



LEGISLATIVE RESEARCH SERVICE
KEY POINTS OF PLENARY PROCEEDINGS
Second Regular Session, 19th Congress

Session No. 33
Wednesday, 29 November 2023

1. Senate Bill No. 2432 under Committee Report No. 118

An Act Defining the Crimes of Agricultural Economic Sabotage, Providing Penalties Therefor, Creating the Anti-Agricultural Economic Sabotage Council, Repealing Republic Act No. 10845 or the Anti-Agricultural Smuggling Act of 2016, and for Other Purposes

Sponsor : Sen. Cynthia A. Villar
Cosponsors : Sen. Joel Villanueva
Sen. Joseph Victor G. Ejercito
Sen. Ronald “Bato” Dela Rosa
Sen. Jinggoy E. Estrada

Amendments of Senator Villar (C)

Senator Villar (C) proposed to amend the bill by substitution. She stated that after extensive interpellations and deliberations, the amendment addresses the collective amendments and legal issues pertaining to the bill.

Amendments of Senator Pimentel

Senator Pimentel proposed to limit the documents showing compliance to the proof of non-violation of the four criminal acts provided in the bill. The Senator added that if the phrase “existing laws or regulations” is added, it becomes a total audit of everybody else, and this concept has been repeated thrice. Senator Villar (C) accepted the amendment.

Senator Pimentel stated that they encountered difficulty with the pages and lines of the guide questions. He suggested to have the proposed amendments to be forwarded to the Sponsor so that she can go over them and that they be taken up in the next session day.

Amendments of Senator Tolentino

Senator Villar (C) read the proposed amendment of Senator Tolentino:

Section 29, *Effectivity*: This Act is self-executory and shall take effect within fifteen (15) days after its publication in the Official Gazette or in a newspaper of

general circulation without the need for the issuance of an implementing rules and regulations.

Manifestation of Senator Tolentino

Senator Tolentino expressed that his proposed amendment came from his continuing frustrations over the unending administrative intrusions into the legislative sphere.

2. Senate Bill No. 2455 under Committee No. 153

An Act Revitalizing and Strengthening the Self-Reliant Defense Posture Program and Promoting the Development of a National Defense Industry Pursuant Thereto and Providing Funds Therefor

Sponsor: Sen. Jinggoy Ejercito Estrada

Interpellations of Senator Pimentel

Senator Pimentel inquired about the status of the country's defense posture or defense situation and whether the Philippines is importing almost all of its defense requirements.

Senator Estrada replied that the defense situation of the Philippines is very poor. He further stated that the country imports almost all the defense materials. However, the Department of National Defense is currently reviving the SRDP program through a whole-of-nation and whole-of-government approach. The Defense Department is now preparing the SRDP roadmap that will serve as the impetus for the revitalization of the SRDP program.

The SRDP concept strategic roadmap is being conceptualized by integrating the AFP, the SRDP strategic concept plan, and the modernization plan of Government Arsenal. Moreover, foundational strategies are considered within the ambit of the Philippine Development Plan of 2023-2028 in establishing transformation agenda to achieve a prosperous, inclusive, and resilient society.

Senator Estrada added that in 2022, the military-related imports totaled approximately US\$305 million while arms-related exports amounted to US\$85 million. According to the Senator, there is a goal to cure this notable lopsided trade imbalance by providing incentives and government support to local defense industry. Consequently, this will stimulate job generation, promote transfer of advanced technologies, and expand the country's export sector.

Inquired about the items that are exported, Senator Estrada replied that we are exporting firearms and ammunitions to the United States. However, we import items like canons, canons shells, ships, personal protective gear like helmets, rifles handguns, helicopters aircrafts, and everything that has to do with the Modernization Act.

As regards the plan on whether the country will produce the items mentioned as military imports, Senator Estrada stated that the main objective of the SRDP program is to develop and establish an independent and dynamic defense system

that solely relies on the country's own capabilities and resources in order to support the requirements of the Armed Forces of the Philippines. Likewise, it will reduce reliance on foreign manufacturers for acquiring defense equipment.

With government support and direct negotiations with the local suppliers, the Sponsor believes that this is achievable. He cited India as an example wherein 67% of its defense materials is manufactured in the country, while the United States has the "Buy America" policy.

Manifestation of Senator Zubiri

Senator Zubiri believes in self-reliance defense posture. According to him, if companies want to sell firearms to the armed services, they must set up shops in the Philippines and manufacture them in the country. Consequently, they will pay income taxes, hire more laborers, and create more jobs, which is the idea of the SRDP.

During the Marawi Siege, Senator Zubiri witnessed the vulnerability of the country's weapons and defense system. He recalled that on the tenth day of the siege, the soldiers ran out of bullets. The President had to reach out to India, to Pakistan, even to Russia to send ammunition. However, our weapons are not interoperable with theirs.

The Senate President emphasized that without a self-reliant defense program, the country would be vulnerable if there is an urgent need for ammunition and defense equipment. The country is fortunate to have Armscor, the largest ammunition manufacturer that exports globally.

