***“Competent Regulatory Agency”*** refers to a government agency legally authorized to regulate, inspect, certify, clear, restrict or prohibit a particular OTOP Product or OTOP Produce by reason of its nature, including the Civil Aviation Authority of the Philippines (CAAP), Civil Aeronautics Board (CAB), Department of Agriculture (DA), Bureau of Plant Industry (BPI), Bureau of Animal Industry (BAI), Bureau of Fisheries and Aquatic Resources (BFAR), Food and Drug Administration (FDA), Bureau of Customs (BOC), airport authorities and other agencies exercising jurisdiction under existing laws.

SEC. 5. ***Identification of Qualified OTOP MSMEs and Beneficiaries.*** – The Department of Trade and Industry (DTI), through its regional and provincial offices and in cooperation with the concerned local government units (LGUs), shall identify and determine the Qualified OTOP MSMEs and beneficiaries entitled to avail of the OTOP Air Transport Privilege.

The determination of beneficiaries shall be made in accordance with Republic Act No. 11960 and its implementing rules and regulations.

The DTI shall maintain an official OTOP Air Transport Registry containing the necessary information to verify the eligibility of beneficiaries.

1 The DTI shall issue or authorize the issuance of an OTOP Air Transport Identification and
2 Certification, which may be in physical or digital form and may contain a unique identification
3 number, QR code or other secure verification mechanism.

4 The certification shall establish the beneficiary's eligibility for the OTOP Air Transport
5 Privilege but shall not constitute a permit or clearance for transportation of a product subject to
6 separate regulatory requirements.

7 **SEC. 6. *Identification and Registration of Qualified OTOP Products.*** — The DTI shall
8 identify, recognize and maintain the official registry of Qualified OTOP Products in accordance
9 with Republic Act No. 11960 and the criteria established under existing OTOP rules and
10 regulations.

11 The DTI shall coordinate with concerned LGUs, OTOP Local Program Offices, industry
12 associations, cooperatives, producers and other stakeholders in identifying and validating OTOP
13 Products.

14 The National OTOP Product Registry shall contain, whenever practicable:

15 (a) Name and description of the OTOP Product;

16 (b) Name and identification of the OTOP beneficiary or producer;

17 (c) Place of origin or production;

18 (d) Product category;

19 (e) Applicable product standards;

20 (f) Applicable regulatory requirements; and

21 (g) Other information necessary to facilitate lawful transportation.

22 **SEC. 7. *Recognition of OTOP Products and Regulatory Clearance.*** — Recognition of a
23 product as an OTOP Product by the DTI shall establish its eligibility under the OTOP Philippines
24 Program but shall not supersede or replace any permit, license, certificate, inspection, quarantine

clearance, sanitary or phytosanitary certificate, food safety authorization, customs clearance or other regulatory requirement imposed by law.

Where an OTOP Product is subject to regulation by another government agency, the beneficiary shall comply with the requirements of the Competent Regulatory Agency.

SEC. 8. *Regulation of OTOP Produce.* — Where an OTOP Product consists of or contains agricultural, plant, animal, fisheries, food or other regulated produce, the government agency having jurisdiction over such product shall determine the applicable requirements for its lawful transportation.

The Department of Agriculture, Bureau of Plant Industry, Bureau of Animal Industry, Bureau of Fisheries and Aquatic Resources, Food and Drug Administration, Bureau of Customs and other competent agencies shall retain their respective statutory authority.

Such agencies shall, consistent with their respective mandates, establish clear, transparent and streamlined procedures for OTOP beneficiaries to secure the permits, certificates, inspections and clearances required by law.

SEC. 9. *Establishment of OTOP Air Transport Privilege.* — There is hereby established an OTOP Air Transport Privilege for Qualified OTOP Beneficiaries for the lawful transportation by air of Qualified OTOP Products.

The privilege shall be separate from and in addition to the ordinary passenger baggage allowance.

