

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



30 May 2011

MEMORANDUM

FOR : DEPUTY SECRETARY GENERAL FOR OPERATIONS

ATTENTION: THE EXECUTIVE DIRECTOR
Plenary Affairs Bureau

THE SERVICE DIRECTOR
Bills & Index Division

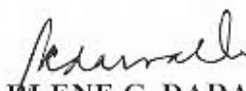
RE : COMMITTEE REPORT OF THE COMMITTEE ON
TRADE AND INDUSTRY ON HOUSE BILL NOS. 2262, 2985,
4100 & 4301

The COMMITTEE ON TRADE AND INDUSTRY is transmitting herewith seven (7) copies of Committee Report No. 1178, House Bill No. 4801, entitled:

AN ACT
AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NO. 7581
ENTITLED "AN ACT PROVIDING PROTECTION TO CONSUMERS BY
STABILIZING THE PRICES OF BASIC NECESSITIES AND PRIME
COMMODITIES AND BY PRESCRIBING MEASURES AGAINST UNDUE
PRICE INCREASES DURING EMERGENCY SITUATIONS AND LIKE
OCCASIONS" AND FOR OTHER PURPOSES

Said measure is in substitution of House Bill Nos. 2262, 2985, 4100 and 4301, introduced by Representatives Romulo, Ejercito, De Jesus, Ilagan, Casiño, Colmenares, Mariano, Palatino, Tinio, respectively.

For your appropriate action.


ATTY. ARLENE C. DADA-ARNALDO
Deputy Secretary General
Committee Affairs Department



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH (15TH) CONGRESS
First Regular Session



COMMITTEE REPORT NO. 1178

Submitted by the COMMITTEE ON TRADE AND INDUSTRY on
02 JUN 2011

Re : House Bill No. 4801
Recommending its approval in substitution of House Bill Nos. 2262, 2985, 4100 and 4301

Sponsors : Representatives Garcia A.R., Apacible, Romulo, Ejercito, De Jesus, Ilagan, Casiño, Colmenares, Mariano, Palatino, Tinio, and the Members of the Committee on Trade and Industry

Mr. Speaker:

The COMMITTEE ON TRADE AND INDUSTRY to which were referred House Bill No. 2262, introduced by Representative Romulo, entitled:

**“AN ACT
AMENDING SEC. 3 OF RA 7581 I.E. THE PRICE ACT TO
INCLUDE BOTTLED DRINKING WATER AS ONE OF THE
BASIC NECESSITIES”**

House Bill No. 2985, introduced by Representative Ejercito, entitled:

**“AN ACT
TREATING LOCALLY MANUFACTURED INSTANT
NOODLES AS BASIC NECESSITY, AMENDING SEC (3)
SUBPAR (1) OF RA 7581 i.e. PRICE ACT”**

House Bill No. 4100, introduced by Representatives De Jesus, Ilagan, Casiño, Colmenares, Mariano, Palatino and Tinio, entitled:

**“AN ACT
TO INCLUDE LIQUIFIED PETROLEUM GAS (LPG) AND
KEROSENE IN THE LIST OF BASIC NECESSITIES IN
SECTION THREE (3), DEFINITION OF TERMS OF
REPUBLIC ACT 7581, OTHERWISE KNOWN AS THE
“PRICE ACT”**

House Bill No. 4301, introduced by Representatives De Jesus, Ilagan, Casiño, Colmenares, Mariano, Palatino and Tinio, entitled:

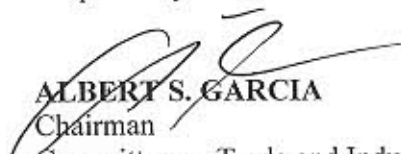
**"AN ACT
AMENDING SEC. 12, FUNCTIONS OF THE PRICE
COORDINATING COUNCIL OF RA 7581 OTHERWISE
KNOWN AS AN ACT PROVIDING PROTECTION TO
CONSUMERS BY STABILIZING THE PRICES OF BASIC
NECESSITIES AND PRIME COMMODITIES AND BY
PRESCRIBING MEASURES AGAINST UNDUE PRICE
INCREASES DURING EMERGENCY SITUATIONS AND LIKE
OCCASIONS", introduced by Reps. EMERENCIANA DE
JESUS, LUZVIMINDA ILAGAN, TEODORO CASINO, NERI
COLMENARES, RAFAEL MARIANO, RAYMOND PALATINO
AND ANTONIO TINIO"**

has considered the same and recommends that the attached House Bill No. 4801, entitled:

**"AN ACT
AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NO. 7581
ENTITLED "AN ACT PROVIDING PROTECTION TO CONSUMERS BY
STABILIZING THE PRICES OF BASIC NECESSITIES AND PRIME
COMMODITIES AND BY PRESCRIBING MEASURES AGAINST UNDUE
PRICE INCREASES DURING EMERGENCY SITUATIONS AND LIKE
OCCASIONS" AND FOR OTHER PURPOSES"**

be approved in substitution of House Bill Nos. 2262, 2985, 4100 and 4103 with Representatives Romulo, Ejercito, De Jesus, Ilagan, Casiño, Colmenares, Mariano, Palatino, Tinio, Garcia A.R., Apacible, Duavit, Biron, Defensor, Alvarez A., Trefias, Villarica, Mandanas, Fernandez, Garay, Teodoro, Del Rosario A.R., Sacdalan, Osmeña, Joson, Rodriguez I., Lacson-Noel, Yu, Ferrer J., Sahidulla, Lagdameo A., Bonoan-David, Mellana, Sakaluran, Quisumbing, Unabia, Singson R., Batocabe, Colmenares, Haresco, Villar, Pancho, Enverga, Cojuangco E., Cajayon, Rodriguez R., Tugna, Ty, Romualdez, Arroyo D., Gonzales A., Panotes, Bagasina, Romualdo, and Cagas as authors thereof.

Respectfully Submitted:


ALBERT S. GARCIA
Chairman
Committee on Trade and Industry

**THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY**

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH (15th) CONGRESS

First Regular Session

HOUSE BILL NO. 4801

(In substitution of House Bill Nos. 2262, 2985, 4100 & 4301)

Introduced by Representatives Romulo, Ejercito, De Jesus, Ilagan, Casiño, Colmenares, Mariano, Palatino, Tinio, Garcia A.R., Apacible, Duavit, Biron, Defensor, Alvarez A., Treñas, Villarica, Mandanas, Fernandez, Garay, Teodoro, Del Rosario A.R., Sacdalan, Osmeña, Josen, Rodriguez I., Lacson-Noel, Yu, Ferrer J., Sahidulla, Lagdameo A., Bonoan-David, Mellana, Sakaluran, Quisumbing, Unabia, Batocabe, Colmenares, Haresco, Villar, Pancho, Enverga, Cojuangco E., Cajayon, Rodriguez R., Tugna, Ty, Romualdez, Arroyo D., Gonzales A., Panotes, Bagasina, Romualdo, and Cagas

AN ACT

AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NO. 7581 ENTITLED "AN ACT PROVIDING PROTECTION TO CONSUMERS BY STABILIZING THE PRICES OF BASIC NECESSITIES AND PRIME COMMODITIES AND BY PRESCRIBING MEASURES AGAINST UNDUE PRICE INCREASES DURING EMERGENCY SITUATIONS AND LIKE OCCASIONS" AND FOR OTHER PURPOSES

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

1 **SECTION 1.** Section 3 (1) of Republic Act No. 7581, otherwise known as the
2 Price Act, is hereby amended to read as follows:

3 "Sec. 3. *Definition of Terms.* – For purposes of this Act, the term:

4 (1) "Basic necessities", [include] **ARE GOODS VITAL TO THE**
5 **NEEDS OF CONSUMERS FOR THEIR SUSTENANCE AND**
6 **EXISTENCE IN TIMES OF ANY OF THE CASES PROVIDED**
7 **UNDER SECTION 6 OR 7 OF THIS ACT, SUCH AS BUT NOT**
8 **LIMITED TO** rice, corn, **ROOT CROPS**, bread; fresh, dried [and]
9 **OR** canned fish and other marine products[,]; fresh pork, beef and

