

25 September 2019

**REP. WESLIE T. GATCHALIAN**  
Chairperson  
Committee of Trade and Industry  
House of Representatives  
Constitution Hills, Quezon City, Philippines 1126

**Dear Rep. Gatchalian:**

We are pleased to submit the Department's comments and recommendations on House Bill No. 789, entitled:

**“An Act Requiring Foreign Companies Engaged in Business in the Philippines to Utilize Local Labor and Material Resources”**

This is without prejudice to the Department’s submission of additional comments.

With my best regards.

Very truly yours,

**RAMON M. LOPEZ**  
Secretary



**OFFICE OF THE SECRETARY**

DTI Position on

**House Bill No. 789**

**“An Act Requiring Foreign Companies Engaged in Business in the Philippines to Utilize Local Labor and Material Resources”**

The Department recognizes the intentions of the bill to promote the preferential use of Filipino labor, domestic materials, and locally produced goods and the adoption of measures that would bolster and strengthen this policy. This is also consistent with the state policy highlighted in Section 12, Article XII of the 1987 Philippine Constitution.

The proposed legislation will improve access to market of our local micro-, small-, and medium-enterprises (MSMEs) and is one of the strategic goals of the MSME Development Plan for 2017-2022. It will also provide new business opportunities and wider markets for MSMEs, which, in the long run, will result to improved competitiveness and enable them to expand their market locally. Furthermore, the proposed measure will likewise create linkages between large companies and MSMEs through contract production arrangements or as suppliers to exporting companies, thereby strengthening supply and value chains.

With regard to local labor, the July 2019 Labor Force Survey published by the Philippine Statistics Authority (PSA) showed that both the employment and unemployment rates remained unchanged at 94.6% and 5.4%, respectively compared to the same period last year. However, the number of employed Filipinos still increased from 40.650 million to 42.953 million. The proposed measure can contribute to further reducing the unemployment rate as foreign companies will prioritize the hiring of local employees instead of bringing in foreign workers. It will also encourage our overseas Filipino workers (OFWs) to come home as there will be more employment opportunities in the country.

The Department would like to reiterate its support to the passage of the bill that will require foreign companies doing business in the country to utilize local labor and material sourcing. DTI also suggests setting-up an online database of certified local suppliers to ensure that foreign as well as domestic companies will have access to an efficient production materials matching system.

  
**Bureau of Trade & Industrial Policy Research**  
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