



Republic of the Philippines  
**GOVERNMENT PROCUREMENT POLICY BOARD**  
**TECHNICAL SUPPORT OFFICE**



**NPM No. 021-2016**

23 March 2016

**MS. MARIAN ROCHELLE LEOVIGILDA V. ANDRES**

*Financial Planning Specialist*

**CAGAYAN ECONOMIC ZONE AUTHORITY**

7th Floor, Westar Building Shaw Boulevard,  
Pasig City 1603, Metro Manila Philippines

**Re: Origin of Goods**

Dear Ms. Andres:

This refers to your electronic mail (e-mail) seeking clarification on the existing procurement rules pertaining to the origin of goods.

As represented, the authority<sup>1</sup> you received from the Department of Budget and Management (DBM) to purchase bulldozer specifies that the country of origin should be from the G7 Countries<sup>2</sup> only. However, you noted that in our Non-Policy Matter (NPM) Opinion No. 071-2014<sup>3</sup> we stated that a procuring entity cannot limit the origin of goods to its preferred countries of origin, thus:

“[A]lthough procuring entities are given leeway in formulating the Technical Specifications, they cannot limit the origin of goods to their preferred countries of origin nor to preferred regions, e.g. North America, Europe, etc., which in effect limits the market operators to specific countries in such regions, to the exclusion of other market participants from other countries.”

Hence this request for clarification.

A careful review of the DBM Authority<sup>4</sup> granted to CEZA to purchase motor vehicles, a copy of which we received as an attachment to the e-mail request, reveals that the approved specifications contain the following description:

“The specifications may vary according to the manufacturer, model, intended use, etc., all pertinent data/specifications about the proposed heavy equipment must be supplied by the requesting agency.

<sup>1</sup> DBM Control Number 2015-S32286P.

<sup>2</sup> Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States.

<sup>3</sup> Dated 20 October 2014.

<sup>4</sup> DBM Control Number 2015S31931L.

In the same DBM Authority, we noted that the specification of motor vehicles is subject to certain conditions. Significantly, the first condition state, among others, that the specifications of the motor vehicles shall be subject to *procurement*, budgeting, accounting, auditing and other applicable laws, rules and regulations. Per observation, the required country of origin, which is the G7 countries, was merely reflected in the CEZA request, but not in the DBM recommendation nor in the approved authority. In this light, CEZA, for prudence purposes, may confirm with the DBM the details of the approved authority to purchase motor vehicles. Nonetheless, we note that such approved authority recognizes our existing procurement rules and regulations in crafting the technical specifications for the procurement of goods.

At this juncture, we wish to reiterate our previous opinion<sup>5</sup> on the origin of goods, thus:

Under Section 43.1.1 of the Implementing Rules and Regulations (IRR) of Republic Act (RA) 9184, consistent with the obligations of the Philippines under international treaties or agreement, goods may be obtained from domestic or foreign sources and the procurement shall be open to all eligible suppliers, manufacturers, and distributors. As such, although procuring entities are given leeway in formulating the specifications in the terms of reference, they cannot limit the origin of goods to their preferred countries of origin to the exclusion of other countries.

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[P]rocurring entities are precluded from requiring specific country of origin as part of the technical specification for the project. Rather, the specifications shall be based on the performance requirements and recognized industry standards and not on the basis of country of origin.

We hope that this opinion issued by the GPPB-TSO provided sufficient guidance on the matter. Note that this is issued on the basis of particular facts and situations presented, and may not be applicable given a different set of facts and circumstances. Should there be other concerns, please do not hesitate to contact us.

Very truly yours,

  
**DENNIS S. SANTIAGO**  
Executive Director *VMS*



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<sup>5</sup> NPM No. 15-2012 dated 18 January 2012 citing 13-2011 dated 21 June 2011.