1 poultry meat; fresh eggs; **POTABLE WATER IN CONTAINERS;**
2 fresh and processed milk; fresh vegetable **AND FRUITS;** [root crops]
3 **NOODLES;** coffee; sugar; cooking oil; salt; laundry soap[;] **AND**
4 detergents; firewood; charcoal; **HOUSEHOLD LIQUEFIED**
5 **PETROLEUM GAS (LPG) AND KEROSENE;** candles; [and]
6 drugs classified as essential by the Department of Health **AND SUCH**
7 **OTHER GOODS AS MAY BE INCLUDED UNDER SECTION 4**
8 **OF THIS ACT."**

9 **SEC. 2.** Section 3 (8) of R.A. No. 7581 is hereby amended to read as follows:

10 "Sec. 3. *Definition of Terms.* –

11 X X X

12 (8) "Prime Commodities" [include] **ARE GOODS NOT CONSIDERED**
13 **AS BASIC NECESSITIES BUT ARE ESSENTIAL TO**
14 **CONSUMERS IN TIMES OF ANY OF THE CASES PROVIDED**
15 **UNDER SECTION 7 OF THIS ACT, SUCH AS BUT NOT**
16 **LIMITED TO** [fresh fruits;] flour; dried, processed [and] **OR** canned
17 pork[;], beef and poultry meat; dairy products not falling under basic
18 necessities[, noodles; onions[;], garlic[;], vinegar[;], patis[;], soy
19 sauce; fertilizer[;], pesticides[;] **AND** herbicides; poultry[;], [swine
20 and cattle] **LIVESTOCK AND FISHERY feeds[;] AND** veterinary
21 products [for poultry swine and cattle]; paper; school supplies; nipa;
22 shingles; sawali; cement; clinker; GI sheets; hollow blocks; plywood;
23 plyboard; construction nails; batteries; electrical supplies; light bulbs;
24 steel wire; [and] all drugs not classified as essential drugs by the
25 Department of Health **AND SUCH OTHER GOODS AS MAY BE**
26 **INCLUDED UNDER SECTION 4 OF THIS ACT."**

27 **SEC. 3.** Section 4 of R.A. No. 7581 is hereby amended, to read as follows:

28 "Sec. 4. **INCLUSION OR** Exclusion from the Coverage of this Act.
29 Upon petition of the concerned parties **OR MOTU PROPRIO ACTION**
30 **FROM THE CONCERNED AGENCY OF THE PRICE**
31 **COORDINATING COUNCIL** and after public hearing, the

1 implementing agency, with the approval of the President, **MAY**
2 **INCLUDE IN THE DEFINITION OF BASIC NECESSITIES OR**
3 **PRIME COMMODITIES TYPES AND BRANDS OF THE GOODS**
4 **OR** may exclude from the coverage of this Act , types or brands of the
5 goods included in the definition of basic necessities and prime
6 commodities, which may be deemed as nonessential goods or luxury
7 goods: *Provided*, That, any type or brand so excluded may be reinstated by
8 the implementing agency during occasions of acute shortage in the supply
9 of the basic necessity or prime commodity to which the excluded type or
10 brand used to belong.”

11 **SEC. 4.** Section 6 of RA 7581 is hereby amended to read as follows:

12 “Sec. 6. *Automatic Price Control.* –

13 x x x

14 Unless sooner lifted by the President, price control of basic necessities
15 under this section shall remain effective for the duration of the condition
16 that brought it about, but not for more than sixty (60) days[.],
17 **PROVIDED, THAT, IN THE CASE OF BASIC NECESSITIES**
18 **THAT ARE WHOLLY IMPORTED AND DEREGULATED**
19 **UNDER EXISTING LAWS, SUCH AS, BUT NOT LIMITED TO,**
20 **HOUSEHOLD LPG AND KEROSENE, PRICE CONTROL**
21 **THEREON SHALL REMAIN EFFECTIVE FOR A PERIOD OF**
22 **NOT MORE THAN FIFTEEN (15) DAYS, TAKING INTO**
23 **CONSIDERATION THE CURRENT INVENTORY OR SUPPLY**
24 **LEVELS THEREOF.”**

25 **SEC. 5.** . Section 11 of RA 7581 is hereby amended to read as follows:

26 “Sec. 11. *Price Coordinating Council.* – There is hereby created a Price
27 Coordinating Council, hereinafter referred to as the Council, to be
28 composed of the following members:

- 29 (1) The Secretary of Trade and Industry, as chairman;
30 (2) The Secretary of Agriculture;
31 (3) The Secretary of Health;

- (4) The Secretary of Environment and Natural Resources;
(5) The Secretary of Local Government;
(6) The Secretary of Transportation and Communications;
(7) The Secretary of Justice;
(8) **THE SECRETARY OF ENERGY;**
(9) [8] The Director General of the National Economic and Development Authority;
(10) [9] One (1) representative from the consumers' sector;
(11) [10] One (1) representative from the agricultural producers' sector;
(12) [11] One (1) representative from the trading sector; and
(13) [12] One (1) representative from the manufacturers' sector"

x x x

SEC. 6. Section 12 (2) of RA 7581 is hereby amended to read as follows:

"Sec. 12. *Functions of the Price Coordinating Council.* –

x x x

(2) It shall report **AT LEAST SEMI-ANNUALLY** to the President and to the Congress of the Philippines the status and progress of the programs, projects, and measures undertaken by each implementing department, agency or office as well as the comprehensive strategies developed by the Council to stabilize the prices of basic necessities and prime commodities. **THE REPORT SHALL INCLUDE GOODS THAT HAVE BEEN INCLUDED OR EXCLUDED FROM THE LIST OF BASIC NECESSITIES AND PRIME COMMODITIES AS PROVIDED FOR UNDER SEC. 4 OF THIS ACT;**"

x x x

SEC. 7. *Implementing Rules and Regulations.* The Department of Trade and Industry shall, in consultation with the members of the Price Coordinating Council and stakeholders, promulgate the necessary rules, regulations and procedures for the effective implementation of this Act within ninety (90) days upon its effectivity and shall monitor strict compliance therewith. They shall also review the existing Implementing Rules and Regulations of Republic Act 7581 and revise its provisions as may be appropriate.

1 **SEC. 8. *Repealing Clause.*** – All laws, decrees, executive orders, issuances or
2 regulations inconsistent with the provisions of this Act are hereby revised or amended
3 accordingly.

4 **SEC. 9. *Separability Clause.*** – If any part of this law is declared unconstitutional
5 or invalid, such parts or provisions thereof not so declared shall remain valid and
6 subsisting.

7 **SEC. 10. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its
8 publication in at least two (2) newspapers of general circulation in the country.

9 Approved,

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH (15th) CONGRESS
First Regular Session

MINUTES OF THE MEETING OF THE COMMITTEE ON TRADE & INDUSTRY HELD ON MAY 24, 2011(TUESDAY), 1:30 PM AT CONFERENCE ROOMS 9 & 10, RAMON V. MITRA, JR. BUILDING, HOUSE OF REPRESENTATIVES COMPLEX, BATASAN HILLS, QUEZON CITY

AGENDA:

- (A) Deliberation on the draft bill in substitution to House Bill Nos. 2262, 2985, 4100 and 4301 i.e. amendments to Republic Act No. 7581, otherwise known as the Price Act
- (B) Initial Deliberation on House Bill No. 2189 i.e. strict conformance to advertisement standards in the manufacture, distribution and sale of herbal medicines, supplementary health products and alternative healthy foods
- (C) Reconsideration of certain provisions of the proposed Philippine Lemon Law of 2011 previously approved by the Committee
- (D) Report of Accomplishments of the Committee for the First Regular Session of the Fifteenth (15th) Congress

I. CALL TO ORDER

Rep. Tomas Apacible, Presiding Officer and Senior Vice Chairman of the Committee on Trade and Industry, called the meeting to order at 1:45 P.M..

II. ROLL CALL AND DETERMINATION OF QUORUM

On proper motion, duly seconded and there being no objection, the Committee dispensed with the Calling of the Roll.

III. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

On proper motion, duly seconded and there being no objection, the Committee dispensed with the reading of the Minutes of the Meeting held on March 22, 2011 and thereafter approved the same.

IV. OPENING REMARKS OF THE PRESIDING OFFICER

On behalf of the Committee Chairman, Rep. Apacible welcomed the Members and resource persons present and thanked them for responding to the Committee's invitation to the meeting.

He explained that the meeting was called for primarily in order for the Committee to deliberate on the draft bill in substitution to House Bill Nos. 2262, 2985, 4100 and 4301, all seeking to amend certain provisions of Republic Act No. 7581, otherwise known as the Price Act.