The privilege may be availed of through:

- (a) OTOP Cabin Allowance;
- (b) OTOP Checked-Baggage Allowance; or
- (c) OTOP Air Cargo Assistance.

SEC. 10. *Standard OTOP Air Transport Allowance.* — A Qualified OTOP Beneficiary traveling on a domestic passenger flight shall be entitled to transport up to twenty (20) kilograms

1 of Qualified OTOP Products per passenger per flight, separate from and in addition to the
2 passenger's ordinary free baggage allowance.

3 The twenty (20)-kilogram OTOP Air Transport Allowance shall not be charged as ordinary
4 excess baggage, subject to the beneficiary's compliance with this Act and applicable laws and
5 regulations.

6 The OTOP Products shall be properly declared, packaged, labeled and presented for
7 inspection and security screening as required by the air carrier and competent regulatory
8 authorities.

9 **SEC. 11. Export Development.** — For officially sponsored or recognized OTOP trade fairs,
10 exhibitions, festivals, tourism activities, government trade missions, export promotion activities
11 and similar events, the DTI, in coordination with the CAB, CAAP and participating air carriers,
12 may provide an enhanced OTOP Air Transport Allowance of up to thirty (30) kilograms per
13 Qualified OTOP Beneficiary per domestic passenger flight, subject to aircraft capacity, safety,
14 security, weight and balance limitations and applicable laws and regulations.

15 The enhanced allowance shall likewise be separate from and in addition to the ordinary
16 passenger baggage allowance.

17 **SEC. 12. OTOP Cabin Allowance.** — Qualified OTOP Products may be carried inside the
18 passenger cabin when they:

- 19 (a) Comply with applicable cabin baggage size and weight requirements;
20 (b) Can be safely stowed in an approved location;
21 (c) Are not dangerous goods or prohibited articles;
22 (d) Pass applicable aviation security screening;
23 (e) Do not obstruct aisles, exits or emergency equipment; and
24 (f) Comply with applicable aircraft operational limitations.

25 Nothing in this Act shall require an air carrier to place an OTOP Product inside the
26 passenger cabin when such carriage is not permitted or would compromise aviation safety or
27 security.

1 SEC. 13. ***OTOP Checked-Baggage Allowance.*** — Qualified OTOP Products that cannot
2 reasonably be carried in the passenger cabin but are otherwise legally permissible for air
3 transportation shall, where operationally feasible, be accepted as OTOP Checked Baggage.

4 Such transportation shall remain subject to aircraft weight and balance limitations,
5 available baggage capacity, security screening, packaging requirements and all applicable
6 regulatory requirements.

7 SEC. 14. ***OTOP Air Cargo Assistance.*** — Qualified OTOP Products exceeding the
8 applicable passenger OTOP Air Transport Allowance, or products that cannot reasonably be
9 carried as cabin or checked baggage due to their size, weight, quantity or nature, shall, where
10 legally and operationally feasible, be eligible for OTOP Air Cargo Assistance.

11 The CAB, in coordination with the DTI and participating air carriers, shall establish
12 preferential rates, simplified handling procedures, consolidated shipments or other appropriate
13 mechanisms to make air cargo transportation more accessible and affordable to Qualified OTOP
14 Beneficiaries.

15 SEC. 15. ***Qualified OTOP Products Shall Be Permitted to Fly.*** — A Qualified OTOP
16 Product that has been recognized by the DTI and has satisfied all applicable regulatory
17 requirements shall be permitted to be transported by air under this Act.

18 A Qualified OTOP Product shall not be denied transportation solely because its weight or
19 quantity exceeds the passenger's ordinary baggage allowance.

20 Where the product cannot safely or lawfully be carried in the cabin, it shall, where legally
21 and operationally feasible, be accepted as checked baggage or transported through OTOP Air
22 Cargo Assistance.

