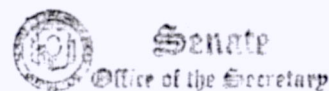


SEVENTEENTH CONGRESS OF THE ]  
REPUBLIC OF THE PHILIPPINES ]  
*Third Regular Session* ]



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SENATE  
S.B. No. 1909

RECEIVED 

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**Introduced by SEN. WIN T. GATCHALIAN**

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**AN ACT  
FURTHER AMENDING REPUBLIC ACT NO. 4566  
TO PROMOTE COMPETITION AND INVESTMENTS IN THE  
CONSTRUCTION CONTRACTING SERVICES INDUSTRY,  
AND FOR OTHER PURPOSES**

**EXPLANATORY NOTE**

Through its linkages with other industries, the construction industry in the Philippines plays a vital role to national economic development as a provider of production inputs and as consumer of services and products from other sectors.

However, nationality requirement in the granting of licenses has created a substantial barrier to entry of new contractors, thereby, hindering the growth of the construction industry. A survey of the Philippine Construction Accreditation Board's data on licenses issued annually show a very low rate of entry for both new domestic players and foreign firms, which is indicative of how competition in the construction industry remained limited throughout the years.<sup>1</sup> Essentially, these government restrictions on foreign participation

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<sup>1</sup> Philippine Competition Commission's Policy Note No.1, Series of 2017, entitled "Anti-competitive Effects of Regulatory Restrictions: The Case of the Construction Sector."

in the construction industry create distortions that reduce competitive pressure, rewards poor performance, and distort incentives to innovate.

In this light, the Philippine government has to balance the need to supervise and regulate the construction industry for public safety with the need to ensure a level-playing field that would generate growth due to the considerable scope for learning-by-doing, knowledge generation, expansion of product variety, and an upgrade on product quality in the construction industry. Therefore, this proposed bill seeks to provide a level playing field and extend equal opportunities to eligible and qualified domestic and foreign contractors, by removing barriers to entry of new players, including government restrictions that hinder potential economic growth.

In view of the foregoing, immediate passage of this bill is earnestly sought.



**WIN GATCHALIAN**