Likewise, he stated that the Committee had scheduled the initial hearing on House Bill No. 2189 mandating the strict conformance to advertisement standards in the manufacture, distribution and sale of herbal medicines, supplementary health products and alternative healthy foods.

V. DELIBERATION ON THE DRAFT BILL IN SUBSTITUTION TO HOUSE BILL NOS. 2262, 2985, 4100 AND 4301

Rep. Apacible narrated that after the Committee had considered House Bills Nos. 2262, 2985, 4100 and 4301 during its meeting last March 22, 2011, the same were subsequently referred to the Subcommittee on Consumer Protection and Trade Regulation for its review with the goal of consolidating the various amendments to the Price Act as proposed by the subject bills, as well as to introduce other omnibus revisions to RA 7581 following said review.

Subsequently, the Subcommittee conducted two (2) Technical Working Group (TWG) meetings on the subject matter with the participation by representatives of various stakeholders and government agencies.

Rep. Apacible reported that the resulting draft substitute bill prepared by the Subcommittee has the following salient features:

1. It amends Section 3 (1) of RA 7581 by:

- providing a descriptive definition of the meaning of "Basic Necessities";
- including the phrase "SUCH AS, BUT NOT LIMITED TO" prior to the enumeration of items considered as "Basic Necessities";
- including PROCESSED POTABLE WATER IN CONTAINERS in the list of Basic Necessities in consideration of HB 2262;
- including NOODLES in the list of Basic Necessities in consideration of HB 2985;
- including HOUSEHOLD LIQUEFIED PETROLEUM GAS (LPG) AND KEROSENE in the list of Basic Necessities in consideration of HB 4100;
- including FRUITS in the list of Basic Necessities in consideration of the suggestion by the TWG;
- reasorting the items included in the list i.e. ROOT CROPS on top of list after CORN;
- including the phrase "AND SUCH OTHER GOODS AS MAY BE INCLUDED UNDER SECTION 4 OF THIS ACT"; and

- correcting typographical and clerical errors found thereon
2. It amends Section 3(8) of RA 7581 by:
 - providing a descriptive definition of the meaning of "Prime Commodities";
 - including the phrase "SUCH AS, BUT NOT LIMITED TO" prior to the enumeration of items considered as "Prime Commodities";
 - replacing SWINE AND CATTLE feeds with LIVESTOCK AND FISHERY feeds
 - including the phrase "AND SUCH OTHER GOODS AS MAY BE INCLUDED UNDER SECTION 4 OF THIS ACT"; and
 - correcting typographical and clerical errors found thereon.
 3. It amends Section 4 of RA 7581 by granting the implementing agency, upon petition of concerned parties or *motu proprio* action with the approval of the President, the power not only to exclude certain items from the coverage of R.A. 7581, but it also allows the same to INCLUDE types and brands of goods in the definition of basic necessities or prime commodities, in consideration of House Bill No. 4301.
 4. It amends Section 6 of RA 7581 by providing that, IN THE CASE OF THE BASIC NECESSITIES THAT ARE WHOLLY IMPORTED and DEREGULATED UNDER EXISTING LAWS, SUCH AS, BUT NOT LIMITED TO HOUSEHOLD LIQUEFIED PETROLEUM GAS (LPG) AND KEROSENE, PRICE CONTROL THEREON SHALL REMAIN EFFECTIVE FOR A PERIOD OF NOT MORE THAN FIFTEEN (15) DAYS, TAKING INTO CONSIDERATION THE CURRENT INVENTORY OR SUPPLY LEVELS THEREOF.
 5. It amends Section 11 of RA 7581 by including the DEPARTMENT OF ENERGY as a MEMBER of the Price Coordinating Council.
 6. It amends Section 12 (2) of RA 7581 by requiring the Price Coordinating Council to report AT LEAST SEMI-ANNUALLY to the President and to the Congress of the Republic of the Philippines the status and progress of the programs, projects and measures undertaken by each implementing department, agency or office as well as the comprehensive strategies developed by the Council to stabilize the prices of basic necessities and prime commodities. Further, THE REPORT SHALL INCLUDE GOODS THAT HAVE BEEN INCLUDED OR EXCLUDED FROM THE LIST OF BASIC NECESSITIES AND PRIME COMMODITIES AS PROVIDED FOR UNDER SECTION 4 OF (THIS ACT) the Price Act.
 7. It directs the Department of Trade and Industry, in consultation with the members of the Price Coordinating Council and stakeholders, to promulgate the necessary rules, regulations and procedures for the effective implementation of this Act within NINETY (90) DAYS upon its effectivity and to monitor strict compliance therewith. This process shall involve the review of existing implementing rules and regulations of RA 7581, and its revision as may be appropriate.

Rep. Roman Romulo, author of HB 2262, reiterated the urgency of amending the Price Act to include drinking water in the list of Basic Necessities under the same law. Recounting his congressional district's sad plight during the onslaught of Typhoon *Ondoy* in 2009, he underscored that water is one of the most essential needs of life, and

its accessibility at affordable prices specially in times of calamity and emergency must be ensured. He then signified his support to approve the draft substitute bill with the amendment that the word "PROCESSED" be deleted from the term "PROCESSED POTABLE WATER IN CONTAINERS" in order to cover all types of potable drinking water.

Ms. Melita Obillo, representing the Department of Energy (DOE), raised her department's concern on the inclusion of LPG and kerosene in the list of basic necessities. She stressed that subject commodities are not only deregulated, but these are likewise imported. Hence, local prices of LPG and kerosene depend on international market prices.

Nevertheless, Rep. Apacible assured Ms. Obillo that in the case of LPG and kerosene, the prices thereof shall automatically be frozen only during times of emergency and other similar situations enumerated under Section 6 of the Price Act, and that the price control on such products shall only be in effect for not more than fifteen (15) days as proposed under the draft substitute bill.

Besides, the Presiding Officer underscored that the DOE shall now become a member of the Price Coordinating Council with voice and vote as recommended under the subject substitute bill.

Thereafter, on proper motion, duly seconded and there being no objection, the Committee approved the draft bill in substitution to HBs 2262, 2985, 4100 and 4301, together with the amendment introduced by Rep. Roman. Likewise, all the Members present in the meeting were made co-authors of the substitute bill.

Moreover, Rep. Douglas Cagas recommended that the Committee should move to have the same bill certified as an urgent measure.

V.I INITIAL HEARING ON HOUSE BILL NO. 2189

Rep. Apacible remarked that the hearing on House Bill No. 2189 requiring manufacturers, distributors and sellers of herbal medicines, supplementary health products and alternative healthy foods to conform strictly to standards in the marketing of said products is very important and timely.

Over the years, the Presiding Officer observed that there has been a tremendous increase in various herbal food supplements being sold in the market.

These products are being promoted with the promise of better memory, better eyesight, better blood circulation, and better liver and other internal organ functions.

The amount of advertisements and commercials that they buy, the celebrities they hire to endorse their products, and the number and size of their billboards along highways and other visible locations all indicate that manufacturers and distributors of herbal medicines, supplementary and alternative health products have found a lucrative niche in the Philippines.

In this regard, Rep. Apacible emphasized that making consumers fully aware of what these products are all about and how it affects their health falls squarely under the scope and jurisdiction of the Committee on Trade and Industry thru the Subcommittee on Consumer Protection and Trade Regulation.

Rep. Pedro Romualdo, author of HB 2189, stated that there has been an alarming proliferation in the market of well-commercialized herbal and alternative medicines which might pose danger to public health and imperil the lives of non-discriminating consumers.

While the government is mandated to promote traditional and alternative healthcare as mandated by Republic Act 8423, otherwise known as the Traditional and Alternative Medicine Act (TAMA) of 1997, Rep. Romualdo stressed that it is the government's primordial duty to educate and disseminate to the public adequate information and guide on the rational, appropriate, proper application and safe use of herbal and alternative medicines.

In light of this, he underscored that the objectives of his bill include among others, the need to indicate appropriate markings in the packaging, advertising, marketing and promotion of products and the language be in English, Tagalog, Visayan and other major dialects for easy reading and understanding of the consumers; the provision of stiffer penalties for manufacturers, distributors, sale, advertisers, marketers and promoters of herbal products who fail to comply with the provisions of the bill; and determine the extent of compliance by concerned government agencies such as the Department of Trade & Industry to Department of Health, Food & Drugs Administration and DOH-Administrative Order No. 2010 in monitoring manufacturers of herbal products and food supplements.