Interpellations of Senator Pimentel (continuation)

Senator Pimentel inquired whether there is a counterpart bill to strengthen the Department of Foreign Affairs as regards diplomacy to prevent conflicts.

The Senate President agreed with the Minority Leader on strengthening the DFA and the diplomacy as a means to prevent conflicts.

Manifestation of Senator Angara

Senator Angara agreed with the Sponsor and the Senate Presidents' remarks and shared insights from the Tatak Pinoy's hearings. The Senator noted in the 1970s, many Philippine companies bid for defense armaments and ammunition, but only one survived due to lack of government support.

The Senator believed that the country is more export-oriented then. He suggested reevaluating policies to focus more on the domestic market, not just for economic reasons, but also to protect our sovereignty, national interest, and national security.

The Senator also pointed out that foreign suppliers can utilize letters of credit for government transactions, whereas local companies are not granted the same opportunity, which puts our local companies at a disadvantage.

Manifestation of Senator Zubiri

The Senate President noted that out of the 15 companies in the 80s, only one survived. Despite the lack of government incentives, this company has managed to stay open by becoming a major exporter of ammunition, primarily to the US.

Senator Pimentel inquired whether this bill is going to cure the situation described by the Senate President. Senator Zubiri replied in the affirmative, stating that the bill is designed to level the playing field by removing VAT and by prioritizing the Filipino-made products. Once multiple companies are manufacturing locally, they can compete among themselves.

Senator Pimentel expressed his belief that the military and the police equipment in the country are compatible with those used by the NATO or the United States. He added that if the ammunitions being produced by Armscor are compatible with the systems used in the US, they should also be compatible with the systems used in the Philippines; hence, there is no reason why the AFP and the PNP are not patronizing Philippine-made ammunitions.

Senator Zubiri stressed that if the bill will be enacted into law, it could potentially lead to significant job creation, which was estimated at 10,000 to 20,000.

Manifestation of Senator Dela Rosa

Senator Dela Rosa believed that the perception that products made in the Philippines are of low quality has changed during his time in the Philippine National Police due to companies like Armscor.

The Senator, as an experienced shooter, commended Armscor's firearms and claimed that they surpassed the quality of German-made HK firearms in terms of accuracy. Likewise, he highlighted the potential benefits of patronizing locally made products, and noted that Armscor currently employs thousands of Filipinos.

Interpellations of Senator Pimentel (continuation)

Senator Pimentel inquired on why foreign suppliers of military finished products, including firearms, are exempted from VAT while the local companies are not.

Senator Zubiri stated that he only discovered the issue on VAT exemption of foreign suppliers and VAT imposition on local manufacturers two weeks ago.

Senator Pimentel suggested to directly address the issue by examining its legal basis. He referred to Section 11(c) of the bill, which discusses the exemption from national internal revenue taxes on the importation of raw materials and critical components. He stressed that focus should be made on finished products.

As regards the legal basis, Senator Zubiri cited Section 17 of the Revised AFP Modernization Law, which states that the sale of weapons, equipment, and ammunition to the AFP for its projects and programs is exempt from VAT, as well

as the importation by the AFP. He stressed that the exemption should also apply to locally manufactured items, to which Senator Pimentel agreed.

With regard to the difference between Armscor and the other 14 collapsed companies, Senator Estrada expressed that Armscor did not because it focused on the Philippine market and the exports, unlike other companies that concentrated on the Philippine market alone.

In reply as to the number of defense manufacturers, the Sponsor said there are 32 existing local defense industries in the country. Senator Pimentel stated that the bill is expected to initially benefit these companies, with the hope that they will use their existing network to invite locators in the country should they find the incentives attractive enough.

As regards the budgetary implication, Senator Estrada stated that the initial funding of P1 billion shall be included in the annual appropriations of the DND.

On the mechanics to determine the location of SRDP, Senator Estrada suggested that it should be in a location where private businesses will deem logistically feasible to set up. The advantage of this approach is that it will provide employment opportunities to various regions and ensure the security of the defense industry by not consolidating in only one location, which is also in line with the AFP's Strategic Basing Plan. He further stated that the Secretary of National Defense will be the final authority to approve the location.

Manifestation of Senator Villar (M)

As the chairperson of the Committee on Trade, Commerce and Entrepreneurship, Senator Villar (M) expressed that it has been his advocacy to support the local businesses and make them internationally competitive.

The Senator stated that he had the opportunity to visit Armscor's factory and witnessed firsthand the use of the most modern and advanced equipment.

He emphasized the potential of the defense industry worldwide, citing the recent arms deal between Korea and Poland. Armscor, with its popular Rock Island Armory brand, is already internationally competitive, and with more support, the Senator believes that tens of thousands of jobs can be generated.

3. Senate Bill No. 2457 under Committee Report No. 160

An Act Redefining the Application of the Mother Tongue as Medium of Instruction from Kindergarten to Grade 3, Amending for the Purpose Sections 4 and 5 of Republic Act No. 10533, Otherwise Known as the "Enhanced Basic Education Act of 2013"

Sponsor: Sen. Win Gatchalian

Sponsorship of Senator Gatchalian

Senator Gatchalian stated that Senate Bill No. 2457 aims to redefine the application of mother tongue as a medium of instructions from kindergarten to Grade 3. The bill seeks to amend Republic Act No. 10533, otherwise known as the Enhanced Basic Education Act of 2013, to limit the application of the mother tongue instruction policy to monolingual classroom environments.

