

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

House Bill No. 421



INTRODUCED BY REPRESENTATIVE ARTHUR C. YAP

EXPLANATORY NOTE

In May 27, 1992, Republic Act No. 7581, or the Price Act, was ordained with the objective of ensuring the availability of basic necessities and prime commodities at reasonable prices. This is without denying legitimate business a fair return on investment. It was also to provide protection to consumers against hoarding, profiteering and cartels, especially during periods of calamity, emergency, widespread illegal price manipulation and other similar situations.

However, in its enumeration on what are basic necessities or prime commodities, one very important set of products was excluded. These are petroleum products such as gasoline, diesel and liquefied petroleum products (LPG).

It is quite difficult to understand why petroleum products were not deemed, at that time, to be either a basic necessity or a prime commodity. It may be conceded that petroleum products may not be basic necessities. This is because we still can live without them.

Definitely however, gasoline, diesel and LPG, are prime commodities. These products are very important goods, similar to, if not more important than the following - all classified as prime commodities, such as fresh fruits; flour; pork; beef and poultry meat; noodles; toilet soap; fertilizer; pesticides; poultry feeds; poultry, swine and cattle; paper; school supplies; nipa shingles; sawali; cement; GI sheets; hollow blocks; plywood; batteries; electrical supplies; light bulbs; and all drugs.

Probably, the reason for the non-inclusion of petroleum products under the coverage of the Price Act was because of the pending desire then of the government to pass the Oil Deregulation Law, which was passed a few years later. Maybe, the government then wanted to have as much competition as possible, and less, if not zero regulation on the said industry. This is to encourage as many oil players or competitors as possible. In such a very ideal scenario, the prices of petroleum products would surely drop or be at very reasonable levels.

However, this pipe dream has turned into a nightmare.

Under the Oil Deregulation Law, the prices of petroleum products have not gone down. Instead, the prices of fuel products have hit all time highs that it maybe the biggest burden of consumers and the public in general.

There are now accusations of the biggest oil companies being in cartel, and manipulating the prices of their products, to the detriment of the consumers.

The government has become helpless. It cannot even audit the books of oil companies to determine whether or not there is profiteering.

This is because under the deregulated environment, there is no such thing as profiteering. The oil companies can jack up their prices and only the dictates of their conscience is their limit.

And, the people are likewise without any choice but to buy the fuel products. This is even at unreasonably high prices. *Why?* This is because petroleum products are prime commodities, if not basic necessities. We surely cannot live without it.

Under this draft legislation, petroleum products shall be listed as prime commodities under the Price Act.

In such a case, it shall be become illegal for oil companies to engage in the price manipulation of petroleum products. In sum, they cannot engage in the following illegal practices:

1. Hoarding or the undue accumulation of fuel products beyond normal inventory levels, and the refusal or failure to sell the same;
2. Profiteering or selling the petroleum products at a price grossly in excess of its true worth; and,
3. Cartel, which is any combination of or agreement between two (2) or more persons to artificially and unreasonably increase or manipulate its price.

During emergencies, calamities or similar situations, the President can automatically freeze at prevailing prices or place under automatic price control fuel prices.

If there is just an impending calamity, the threat of an emergency, prevalence or widespread acts of illegal price manipulation, impendency of any event that causes artificial and unreasonable increase, or the prevailing price of the fuel products has risen to unreasonable levels, the Department of Energy (DOE) may recommend to the President the imposition of a price ceiling. Petroleum products can now be subjected to suggested retail prices (SRP).

Also, the Energy Secretary may compel oil companies to attend investigations, get the testimony of witnesses, produce and inspect books, records, financial statements, and such other documents. And, unlike before, if there is a finding of hoarding, profiteering, cartel or any violation of the Price Act, then cases can be filed against the petroleum companies.

As a country, we espouse capitalism. As much as possible, regulation is frowned upon. We allow and encourage the market forces to work.

However, if market capitalism is no longer working, then government should be allowed to step in. If the system is no longer working for the general good, then the police power of government should be utilized.

The welfare of the general public should be foremost the foremost consideration. If the prices of goods, especially those classified as basic necessities and prime commodities, like gasoline, diesel and LPG, become unreasonably expensive, without

rationale or due to very debatable ratiocination, then the government should be allowed to set the prices right and determine if there is abuse by the sellers of said fuel products.