Ms. Yolanda R. Robles, Public Relations Officer of the Philippine Pharmaceutical Association (PPhA), expressed her agency's support to HB 2189, indicating that food supplements, specifically marked with the phrase, "no therapeutic claim" should not indicate that they are cure to certain ailments; otherwise, this is tantamount to betrayal of public trust.

She specified that food supplements shall comply with certain registration requirements before they are allowed the benefit of advertisements as well as market exposure abroad.

Ms. Ma. Victoria Pinion, Nutritionist/Dietician of the Food and Drugs Administration (FDA)-DOH, substantiated PPhA's position on the necessity of product registration. She identified the mandatory information necessary for such purpose.

She added that the FDA has no objection to the introduction of certain products provided that the required nutritional facts are indicated.

Atty. Rudolph Jularbal, General Counsel of *Kapisanan ng mga Brodkaster sa Pilipinas* (KBP) & AD Standards Council, provided information on the process thru advertisements for certain product are evaluated by the KBP. He assured the Committee that the KBP continuously monitors the requisite approval of FDA as to pharmaceutical products and food supplement, and that the same organization strictly observes the standards which prohibit claims not approved by the FDA.

Atty. Jularbal also identified certain problems encountered in advertising where the labels of certain products require FDA's approval, but the "inserts" to these do not

necessarily require approval of the same. He also affirmed that he has long been an advocate of translating markings in health and similar products in the local dialects.

Whereupon, the Committee agreed to conduct further deliberations in its next meeting on HB 2189, and to review its provisions for possible revisions in order to come up with a more comprehensive bill. The Committee also requested the resource persons to submit their position paper on the subject matter within the week in order for the Members to consider and study the same.

VII. RECONSIDERATION OF CERTAIN PROVISIONS OF THE PROPOSED PHILIPPINE LEMON LAW OF 2011

Rep. Albert Garcia, Committee Chairman, recalled that on March 8, 2011, the Committee conducted its deliberation on House Bill Nos. 123, 352, 1966, 3495, 3869 and 4143, all of which seek to strengthen consumer protection in the purchase of brand new motor vehicles and for other purposes.

During the same meeting, the Committee approved the preparation of a draft bill in substitution to the subject bills which, among others, incorporates the following provisions:

1. The inclusion of MOTORCYCLES as part of the definition of MOTOR VEHICLES covered by the substitute bill; and
2. The use of actual TAXI FARE RECEIPTS in the computation of transportation allowance for non-usage of the vehicle while under repair and during the period of availment of lemon law rights.

Thereafter, Rep. Garcia related that the matter of including motorcycles within the coverage of the proposed Philippine Lemon Law was referred to the same sector, particularly to the Motorcycle Development Program Participants Association (MDPPA) for their comments.

The MDPPA is an association of six (6) motorcycle manufacturers with eighty-five percent (85%) overall stake in the Philippine motorcycle industry whose members include Honda, Kawasaki, Suzuki, Motorstar, Yamaha And Kymco.

Subsequently, in its letter dated April 13, 2011, the MDPPA expressed its view that separate stipulations should be provided for motorcycles, which are two-wheeled vehicles, as most of the provisions of the proposed Philippine Lemon Law of 2011 are applicable to four-wheeled motor vehicles.

Likewise, the MDPPA cited the disparity between motorcycles and four-wheeled motor vehicles in terms of the nature of the product, price, warranty coverage, function or use, and financing scheme.

The same letter-comment was furnished to the DTI, particularly thru Atty. Victor Mario Dimagiba, Director of the Bureau of Trade Regulation and Consumer Protection (BTRCP).

After considering MDPPA's comments, Director Dimagiba has recommended that motorcycles should be removed from the list of motor vehicles to be covered by the

proposed Philippine Lemon Law of 2011 so as not to impede further the progress of the same legislative measure in the Lower House.

On May 9, 2011, House Bill No. 4532, also seeking to strengthen consumer protection in the purchase of brand new motor vehicles and for other purposes, was referred on First Reading to the Committee on Trade and Industry.

Upon review thereof, the provisions of House Bill No. 4532 are similar with those of House Bill Nos. 123, 352, 1966, 3495, 3869 and 4143.

In view of the foregoing, Rep. Garcia recommended that:

1. The approval by the Committee to draft a bill in substitution to House Bill Nos. 123, 352, 1966, 3495, 3869 and 4143 be amended to exclude motorcycles as part of the definition of MOTOR VEHICLES covered by the proposed Philippine Lemon Law of 2011;
2. House Bill No. 4532 be included in the list of measures considered by the Committee in preparing the draft Philippine Lemon Law of 2011; and
3. The aforementioned motions be formally manifested and approved during the Committee meeting on May 24, 2011 and subsequently reflected in the proceedings thereof.

Whereupon, on motion of Rep. Victor Yu, the Committee approved the aforesaid recommendations and instructed the Secretariat to implement the same.

VIII. REPORT OF ACCOMPLISHMENTS OF THE COMMITTEE DURING THE FIRST REGULAR SESSION OF THE FIFTEENTH (15TH) CONGRESS

Thereafter, Rep. Garcia also presented the Accomplishment Report on the Legislative Priorities for the First Regular Session of the Fifteenth (15^h) Congress agreed upon by the Committee during its Organizational Meeting last September 14, 2010.

Chairman Garcia noted that the Committee Report on the proposed Philippine Fair Competition Act of 2011 is now ready for submission after months of deliberations thereon and with the recent approval by the Committee on Appropriations on the budget provisions thereof.

Likewise, House Bill 3841, prepared and submitted by the Committee which amends certain provisions of Republic Act No. 8293, otherwise known as the Intellectual Property Code of the Philippines, was approved on Third Reading by the House of Representatives last May 23, 2011.

Moreover, the Committee Chairman conveyed that the respective Committee Reports on the forthcoming 2011 Philippine Lemon Law, the proposed Philippine Trade Representative Office, the long-anticipated LPG Industry Regulation and Safety Act of 2011, and the much-awaited Fiscal and Non-Fiscal Incentives Act will be submitted by the Committee prior to the *sine die* adjournment on June 9, 2011.

Further, some sixteen (16) bills on proposed amendments to the Consumer Code of the Philippines have been referred to the DTI and the Food and Drug Administration of the Department of Health for their perusal and comments.

Aside from the foregoing priority measures, the Committee also deliberated on and has submitted its report on the proposed Corporate Social Responsibility Act of 2011, with the same approved on Second Reading last May 18, 2011.

Another Committee Report will be underway shortly with the approval during the on-going meeting of the bill amending certain provisions of the Price Act.

Aside from the just-concluded initial deliberation on HB 2189, the Committee has, jointly with the Committee on Economic Affairs, considered seventeen (17) bills seeking to create various economic and free trade zones throughout the country.

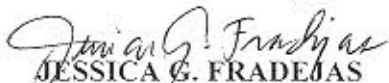
For these accomplishments, Rep. Garcia profusely thanked the Members and resource persons for their support. For his part, Rep. Yu commended the Chairman, the Committee Secretary and the Committee Staff for a job well done.

IX. ADJOURNMENT

There being no other matter to be taken up, the meeting was adjourned at 3:30 p.m.

Certified true and correct to the best of our knowledge and abilities.

