EXPLANATORY NOTE

Located along the typhoon belt and the ring of fire of the Pacific, the Philippines is a country prone to disasters. The geographical characteristic of the country makes it susceptible to natural calamities—with more than 50 active volcanoes on its setting and an average of 20 typhoon landing on its territory. It is due to this inbred fact that a bolstered and robust disaster preparedness is vital.

Countries such as Canada, Switzerland and the United States of America came up with measures to efficiently respond to disasters, either natural or man-made, by creating emergency strategic stockpiles specifically designed to guarantee the supply of essential goods and services in times of serious shortages brought about by emergency situations. Stockpiling is the solution forged by these countries to thwart shortages of goods and equipment in times of emergency such as the currently worsening state of the global pandemic COVID-19.

This bill aims to solve the problem of access to critical supplies in times of natural disasters by stockpiling critical and strategic materials and the use of such supplies to address urgent need by amending the Philippine International Trading Corporation Law, adopting in its charter its additional role of being the Stockpile Supply-Chain Manager for the government to make it the new Philippine International Trading and Critical Materials Stockpile Corporation.

This bill also promotes local economy by undertaking to encourage the conservation and development of sources of such materials within the Philippines to decrease and preclude, whenever possible, a dangerous and costly dependence by the Philippines upon foreign sources or a single point of failure for supplies of such materials in times of national emergency.

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

TEODORICO "NONONG" HAESCO, JR.
EIGHTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
First Regular Session

HOUSE OF REPRESENTATIVES
H.B. No. 6667

Introduced by Representative TEODORICO “NONONG” T. HADESCO, JR.

AN ACT
AMENDING PRESIDENTIAL DECREE NO. 252 OTHERWISE KNOWN AS THE
“PHILIPPINE INTERNATIONAL TRADING CORPORATION LAW”, AS AMENDED BY
PRESIDENTIAL DECREE NO. 1071 OTHERWISE KNOWN AS “REVISING THE CHARTER
OF THE PHILIPPINE INTERNATIONAL TRADING CORPORATION”

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

SECTION 1. Section 2 of the Revised Charter of the Philippine International Trading
Corporation is hereby amended as follows:

“SECTION 2. Name, Domicile and Place of Business. – There is hereby created a body
corporate to be known as the [Philippine International Trading Corporation] PHILIPPINE
INTERNATIONAL TRADING AND CRITICAL MATERIALS STOCKPILE CORPORATION,
hereinafter referred to as the Corporation, which shall henceforth exist for fifty years and
shall have its principal office in Metro Manila.”

SEC. 2. Section 3 of the Revised Charter of the Philippine International Trading Corporation
is hereby amended as follows:

“SECTION 3. Capitalization. – The authorized capital stock of the Corporation shall be [two
hundred million pesos (₱200,000,000.00)] ONE BILLION PESOS (₱1,000,000,000.00) to be
divided into [two million (2,000,000)] TEN MILLION shares at par value of one hundred
pesos (₱100.00) per share to be subscribed as follows:

THIRTY PERCENT (30%) representing [eight hundred thousand (800,000)] THREE
MILLION (3,000,000) shares valued at [eighty million pesos (₱80,000,000.00)] THREE
HUNDRED MILLION by the Republic of the Philippines; TWENTY PERCENT (20%)
representing [two hundred thousand (200,000)] TWO MILLION shares valued at [twenty
million pesos (₱20,000,000.00)] TWO HUNDRED MILLION PESOS (₱200,000,000) by the
Development Bank of the Philippines; TWENTY PERCENT (20%) representing [two
hundred thousand (200,000)] TWO MILLION SHARES valued at [twenty million pesos
(₱200,000,000.00)] TWO HUNDRED MILLION (₱200,000,000) by the [Philippine National
Bank] LAND BANK OF THE PHILIPPINES; and the remaining THIRTY PERCENT (30%)
representing [eight hundred thousand (800,000)] THREE MILLION (3,000,000) shares
valued at [eighty million pesos (₱80,000,000.00)] THREE HUNDRED MILLION by
NATIONAL DEVELOPMENT COMPANY at not less than the par value. For the total
subscription of the Republic of the Philippines, the amount of [forty-million-pesos
(P40,000,000.00)] THREE HUNDRED MILLION is hereby appropriated out of the funds in
the National Treasury which amount or any portion thereof shall be released to the
Corporation upon the approval of the President of the Philippines: Provided, that, the
subscription of the DEVELOPMENT BANK OF THE PHILIPPINES and the [Philippine
National Bank] LAND BANK OF THE PHILIPPINES shall be paid to the Corporation at such
time and for such amounts as shall be requested by the Board of Directors of the
Corporation: PROVIDED FURTHER that given the current shareholdings of the NATIONAL
DEVELOPMENT COMPANY in the Corporation, the balance due on the subscription of THE
NATIONAL DEVELOPMENT COMPANY shall be paid to the Corporation at such time as shall
be requested by the Board of Directors of the Corporation. [PROVIDED, FURTHER, THAT,
THE DISPOSITION OF THE SHARES AVAILABLE TO THE PUBLIC SHALL BE MADE IN SUCH
A MANNER AS TO RESULT IN THE WIDEST DISTRIBUTION THEREOF AS POSSIBLE TO
INDIVIDUALS OR ORGANIZED BUSINESSMEN REPRESENTING SPECIFIC INDUSTRIES OR
PRODUCTS WITHOUT ANY STOCKHOLDER OWNING MORE THAN ONE PER CENT (1%) OF
THE TOTAL STOCK OFFERED FOR SUBSCRIPTION TO THE PUBLIC AND NO SINGLE GROUP
REPRESENTING ONE SPECIFIC INDUSTRY OR PRODUCT SHALL OWN MORE THAN FIVE
PER CENTUM (5%) OF SUCH SHARE UNLESS APPROVED BY THE BOARD; AND, PROVIDED,
FINALLY THAT, PROXY VOTING IS HEREBY AUTHORIZED BUT UNDER NO AGREEMENT,
CONTRACT, ARRANGEMENT, SCHEME, OR PLAN, SHALL A PROXY HOLDER BE ALLOWED
TO REPRESENT MORE THAN ONE PER CENT (1%) OF THE STOCKS OFFERED TO THE
PUBLIC FOR SUBSCRIPTION.]

[“Any disposition of shares of stock of the Corporation which will change the proportion of
capital—distribution among the National Government, Philippine National Bank,
Development Bank of the Philippines and the public shall be null and void unless previously
approved by the President of the Philippines upon recommendation of the Board of
Directors. Likewise, no transfer of shares of stock subscribed by the public shall be allowed
to be registered in the books of the Corporation which will violate the limitations in the next
preceding paragraph unless the same is previously approved by the Board of Directors of
the Corporation.”]

[“The President of the Philippines may increase the authorized capital stock of the
Corporation upon recommendation by the Board of Directors of the Corporation. The Board
of Directors shall recommend such increase upon approval by the affirmative vote of
stockholders holding at least two-thirds (2/3) of the subscribed capital stock of the
Corporation in a special meeting called for the purpose.”]

SEC. 3. Section 5 of the Revised Charter of the Philippine International Trading Corporation
is hereby amended as follows:

“SECTION 5. Purposes of the Corporation. – The Corporation is hereby authorized:

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(t) TO ACT AS THE SUPPLY-CHAIN MANAGER IN THE STOCKPILING OF STRATEGIC AND
CRITICAL MATERIALS AS MAY BE DETERMINED BY THE PRESIDENT OF THE
PHILIPPINES; TO ACQUIRE AND RELEASE SUCH MATERIALS AS DIRECTED BY THE
PRESIDENT OF THE PHILIPPINES IN THE INTEREST OF THE PUBLIC IN RESPONSE OR IN PREPARATION OF ANY CONCEIVED NATIONAL EMERGENCY;

(u) TO DO ALL SUCH OTHER THINGS AS ARE INCIDENTAL OR APPURTENANT TO OR GROWING OUT OF OR CONNECTED WITH THE AFORESAID BUSINESS OR POWERS OF THE CORPORATION OR ANY PART THEREOF OR CONDUCE TO THE ATTAINMENT OF ITS CORPORATE PURPOSES AND OBJECTS."