23 Nothing in this Section shall require an air carrier to violate:

- 24 (a) Aircraft weight and balance limitations;
25 (b) Approved baggage or cargo capacity;
26 (c) Aviation safety requirements;

- (d) Aviation security requirements;
- (e) Dangerous goods regulations;
- (f) Quarantine requirements;
- (g) Sanitary or phytosanitary requirements;
- (h) Food safety requirements;
- (i) Customs requirements; or
- (j) Any other mandatory requirement under applicable law.

SEC. 16. ***Duty of Participating Air Carriers.*** — Participating air carriers shall establish procedures for the implementation of the OTOP Air Transport Privilege and shall:

- (a) Accept Qualified OTOP Products that comply with applicable requirements;
- (b) Establish a mechanism for advance declaration of OTOP Products;
- (c) Provide reasonable procedures for inspection and security screening;
- (d) Train relevant personnel regarding the OTOP Air Transport Privilege;
- (e) Coordinate with DTI and competent regulatory agencies;
- (f) Publish applicable procedures and requirements;
- (g) Apply the privilege fairly and transparently; and
- (h) Inform the beneficiary of the lawful and specific ground for any denial of transportation.

SEC. 17. ***Prohibition Against Arbitrary Denial.*** — A participating air carrier shall not deny transportation of a Qualified OTOP Product solely because:

- (a) The product exceeds the ordinary baggage allowance; or
- (b) The passenger is exercising the OTOP Air Transport Privilege.

Any denial shall be based upon a legitimate operational, safety, security, regulatory, quarantine, sanitary, phytosanitary or other legally recognized ground.

SEC. 18. ***OTOP Product Classification.*** — The DTI, in coordination with the Competent Regulatory Agencies, shall establish a classification system identifying:

- (a) Products generally admissible for air transportation;

- (b) Products admissible subject to specific conditions;
- (c) Products requiring prior permits, certificates, inspections or clearances; and
- (d) Products prohibited from air transportation.

The classification shall be publicly accessible and regularly updated.

SEC. 19. ***Responsibilities of the DTI.*** — The DTI shall:

- (a) Identify and certify Qualified OTOP MSMEs and beneficiaries;
- (b) Maintain the OTOP Air Transport Registry;
- (c) Identify, recognize and register Qualified OTOP Products;
- (d) Maintain the National OTOP Product Registry;
- (e) Issue secure OTOP transportation credentials;
- (f) Coordinate with Competent Regulatory Agencies;
- (g) Assist beneficiaries in complying with transportation requirements;
- (h) Establish the Unified OTOP Air Transport Certification System;
- (i) Monitor program utilization;
- (j) Evaluate the economic impact of the program; and
- (k) Submit an annual report to Congress.

SEC. 20. ***Responsibilities of Local Government Units.*** — LGUs shall assist the DTI, when appropriate, in identifying local OTOP MSMEs, producers and products.

Such assistance may include verification of local business operations, identification of locally produced products, endorsement of qualified enterprises, documentation assistance and coordination with DTI offices.

Final determination of OTOP beneficiary and product eligibility shall be made in accordance with Republic Act No. 11960 and the rules issued pursuant thereto.

SEC. 21. ***Responsibilities of the Civil Aeronautics Board.*** — The CAB shall:

- (a) Establish appropriate economic and operational rules for the OTOP Air Transport Privilege within its jurisdiction;

- (b) Coordinate with participating air carriers;
- (c) Establish mechanisms for receiving and resolving complaints;
- (d) Monitor compliance with the transportation privilege; and
- (e) Issue such rules and regulations as may be necessary within its authority.

SEC. 22. ***Responsibilities of the Civil Aviation Authority of the Philippines.*** — The CAAP shall retain and exercise its authority over aviation safety and security.

The CAAP shall establish or clarify the applicable standards for the safe transportation of OTOP Products by air, including cabin baggage, checked baggage, cargo, dangerous goods, screening, stowage and aircraft operational requirements.

Nothing in this Act shall be construed as diminishing the authority of the CAAP under existing law.