Prepared by:


JESSICA G. FRADEAS
Supervising Legislative Staff Officer II
Committee on Trade and Industry

Reviewed by:


VALENTINO R. PALANCA
Committee Secretary
Committee on Trade and Industry

Noted by:


ALBERT S. GARCIA
Chairman
Committee on Trade and Industry

FACT SHEET

House Bill No. 4801

(As Approved by the Committee on May 24, 2011)

AN ACT

AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NO. 7581 ENTITLED "AN ACT PROVIDING PROTECTION TO CONSUMERS BY STABILIZING THE PRICES OF BASIC NECESSITIES AND PRIME COMMODITIES AND BY PRESCRIBING MEASURES AGAINST UNDUE PRICE INCREASES DURING EMERGENCY SITUATIONS AND LIKE OCCASIONS" AND FOR OTHER PURPOSES

Introduced by: Rep. Roman T. Romulo, Rep. Joseph Victor G. Ejercito, Rep. Emerenciana A. De Jesus, Rep. Luzviminda C. Ilagan, Rep. Teddy A. Casiño, Rep. Neri J. Colmenares, Rep. Rafael V. Mariano, Rep. Raymond V. Palatino, Rep. Antonio L. Tinio

Committee Referral: COMMITTEE ON TRADE & INDUSTRY

Committee Chairperson: REP. ALBERT RAYMOND S. GARCIA

OBJECTIVE:

- To enforce and strengthen the functions of the National Price Coordinating Council in giving relief and dependable safety net measures to consumers amidst increases in the prices of basic necessities and prime commodities

KEY PROVISIONS:

1. Amends Section 3 (1) of RA 7581 by providing a descriptive definition of "*Basic Necessities*" to mean as goods vital to the needs of consumers for their sustenance and existence in times of any of the cases provided under Section 6 or 7 of this Act, such as but not limited to rice, corn, root crops, bread; fresh, dried or canned fish and other marine products; fresh pork, beef and poultry meat; fresh eggs; potable water in containers; fresh and processed milk; fresh vegetable and fruits; noodles; coffee; sugar; cooking oil; salt; laundry soap and detergents; firewood; charcoal; household Liquefied Petroleum Gas (LPG) and kerosene; candles; drugs classified as essential by the Department of Health and such other goods as may be included under Section 4 of this Act.
2. Amends Section 3(8) of RA7581 by providing a descriptive definition of "*Prime Commodities*" to mean as goods not considered as basic necessities but are essential to consumers in times of any of the cases provided under Section 7 of this Act, such as but not limited to flour; dried, processed or canned pork, beef and poultry meat; dairy products not falling under basic necessities; onions,

garlic, vinegar, patis, soy sauce; fertilizer, pesticides and herbicides; poultry, livestock and fishery feeds and veterinary products; paper; school supplies; nipa; shingles; sawali; cement; clinker; GI sheets; hollow blocks; plywood; plyboard; construction nails; batteries; electrical supplies; light bulbs; steel wire; all drugs not classified as essential drugs by the Department of Health and such other goods as may be included under Section 4 of this Act.

3. Amends Section 4 of RA 7581 by granting the implementing agency, upon petition of concerned parties or motu proprio action with the approval of the President, the power not only to exclude certain items from the coverage of R.A. 7581, but it also allows the same to INCLUDE types and brands of goods in the definition of basic necessities or prime commodities.
4. Amends Section 6 of RA 7581 by providing that, IN THE CASE OF THE BASIC NECESSITIES THAT ARE WHOLLY IMPORTED and DEREGULATED UNDER EXISTING LAWS, SUCH AS, BUT NOT LIMITED TO HOUSEHOLD LIQUEFIED PETROLEUM GAS (LPG) AND KEROSENE, PRICE CONTROL THEREON SHALL REMAIN EFFECTIVE FOR A PERIOD OF NOT MORE THAN FIFTEEN (15) DAYS, TAKING INTO CONSIDERATION THE CURRENT INVENTORY OR SUPPLY LEVELS THEREOF.
5. Amends Section 11 of RA 7581 by including the DEPARTMENT OF ENERGY as a MEMBER of the Price Coordinating Council.
6. Amends Section 12 (2) of RA 7581 by requiring the Price Coordinating Council to report AT LEAST SEMI-ANNUALLY to the President and to the Congress of the Republic of the Philippines the status and progress of the programs, projects and measures undertaken by each implementing department, agency or office as well as the comprehensive strategies developed by the Council to stabilize the prices of basic necessities and prime commodities. Further, THE REPORT SHALL INCLUDE GOODS THAT HAVE BEEN INCLUDED OR EXCLUDED FROM THE LIST OF BASIC NECESSITIES AND PRIME COMMODITIES AS PROVIDED FOR UNDER SECTION 4 OF (THIS ACT) The Price Act.
7. Directs the Department of Trade and Industry, in consultation with the members of the Price Coordinating Council and stakeholders, to promulgate the necessary rules, regulations and procedures for the effective implementation of this Act within NINETY (90) DAYS upon its effectivity and to monitor strict compliance therewith. This process shall involve the review of existing implementing rules and regulations of RA 7581, and its revision as may be appropriate.

RELATED LAW:

- The Price Act (Republic Act 7581)

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH (15th) CONGRESS
First Regular Session



30 May 2011

MEMORANDUM

FOR : **ATTY. ARLENE C. DADA-ARNALDO**
Deputy Secretary General for Committee Affairs

THRU : **Ms. VIOLETA T. VELOSO**
Executive Director, CAD

Ms. LORELEI M. HERNANDEZ
Deputy Executive Director, CAD

SUBJECT : **HIGHLIGHTS OF THE TECHNICAL WORKING GROUP (TWG) MEETING OF THE SUBCOMMITTEE ON CONSUMER PROTECTION AND TRADE REGULATION OF THE COMMITTEE ON TRADE & INDUSTRY (CTI) HELD ON MAY 16, 2011, 1:30 P.M., AT CONFERENCE ROOM 6, SPEAKER MITRA BUILDING, HOUSE OF REPRESENTATIVES**

Agenda – Preparation of Draft Substitute Bill in Consolidation of House Bill Nos. 2262, 2985, 4100 & 4301 re: amending certain provisions of RA 7581 otherwise known as The Price Act

The Technical Working Group (TWG) under the Subcommittee On Consumer Protection & Trade Regulation of the Committee on Trade & Industry conducted its second TWG meeting with the attendance of Rep. Emerenciana De Jesus (author, HBs 4100 and 4301) and Rep. Roman Romulo (Author, HB 2262); resource persons from the Department of Trade and Industry (DTI) Department of Energy (DOE), Department of Health (DOH) i.e. National Center for Pharmaceutical Access and Management (NCPAM), Food and Drug Administration (FDA), Department of Agriculture (DA), Department of the Interior and Local Government (DILG), National Statistics Office (NSO); and staff of authors/co-authors of subject bills.

After hearing the views and comments of the resource persons, the group agreed to propose the following amendments to RA 7581 to wit:

1. On Section 3 (1) of RA 7581 by providing a descriptive definition of “Basic Necessities” to mean as goods vital to the needs of consumers for their sustenance and existence in times of any of the cases provided under Section 6 or 7 of this Act, such as but not limited to rice, corn, root crops, bread; fresh, dried or canned fish and other marine products; fresh pork, beef and poultry meat; fresh eggs; potable water in containers; fresh and processed milk; fresh vegetable and fruits; noodles; coffee; sugar; cooking oil; salt; laundry soap and detergents; firewood; charcoal; household Liquefied Petroleum Gas (LPG) and kerosene; candles; drugs classified as essential by the Department of Health and such other goods as may be included under Section 4 of this Act.

2. On Section 3(8) of RA7581 by providing a descriptive definition of "*Prime Commodities*" to mean as goods not considered as basic necessities but are essential to consumers in times of any of the cases provided under Section 7 of this Act, such as but not limited to flour; dried, processed or canned pork, beef and poultry meat; dairy products not falling under basic necessities; onions, garlic, vinegar, patis, soy sauce; fertilizer, pesticides and herbicides; poultry, livestock and fishery feeds and veterinary products; paper; school supplies; nipa; shingles; sawali; cement; clinker; GI sheets; hollow blocks; plywood; plyboard; construction nails; batteries; electrical supplies; light bulbs; steel wire; all drugs not classified as essential drugs by the Department of Health and such other goods as may be included under Section 4 of this Act.
3. On Section 4 of RA 7581 by granting the implementing agency, upon petition of concerned parties or motu proprio action with the approval of the President, the power not only to exclude certain items from the coverage of R.A. 7581, but it also allows the same to INCLUDE types and brands of goods in the definition of basic necessities or prime commodities.
4. On Section 6 of RA 7581 by providing that, in the case of the basic necessities that are wholly imported and deregulated under existing laws, such as, but not limited to, household liquefied petroleum gas (lpg) and kerosene, price control thereon shall remain effective for a period of not more than fifteen (15) days, taking into consideration the current inventory or supply levels thereof.
5. On Section 11 of RA 7581 by including the DEPARTMENT OF ENERGY as a MEMBER of the Price Coordinating Council.
6. On Section 12 (2) of RA 7581 by requiring the Price Coordinating Council to report AT LEAST SEMI-ANNUALLY to the President and to the Congress of the Republic of the Philippines the status and progress of the programs, projects and measures undertaken by each implementing department, agency or office as well as the comprehensive strategies developed by the Council to stabilize the prices of basic necessities and prime commodities. Further, the report shall include goods that have been included or excluded from the list of basic necessities and prime commodities as provided for under Section 4 of (this Act) The Price Act.

