

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

THIRTEENTH CONGRESS
First Regular Session

House Bill No. 2799



Introduced by **Honorable PEDRO M. PANCHO**

EXPLANATORY NOTE

The bill that provides for the unity of players in the country loses its essence of reducing the price of fuel. The continuous price increases disturbs the community and impedes the generation of income and employment. Thousands of small-scale entrepreneurs closed their shops because of the high-cost of production, and their inability to compete with imported products dumped in our markets.

The multi-national companies which were in existence for several decades, transferred their factories to the neighboring countries. These are the manufacturers of Colgate-Palmolive, Ovaltine and Aji-no-moto. The Philippines now resorts to importation when it formerly gave income and jobs to our workers who now prefer to go abroad.

The new players did not sell their products at competitive prices to help the commuters and delivery vehicles and local investors in the market at cheap cost.

The three giant companies – Shell, Caltex and Petron - with their thousand gas stations spread over different parts of the country incur big expenses in their operations due to the entry of the new players who absorb 40% of the volume sale. The sale of their dealers' station forced to ask increase of fuel price to maintain their daily expenses. This is the result of the operations of the new players.

The new players with very few outlets can offer at a very low price to a very crowded number of consumers in which the old players cannot do. The old players maintenance cost involves a high amount of loss if they follow the marketing strategy of the small or new players. These new players cannot supply the whole market for lack of facilities to serve the numerous consumers even if they own a thousand gas stations, there is no guarantee that they can bring down their prices due to the high cost of maintenance that will preclude them to render good quality service to the public.

It is used to be that the three big companies were happy no matter how small their profits from the volume sale but now they have a problem due to the low sales of their own gas stations which have been encroached upon by the new players to the same number of consumers served.

The only solution is to raise the price to maintain their continued existence. The expectations from the new players did not result to the convenience of the community. It only increased the disturbance to the public riders. Many Filipinos are crying over their small income that launched the campaign of the national government to eliminate poverty but they instead, became poorer and poorer. The solution is to reduce the number of players in the country in order to increase the earnings of the old companies. The volume of sale and the small profit can fulfill the good income produced from the low cost of fuel of the few players. The question now is how to encourage the consumers to stop the exceeding number of players from patronizing the old companies to acquire big quantity of sale.

The new players were allowed to do business in the Philippines to sell their fuel at competitive prices but the intention of the law has not materialized to protect the consumers. It became cooperative with the current purpose of the old players of increasing prices. The unity of the new and old players resulted to the sabotaging of the illness of our poor economic conditions. The remedy provided by Congress through the passing of the Oil Deregulation Law lost its essence when it failed to reduce the problem of our society. The new players push for an additional price to enlarge their share and enjoy jointly the benefits of both players in marketing.

In this manner of operations, the increase of the number of recipients of the profits that were shared only by the three companies, the volume of large sales at low prices is enough for maintenance in the whole country.

I disagree with the provisions of the Oil Deregulation Law but cannot express my opinion because the new players are invited to compete with the old players who control the price in accordance with glamorous publicity.

The voice of the people echoes in their surroundings, spreading over the poor families asking for the solution to his daily battle for survival.

The disastrous price increase had caused economic instability, we have to swallow the painful effects that will be carried on to the next generation which their parents cannot prevent due to the wrong application of palliative to cure the growing weakness of our policy to control in the rising cost of soothing remedy for the illness of the community.

Like in the cutting of the organ by the Oil Deregulation Law and allowing the new players to increase the price is not caused solely by the appreciation of the dollar but by the increase in the number of players which divided the big increase in profit, while formerly, even if the price is low, the three companies were happy because of the big volume of sales, the gain was sufficient to maintain the price for a long period.


PEDRO M. PANCHO
Congressman
2nd District of Bulacan

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**"AN ACT AUTHORIZING THE REDUCTION OF THE NUMBER OF PLAYERS
ENGAGED IN THE BUSINESS OF SELLING AND BUYING OF
PETROLEUM AND OIL PRODUCTS IN THE PHILIPPINES."**

Be it enacted by the Senate and House of Representatives of the
Philippines in Congress assembled:

SECTION 1. The reduction of the number of players engaged in
the business of buying and selling of oil and other petroleum products is
hereby authorized;

SEC. 2. The Department of Energy shall prepare, formulate and
promulgate the necessary guidelines for the appropriate
implementation of this Act;

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

APPROVED,