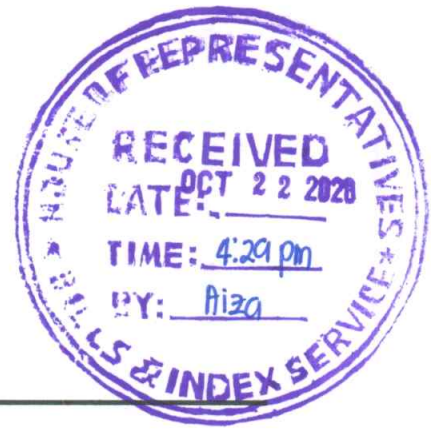


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
EIGHTEENTH CONGRESS
Second Regular Session
HOUSE BILL NO. 7918



Introduced by: Hon. Jocelyn P. Tulfo, Hon. Eric Go Yap, Hon. Niña O. Taduran

EXPLANATORY NOTE

Article XII, Section 10 of the 1987 Constitution empowers the State to regulate and exercise authority over foreign investments within its national jurisdiction and in accordance with its national goals and priorities.

The Constitution ordains the ideals of economic nationalism with various statements of economic policy, from the need to “promote the preferential use of Filipino labor, domestic materials and locally produced goods”, the mandate to “adopt measures that help make them competitive”, and to “develop a self-reliant and independent national economy effectively controlled by Filipinos.”

These statements of policy taken together were never meant to enforce an isolationist policy, and therefore do not rule out the participation of foreign entrants to our various industries. However, they indubitably seek to assure that the entry of foreign competitors serve only to bolster an economy predominantly favoring and prioritizing the growth and profitability of local players, and not to snuff out their life.

The construction industry is arguably the fastest-growing sector of the economy and among the biggest contributors of jobs. Not spared from the onslaught of the COVID-19 pandemic, it has since had to shift its focus from mere response to recovery, with infrastructure expected to galvanize the same.

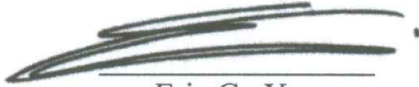
This bill assures that local construction enterprises are uniquely positioned to be at the forefront of this recovery by requiring that the pertinent regulatory authority first certifies that no other local contractor can undertake a certain project before a foreign entity may be granted license to operate in the Philippines.

Moreover, it regulates the entry of foreign-owned construction companies by requiring them to prove that they are amply qualified with the requisite experience and knowledge of Philippine laws and rudimentary administrative principles.

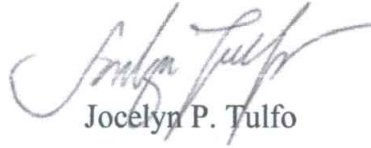
To accomplish these goals, the bill also grants the regulatory authority sufficient latitude to investigate, classify, and qualify applicants for contractor’s licenses by written or oral examination, or both.

With these in place, the bill therefore places foreign entrants within the sphere of regulation and affords sufficient safeguards to ensure that they are serving the goals and intendments of the national economy, and not merely advancing personal gain at the expense of local workers.

In view thereof, the approval of this bill is earnestly sought.



Eric Go Yap



Jocelyn P. Tulfo



Niña O. Taturan

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AN ACT
FURTHER AMENDING REPUBLIC ACT NO. 4566 ALSO KNOWN AS 'THE
CONTRACTORS' LICENSING LAW'

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

SECTION 1. Section 19 of Republic Act No. 4566 is hereby amended to read as follows:

“Section 19. *Examinations required.* – In accordance with the rules and regulations promulgated by it, the Board may investigate, classify, and qualify applicants for contractors’ licenses by written or oral examination, or both.

Upon due examination, the Board shall certify that no other local contractor can undertake a certain project before a foreign entity be granted a license to operate in the Philippines.”

Sec. 2. Section 20 of Republic Act No. 4566 is hereby amended to read as follows:

“Section 20-a. *Qualifications of Filipino applicants for contractors’ licenses.*
– The Board shall require an applicant to show at least two years of experience in the construction industry, and knowledge of the building, safety, health and lien laws of the Republic of the Philippines and the rudimentary administrative principles of the contracting business as the Board deems necessary for the safety of the contracting business of the public.

For the purpose of this section, a partnership, corporation, or any other organization may qualify through its responsible managing officer appearing personally before the Board who shall prove that he is a bona fide responsible officer of such firm and that he exercises or is in a position to exercise authority over the contracting business of his principal or employer in the following manner: (1) to make technical and administrative decisions, and (2) to hire, superintend, promote, transfer, lay off, discipline or discharge employees.

Section 20-b. *Qualifications of foreign applicants for contractors’ licenses.*
– No foreign entities shall be given license to operate in the Philippines unless otherwise certified by the Board that no other local contractor is capable of undertaking a certain project applied for. The foreign applicant shall have all the

necessary qualifications and none of the disqualifications as may be required by the Board.

No foreign contractors shall be granted a license to practice construction or contracting in the Philippines, unless the country or state of which the foreign contractor is a subject or citizen, specifically permits Filipino contractors to practice within its territorial limits on the same basis as the subjects or citizens of said foreign country or state under reciprocity and under international agreements; *Provided*, that such foreign contractor shall duly establish its business in the Philippines, and shall ensure technology transfer and capacity building of local contractors.”

Sec. 3. *Repealing Clause.* – All laws, presidential decrees, executive orders, and rules and regulations, or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Sec. 4. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,