

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 255



INTRODUCED BY REPRESENTATIVES
FERNANDO L. HICAP, NERI JAVIER COLMENARES,
LUZVIMINDA C. ILAGAN, EMMI DE JESUS, ANTONIO TINIO
AND JAMES MARK TERRY RIDON

EXPLANATORY NOTE

The Downstream Oil Industry Deregulation Law of 1998, enacted during the administration of President Fidel V. Ramos, gave full rein to foreign oil companies to raise petroleum prices and rake in billions of superprofits at the expense of consumers and the Filipino people.

Through the said law, the State surrendered all its authority to oversee, regulate and manage the downstream oil industry and allowed cartelization of the oil industry. Oil companies on the other hand, have used, to the point of abusing, the Oil Deregulation Law (ODL) as license to impose frequent, almost weekly oil price adjustments.

The enactment of the Oil Deregulation Law fifteen (15) years ago has allowed foreign oil firms to strengthen their monopoly control of the domestic downstream oil industry.

The Oil Deregulation Law has been conveniently used by the Big 3 - Pilipinas Shell, Chevron Philippines (formerly Caltex) and Petron, as well as the so-called independent oil players - Total, Sea Oil, Flying V, among others, to raise the pump prices of petroleum products, particularly gasoline, diesel, kerosene and Liquefied Petroleum Gas (LPG).

Despite of the public's constant demand for the government to control oil prices, and repeal the Oil Deregulation Law, the administration of former President Gloria Macapagal-Arroyo and the present administration of Benigno C. Aquino III failed to curb the greed of oil companies and alleviate the economic hardship of consumers affected by oil price hikes.

Even worse, the Department of Energy (DoE) acted helpless and inutile in the face of unabated oil price hikes. In fact, DoE even served as a mere announcer of oil price hike adjustments.

Under the deregulated oil industry, allegations of overpricing, price manipulation and government collusion with foreign oil firms persist, highlighting the serious flaws of the Oil Deregulation Law.

The Oil Deregulation Law heavily damaged the economic status and increased the poverty and hunger incidence among Filipinos.

Consumers, workers, farmers, fisher folks, jeepney drivers and small and medium businesses (SMBs) are directly affected by excessive and escalating oil price hikes. The domino effect of oil price hikes is felt with the rising cost of transportation fares and prices of basic goods including food, services, utilities among others.

Price monitoring of the Department of Energy (DoE) showed that from 2009 to 2011, unleaded gasoline prices in Metro Manila increased from P36.16 per liter to P54.29 per liter, while diesel prices rose from P28.23 to P44.32 per liter. Prices of petroleum products are even more expensive in the provinces, especially in Visayas and Mindanao.

In 2012, mass protests were launched to oppose the constantly increasing oil prices. Consumer groups have presented their demands to the Aquino government – imposition of oil price controls, nationalization of the oil industry, centralized state procurement of crude oil, removal of the Value Added Tax (VAT) on petroleum products, among others, to bring down oil prices.

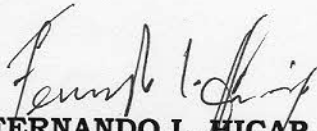
Due to persistent public pressure, the government initiated a multi-sectoral independent review of oil prices in 2012. It was the third review of the Oil Deregulation Law since 1998. But to the dismay of stakeholders, the Independent Oil Price Review Committee (IOPRC) has supported the Oil Deregulation Law.

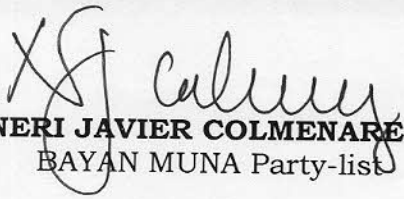
Since May 2013, oil prices have increased seven (7) times with upward adjustments ranging from P0.30 to P1.50 per liter. Oil companies have used their perennial alibi of rising world crude prices.

Consumers refuse to accept the government's serious inaction on the offensive oil price hikes. Filipinos are compelling the government to take politically-decisive steps to control the extraordinary and exploitative situation of high oil prices.

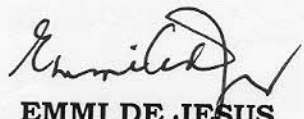
The Filipino people demand the immediate repeal of the oil deregulation law and enactment of effective state regulation of the oil industry. President Aquino must treat with urgency and priority the enactment of measures that will control the runaway oil prices.

In view of the foregoing, approval of this bill is highly and earnestly sought.


FERNANDO L. HICAP
ANAKPAWIS Party-list


NERI JAVIER COLMENARES
BAYAN MUNA Party-list


LUZVIMINDA C. ILAGAN
GABRIELA Women's Party


EMMI DE JESUS
GABRIELA Women's Party


ANTONIO TINIO
ACT Teachers Party


JAMES MARK TERRY RIDON
KABATAAN Party-list

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AN ACT
REPEALING REPUBLIC ACT 8479, OTHERWISE KNOWN AS THE
DOWNSTREAM OIL DEREGULATION LAW OF 1998

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

SECTION 1. Republic Act 8479 otherwise known as "An Act Deregulating the Downstream Oil Industry and for Other Purposes" is hereby repealed.

SECTION 2. All previous or existing laws, decrees, executive orders, rules and regulations or parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

SECTION 3. This Act shall take effect within fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation, whichever comes earlier.

Approved.