

26 August 2020

REPRESENTATIVE ANGELINA D.L. TAN, M.D.

Chairperson
Committee on Health
House of Representatives
Batasan Complex, Batasan Hills
Quezon City

Dear **Representative Tan**:

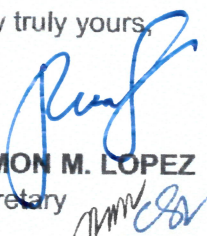
We are pleased to submit the Department's position on House Bill No. 6995, entitled:

An Act Providing for the Stockpiling of Strategic and Critical Drugs and Medicines, Vaccines, Devices, and Materials for Public Health Emergencies, Creating for the Purpose the Health Procurement and Stockpiling Bureau Under the Department of Health, and Appropriating Funds Therefor

This is without prejudice to the Department's submission of additional inputs.

With my best regards.

Very truly yours,


RAMON M. LOPEZ
Secretary



OFFICE OF THE SECRETARY

DTI Position on

House Bill No. 6995

An Act Providing for the Stockpiling of Strategic and Critical Drugs and Medicines, Vaccines, Devices, and Materials for Public Health Emergencies, Creating for the Purpose the Health Procurement and Stockpiling Bureau Under the Department of Health, and Appropriating Funds Therefor

The Department expresses its reservations in the creation of a Health Procurement and Stockpiling Bureau under the Department of Health (DOH) as we are inclined to support a more holistic approach in the stockpiling of essential goods which include, among others, strategic and critical drugs and medicines, vaccines, devices, and materials during public emergencies. Specifically, we support a current legislative proposal that would instead expand the functions of the Philippine International Trading Corporation (PITC), an attached agency of the DTI, to include the stockpiling of strategic and critical materials. Doing so would not limit stockpiling for health emergencies alone, but for other natural disasters as well.

To further support our position, below are our comments to specific provisions of the bill:

Provisions	DTI Position
<p>SEC. 4. Creation of a Health Procurement and Stockpiling Bureau. - There is hereby created a body under the Department of Health to be known as the Health Procurement and Stockpiling Bureau (HPSB)</p> <p>xxx</p> <p>It shall serve as the principal agency mandated to undertake a transparent, fair, proactive, innovative procurement service for the DOH and to stockpile, conserve, and facilitate the release of adequate amounts of potentially life-saving pharmaceuticals, vaccines, devices, and materials in times of public health emergencies.</p>	<ul style="list-style-type: none"> • We reiterate that the PITC's current functions already entail (1) engaging exports, trade services and special trading arrangements; (2) ensuring the most efficient and cost-effective procurement services for the government; and (3) contributing to price and supply stabilization of goods and services. We view that these current functions adequately cover the intent of the proposed measure. • With regard to stockpiling, we view that the expansion of PITC's mandate, through the creation of the Strategic and Critical Materials Stockpile Division under the agency, is a more comprehensive approach than the creation of the Health Procurement and Stockpiling Bureau under the DOH. It would ensure that the stockpiling of essential goods would encompass the needs for all possible public emergencies and will not be limited to drugs and medicines, vaccines, devices, and materials. • In addition, the Philippine Pharma Procurement, Inc. (PPPI), a subsidiary of the PITC and an affiliate of the National Development Company (NDC), has already established a common facility for pooled procurement in line with the

	<p>provisions of Republic Act (RA) No. 9502 or the Universally Accessible Cheaper and Quality Medicines Act of 2008. This would ensure that the best and most affordable prices and quality of drugs and medicines are made available in the market.</p>
<p>SEC. 6. Functions and Responsibilities. - The Bureau shall perform the following functions and responsibilities:</p> <p>(a) Formulates plans/policies/programs on procurement management;</p> <p>(b) Undertake the procurement process to provide the logistical requirements;</p>	<ul style="list-style-type: none"> • We note that under Executive Order (EO) No. 54, s. 2011,¹ the PPPI was transferred to the DTI from the DOH to "improve policy and program coordination relative to the government's procurement and importation of drugs and medicines" and to "harmonize the administrative relationships among DTI, PITC, NDC and [PPI]." • While all government agencies are governed by the provisions of RA No. 9184 or the Government Procurement Reform Act, the PTIC and the PPPI are already well-equipped and experienced in the fast, easy, and efficient procurement of numerous government requirements.
<p>SEC. 7. Sources. -</p> <p>xxx</p> <p>the Bureau shall encourage the development of domestic sources to ensure steady, available an adequate supply of such drugs and medicines, vaccines, devices, and materials that are essential in responding to public health emergencies, and in such manner as may be allowed by law, to include countertrade and industrial cooperation to augment stockpiling and availability of critical materials by:</p> <p>(a) Purchasing, or making a commitment to purchase, either directly or through countertrade, strategic and critical drugs and medicines, vaccines, devices, and materials of domestic origin when such are needed for the stockpile;</p>	<ul style="list-style-type: none"> • We would like to stress that under EO No. 120, s. 1993,² the PITC is "directed to coordinate with all government agencies and government-owned or controlled corporations (GOCCs) in formulating and implementing particular strategies on countertrade or similar arrangements for any planned importation or procurement of foreign capital goods, equipment, machinery, products, goods and services, with appropriate consultations to be made with the private sector." • The PITC, on behalf of the DTI, currently serves as the sole implementing agency of the Countertrade Program, which involves offsets and counterpurchases. • In line with this, we deem that the existing Procurement Service of the DOH is capable enough to coordinate with the PITC with regard to countertrade and purchasing support. The creation of a Health Procurement and Stockpiling Bureau under the DOH e would overlap with PITC's mandates and may thus run counter to government's efficient use of resources.

¹ Transferring the PITC Pharma, Inc. to the Department of Trade and Industry from the Department of Health for Policy and Program Coordination and For Other Purposes

² Directing the National Government, its Departments, Bureaus, Agencies and Offices, Including Government-Owned or Controlled Corporations, to Adopt Counter-Trade as a Supplemental Trade Tool with Respect to the Importation or Procurement of Foreign Capital Equipment, Machinery, Products, Goods and Services

The DTI reiterates its reservations in the passage of the bill given our intent to support a better-rounded approach to government stockpiling of essential and critical supplies for public emergencies. While the PITC and PPPI are equipped to do their current mandates, we maintain that expanding such to ensure pertinent stockpiling is deemed necessary especially during these trying times caused by the COVID-19 pandemic as well as future disruptions of similar global magnitude.



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Bureau of Trade and Industrial Policy Research
26 August 2020

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