SEC. 4. Section 7 of the Revised Charter of the Philippine International Trading Corporation is hereby amended as follows:

"SECTION 7. Composition of Board of Directors. – The powers and functions of the Corporation shall be exercised by the Board of Directors which shall be composed of the following:

(a) The Secretary of the Department of Trade AS THE CHAIRMAN;
(b) The President of the Corporation AS THE VICE-CHAIRMAN;
(c) The Director-General of the National Economic and Development Authority;
(d) The Chairman of the Board of Investments;
(e) The Secretary of the Department of Agriculture;
(f) The Secretary of the Department of Natural Resources;
(g) THE SECRETARY OF DEPARTMENT OF HEALTH;
(h) The Chairman of the Board of Governors, PRESIDENT of the Development Bank of the Philippines;
(i) The President of the Philippine National Bank LAND BANK OF THE PHILIPPINES;
(j) THE GENERAL MANAGER OF THE NATIONAL DEVELOPMENT COMPANY;
(k) A Representative from the Office of the President;
(l) A REPRESENTATIVE FROM THE PRIVATE SECTOR;

SEC. 5. A new Title is inserted after Section 7, which shall be as follows:

"STOCKPILING OF STRATEGIC AND CRITICAL MATERIALS"

SECTION 7. STRATEGIC AND CRITICAL MATERIALS STOCKPILE DIVISION. – THERE SHALL BE CREATED WITHIN THE PHILIPPINE INTERNATIONAL TRADING AND CRITICAL MATERIALS STOCKPILE CORPORATION A DIVISION IN-CHARGE OF STOCKPILING OF STRATEGIC AND CRITICAL MATERIALS AS MAY BE DETERMINED BY THE PRESIDENT OF THE PHILIPPINES.

THE PHILIPPINE INTERNATIONAL TRADING AND CRITICAL MATERIALS STOCKPILE CORPORATION SHALL ENSURE ROTATION AND REPLENISHMENT OF STOCKS. IT SHALL ALSO ENSURE THAT THERE EXISTS AT ALL TIMES A STEADY, AVAILABLE AND ADEQUATE SUPPLY OF SUCH MATERIALS ESSENTIAL IN RESPONDING TO PANDEMICS, NATURAL DISASTERS AND OTHER NATIONAL EMERGENCIES. FOR THIS PURPOSE, PROCUREMENT OF THE SAID MATERIALS SHALL BE CONSIDERED AS PROCUREMENT OF STOCKS IN TRADE OF THE CORPORATION IN THE REGULAR COURSE OF BUSINESS AS A TRADING COMPANY AND SHALL THEREFORE BE EXEMPTED FROM THE COVERAGE OF R.A. 9184 AND ITS IMPLEMENTING RULES AND REGULATIONS. TO THE EXTENT POSSIBLE, THE
SECTION 8. MATERIALS CONSTITUTING THE STOCKPILE. — THE PRESIDENT OF THE PHILIPPINES SHALL DETERMINE FROM TIME TO TIME (1) WHICH MATERIALS ARE STRATEGIC AND CRITICAL FOR THE PURPOSES OF THIS ACT; (2) THE QUALITY AND QUANTITY OF EACH SUCH MATERIAL TO BE ACQUIRED FOR THE PURPOSES OF THIS ACT AND; (3) THE FORM IN WHICH EACH SUCH MATERIAL SHALL BE ACQUIRED AND STORED.

STRATEGIC AND CRITICAL MATERIALS SHALL MEAN ESSENTIAL MEDICAL AND/OR LIFE SAVING SUPPLIES NEEDED IN TIMES OF PANDEMICS SUCH AS FACE MASKS, BODY BAGS, PERSONAL PROTECTIVE EQUIPMENT AND SIMILAR SUPPLIES OR EQUIPMENT.


THE QUANTITY OF ANY MATERIAL TO BE STOCKPILED UNDER THIS ACT MAY BE CHANGED ONLY AS PROVIDED IN THIS SECTION OR AS OTHERWISE PROVIDED BY LAW.

SECTION 9. DISPOSAL AUTHORITY. — MATERIALS IN THE STOCKPILE MAY BE RELEASED FOR USE, SALE, OR OTHER DISPOSITION:

(1) ON THE ORDER OF THE PRESIDENT OF THE PHILIPPINES, AT ANY TIME THE PRESIDENT DETERMINES THE RELEASE OR DISPOSAL OF SUCH MATERIALS IS REQUIRED FOR PURPOSES OF DISASTER PREPAREDNESS AND RELIEF; PROVIDED, HOWEVER, THAT NOTHING HEREIN SHALL PROHIBIT THE CORPORATION FROM DISPOSING OR TRADING IN STOCK MATERIALS TO ENSURE ROTATION, REPLENISHMENT AND FRESHNESS OF STOCKS IN SUCH MANNER AS PROVIDED BY LAW.

