

14 SEP 23 P2:09

Senate  
P.S. Resolution No. 929

RECEIVED BY: 

Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

**RESOLUTION**

***DIRECTING THE APPROPRIATE SENATE COMMITTEES TO CONDUCT AN INQUIRY,  
IN AID OF LEGISLATION, ON THE PHILIPPINE AUTOMOTIVE INDUSTRY DEVELOPMENT  
ROADMAP WITH THE END VIEW OF THE ALIGNMENT OF THE INDUSTRY WITH THE  
INFRASTRUCTURE PLANS OF THE GOVERNMENT***

**Whereas**, the State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives for needed investments. Through the years, the government issued executive orders and regulations to promote the growth of the automotive industry;

**Whereas**, on February 1996, Memorandum Order (MO) 346 mandated the liberalization of the automotive industry. Prior to the issuance of MO 346, the government liberalized the importation of all types of passenger cars, commercial vehicles, and motorcycles. On December 2002, Executive Order No. 156 took effect in order to restructure the Motor Vehicle Development Program (MVDP) and provide comprehensive industrial policy and direction to the program. The government continued to issue EOs which modified the tariff rates on motor vehicle parts and components and provided special incentives for certain exports;

**Whereas**, the automotive industry in the Philippines comprises an accumulated total of Php 120 billion in investments, principally in fifteen vehicle assembly plants, seven of which have the critical Electro-Deposition painting systems. Based on reports, the total nationwide capacity is two hundred thousand units per annum. Total projected sales for 2014 is expected to reach 250,000 units. However, locally assembled vehicles presently account for only 32% of the total supply.

**Whereas**, the Bureau of Investments (BOI), the Philippine Automotive Competitiveness Council, Inc. (PACCI) and relevant government agencies undertook steps in the formulation of the development roadmap for the industry. Aside from the strategic components needed to secure a better market share for locally manufactured vehicles, the appropriate fiscal and non-fiscal incentives should be in place to help boost the domestic market share. These incentives should have strong impact on job generation, additional output, increased incomes and tax revenues, and improved technology transfer;

**Whereas**, studies show that the cost competitiveness of Philippine auto parts companies is weak compared with the other countries in Asia because of the industry's heavy reliance on imported raw materials and low productivity. The government should further develop and improve the strategic programs to reduce the cost of doing business by cutting red tape, which ultimately benefits the consumers;

**Whereas**, there is a need to ensure that the automotive industry roadmap is consistent with and integrated into other existing government policies and plans for the country. Given the growing local demand for automobiles and the worsening road conditions and congestion, there is a need to ensure that the automotive industry roadmap is aligned with the country's infrastructure roadmap and encourages investments in alternative fuel vehicles. With the impending power crisis and current port congestion, the government should also improve its infrastructure plan to help firms bring down their costs;

**Whereas**, existing regulations on production, importation, registration and operation of vehicles should be reviewed for relevance and efficacy. More particularly, the databanks of the various agencies should have links to the BOI that would provide accurate data on the dimensioning of the market and the industry. This would help reduce smuggling and improve the roadworthiness of the vehicles plying the streets of the country.

**NOW, THEREFORE, BE IT RESOLVED**, as it is hereby resolved to direct the appropriate Senate Committees to conduct an inquiry, in aid of legislation, on the Philippine Automotive Industry Development Roadmap with the end view of the alignment of the industry with the infrastructure plans of the government.

Adopted,

A handwritten signature in black ink, appearing to read "Ben Aquino". The signature is written in a cursive, flowing style with a large initial "B".