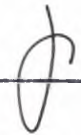


NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



22 AUG -2 A8 :44

SENATE
S. No. 984

RECEIVED BY: 

Introduced by SENATOR RAMON BONG REVILLA, JR.

**AN ACT
STRENGTHENING DOMESTIC HEALTHCARE MANUFACTURING
INDUSTRIES, PROVIDING FOR A FILIPINO PRODUCTS FIRST POLICY
DURING PANDEMIC AND OTHER PUBLIC HEALTH EMERGENCIES, AND FOR
OTHER PURPOSES**

EXPLANATORY NOTE

The pandemic is an eye opener to the persistent problems and weaknesses of our overall healthcare system. As it highlighted the inadequacies of our health infrastructure, i.e. public hospitals and primary care centers, it also brought to light our reliance to foreign producers of health care essentials. Such dependence to overseas manufacturers caused delays and disruption in our emergency response, which came at too high a cost.

The acute scarcity of personal protective equipment (PPE) exposed many of our frontliners to the raging virus. Without the necessary safety gear and ample protection, many health workers resorted to unsafe use of available PPE and eventually contracted the virus at the onset of the pandemic.

Moreover, reagents came at a shortage, with many countries suddenly in need of this substance for their detection of the novel Coronavirus. At the local front, the lack of reagents had been one of the many challenges which prevented our health authorities from ramping up the nation's testing capacity. Lastly, the country is highly dependent to foreign suppliers to secure its portfolio of Covid-19 vaccines, thereby preventing the speedy implementation of the vaccination program and the attainment of economic recovery.

This bill aims to strengthen the country's defense against public health emergencies and pandemics, through the development of domestic manufacturing and healthcare industries, including the production of PPE, essential drugs and vaccines. This measure also provides a Filipino Products First Policy which provides preferential use of local products and services in government procurement, especially during this time of the health crisis.

In this light, the immediate passage of this bill is highly recommended.



RAMON BONG REVILLA, JR.

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OTHER PURPOSES

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 "*Pandemic and Health*
2 *Emergencies Preparedness Act*".

3 Sec. 2. *Declaration of Policy.* – It is the policy of the State to protect and
4 promote the right to health of the people and instill health consciousness among them.

5 The State recognizes pandemics and other public health emergencies as threats
6 to public health and national security which can undermine the social, economic, and
7 political functions of the State. It shall protect the general public from pandemics and
8 other public health emergencies. To this end, the State shall:

- 9 a) Adopt efficient and effective measures that will prevent the overburdening
10 of the healthcare system, and develop the domestic healthcare capacities
11 and other health related industries;
- 12 b) Implement the preferential use of Filipino labor, domestic materials and
13 locally produced goods, adopt measures to help them make competitive;
- 14 c) Preserve and generate employment during the health crisis;
- 15 d) Promote self-sufficiency and self-reliance in the production and manufacture
16 of healthcare products and services;

- 1 e) Ensure adequate and readily available supply of critical products and
2 services for the health workers and the public; and
3 f) Protect the interest of the consumers and establish standards of conduct for
4 business and industry.

5 Sec. 3. *Coverage.* – The provisions of this Act shall apply to domestic
6 manufacturers or producers of critical products and providers of critical services during
7 the existence of a pandemic or public health emergencies and only upon compliance
8 with the accreditation requirements and standards issued by relevant government
9 agencies.

10 The benefits under this Act shall be in addition to the incentives provided under
11 existing laws.

12 Sec. 4. *Definition of Terms.* – For purposes of this Act, the following terms shall
13 be understood as follows:

- 14 a) *Accreditation* – refers to the written authority issued by the Department of
15 Trade and Industry (DTI), through the Board of Investments (BOI), and
16 other relevant government agencies to manufacturers and producers of
17 critical products and providers of critical services.
- 18 b) *Critical products* – refer to medicines, vaccines, ventilators and other
19 medical supplies or equipment, such as personal protective equipment
20 (PPE), and surgical masks, hazardous materials (hazmat) suit, breathing
21 apparatus, oxygen cylinders, substance reagents, including raw materials,
22 required to address a pandemic or national health emergency, as may be
23 determined by the Department of Health (DOH) or other relevant
24 government agencies.
- 25 c) *Critical services* – refer to services required for the manufacture, production
26 and distribution of critical products. This shall also include testing
27 laboratories, biosafety risk assessment and mitigation, waste management,
28 including but not limited to waste segregation, storage, collection, sorting,
29 treatment and disposal services; and other services as may be determined
30 by the DOH or other relevant government agencies.
- 31 d) *Manufacturer* – refers to an enterprise duly accredited or registered under
32 the provisions of this Act, engaged in the production of critical products

1 including the preparation, processing, compounding, formulating, filling,
2 packing, repacking, altering, ornamenting, finishing, and labelling.

3 e) *Packaging* – refers to material used to wrap or protect critical products.

4 f) *Producer* – refers to an enterprise that manufactures, makes, grows or
5 produces critical products.