Thereafter, the Secretariat was directed to draft the corresponding draft substitute bill in consolidation of HBs 2262, 2985, 4100 & 4301 for approval during the meeting of the Mother Committee.

Prepared by:


VALENTINO R. PALANCA
Committee Secretary
Committee on Trade & Industry

Noted by:


LINA L. MORIEGA
Service Director, Cluster I (Economic - I)

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

15th CONGRESS

HOUSE BILL NO. **2262**

Introduced by Representative Roman T. Romulo
Lone District of Pasig City

EXPLANATORY NOTE

This proposed bill seeks to provide for a more comprehensive coverage of the term "basic necessities" under the Republic Act No. 7581, otherwise known as "The Price Act" in order to protect Filipino consumers from variable food price spikes in keeping with the constitutional guarantee of economic equality and general welfare.

By its very nature, water is one of the most essential needs of life. As we face the fast changing and erratic economic condition, security and accessibility to potable water at acceptable prices must be ensured. There is a need to be proactive and adapt new measures to cope with the foreseen and possible significant imbalance between the supply and demand for drinking water.

Under Section 6 of Republic Act No. 7581, the prices of basic necessities shall automatically be frozen at their prevailing prices or placed under automatic price control under certain circumstances such as during a state of calamity and during emergencies. Further, Section 7 of the same Act provides that a price ceiling may be imposed on any basic necessity or prime commodity during similar situations.

Through the amendment proposed in this Bill, appropriate measures to stabilize the price of drinking and bottled water would be enforced, implemented and protected by the Price Act and hence, strengthen consumer security especially during severe shortages, calamities and economic crisis.

For these reasons, the passage of this bill is earnestly sought.


HON. ROMAN T. ROMULO

HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

15th CONGRESS

HOUSE BILL NO. 2262

Introduced by Representative Roman T. Romulo
Lone District of Pasig City

AN ACT TO AMEND SECTION 3 OF REPUBLIC ACT NO. 7581, OTHERWISE
KNOWN AS "THE PRICE ACT", TO INCLUDE BOTTLED DRINKING WATER
AS ONE OF THE BASIC NECCESITIES

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

Section 1. Section 3 (1) of Republic Act No. 7581, otherwise known as the "Price
Act", is hereby amended to read as follows:

Section 3. Definition of Terms. – For purposes of this Act,
the term:-

(1) "Basic necessities" includes: rice; corn; bread; fresh,
dried and canned fish and other marine products; fresh pork,
beef and poultry meat; fresh eggs; fresh and processed milk;
fresh vegetables; root crops; bottled drinking water, coffee;
sugar; cooking oil; salt; laundry soap; detergents; firewood;
charcoal; candles; and drugs classified as essential by the
Department of Health.

Section 2. This Act shall take effect fifteen (15) days after its publication in the
Official Gazette or in at least two (2) newspapers of general circulation.

Approved.

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Batasang Pambansa, Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 2985

INTRODUCED BY REP. JOSEPH VICTOR G. EJERCITO

EXPLANATORY NOTE

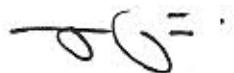
This bill seeks to include locally manufactured instant noodles in the definition of "basic necessities" for the purpose of providing them the protection accorded under the Price Act against undue price increases during calamity, emergency, widespread illegal price manipulation and other similar situations.

Instant noodles was first introduced in Japan in the 1950s and is now being produced in over 80 countries worldwide. In the Philippines, as in neighboring countries, the demand for noodles continues to be on the rise. Based on available data, the consumption of instant noodles in the Philippines has risen steadily since 1995, reaching in the year 2000 a per capita annual consumption of 0.506 kgs. (per person per annum) and total household expenditure of P6 billion, with a sustained growth rate estimated at 16% per annum. Instant noodles has indeed become the new staple of many poor Filipinos. This increase in popularity of instant noodles can be due to the fact that it is cheaper and easier to prepare than rice.

The prevalent public consumption of instant noodles has placed it in the ranks of basic necessities such as rice, corn, bread, fish, pork, bee, poultry, etc. During relief operations in times of calamities and emergencies, instant noodles is one of the basic goods distributed. Undeniably, instant noodles plays an important role in the lives of Filipinos.

At present, however, instant noodles is not accorded the protection which other goods classified as "basic necessities" enjoy. While noodles is considered as prime commodity under the Price Act, it is not covered by the automatic price control provision of the said law which applied only to prices of basic necessities. With the significant reliance of the Filipino people on instant noodles for their day-to-day subsistence, it is imperative that its price be subject to automatic freezing in areas affected by calamities, emergencies, etc., and be subject to a ceiling when its prevailing price is excessive or unreasonable.

In view of the foregoing, approval of this bill is earnestly requested.



JOSEPH VICTOR G. EJERCITO

REPUBLIC ACT No. 7581

AN ACT PROVIDING PROTECTION TO CONSUMERS BY
STABILIZING THE PRICES OF BASIC NECESSITIES
AND PRIME COMMODITIES AND BY PRESCRIBING
MEASURES AGAINST UNDUE PRICE INCREASES
DURING EMERGENCY SITUATIONS AND LIKE
OCCASIONS

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

SECTION 1. *Short Title.* - This Act shall be referred to as the
"Price Act."

SEC. 2. *Declaration of Basic Policy.* - It is the policy of the
State to ensure the availability of basic necessities and prime
commodities at reasonable prices at all times without denying
legitimate business a fair return on investment. It is also a
declared policy of the State to provide effective and sufficient
protection to consumers against hoarding, profiteering and
cartels with respect to the supply, distribution, marketing and
pricing of said goods, especially during periods of calamity,
emergency, widespread illegal price manipulation and other
similar situations. To these ends, the State shall:

- (1) Develop, adopt and promulgate measures to promote
productivity in basic necessities and prime commodities;
- (2) Develop an improved and efficient transport and
distribution system;
- (3) Develop, adopt and promulgate measures to stabilize
prices at reasonable levels;

(4) Institute appropriate penalties for illegal price manipulation and other violations of this Act; and

(5) Establish a mechanism that will readily protect consumers from inadequate supply and unreasonable price increases on occasions of calamities, emergencies and like occurrences.

SEC. 3. *Definition of Terms.* - For purposes of this Act, the term:

(1) "Basic necessities" includes: rice, corn, bread; fresh, dried and canned fish and other marine products, fresh pork, beef and poultry meat; fresh eggs; fresh and processed milk; fresh vegetables; root crops; coffee; sugar; cooking oil; salt; laundry soap; detergents; firewood; charcoal; candles; and drugs classified as essential by the Department of Health;

(2) "Buffer fund" means a contingent fund in the budget of the implementing agency which shall not be used in its normal or regular operations but only for purposes provided for this Act;

(3) "Implementing agency" means the department, agency or office of the Government which has jurisdiction over a basic necessity or prime commodity as defined in this Act, which shall be:

(a) The Department of Agriculture, with reference to agricultural crops, fish and other marine products, fresh meat, fresh poultry and dairy products, fertilizers, and other farm inputs;

(b) The Department of Health, with reference to drugs;

(c) The Department of Environment and Natural Resources, with reference to wood and other forest products; and

(d) The Department of Trade and Industry, with reference to all other basic necessities and prime commodities.

(4) "Panic-buying" is the abnormal phenomenon where consumers buy basic necessities and prime commodities grossly in excess of their normal requirement resulting in undue shortages of such goods to the prejudice of less privileged consumers;

(5) "Person" means a natural person or a juridical person;

(6) "Prevailing price" means the average price at which any basic necessity has been sold in a given area within a month from the occurrence of any of the conditions enumerated under Section 6 of this Act;

(7) "Price ceiling" means the maximum price at which any basic necessity or prime commodity may be sold to the general public; and

(8) "Prime commodities" include fresh fruits; flour; dried, processed and canned pork; beef and poultry meat; dairy products not falling under basic necessities, noodles; onions; garlic; vinegar; patis; soy sauce; toilet soap; fertilizer; pesticides; herbicides; poultry; swine and cattle feeds; veterinary products for poultry, swine and cattle; paper; school supplies; *nipa* shingles; *sawali*; cement; clinker; GI sheets; hollow blocks; plywood; plyboard; construction nails; batteries; electrical supplies; light bulbs; steel wire; and all drugs not classified as essential drugs by the Department of Health.