(2) IN TIME OF WAR DECLARED BY THE CONGRESS OR DURING A NATIONAL EMERGENCY, ON THE ORDER OF ANY OFFICER OR EMPLOYEE OF THE PHILIPPINES DESIGNATED BY THE PRESIDENT TO HAVE AUTHORITY TO ISSUE DISPOSAL ORDERS UNDER THIS SUBSECTION, IF SUCH OFFICER OR EMPLOYEE DETERMINES THAT THE RELEASE OF SUCH MATERIALS IS REQUIRED FOR PURPOSES OF THE NATIONAL DEFENSE OR DISASTER PREPAREDNESS AND RELIEF; AND

(3) ON THE ORDER OF THE SECRETARY OF DEFENSE IF THE PRESIDENT HAS DESIGNATED THE SECRETARY TO HAVE AUTHORITY TO ISSUE RELEASE ORDERS UNDER THIS SUBSECTION AND, IN THE CASE OF ANY SUCH ORDER, IF THE SECRETARY DETERMINES THAT THE RELEASE OF SUCH MATERIALS IS REQUIRED FOR USE, MANUFACTURE, OR PRODUCTION FOR PURPOSES OF NATIONAL DEFENSE OR DISASTER PREPAREDNESS AND RELIEF.

ANY ORDER OF DISPOSAL, OTHER THAN FOR REASONS OF ROTATION OR REPLENISHMENT, SHALL BE PROMPTLY REPORTED BY THE PRESIDENT, OR BY THE
OFFICER OR EMPLOYEE ISSUING SUCH ORDER, IN WRITING, TO THE COMMITTEE ON
GOVERNMENT CORPORATIONS AND PUBLIC ENTERPRISE AND COMMITTEE ON DEFENSE
OF BOTH SENATE AND HOUSE OF REPRESENTATIVES.

SECTION 10. ADVISORY COMMITTEES. — THE PRESIDENT MAY APPOINT ADVISORY
COMMITTEES COMPOSED OF INDIVIDUALS WITH EXPERTISE RELATING TO MATERIALS
IN THE STOCKPILE OR WITH EXPERTISE IN STOCKPILE MANAGEMENT TO ADVISE THE
PRESIDENT WITH RESPECT TO THE ACQUISITION, TRANSPORTATION, PROCESSING,
REFINING, STORAGE, SECURITY, MAINTENANCE, ROTATION, AND DISPOSAL OF SUCH
MATERIALS UNDER THIS ACT. THE COMMITTEE SHALL BE ENTITLED TO PER DIEMS IN
ACCORDANCE WITH THE RULES AND REGULATIONS OF THE GOVERNANCE COMMISSION
FOR GOCCS (GCC).

SECTION 11. REPORT TO CONGRESS. — NOT LATER THAN FEBRUARY 15 OF EACH YEAR,
THE PRESIDENT SHALL SUBMIT TO THE CONGRESS AN ANNUAL WRITTEN REPORT
DETAILING OPERATIONS UNDER THIS ACT. EACH SUCH REPORT SHALL INCLUDE—

(1) INFORMATION WITH RESPECT TO FOREIGN AND DOMESTIC PURCHASES OF
STOCKPILED CRITICAL MATERIALS DURING THE PRECEDING FISCAL YEAR;

(2) INFORMATION WITH RESPECT TO THE ACQUISITION AND DISPOSAL OF
STOCKPILED CRITICAL MATERIALS UNDER THIS ACT THROUGH COUNTERTRADE
DURING SUCH FISCAL YEAR;

(3) SUCH OTHER PERTINENT INFORMATION ON THE ADMINISTRATION OF THIS ACT
AS WILL ENABLE THE CONGRESS TO EVALUATE THE EFFECTIVENESS OF THE
PROGRAM PROVIDED FOR UNDER THIS ACT AND TO DETERMINE THE NEED FOR
ADDITIONAL LEGISLATION.