6 g) *Raw material* – refers to materials and inputs from which a critical product
7 and its packaging are made.

8 h) *Standards* – refer to the guidelines and requirements issued by the relevant
9 government agencies such as but not limited to the DOH, Food and Drug
10 Administration (FDA), and Bureau of Philippine Standards.

11 *Sec. 5. Tax Benefits. –*

12 a) Exemption from Customs Duties, Value Added Tax (VAT), Other Taxes and
13 Fees. – Regardless of the country of origin, importation under this Act of
14 the capital equipment, spare parts and accessories, raw materials,
15 packaging and its raw materials, or any articles needed in the supply chain
16 of the critical products or services shall be exempt from customs duties,
17 VAT, other taxes and fees such as import processing fees and fees imposed
18 by the Bureau of Customs (BOC), the Food and Drug Administration, and
19 other relevant agencies.

20 b) Exemption from VAT on Local Sales. – The sale of critical products and
21 rendition of critical services shall be exempted from VAT which shall be
22 based on the gross sales or gross receipts, respectively.

23 c) Treatment of Export Enterprises. – The local sales of critical products and
24 rendition of critical services by export enterprises shall be deemed and
25 treated as “export sales” for purposes of its export requirement pursuant to
26 existing laws. As such, the corresponding treatment, exemption on duties,
27 taxes and fees, and other incentives warranted under existing laws
28 governing these export enterprises shall continue to apply. Further, if such
29 export enterprises are located in special economic zones with status of
30 separate customs territory under relevant laws, such as local sales shall
31 likewise be treated as “export sales” for purposes of its export requirement.

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

7 Entities who intend to re-purpose their operations to manufacture and produce
8 critical products may also apply for accreditation for purposes of this Act.

9 Sec. 7. *Export Limitation.* – Export enterprises that manufacture or produce
10 critical products or render critical services shall supply up to eighty percent (80%) of
11 their daily production or service to government institutions, hospitals, and private
12 establishments in the country for local or domestic use in addressing the prevailing
13 pandemic or other public health emergency: *Provided, That* in case the domestic
14 demand for critical products and critical services does not reach such percentage, as
15 certified by the DTI, the manufacturer or producer may opt to export the critical
16 product or critical service.

17 Sec. 8. *Filipino Products First Policy.* – To ensure adequate and responsive
18 supply of critical products and supplies, the government, as the procuring entity, shall
19 give preference to critical products manufactured, produced or made in the Philippines
20 that meet the specified or desired quality. In the interest of availability, efficiency and
21 timely delivery of critical products and services under this Act, the Department of
22 Budget and Management (DBM)-Procurement Service or the procurement entity
23 concerned shall award to the lowest domestic manufacturer-bidder: *Provided, That*
24 the bid is not more than twenty percent (20%) in excess of the lowest foreign bid:
25 *Provided further, That* it has secured from the DTI a certification that the products,
26 articles, materials, or supplies are produced, grown, made or manufactured in the
27 Philippines.

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

30 Sec. 9. *Comprehensive Pandemic and Public Health Emergency Needs*
31 *Assessment.* – The Department of Health (DOH) and the National Disaster Risk
32 Reduction and Management Council (NDRRMC) shall conduct a Comprehensive

1 Pandemic and Public Health Emergency Needs Assessment which shall determine the
2 vulnerabilities of the country and the requirements for an effective pandemic and
3 public health emergency preparedness and response.

4 From this assessment, there shall be recommendations on the needed health
5 care related industries and manufacturing capacities and priorities which need to be
6 set up locally, with the end view of ensuring adequate supply of critical products and
7 services, optimizing available manpower and natural resources in the local economy,
8 and building self-reliance and self-sufficiency in detection, diagnosis, and treatment of
9 novel diseases.

10 Sec. 10. *Development and Promotion of Healthcare and Manufacturing*
11 *Industries.* – The Board of Investments (BOI) is hereby mandated to develop and
12 promote the healthcare and manufacturing industries to strengthen the country’s
13 public health emergency preparedness and response mechanisms during a pandemic.

14 Sec. 11. *Funding.* – The amount necessary to carry out the provisions of this
15 Act shall be sourced from the current year’s appropriations of the concerned
16 department/agency. Thereafter, such sums as may be needed for its continued
17 implementation shall be included in the General Appropriations Act (GAA).

18 Sec. 12. *Implementing Rules and Regulations.* – The DTI, DOH and BOI shall
19 promulgate the rules to implement this Act.

20 Sec. 13. *Separability Clause.* – If any provision or part hereof is held invalid or
21 unconstitutional, the remainder of the law or the provision or part not otherwise
22 affected shall remain valid and subsisting.

23 Sec. 14. *Repealing Clause.* – Any law, presidential decree or issuance, executive
24 order, letter of instruction, administrative order, rule, or regulation contrary to or
25 inconsistent with the provisions of this Act are hereby repealed, modified, or amended
26 accordingly.

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

Approved,

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2 packing, repacking, altering, ornamenting, finishing, and labelling.

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