



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



Thirteenth Congress
First Regular Session

HOUSE BILL NO. 4289

Introduced by Honorable Catalino V. Figueroa

EXPLANATORY NOTE

This bill seeks to create an office that would regulate the prices of oil and other petroleum products.

On February 10, 1998, Republic Act No. 8479, otherwise known as the "Downstream Oil Industry Deregulation Act of 1998," was enacted into law. The law declares it the policy of the State to liberalize and deregulate downstream oil industry in order to ensure a truly competitive market under a regime of fair prices, adequate and continuous supply of environmentally clean and high quality petroleum products. To achieve such policy, the State shall promote and encourage the entry of new participants in the downstream oil industry, and introduce adequate measures to ensure the attainment of these goals.

However, contrary to the goals and objectives of the said law, since its effectivity, we have experienced weekly oil price hike initiated by the three big oil companies, Shell, Caltex and Petron. Even during times when the prices of oil in the world market go down, oil prices still increase for reason known only to the three oil companies. Since 1998 up to the present, the prices of oil and other petroleum products have increased by more than 200%. Since the beginning of this year, prices of local gasoline and diesel have gone up by P1.10 and P1.30 per liter, respectively. The first to be

affected by these price increases are the people, particularly the poor, because whenever there is oil price increase, an increase in the prices of basic commodities and fares follow. It has a domino effect, since commerce is highly dependent on transportation for the movement of goods and services.

This bill aims to regulate the selling price of crude oil, gasoline and other petroleum products to ensure their continued supply at reasonable price. This is in consonance with the call of President Gloria Macapagal-Arroyo to review the deregulation law to address the escalating price of oil. The government will again have the power to control oil prices.

In view of the foregoing, approval of this bill is highly recommended.



CATALINO V. FIGUEROA



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AN ACT
CREATING THE PETROLEUM PRICE CONTROL BOARD TO
REGULATE PRICES OF OIL AND OTHER PETROLEUM
PRODUCTS AND APPROPRIATING FUNDS THEREFOR.

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

SECTION 1. *Title.* – This Act shall be known as the "Petroleum Price Control Act of 2005."

SEC. 2. *Declaration of Policy.* – It shall be the policy of the State to ensure the continuous supply at reasonable price of crude oil, gasoline, kerosene, gas and other refined petroleum products being vital to national security and essential to the general welfare of the public. Towards this end, the State shall create an office that will regulate and control the prices of these products.

SEC. 3. *Objectives and Purposes.* – This Act shall have the following objectives and purposes:

(a) Assure that the country shall have proper, adequate and continuous supply of petroleum products under the most economic and competitive terms possible considering all available sources of supply;

(b) Assure the public of reasonable prices for petroleum products considering the international price levels of crude oil and petroleum products and for proper and reasonable selling of crude oil and petroleum products in the Philippines;

(c) Protect gasoline dealers and distributors from unfair and onerous trade conditions;

SEC. 4. *Creation of the Petroleum Price Control Board.* –

There shall be created under the Department of Energy, and within thirty (30) days from the effectivity of this Act, a petroleum price control board to be known as the Petroleum Price Control Regulatory Board, hereinafter referred to as the “Board.”

SEC. 5. *Board of Directors.* – The Board shall be composed of a Chairman and four (4) members to be appointed by the President of the Philippines. The Chairman and the members of the Commission shall be natural-born citizens and residents of the Philippines, persons of good moral

character, at least thirty-five (35) years of age, and of recognized competence in any of the following fields: energy, law, economics, finance, commerce, or engineering, with at least three (3) years actual and distinguished experience in their respective fields of expertise: *Provided*, That out of the four (4) members of the Commission, at least one (1) shall be a member of the Philippine Bar with at least ten (10) years experience in the active practice of law, and one (1) shall be a certified public accountant with at least ten (10) years experience in active practice. *Provided*, That the rest of the members so appointed by the President shall represent the private sectors. The Chairman and the Board Members shall be natural-born citizens and residents of the Philippines.

All members of the Commission shall have a term of seven (7) years: *Provided*, That for the first appointees, the Chairman shall hold office for seven (7) years, two (2) members shall hold office for five (5) years and the other two (2) members shall hold office for three (3) years: *Provided*, *further*, That appointment to any future vacancy shall only be for the unexpired term of the predecessor: *Provided*, *finally*, That there shall be no reappointment and in no case shall any member serve for more than seven (7) years in the Commission.

The Board shall have its office in Metro Manila or such other place as may be designated by the Board and may hold hearings of any proceedings at such times and places within the Philippines, as it may provide by order in writing.

The Chairman and the Board Members shall devote their full time to the Board and shall not accept any other employment.

The Chairman of the Board shall receive compensation equivalent to a Department Undersecretary while the Board Members shall receive a compensation equal to that of an Assistant Secretary.

