



RESOLUTION NO. 14-2005

RESOLUTION REGARDING THE ADOPTION OF COUNTERTRADE AS SUPPLEMENTAL TRADE TOOL IN CONNECTION WITH GOVERNMENT PROCUREMENT

WHEREAS, Section 63 of Republic Act No. 9184 mandates the Government Procurement Policy Board (GPPB) to protect national interest in all matters affecting public procurement and to formulate and/or amend public procurement policies, rules and regulations, whenever necessary;

WHEREAS, the GPPB recognizes and endorses the mandate, in Article XII, Section 13 of the 1987 Constitution, that the State shall pursue a trade policy that serves the general welfare and utilize all forms and arrangements of exchange on the basis of equality and reciprocity;

WHEREAS, the forms and arrangements of economic exchange referred to in the constitutional dictate include, among others, countertrade in its various forms through which the government hopes to fast-track the inflow of investments, technology, industrial cooperation, specialized training and skills and other similar activities into the country including the expansion of trade and exports with other countries by leveraging its own importations with reciprocal benefits to be provided by foreign suppliers;

WHEREAS, countertrade is aimed at compensating huge government capital expenditures for importations with incremental trade, foreign investments, technical exchange, donations and other related programs to be provided or facilitated by government suppliers at no additional cost to government;

WHEREAS, the GPPB takes cognizance of the rationale and salient provisions of Executive Order No. 120, series of 1993 which directs the National Government, its departments, bureaus, agencies and offices including government-owned and controlled corporations to adopt countertrade as a supplemental trade tool in connection with transactions involving the importation of procurement of foreign capital equipment, machinery, products, goods and services entailing the payment of at least US\$1,000,000.00 and above or its equivalent in other foreign currency and to negotiate and conclude, on a best efforts basis, agreements or arrangements on countertrade with respect to such importation;

WHEREAS, the Implementing Rules and Regulations of E.O. 120, series of 1993, provides for “best efforts” but not the mechanism by which to implement the directive to make countertrade a supplemental purchase requirement; nor does it clarify the mandatory character of said directive;

WHEREAS, there is a need to harmonize EO 120 and its IRR with the provisions of RA 9184;



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NOW, THEREFORE, for and in consideration of the foregoing, **WE**, the Members of the **GOVERNMENT PROCUREMENT POLICY BOARD**, by virtue of the powers vested in **US** by law, hereby **RESOLVE** to adopt and prescribe, for the guidance of the procuring agencies in the National Government and the Government-Owned and/or Controlled Corporations, the following clarifications and advisories anent the implementation of E.O 120 vis-à-vis RA 9184:

1. All departments, bureaus, agencies, offices and instrumentalities, including government-owned or controlled corporations, are hereby encouraged to adopt countertrade as a supplemental trade tool in connection with transactions involving the importation or procurement of foreign capital equipment, machinery, products, goods, and services entailing the payment of at least United States Dollars: One Million (US\$1, 000,000.00) or its equivalent in other foreign currency, and to negotiate and conclude, on a best-efforts basis, agreements or arrangements on countertrade with respect to such importation.
2. If an agency decides to adopt countertrade as an internal procurement policy, the agency must comply with the provisions of RA 9184 to ensure that the Government obtains goods and services at best price and quality possible. In addition, countertrade should only be an added value and not a factor in the selection of a supplier during the procurement of goods and services.
3. Agencies with existing countertrade policies relative to EO 120 shall review, modify, or improve these policies in the light of the foregoing resolution in coordination with the PITC.

This resolution shall take effect immediately.

APPROVED this 5th day of August 2005 in Pasig City, Philippines

Sgd

ROMULO L. NERI

Secretary

Department of Budget and Management

AUGUSTO B. SANTOS

Director General

National Economic and Development
Authority



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**NATIONAL ECONOMIC AND
DEVELOPMENT AUTHORITY**

**DEPARTMENT OF NATIONAL
DEFENSE**

DEPARTMENT OF EDUCATION

DEPARTMENT OF HEALTH

**DEPARTMENT OF INTERIOR AND
LOCAL GOVERNMENT**

DEPARTMENT OF ENERGY

**DEPARTMENT OF PUBLIC WORKS
AND HIGHWAYS**

DEPARTMENT OF FINANCE

**DEPARTMENT OF TRADE AND
INDUSTRY**

**DEPARTMENT OF SCIENCE AND
TECHNOLOGY**

**DEPARTMENT OF TRANSPORTATION
AND COMMUNICATIONS**

PRIVATE SECTOR REPRESENTATIVE

Attested by:

JOSE MARTIN C. SYQUIA
Board Secretary, GPPB
Executive Director, GPPB-TSO