

COMMONWEALTH ACT NO. 138

**AN ACT TO GIVE NATIVE PRODUCTS AND DOMESTIC ENTITIES THE PREFERENCE IN THE PURCHASE OF ARTICLES FOR THE GOVERNMENT**

SECTION 1. The Purchase and Equipment Division (now Supply Coordination Office) of the Government of the Philippines and other officers and employees of the municipal and provincial government and the Government of the Philippines and of chartered cities, boards, commissions, bureaus, departments, offices, agencies, branches, and bodies of any description, including government-owned companies, authorized to requisition, purchase, or contract or make disbursements for articles, materials, and supplies for public use, public biddings, or public works, shall give preference to materials and supplies produced, made, and manufactured in the Philippines or in the United States, and to domestic entities, subject to the conditions hereinbelow specified.

SECTION 2. For the purposes of this Act, the terms hereunder are hereby defined as follows:

- (a) The term "United States" includes the United States of America, the District of Columbia, and any State or territory of the North American Union;
- (b) The term "domestic entity" means any citizen of the Philippines or of the United States habitually established in business and engaged in the manufacture or sale of the merchandise covered by his bid, or any corporate body or commercial company duly organized and registered under the laws of the Philippines of whose capital *75 per centum* is owned by citizens of the Philippines or of the United States, or both;
- (c) The term "domestic bidder" means any person or entity offering unmanufactured articles, materials, or supplies of the growth or production of the Philippines or of the United States, or manufactured articles, materials or supplies manufactured or to be manufactured in the Philippines or in the United States, substantially from articles, materials or supplies of the growth, production or manufacture, as the case may be, of the Philippines or of the United States;
- (d) The term "foreign bid" means any offer of articles, materials or supplies not manufactured or to be manufactured in the Philippines or in the United States, substantially from articles, materials, or supplies of the growth, production, or manufacture, as the case may be, of the Philippines or of the United States.

SECTION 3. Only unmanufactured articles, materials, or supplies of the growth or production of the Philippines or the United States, and only such manufactured articles, materials or supplies as have been manufactured in the Philippines or in the United States, substantially from articles, materials, or supplies of the growth, production, or manufacture, as the case may be, of the Philippines or of the United States, shall be purchased for public use and, in case of bidding, subject to the following:

- (a) When the lowest foreign bid, including customs duties, does not exceed two pesos, the award shall be made to the lowest domestic bidder, provided his bid is not more than one hundred *per centum* in excess of the foreign bid;
- (b) When the lowest foreign bid, including customs duties, exceeds two pesos but does not exceed twenty pesos, the award shall be made to the lowest domestic bidder, provided his bid is not more that fifty *per centum* in excess of the lowest foreign bid;
- (c) When the lowest foreign bid, including customs duties, exceeds twenty pesos but does not exceed two hundred pesos, the award shall be made to the lowest domestic bidder, provided his bid is not more than twenty-five *per centum* in excess of the lowest foreign bid;
- (d) When the lowest foreign bid, including customs duties, exceeds two hundred pesos but does not exceed two thousand pesos, the award shall be made to the lowest domestic bidder, provided his bid is not more than twenty *per centum* in excess of the lowest foreign bid;
- (e) When the lowest foreign bid, including customs duties, exceeds two thousand pesos, the award shall be made to the lowest domestic bidder, provided his bid is not more than fifteen *per centum* in excess of the lowest foreign bid.

SECTION 4. Whenever several bidders shall participate in the bidding for supplying articles, materials, and equipment for any dependencies mentioned in section one of this Act for public use, public buildings, or public works, the award shall be made to the domestic entity making the lowest bid, provided it is not more that fifteen *per centum* in excess of the lowest bid made by a bidder other than a domestic entity, as the term “domestic entity” is defined in section two of this Act.

SECTION 5. This Act shall take effect on its approval.

Approved: November 7, 1936