SECTION 12. SOURCE OF MATERIALS. — CONSISTENT WITH THE COUNTRY’S OBLIGATIONS
UNDER INTERNATIONAL TREATIES OR AGREEMENTS, MATERIALS MAY BE OBTAINED
FROM DOMESTIC OR FOREIGN SOURCES AND THE PROCUREMENT THEREOF SHALL BE
OPEN TO ALL ELIGIBLE SUPPLIERS, MANUFACTURERS AND DISTRIBUTORS. HOWEVER IN
THE INTEREST OF AVAILABILITY, EFFICIENCY AND TIMELY DELIVERY OF MATERIALS,
THE CORPORATION SHALL ENCOURAGE THE DEVELOPMENT OF DOMESTIC SOURCES
FOR STRATEGIC AND CRITICAL MATERIALS TO ENSURE STEADY, AVAILABLE AND
ADEQUATE SUPPLY OF SUCH MATERIALS ESSENTIAL IN RESPONDING TO PANDEMICS,
NATURAL DISASTERS AND OTHER NATIONAL EMERGENCIES, AND IN SUCH MANNER AS
MAY BE ALLOWED BY LAW, TO INCLUDE THE ADOPTION OF COUNTERTRADE AND
INDUSTRIAL COOPERATION UNDER E.O. 120 S. 1993 TO AUGMENT STOCKPILING AND
AVAILABILITY OF CRITICAL MATERIALS

(1) BY PURCHASING, OR MAKING A COMMITMENT TO PURCHASE, EITHER DIRECTLY
OR THROUGH COUNTERTRADE, STRATEGIC AND CRITICAL MATERIALS OF DOMESTIC
ORIGIN WHEN SUCH MATERIALS ARE NEEDED FOR THE STOCKPILE;

(2) BY CONTRACTING WITH DOMESTIC FACILITIES, OR MAKING A COMMITMENT TO
REFINING IS NECESSARY TO CONVERT SUCH MATERIALS INTO A FORM MORE
SUITABLE FOR STORAGE AND SUBSEQUENT DISPOSITION;

(3) BY IDENTIFYING EXISTING DOMESTIC FACILITIES AND DOMESTICALLY PRODUCED
STRATEGIC AND CRITICAL MATERIALS TO MEET THE REQUIREMENTS OF DEFENSE
AND ESSENTIAL CIVILIAN INDUSTRIES IN TIMES OF NATIONAL EMERGENCY WHEN
EXISTING DOMESTIC SOURCES OF SUPPLY ARE EITHER INSUFFICIENT OR
VULNERABLE TO SINGLE POINTS OF FAILURE; AND

(4) BY CONTRACTING WITH DOMESTIC FACILITIES TO RECYCLE STRATEGIC AND
CRITICAL MATERIALS, THEREBY INCREASING DOMESTIC SUPPLIES WHEN SUCH
MATERIALS WOULD OTHERWISE BE INSUFFICIENT TO SUPPORT DEFENSE AND
ESSENTIAL.

SECTION 13. INSTITUTIONAL LINKAGES. PHILIPPINE INTERNATIONAL TRADING AND
CRITICAL MATERIALS STOCKPILE CORPORATION SHALL MAINTAIN AND DEVELOP
INSTUTIONAL LINKAGES/PARTNERSHIP WITH GOVERNMENT AND NON-GOVERNMENT
INSTITUTIONS INCLUDING BUT NOT LIMITED TO THE DEPARTMENT OF SOCIAL
WELFARE AND DEVELOPMENT, PHILIPPINE RED CROSS, NATIONAL DISASTER RISK
REDUCTION AND MANAGEMENT COUNCIL AND SIMILAR INSTITUTIONS, CONCERNING
THE UTILIZATION AND DISTRIBUTION OF MATERIALS IN THE STOCKPILE.

SEC. 6. Subsequent sections are hereby renumbered accordingly.

SEC. 7. Separability Clause. – If any provision of this Act is declared unconstitutional, such
sections or parts not affected thereby shall remain in full force and effect.

SEC. 8. Effectivity Clause. – This Act shall take effect fifteen (15) days after its publication in
the Official Gazette or in at least two (2) national newspaper of general circulation.

Approved,