

[Commonwealth Act No. 541, May 26, 1940]

AN ACT TO REGULATE THE AWARDING OF CONTRACTS FOR THE CONSTRUCTION OR REPAIR OF PUBLIC WORKS.

Be it enacted by the National Assembly of the Philippines:

SECTION 1. All Branches, offices, and subdivisions of the Government and all government-owned or controlled companies, authorized to contract and make disbursements for the construction or repair of public works, shall give preferences in awarding contract for such works to Filipino or American contractors and domestic entities when the lowest bid of a domestic bidder is not more than fifteen *per centum* in excess of the lowest foreign bid: *Provided, however,* That or the construction of land, air, and sea-coast defenses, arsenals, barracks, depots, hangars, landing fields, quarters, hospitals, and all other buildings and structures required for the national defense of the Philippines, no foreign bids shall be allowed.

SEC. 2. For the purposes of this Act, the following terms shall be taken in the sense hereinbelow indicated:

- a. The term "Filipino or American contractor" means any citizen of the Philippines or of the United States habitually established in business and engaged in general construction work.
- b. The term "domestic entity" means any corporate body or commercial company duly organized and registered under the laws of the Philippines seventy-five *per centum* of the capital of which is owned by citizens of the Philippines or of the United States, or by citizens of both countries.
- c. The term "domestic bidder" means any Filipino or American contractor or domestic entity which bids for any public work or work of construction or repair for the Government of the Philippines and/or any of its instrumentalities as enumerated in section one of this Act.
- d. The term "foreign bid" means the bid of any other contractor or entity, not included in subsection (a) of this section.

SEC. 3. This Act shall take effect upon its approval.

Approved, May 26, 1940.



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