

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



'22 JUL -7 P4 :33

**SENATE**

S.B. No. 181

RECEIVED BY: \_\_\_\_\_

---

Introduced by **SENATOR IMEE R. MARCOS**

---

**AN ACT STRENGTHENING DOMESTIC HEALTHCARE MANUFACTURING INDUSTRIES, PROVIDING FOR THE PROTECTION AGAINST PANDEMIC, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Article II, Section 15 of the 1987 Constitution provides that "the State shall protect and promote the right to health of the people and instill health consciousness among them."

To date, the Philippines now has a total of 3,741,859 corona virus 2019 (COVID-19) cases which makes it the 36<sup>th</sup> country (out of 230 countries) with the highest number of COVID-19 cases. While, its total deaths have already reached 60,555.

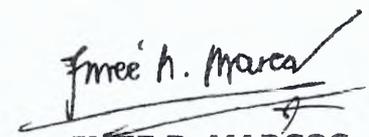
Even in the initial stage of the battle against COVID-19, frontline healthcare workers have repeatedly expressed their dismay on the dangerously low supply of Personal Protective Equipment (PPE) which are crucial in the performance of their duties. According to the World Health Organization (WHO), between 80,000 and 180,000 healthcare workers may have died from COVID-19 between January 2020 and May 2021.

In the Philippines, as a result of such shortage, 3,114 healthcare workers have been infected with COVID-19 (as of January 2022), a tragedy that could have been prevented if proactive measures were taken early on.

The Department of Health (DOH) has been under fire for having acquired allegedly overpriced set of PPEs amounting to PhP 1.8 billion when there are local manufacturers who can readily produce the same medical equipment for a much cheaper price. According to the Department of Trade and Industry (DTI), we are now able to domestically produce three hundred thousand (300,000) PPEs per month. This growing domestic capacity decreases the country's import requirements for protective equipment for frontline healthcare workers while at the same time be able to boost local economy and increase labor and employment in the country.

Thus, this bill seeks to promote healthcare manufacturing industries by granting them tax benefits and mandating that, in times of pandemic or public health emergencies, they be given preference by the government in the procurement of critical products and services.

For the foregoing reasons, the passage of this bill is earnestly sought.

  
**IMEE R. MARCOS**

'22 JUL -7 P4 :33

**SENATE**

S.B. No. 181

RECEIVED BY: \_\_\_\_\_



---

Introduced by **SENATOR IMEE R. MARCOS**

---

**AN ACT STRENGTHENING DOMESTIC HEALTHCARE MANUFACTURING  
INDUSTRIES, PROVIDING FOR THE PROTECTION AGAINST PANDEMIC,  
AND FOR 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 "*Healthcare*  
2 *Manufacturing and Pandemic Protection Act.*"

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

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

11  
12           (a) adopt efficient and effective measures that will prevent  
13 the overburdening of the healthcare system;

14           (b) develop the healthcare and other health-related industries and preserve  
15 and generate employment during the crisis;

16           (c) ensure adequate and readily available supply of critical products and  
17 services for the health workers and the public;

18           (d) protect the interest of the consumers and establish standards of conduct  
19 for business and industry; and

20           (e) build strong partnership with the private sector and other stakeholders  
21 to deliver these measures quickly and efficiently.

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

6  
7           **SEC. 4. Definition of Terms.** – For purposes of this Act, the following terms shall  
8 be understood as follows:

9  
10           (a) *Accreditation* – refers to the written authority issued by the Department of  
11 Trade and Industry (DTI), through the Board of Investments (BOI), and other relevant  
12 government agencies to manufacturers and producers of critical products and providers  
13 of critical services.

14  
15           (b) *Critical Products* – refer to medicines, vaccines, ventilators and other medical  
16 supplies or equipment, such as personal protective equipment (PPE) and surgical  
17 masks, including its raw materials, required to address a pandemic or national health  
18 emergency, as may be determined by the Department of Health (DOH) or other relevant  
19 government agencies.

20  
21           (c) *Critical Services* – refer to services required for the manufacture, production  
22 and distribution of critical products. This shall also include testing laboratories, waste  
23 management, including but not limited to waste segregation, storage, collection,  
24 sorting, treatment and disposal services; and other services as may be determined by  
25 the DOH or other relevant government agencies.