It is in this view that the immediate passage of the bill is earnestly sought.



ARTHUR C. YAP
Representative

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AN ACT
PROVIDING PROTECTION TO CONSUMERS BY STABILIZING
PRICES OF PETROLEUM PRODUCTS DURING EMERGENCY
SITUATIONS, MANDATING ITS INCLUSION AS A PRIME
COMMODITY UNDER THE COVERAGE OF THE PRICE ACT,
AMENDING FOR THE PURPOSE PERTINENT PROVISIONS OF
REPUBLIC ACT NO. 7581, OTHERWISE KNOWN AS THE
PRICE ACT, AND FOR OTHER PURPOSES

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

1 **SECTION 1. *Short Title.*** – This Act shall be known as the “Consumer Protection
2 Against Undue Price Increases of Petroleum Products Act of 2013”.

3 **SECTION 2. *Declaration of Policy.*** – It is hereby declared the policy of the State
4 to ensure the availability of prime commodities, which includes petroleum products, at
5 reasonable prices at all times without denying legitimate business a fair return on
6 investment. It is also a declared policy of the State to provide effective and sufficient
7 protection to consumers against profiteering and cartels with respect to the supply,
8 distribution and pricing of petroleum products, especially during periods of calamity,
9 emergency, widespread illegal price manipulation and other similar situations.

10 **SECTION 3. *Inclusion of the Department of Energy in the Implementing***
11 ***Agencies of the Price Act.*** – Section 3, Subsection (3) of Republic Act No. 7581,
12 otherwise known as the Price Act is hereby amended to read as follows:

1 “SECTION 3. Definition of Terms. — For purposes of this Act,
2 the term:

3 XXX

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

8 XXX

9 **(e) THE DEPARTMENT OF ENERGY, WITH**
10 **REFERENCE TO PETROLEUM PRODUCTS.**

11 XXX”

12 **SECTION 4. *Petroleum Products as Basic Commodity under the Price Act.* –**

13 Section 3, Subsection (8) of Republic Act No. 7581, otherwise known as the Price Act is
14 hereby amended to read as follows:

15 “SECTION 3. Definition of Terms. — For purposes of this Act,
16 the term:

17 (8) "Prime commodities" include fresh fruits; flour; dried
18 processed and canned pork; beef and poultry meat; dairy
19 products not falling under basic necessities; noodles; onions;
20 garlic; vinegar; patis; soy sauce; toilet soap; fertilizer;
21 pesticides; herbicides; poultry; swine and cattle feeds;
22 veterinary products for poultry, swine and cattle; paper; school
23 supplies; nipa shingles; sawali; cement; clinker; GI sheets;
24 hollow blocks; plywood; plyboard; construction nails;
25 batteries; electrical supplies; light bulbs; steel wire; and all
26 drugs not classified as essential drugs by the Department of
27 Health; **PETROLEUM PRODUCTS, INCLUDING**
28 **GASOLINE, DIESEL AND LIQUEFIED PETROLEUM**
29 **PRODUCTS (LPG);**

1 (2) XXX”

2 **SECTION 5. *Inclusion of the Department of Energy in the Price Coordinating***
3 ***Council.*** – Section 11 of Republic Act No. 7581, otherwise known as the Price Act is
4 hereby amended to read as follows:

5 “SECTION 11. Price Coordinating Council. — There is
6 hereby created a Price Coordinating Council, hereinafter referred to as the
7 Council, to be composed of the following members:

8 “XXX

9 (13) **THE SECRETARY OF ENERGY**

10 XXX”

11 **SECTION 6. *Separability Clause.*** - If any provision of this Act, or any parts
12 thereof, is declared unconstitutional, the same shall not affect the validity and effectivity
13 of the other portions.

14 **SECTION 7. *Repealing Clause.*** – To the extent inconsistent with this Act,
15 Republic Act No. 8479, or the Downstream Oil Industry Law is hereby amended. All
16 other laws, executive orders, presidential decrees, proclamations, rules, regulations,
17 issuances and enactments of parts thereof inconsistent with this Act are hereby repealed
18 or modified accordingly.

19 **SECTION 8. *Effectivity.*** - This Act shall take effect fifteen (15) days from its
20 complete publication in the Official Gazette or in a newspaper of general circulation in
21 the Philippines, whichever comes earlier.

APPROVED.