SEC. 4. *Exclusion from the Coverage of this Act.* - Upon petition of the concerned parties and after public hearing, the implementing agency, with the approval of the President, may exclude from the coverage of this Act, types or brands of the goods included in the definition of basic necessities and prime commodities, which may be deemed as nonessential goods or luxury goods: *Provided*, That, any type or brand so excluded may be reinstated by the implementing agency during occasions of acute shortage in the supply of the basic necessity or prime commodity to which the excluded type or brand used to belong.

SEC. 5. *Illegal Acts of Price Manipulation.* - Without prejudice to the provisions of existing laws on goods not covered by this

Act, it shall be unlawful for any person habitually engaged in the production, manufacture, importation, storage, transport, distribution, sale or other methods of disposition of goods to engage in the following acts of price manipulation of the price of any basic necessity or prime commodity.

(1) Hoarding, which is the undue accumulation by a person or combination of persons of any basic necessity or prime commodity beyond his or their normal inventory levels or the unreasonable limitation or refusal to dispose of, sell or distribute the stocks of any basic necessity or prime commodity to the general public or the unjustified taking out of any basic necessity or prime commodity from the channels of production, trade, commerce and industry. There shall be *prima facie* evidence of hoarding when a person has stocks of any basic necessity or prime commodity fifty percent (50%) higher than his usual inventory and unreasonably limits, refuses or fails to sell the same to the general public at the time of discovery of the stocks. The determination of a person's usual inventory shall be reckoned from the third month immediately preceding before the discovery of the stocks in case the person has been engaged in the business for at least three (3) months; otherwise, it shall be reckoned from the time he started his business;

(2) Profiteering, which is the sale or offering for sale of any basic necessity or prime commodity at a price grossly in excess of its true worth. There shall be *prima facie* evidence of profiteering whenever a basic necessity or prime commodity being sold: (a) has no price tag; (b) is misrepresented as to its weight or measurement; (c) is adulterated or diluted; or (d) whenever a person raises the price of any basic necessity or prime commodity he sells or offers for sale to the general public by more than ten percent (10%) of its price in the immediately preceding month: *Provided*, That, in the case of agricultural crops, fresh fish, fresh marine products, and other seasonal products covered by this Act and as determined by the implementing agency, the *prima facie* provision shall not apply; and

(3) Cartel, which is any combination of or agreement between two (2) or more persons engaged in the production,

manufacture, processing, storage, supply, distribution, marketing, sale or disposition of any basic necessity or prime commodity designed to artificially and unreasonably increase or manipulate its price. There shall be *prima facie* evidence of engaging in a cartel whenever two (2) or more persons or business enterprises competing for the same market and dealing in the same basic necessity or prime commodity, perform uniform or complementary acts among themselves which tend to bring about artificial and unreasonable increase in the price of any basic necessity or prime commodity or when they simultaneously and unreasonably increase prices on their competing products thereby lessening competition among themselves.

SEC. 6. *Automatic Price Control*. - Unless otherwise declared by the President, prices of basic necessities in an area shall automatically be frozen at their prevailing prices or placed under automatic price control whenever:

- (1) That area is proclaimed or declared a disaster area or under a state of calamity;
- (2) That area is declared under an emergency;
- (3) The privilege of the writ of *habeas corpus* is suspended in that area;
- (4) That area is placed under martial law;
- (5) That area is declared to be in state of rebellion; or
- (6) A state of war is declared in that area.

If the prevailing price of any basic necessity is excessive or unreasonable, the implementing agency may recommend to the President the imposition of a price ceiling for the sale of the basic necessity at a price other than its prevailing price.

Unless sooner lifted by the President, price control of basic necessities under this section shall remain effective for the

duration of the condition that brought it about, but not for more than sixty (60) days.

The terms "disaster" and "calamity" shall include those brought about by natural or man-made causes, whether local or foreign.

SEC. 7. *Mandated Price Ceiling.* - The President, upon the recommendation of the implementing agency, or the Price Coordinating Council, may impose a price ceiling on any basic necessity or prime commodity if any of the following conditions so warrants:

- (1) The impendency, existence, or effects of calamity;
- (2) The threat, existence, or effects of an emergency;
- (3) The prevalence or widespread acts of illegal price manipulation;
- (4) The impendency, existence, or effect of any event that causes artificial and unreasonable increase in the price of the basic necessity or prime commodity; and
- (5) Whenever the prevailing price of any basic necessity or prime commodity has risen to unreasonable levels.

SEC. 8. *Determination of Price Ceilings.* - In determining the reasonable price ceiling, the following factors may be taken into consideration:

- (1) The average price, in the last three (3) months immediately preceding the proclamation of the price ceiling, of the basic necessity or prime commodity under consideration;
- (2) The supply available in the market;
- (3) The cost to the producer, manufacturer, distributor or seller including but not limited to:

(a) The exchange rate of the peso to the foreign currency with which a basic necessity or prime commodity or any component, ingredient or raw material thereof was paid for;

(b) Any change in the amortization cost of machinery brought about by any change in the exchange rate of the peso to the foreign currency with which the machinery was bought through credit facilities;

(c) Any change in the cost of labor brought about by a change in the minimum wage; and

(d) Any increase in the cost of transporting or distributing the basic necessity or prime commodity to the area of destination.

(4) Such other factors or conditions which will aid in arriving at a just and reasonable price ceiling.

SEC. 9. *Allocation of Buffer Fund to the Implementing Agency.* - The implementing agency may procure, purchase, import, or stockpile any basic necessity or prime commodity, devise ways and means of distributing them for sale at reasonable prices in areas where there is shortage of supply of a need to effect changes in its prevailing price. For any or all of these purposes, a buffer fund shall be allocated in the annual appropriations of the implementing agencies.

SEC. 10. *Powers and Responsibilities of Implementing Agencies.* - To carry out the intents and purposes of this Act, the head of the implementing agency shall have the following additional powers and responsibilities:

(1) He shall, with the approval of the President, promulgate rules, regulations, and procedures for the implementation of this Act;

(2) He shall develop, promulgate and implement programs, projects or measures to promote productivity in all basic necessities and prime commodities under his agency's jurisdiction;

(3) He shall promote and facilitate the establishment of an effective procurement, storage, marketing and distribution system of basic necessities and prime commodities to ensure their availability in all areas of the country where they are needed;

(4) During instances of panic-buying, he may, with the approval of the President, institute temporary measures to ensure orderly and equitable distribution to consumers of basic necessities and prime commodities in the affected area;

(5) From time to time, he may issue suggested reasonable retail prices for any or all basic necessities and prime commodities under his jurisdiction for the information and guidance of producers, manufacturers, traders, dealers, sellers, retailers, and consumers;

(6) He shall cause the immediate dissemination of any mandated price ceiling for any basic necessity or prime commodity under his agency's jurisdiction through publication in a newspaper of general circulation in the area affected, and through broadcast by radio, or whenever deemed to materially make dissemination of the information more effective, by television. He may also cause the information to be disseminated through posting in public markets, supermarkets or other public places;

(7) He may, upon approval of the President, and subject to existing laws, rules and regulations on bidding, enter into any agreement with any local or foreign producer, manufacturer, supplier, distributor, or seller for the procurement of supplies or stocks of any basic necessity or prime commodity for purposes of buffer stocking: *Provided*, That, in areas where there are shortages or rampant illegal manipulation of prices, he may order their immediate sale;

(8) He may, subject to existing laws, rules and regulations on bidding, enter any agreement with owners or operators of warehouses or storage houses or with owners, operators or franchise holders of vehicles or public utilities for the storage,

transport, or distribution of any basic necessity or prime commodity;

(9) He may conduct investigations of any violation of this Act and, after due notice and hearing, impose administrative fines in such amount as he may deem reasonable which shall in no case be less than One thousand pesos (P1,000) nor more than One million pesos (P1,000,000). In the imposition of administrative fines, the following factors shall be taken into consideration:

(a) Whether the subject of the violation is a basic necessity or a prime commodity; violations involving basic necessities shall be deemed more serious;

(b) Whether the subject of the violation is under price control under Sections 6 and 7 of this Act; violations involving basic necessities and prime commodities under price control shall be deemed more serious;

(c) The number of violations committed; respondents who had previously been found to have violated any of the provisions of this Act shall be imposed a higher fine; and

(d) Such other considerations as may be deemed necessary to carry out the intents, purposes and provisions of this Act.