SEC. 23. ***Responsibilities of Competent Regulatory Agencies.*** — The DA, BPI, BAI, BFAR, FDA, BOC and other Competent Regulatory Agencies shall continue to exercise their respective statutory authority over products within their jurisdiction.

Such agencies shall, consistent with public safety and their respective mandates, establish streamlined and accessible procedures for OTOP beneficiaries and shall coordinate with the DTI to facilitate lawful transportation of Qualified OTOP Products.

SEC. 24. ***Unified OTOP Air Transport Certification System.*** — The DTI, in coordination with the CAB, CAAP and Competent Regulatory Agencies, shall establish a Unified OTOP Air Transport Certification System.

The system may use:

- (a) Digital certificates;
- (b) QR codes;
- (c) Electronic permits and clearances;
- (d) Product identification numbers;
- (e) Electronic declarations; and

(f) Other secure digital technologies.

The system shall, whenever practicable, enable an air carrier to verify:

- 1) The eligibility of the passenger;
- 2) The OTOP status of the product;
- 3) Applicable regulatory requirements;
- 4) Required permits and clearances; and
- 5) The appropriate method of transportation.

SEC. 25. *Prohibited and Restricted Products.* — Nothing in this Act shall authorize the transportation by air of products prohibited by law or regulation.

The OTOP Air Transport Privilege shall not exempt any product from applicable restrictions concerning dangerous goods, firearms, explosives, illegal drugs, prohibited plants or animals, diseased or pest-infested produce, contaminated or adulterated food, or any other prohibited commodity.

A product that is otherwise eligible as an OTOP Product but is temporarily restricted or prohibited from air transportation by a competent regulatory authority shall not be transported until the applicable prohibition or restriction is lawfully removed or the required clearance is secured.

SEC. 26. *No Exemption from Quarantine, Sanitary and Phytosanitary Requirements.* — Agricultural, plant, animal, fisheries and food products shall remain subject to all applicable quarantine, sanitary, phytosanitary, veterinary, fisheries, food safety and public health requirements.

Nothing in this Act shall be construed as authorizing the transportation of produce carrying pests, pathogens, diseases or other biological hazards in violation of applicable law.

SEC. 26. *Government-Sponsored OTOP Activities.* — For officially sponsored OTOP trade fairs, exhibitions, festivals, tourism events, government trade missions, export promotion activities and similar events, the DTI may negotiate with participating air carriers for:

- (a) Enhanced baggage allowances;

- (b) Preferential cargo rates;
- (c) Dedicated or consolidated cargo capacity;
- (d) Reduced handling charges;
- (e) Simplified documentation; and
- (f) Other lawful transportation assistance.

SEC. 28. ***Prevention of Abuse.*** — No person shall:

- (a) Falsely represent a product as an OTOP Product;
- (b) Use another person's OTOP certification or identification;
- (c) Transport products unrelated to the beneficiary's registered OTOP activity;
- (d) Falsify an OTOP certification or digital credential;
- (e) Conceal prohibited or restricted products;
- (f) Misdeclare the nature, quantity or weight of a product; or
- (g) Otherwise misuse the OTOP Air Transport Privilege.

SEC. 29. ***Administrative Sanctions.*** — Any beneficiary who violates this Act or its implementing rules and regulations may, after due notice and opportunity to be heard:

- (a) Be suspended from the OTOP Air Transport Privilege;
- (b) Be removed from the OTOP registry;
- (c) Be required to reimburse improperly obtained benefits; and
- (d) Be subjected to other administrative sanctions prescribed in the implementing rules and regulations.

These sanctions shall be without prejudice to civil, criminal or other administrative liability under existing laws.

SEC. 30. ***OTOP Air Transport Assistance Council.*** — There is hereby created an OTOP Air Transport Assistance Council, chaired by the Secretary of Trade and Industry or the Secretary's authorized representative.

