

MALACAÑANG
Manila

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 227

DIRECTING ALL HEADS OF DEPARTMENTS, BUREAUS, OFFICES AND AGENCIES OF THE NATIONAL GOVERNMENT, INCLUDING LOCAL GOVERNMENT UNITS (LGUs); GOVERNMENT-OWNED AND/OR CONTROLLED CORPORATIONS (GOCCs), GOVERNMENT FINANCIAL INSTITUTIONS (GFIs), STATE UNIVERSITIES AND COLLEGES AND MILITARY AND POLICE UNITS TO GIVE PREFERENCE IN THE PROCUREMENT OF MATERIALS AND SUPPLIES, PRODUCED, MADE AND MANUFACTURED IN THE PHILIPPINES

WHEREAS, Section 12, Article XII of the Constitution provides that the State shall promote the preferential use of Filipino labor, domestic materials and locally produced goods, and adopt measures that help make them competitive;

WHEREAS, that Republic Act No. 138, as amended, also known as the "Flag Law", mandates the Government to give preference to the procurement of local products materials and supplies;

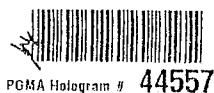
WHEREAS, the Administration's Ten (10) Points agenda on alleviating poverty through the generation of six to eight million jobs for the Filipinos can be achieved by boosting the country's local industries;

WHEREAS, the Philippine industries produce or manufacture world class products, materials and supplies which are at par, if not even better, quality than imported products;

WHEREAS, local industries can provide and deliver readily available products, materials and supplies that are sufficient in quantity;

WHEREAS, credit lines and better after sales services, which are essential factors considered by the buyer in the procurement process, are provided by local industries;

WHEREAS, patronizing and buying locally produced or manufactured products, materials and supplies maintain, retain and provide additional employment in all vital Philippines industry sectors;



WHEREAS, buying locally produces or manufactures products, materials and supplies will help conserve our foreign exchange reserves;

WHEREAS, preference to locally produced or manufactured products, materials and supplies is justifiable for the reason that taxes generated by the Government come from taxable income of Philippine industries, thereby maintaining a mutually beneficial economic relationship;

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

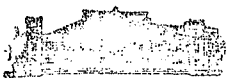
Sec. 1. Coverage – All Heads of Departments, Bureaus, Offices and Agencies of the National Government, including Local Government Units (LGUs); Government-Owned and/or Controlled Corporations (GOCCs), Government Financial Institutions (GFIs), State Universities and Colleges, and Military and Police Units shall give preference in the procurement of materials and supplies, produced, made, and manufactured in the Philippines that meet the specified or desired quality in accordance with the provisions of existing laws and treaties or international agreements.

Sec. 2. Local Products, Materials and Supplies Defined. – Local products, materials and supplies refers to: (a) unmanufactured articles, materials and supplies of the growth or production of the Philippines; and (b) manufactured articles, materials and supplies of the growth or production in the Philippines substantially from articles, materials and supplies of the growth, production or manufacture of the Philippines.

Sec. 3. Procurement of Imported Goods. - The procurement of imported goods may be allowed if local products, materials, and supplies are not manufactured domestically in sufficient quantity, or comparable quality, and at reasonable prices.

Sec. 4. Issuance of the Implementing Rules and Regulations. - The Government Procurement Policy Board shall promulgate the implementing rules and regulations governing this Administrative Order within thirty (30) days from the date of its effectivity.

Sec. 5. Penalties. - Any violation of the provisions of this Administrative Order shall be dealt with administratively, civilly and criminally under existing laws, rules and regulations.



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Sec. 6. Repealing Clause. – All issuances, orders, rules and regulations or parts thereof which are inconsistent with the provisions of this Administrative Order are hereby revoked and/or modified accordingly.

Sec. 7. Effectivity. – This Administrative Order takes effect after fifteen (15) days following the completion of its publication in a newspaper of general circulation.

DONE, in the City of Manila this 27th day of MAY, in the year of Our Lord Two Thousand and Eight.

Gloria M. Arroyo



By the President:

Eduardo R. Ermita

EDUARDO R. ERMITA

Executive Secretary

FDM/evr

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