(10) He may require the attendance and testimony of witnesses or the production of goods, objects, books, papers, documents, contracts, records, financial statements, accounts, agreements and such other evidences material in the determination of any violation of this Act;

(11) Without prejudice to the power to issue temporary closure or temporary restraining order for a period which shall not be more than ten (10) days, he may, after due notice and hearing, issue cease and desist orders; reprimand; censure; suspend, revoke or cancel any permit, license, authority or registration issued by his office; or order the permanent closure of any establishment violating provisions of this Act;

(12) He may initiate summary proceedings to cause the seizure by the Government of basic necessities and prime commodities subject of a violation of this Act and order their sale to the public at reasonable prices whenever the nature of or the demand for such goods so requires: *Provided, That*, pending litigation, the proceeds of the sale shall be held in trust or escrow by the implementing agency: *Provided, further, That*, should the owner of the basic necessity or prime commodity seized and sold be found not liable for the violation which was the basis of the seizure, the proceeds from their sale shall be paid to him, otherwise, they shall accrue to the general fund of the Government and: *Provided, finally, That*, the head of the implementing agency shall cause the broadcast in radio or television and the publication in at least two (2) newspapers of general circulation of the fact of sale or disposition of such seized goods at least three (3) days before the date of sale or disposition;

(13) He may initiate action and cause the prosecution before the proper court of law of violators of this Act;

(14) He may deputize and enlist the assistance of any government official or agency in carrying out the provisions of this Act; and

(15) Such other functions and ancillary powers as may be necessary to effectively implement this Act.

SEC. 11. *Price Coordinating Council.* - There is hereby created a Price Coordinating Council, hereinafter referred to as the Council, to be composed of the following members:

- (1) The Secretary of Trade and Industry, as chairman;
- (2) The Secretary of Agriculture;
- (3) The Secretary of Health;
- (4) The Secretary of Environment and Natural Resources;

(5) The Secretary of Local Government;

(6) The Secretary of Transportation and Communications;

(7) The Secretary of Justice;

(8) The Director General of the National Economic and Development Authority;

(9) One (1) representative from the consumers' sector;

(10) One (1) representative from the agricultural producers' sector;

(11) One (1) representative from the trading sector; and

(12) One (1) representative from the manufacturers' sector

The sectoral representatives of the Price Coordinating Council shall be appointed by the President for a term of one (1) year, without prejudice to reappointment for another term.

The Council shall meet every quarter and whenever the President or the Chairman shall convene the same. Each member shall receive reasonable reimbursements for transportation.

Members from the government sector may designate their representative to the Council.

The Department of Trade and Industry shall provide the secretariat to the Council from its existing organizational structure.

SEC. 12. *Functions of the Price Coordinating Council.* - The Price Coordinating Council shall have the following functions:

(1) It shall coordinate the productivity, distribution and price stabilization programs, projects and measures of the Government and develop comprehensive strategies to effect a

general stabilization of prices of basic necessities and prime commodities at affordable levels;

(2) It shall report to the President and to the Congress of the Philippines the status and progress of the programs, projects, and measures undertaken by each implementing department, agency or office as well as the comprehensive strategies developed by the Council to stabilize the prices of basic necessities and prime commodities;

(3) It shall advise the President on general policy matters for promotion and improvement in productivity, distribution and stabilization of prices of basic necessities and prime commodities;

(4) It may require from its members or any other government agency such information as it may deem necessary, and conduct public hearings for purposes of assessing the supply, distribution, and price situation of any basic necessity or prime commodity;

(5) It shall publicize from time to time developments in productivity, supply, distribution and prices of basic necessities and prime commodities; and

(6) Whenever automatic price control of basic necessities is imposed under Section 6 of this Act, it shall cause the immediate dissemination of their prevailing prices or the price ceilings imposed in lieu thereof, as the case may be, through publication in a newspaper of general circulation in the area affected, and through broadcast by radio and, whenever the same is deemed to materially make dissemination of the information more effective, by television. It may also disseminate the information through posting in public markets, supermarkets and other public places.

SEC. 13. The Price Action Officer: Power and Functions. - Whenever the President deems it necessary, he may appoint any of the members of the Price Coordinating Council as Price Action Officer for the duration of the automatic price control

under Section 6 of this Act who shall have the following powers and functions:

(1) He shall carry out, implement and enforce the policies and decisions of the Council;

(2) He shall coordinate the actions of all implementing agencies involved in the monitoring and investigation of abnormal price movements and shortages of basic necessities and prime commodities;

(3) He may call upon any official, agent, employee, agency or instrumentality of the national or local government for any other assistance that he may deem necessary to carry out the purposes of this Act;

(4) He shall establish linkages and coordinate with nongovernment or private organizations in the affected area to assist in the monitoring and implementation of price control therein; and

(5) He shall exercise such other functions and duties as may be given to him by the President.

SEC. 14. Role of the National Statistics Office. - The National Statistics Office shall conduct independent periodic surveys and studies of the selling prices of all basic necessities and prime commodities all over the country as well as their share or effect on the family income of the different economic groups in the country for purposes of serving as data base for government efforts to stabilize prices, as well as evaluating the effectivity of the same.

SEC. 15. Penalty for Acts of Illegal Price Manipulation. - Any person who commits any act of illegal manipulation of any basic necessity or prime commodity under Section 5 hereof shall suffer the penalty of imprisonment for a period of not less than five (5) years nor more than fifteen (15) years, and shall be imposed a fine of not less than Five thousand pesos (P5,000) nor more than Two million pesos (P2,000,000).

SEC. 16. *Penalty for Violation of Price Ceilings.* - Any person who violates Section 6 or 7 of this Act shall suffer the penalty of imprisonment for a period of not less than one (1) year nor more than ten (10) years, or a fine of not less than Five thousand pesos (P5,000) nor more than One million pesos (P1,000,000), or both, at the discretion of the court.

SEC. 17. *Violation by Juridical Persons.* - Whenever any violation of the provisions of this Act is committed by a juridical person, its officials or employees, or in case of foreign corporation or association, its agent or representative in the Philippines who are responsible for the violation shall be held liable therefor.

SEC. 18. *Violation by Aliens.* - In case of aliens, in addition to the penalty provided in Section 15 or 16 of this Act, the offender shall, upon conviction and after service of sentence, be immediately deported without need of any further proceedings.

SEC. 19. *Violation by Government Officials or Employees.* - Any public official or employee who, by reason of his office, with or without consideration, conspires in the commission or knowingly conceals violations of any of the provisions of this Act shall likewise be principally responsible for the violation and shall suffer the additional penalty of permanent disqualification to hold public office.

SEC. 20. *Criminal Penalties Without Prejudice to Administrative Sanctions.* - The foregoing criminal penalties shall be without prejudice to the administrative sanctions which the implementing agency may impose under this Act or under any other law.

SEC. 21. *Relation of the Price Act of Other Laws, Presidential Issuances.* - Nothing in this Act shall be construed as removing or diminishing the jurisdiction of any agency of Government on certain goods or products conferred by other laws or presidential issuances.

SEC. 22. *Separability Clause.* - If, for any reason, any

person, group or circumstance is declared invalid or unconstitutional, the remainder of this Act shall not be affected by such declaration.

SEC. 23. *Repealing Clause.* - To the extent inconsistent with this Act, the following laws and letters of instruction are hereby repealed:

(1) Republic Act No. 4164, entitled "An Act to Prevent the Excessive Increase in the Price of Certain Prime Necessities of Life on the Occasion of a Public Calamity, Penalizing the Violation Thereof, and for other Purposes";

(2) Presidential Decree No. 1674, entitled "Providing a Mechanism for Price Regulation, Creating a Price Stabilization Council, Prescribing its Powers and Responsibilities and for other Purposes";

(3) Letter of Instruction No. 1305, entitled "Directing Measures to Prevent Cement Hoarding, Price Manipulation and Purposes";

(4) Letter of Instruction No. 1324, entitled "Ordering Immediate Measures to Prevent Price Manipulation and to Protect Consumers"; and

(5) Letter of Instruction No. 1359, entitled "Directing Measures to Prevent Hoarding, Profiteering and Price Manipulation."

All laws, and rules and regulations inconsistent herewith are hereby likewise repealed or modified accordingly.

SEC. 24. *Effectivity Clause.* - This Act take effect three (3) days after its publication in two (2) national newspapers of general circulation.

Approved, May 27, 1992.