26  
27           (d) *Manufacturer* – refers to an enterprise duly accredited or registered under  
28 the provisions of this Act, engaged in the production of critical products including the  
29 preparation, processing, compounding, formulating, filling, packing, repacking, altering,  
30 ornamenting, finishing and labeling.

31  
32           (e) *Packaging* – refers to material used to wrap or protect critical products.

33  
34           (f) *Producer* – refers to an enterprise that manufactures, makes, grows, or  
35 produces critical products.

36  
37           (g) *Raw Material* – refers to materials and inputs from which a critical product  
38 and its packaging is made.

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

4  
5 **SEC. 5. *Tax Benefits.*** –

6  
7 (a) *Exemption from Custom Duties, Value Added Tax (VAT), Other Taxes and Fees.*  
8 – Regardless of the country of origin, importation under this Act of the capital  
9 equipment, spare parts and accessories, raw materials, packaging and its raw materials,  
10 or any articles needed in the supply chain of the critical products or services shall be  
11 exempt from custom duties, VAT, other taxes and fees such as import processing fees  
12 and fees imposed by the Bureau of Customs (BoC), the Food and Drug Authority (FDA)  
13 and other relevant agencies.

14  
15 (b) *Exemption from VAT on Local Sales.* – The sale of critical products and rendition  
16 of critical services shall be exempted from VAT which shall be based on the gross sales  
17 or gross receipts, respectively.

18  
19 (c) *Treatment of Export Enterprises.* – The local sales of critical products and rendition  
20 of critical services by export enterprises shall be deemed and treated as “export sales”  
21 for purposes of its export requirement pursuant to existing laws. As such, the  
22 corresponding treatment, exemption on duties, taxes and fees, and other incentives  
23 warranted under existing laws governing these export enterprises shall continue to  
24 apply. Further, if such export enterprises are located in special economic zones with  
25 status of separate customs territory under relevant laws, such local sales shall likewise  
26 be treated as “export sales” for purposes of its export requirement.

27  
28 **SEC. 6. *Export Limitation.*** – Export enterprises that manufacture or produce  
29 critical products or render critical services shall supply up to eighty percent (80%) of  
30 their daily production or service to government institutions, hospitals, and private  
31 establishments in the country for local or domestic use. *Provided, That* in case the  
32 demand for critical products and critical services does not reach such percentage, as  
33 certified by the DTI the manufacturer or producer may opt to export the critical product  
34 or critical service.

35  
36 **SEC. 7. *Procurement of Critical Products by the Government.*** – To ensure  
37 adequate and responsive supply of critical products and supplies, the government, as  
38 the procuring entity shall give preference to critical products manufactured, produced

1 or made in the Philippines; *Provided, That* the award shall be made to the lowest  
2 domestic manufacturer-bidder whose bid is not more than twenty five percent (25%)  
3 in excess of the lowest foreign bid; *Provided Further,* That it has secured from the DTI  
4 a certification that the products, articles, materials, or supplies are produced, made or  
5 manufactured in the Philippines.

6  
7 Private enterprises are also encouraged to source their requirements for critical  
8 products from the local manufacturers and producers.

9  
10 **SEC. 8. *Funding.*** – The amount necessary to carry out the provisions of this Act  
11 shall be sourced from the current year’s appropriations of the concerned  
12 department/agency. Thereafter, such sums as may be needed for its continued  
13 implementation shall be included in the General Appropriations Act (GAA).

14  
15 **SEC. 9. *Implementing Rules and Regulations.*** – The DTI, DOH and BOI shall  
16 promulgate the rules to implement this Act.

17  
18 **SEC. 10. *Repealing Clause.*** – All provisions of existing laws, orders and  
19 regulations contrary to or inconsistent with this Act are hereby repealed or modified  
20 accordingly.

21  
22 **SEC. 11. *Separability Clause.*** – If for any reason any part or provision of this Act  
23 shall be deemed unconstitutional or invalid, the other sections or provisions hereof shall  
24 not be affected and shall remain in force and effect.

25  
26 **Sec. 12. *Effectivity.*** – This Act shall take effect fifteen (15) days after its  
27 publication in the Official Gazette or in a newspaper of general circulation.

*Approved,*