The Sponsor stated that the available evidence indicates that uniformly applying Mother Tongue-Based Multilingual Education (MTB-MLE) to multilingual learning environments throughout the Philippines, specifically during key stage one (kindergarten to Grade 3), is neither desirable nor advantageous for enhancing learner outcomes. Consequently, legislative intervention is deemed necessary to mandate a more effective approach that aims to enhance young learners' mastery of their lessons and, ideally, improve their academic performance in the long term.

Motion of Senator Villanueva that the cosponsorship speeches of Senators Dela Rosa and Padilla be inserted into the *Record*

4. Ten House Bills on Nonworking Holidays

House Bill No. 5826 under Committee Report No. 103

An Act Declaring September 1 of Every Year a Special Non-Working Holiday in the Province of Bukidnon, to be Known as "Araw Ng Bukidnon", in Commemoration of its Foundation Anniversary

Sponsor: Sen. Joseph Victor Ejercito

House Bill No. 3972 under Committee Report No. 125

An Act Declaring February 21 of Every Year a Special Nonworking Holiday in the Province of Marinduque to be Known as Araw ng Marinduque, in Commemoration of its Founding Anniversary

Sponsor: Sen. Joseph Victor Ejercito

House Bill No. 4840 under Committee Report No.126

An Act Declaring January 16 of Every Year a Special Non-Working Holiday in the Municipality of Dapa, Province of Surigao Del Norte, in Celebration of the Feast of its Patron Saint, the Holy Santo Niño

Sponsor: Sen. Joseph Victor Ejercito

House Bill No. 3975 under Committee Report No. 127

An Act Declaring July 31 of Every Year Special Nonworking Holiday in the Municipality of Tangalan, Province of Aklan, to be Known as Tangalan Day, in Commemoration of its Foundation Day, and in Honor of the Bravery of the Local Heroes of the Vivo Revolt

Sponsor: Sen. Joseph Victor Ejercito

House Bill No. 3976 under Committee Report No. 128

An Act Declaring December 7 of Every Year a Special Nonworking Holiday in the Municipality of Virac, Province of Catanduanes, in Celebration of the Kaadlawan Nin Virac

Sponsor: Sen. Joseph Victor Ejercito

House Bill No. 3969 under Committee Report No. 129

An Act Declaring March 7 of Every Year a Special Nonworking Holiday in the Island Garden City of Samal, Province of Davao Del Norte, in Commemoration of its Foundation Day

Sponsor: Sen. Joseph Victor Ejercito

House Bill No. 758 under Committee Report No. 130

An Act Declaring June 21st of Every Year a Special Nonworking Holiday in the City of Bayugan, Province of Agusan Del Sur, in Commemoration of its Charter Day

Sponsor: Sen. Joseph Victor Ejercito

House Bill No. 694 under Committee Report No. 131

An Act Declaring June 20 of Every Year a Special Nonworking Holiday in the Municipality of Guinayangan, Province of Quezon, in Commemoration of Its Founding Anniversary

Sponsor: Sen. Joseph Victor Ejercito

House Bill No. 3962 under Committee Report No. 132

An Act Declaring July 5 of Every Year a Special Nonworking Holiday in the Municipality of Bambang, Province of Nueva Vizcaya, to be Known as "Bambang Day", in Commemoration of its Foundation Anniversary

Sponsor: Sen. Joseph Victor Ejercito

House Bill No. 5269 under Committee Report No. 133

An Act Declaring November 11 Of Every Year as Special (Non-Working) Holiday in The Municipality of Taysan, Province of Batangas, in Celebration of Its Founding Anniversary

Sponsor: Sen. Joseph Victor Ejercito

Omnibus Sponsorship Speech of Senator Ejercito

Senator Ejercito, as the chairperson of the Senate Committee on Local Government, recommended the adoption of 10 house bills declaring various local holidays in different cities, municipalities, and provinces of the country.

The Sponsor expressed that these bills are not just about creating holidays, but also an exercise recognizing and celebrating local histories. Additionally, they serve as a means to preserve these stories, thereby preventing them from being lost in time.

Motion of Senator Villanueva that the Cosponsorship Speeches of Senator Gatchalian on H. No. 3972 and Senator Hontiveros on H. No. 3975 be Inserted into the *Record*

Manifestation of Senator Hontiveros

Senator Hontiveros requested that she be a cosponsor as well of House Bill No. 3975 considering that it is the hometown of her paternal grandfather, Justice Jose Miraflores Hontiveros.

Motion of Senator Villanueva that his Cosponsorship Speech on H. Nos. 5826, 3972, 4840, 3975, 3976, 3969, 758, 694, 3962, and 5259 be Inserted into the *Record*

The session was adjourned at 6:08 p.m.