1 The Council shall include representatives from the DTI, Department of Transportation,
2 CAB, CAAP, DA, BPI, BAI, BFAR, FDA, BOC, appropriate airport authorities, participating air
3 carriers and representatives of OTOP MSMEs.

4 The Council shall coordinate the implementation of this Act and recommend measures to
5 improve the safe, efficient and affordable movement of OTOP Products by air.

6 SEC. 31. **Pilot Implementation.** — Within one hundred eighty (180) days from the
7 effectivity of the implementing rules and regulations, the DTI, CAB, CAAP and participating air
8 carriers shall commence pilot implementation on selected domestic routes serving areas with
9 substantial OTOP participation.

10 The pilot implementation shall evaluate the number of beneficiaries served, volume and
11 value of products transported, transportation cost savings, airline operational impact, safety and
12 regulatory compliance, program utilization and economic benefits.

13 SEC. 32. **Monitoring and Congressional Oversight.** — The DTI shall submit an annual
14 report to Congress containing:

- 15 (a) The number of qualified beneficiaries served;
- 16 (b) The volume and value of OTOP Products transported;
- 17 (c) Participating air carriers and routes;
- 18 (d) Transportation cost savings;
- 19 (e) Program expenditures;
- 20 (f) Safety and compliance incidents;
- 21 (g) Complaints and their resolution;
- 22 (h) Changes in sales and market access; and
- 23 (i) Employment and local economic impact.

24 SEC. 33. **Implementing Rules and Regulations.** — Within ninety (90) days from the
25 effectivity of this Act, the DTI, in coordination with the Department of Transportation, CAB,
26 CAAP, DA, BPI, BAI, BFAR, FDA, BOC, airport authorities, participating air carriers, LGUs and
27 representatives of OTOP beneficiaries, shall promulgate the implementing rules and regulations.

1 The IRR shall provide for:

- 2 (a) Beneficiary eligibility and certification;
- 3 (b) Product identification and registration;
- 4 (c) Product classification;
- 5 (d) The twenty (20)-kilogram standard OTOP Air Transport Allowance;
- 6 (e) The thirty (30)-kilogram enhanced allowance;
- 7 (f) Cabin transportation procedures;
- 8 (g) Checked-baggage procedures;
- 9 (h) Air cargo assistance;
- 10 (i) Packaging and labeling;
- 11 (j) Advance declaration;
- 12 (k) Quarantine, sanitary and phytosanitary requirements;
- 13 (l) Food safety requirements;
- 14 (m) Digital verification;
- 15 (n) Denial and appeal procedures;
- 16 (o) Administrative sanctions;
- 17 (p) Monitoring and reporting; and
- 18 (q) Other rules necessary to implement this Act.

19 SEC. 34. ***Harmonization With Existing Laws.*** — This Act shall be interpreted and
20 implemented consistently with Republic Act No. 11960, otherwise known as the “OTOP
21 Philippines Act,” Republic Act No. 9497, otherwise known as the “Civil Aviation Authority Act of
22 2008,” Republic Act No. 776, as amended, otherwise known as the “Civil Aeronautics Act of the
23 Philippines,” Republic Act No. 11032, otherwise known as the “Ease of Doing Business and
24 Efficient Government Service Delivery Act of 2018,” and all other applicable laws, rules and
25 regulations.

26 Nothing in this Act shall be construed as diminishing, transferring or superseding the
27 statutory authority of any government agency over matters within its jurisdiction.

1 SEC. 35. ***Separability Clause.*** — If any provision of this Act is declared unconstitutional
2 or invalid, the other provisions not affected thereby shall remain in full force and effect.

3 SEC. 36. ***Repealing Clause.*** — All laws, decrees, executive orders, rules and regulations,
4 or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended or
5 modified accordingly.

6 SEC. 37. ***Effectivity.*** — This Act shall take effect fifteen (15) days after its publication in
7 the Official Gazette or in a newspaper of general circulation.

8 ***Approved,***