SEC. 6. *Staff.* – The Board shall appoint and maintain an adequate staff, which shall include an Executive Director who shall be a member of the Philippine Bar with at least five (5) years experience in the practice of law in the Philippines or in the discharge of an office requiring as an indispensable requisite admission to the practice of law in the Philippines. He shall be the recorder and official reporter of the proceedings of the Board and shall have authority to administer oaths in all matters falling within the jurisdiction of the Board. He shall be the custodian of the records, maps, profiles, tariffs, reports and other documents and papers filed in connection with any case or proceedings before the Board. He shall, likewise, be responsible for the effective implementation of the policies, rules and

directives promulgated by the Board, shall coordinate and supervise the activities of the different operating units and shall perform such functions as may be assigned to him by the Chairman or by the Board.

The Members of the technical staff, except for those performing purely clerical functions, shall possess at least a bachelor's degree in the line of specialization required by their respective positions.

SEC. 7. *Functions of the Board.* – The Board shall have the following functions:

(a) To set conditions which would accomplish the purposes of this Act, under which persons, natural or juridical, can engage or continue engaging in the business of storing, distributing, marketing or selling crude oil, gasoline, kerosene, gas, and other refined petroleum products or by-products;

(b) To study the importation of crude oil into the Philippines, to determine its most economical sources, transportation routes, and freight rates;

(c) To assure a stable, adequate and continuous supply of crude oil and refined petroleum products under the most economic and competitive terms possible;

(d) To file cases against all persons, natural or juridical, who have been found to have violated any provision of this Act;

(e) To do and perform any and all such acts as may be necessary and proper to carry out the purposes of this Act;

SEC. 8. *Power to Promulgate Rules and Perform Other Acts.* –

The Board shall have the power to promulgate its rules and regulations, which shall take effect fifteen (15) days after publications in the Official Gazette or any newspaper of national circulation in the Philippines. It shall also perform such other acts as may be necessary or conducive to the exercise of its powers and functions, and the attainment of the purposes of this Act.

SEC. 9. *Powers and Jurisdictions of the Board.* – The Board shall have the power:

(a) To fix, regulate and determine whether current market prices of petroleum products are reasonable. In setting prices or making changes, thereof, the Board shall be guided by the following considerations:

1) Whether claimed increases or decreases in costs, sales or profits are real or simulated;

2) The impact of the proposed prices or change therein on the economy and on the consuming public, particularly low income groups and industries essential to the national welfare or security; and

3) The cost and profit levels of the industry.

(b) To regulate the capacities of new refineries or additional capacities of existing refineries so as to accomplish the purposes and objectives of this Act;

(c) To review the cost at which crude oil had been imported into the Philippines within the preceding year, whether by private entities or by the Government, whenever the Board has received a formal complaint or has reason to believe that prices or shipping costs at which crude oil has been or is being imported into the Philippines are unreasonable or inconsistent with trends in the international market,

SEC. 10. *Other Duties of the Board.* – The Board shall undertake a continuing study of the petroleum industry in its domestic and international aspects, gather and collate information and statistics bearing on the industry, submit an annual report to the Congress and to the President of the Philippines on its activities and the results of its studies, including therein such matters as it may deem appropriate subjects of legislation or executive action. The Board shall likewise keep itself regularly and thoroughly

informed of conditions in the industry in order to enable it to perform its functions, exercise its powers and discharge its duties effectively.

The annual report of the Board shall include, among others, the following data on a company by company basis:

- (a) Volume, weight, type, import price, and supplier of crude oil and petroleum products imported;
- (b) Tonnage, type, nationality and ownership of vessels used in importing crude oil and petroleum products, as well as shipping costs;
- (c) Audited financial statements of petroleum refineries and marketing companies;
- (d) Listed wholesale price of gasoline on a monthly basis;
- (e) Posted and market prices of crude oil at sources of importation and other known sources of crude oil supply; and
- (f) Cost of refining petroleum products.

SEC. 11. *Appropriations.* – The amount necessary for the effective and proper implementation of this Act shall be charged against the Department of Energy under the Current General Appropriations Act. Thereafter, such sum as may be necessary for the continued operation of the Board shall be included in the Annual General Appropriations Act.

SEC. 12. *Penalties.* – (a) Any person who gives false or misleading data or information or willfully or through gross negligence, conceals, or falsifies a material fact, in any investigation, inquiry, study or other proceedings held pursuant to this Act, shall be punished with imprisonment of not less than six (6) months nor more than five (5) years, and with a fine of not less than five thousand pesos (P5,000.00) nor more than twenty-five thousand pesos (P25,000.00);

(b) Any person who violates any provision of this Act or any order, decision, ruling or regulation of the Board shall, upon conviction, be sentenced for a period of not less than six (6) years and not more than twelve (12) years and a fine of not less than twenty-five thousand pesos (P25,000.00) nor more than fifty thousand pesos (P50,000.00). If the offender be a corporation, partnership or juridical person, the penalty shall be imposed on the officer or officers responsible for permitting or causing a violation by the corporation, partnership or juridical person of the provisions of this Act;

SEC. 13. *Separability Clause.* – If any provision of this Act shall be held invalid, or unconstitutional, the other provisions not affected thereby shall continue to be in full force and effect.

SEC. 14. *Repealing Clause.* – The provisions of Republic Act Numbered 8479 and 9136 and other laws, rules and regulations which are inconsistent with this Act are hereby repealed or amended accordingly.

SEC. 15. *Effectivity.* – This Act shall take effect upon its approval.

Approved,