

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

NINETEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 9628



Introduced by Agusan del Norte, 2nd District Representative
HON. DALE B. CORVERA

AN ACT
SUBJECTING CONSTRUCTION MATERIALS TO AUTOMATIC PRICE
CONTROL IN AREAS PLACED UNDER STATE OF CALAMITY DUE TO
NATURAL DISASTERS, AMENDING FOR THE PURPOSE REPUBLIC ACT
NO. 9165, AS AMENDED, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

It is a declared 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.

On 27 May 1992, Republic Act No. 7581, otherwise known as the "Price Act", was enacted to establish a mechanism that will readily protect consumers from inadequate supply and unreasonable price increases on occasions of calamities, emergencies and like occurrences, among others. The law defined "basic necessities" and "prime commodities", as well as listed the goods that can be classified under them. These lists were expanded through the enactment of Republic Act No. 10623. Under the present classification, construction materials needed for rehabilitation and repair of houses such as construction nails, hollow blocks, plywood, and cement are considered prime commodities.

During disasters and natural calamities, the prices of basic necessities and prime commodities go up as an effect of the law of supply and demand. People whose homes have been damaged by disasters and calamities would naturally seek and purchase materials for the repair of their damaged shelters. However, logistical challenges hamper the delivery of needed supplies, making them scarce in an affected area.

To protect consumers, especially those heavily affected by damaging events, Section 6 of the Price Act mandates automatic price control. Thus, prices of basic necessities in an area affected by disasters, calamities, and similar events are automatically frozen at their prevailing prices, which is effective for the duration of the condition that brought it about, but not for more than fifteen (15) days. It is noteworthy, however, that **automatic price control is applicable only to the prices of basic necessities and does not apply to prime commodities, which includes the necessary construction materials and electrical supplies for repair of**

damaged structures. This poses a challenge in ensuring that prime commodities are also available and affordable to those who needed them during and after disasters, calamities and similar events.

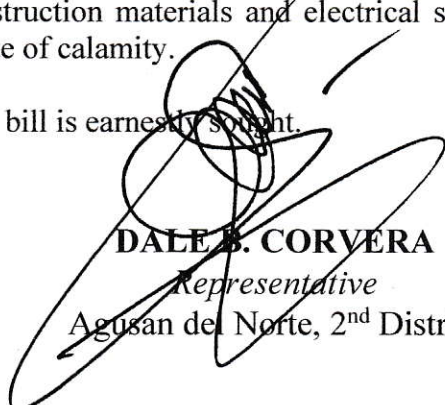
Subsequently, Republic Act No. 10121, otherwise known as the "Philippine Disaster Risk Reduction and Management Act of 2010" was enacted. Section 17 of the law provides for remedial measures which shall be mandatory upon the declaration of a state of calamity, including the immediate imposition of price ceiling on basic necessities and prime commodities by the President upon the recommendation of the implementing agency as provided for under RA No. 7581, or the National Price Coordinating Council (NPCC). However, a perusal of Section 17 of RA 10121 will reveal that the law pertains to Section 7 of RA 7581 and not to Section 6 which covers automatic price control. This can also be gleaned from Section 7a of the National Disaster Risk Reduction and Management Council Memorandum Order No. 60, series of 2019 or the Revised Guidelines for the Declaration of a State of Calamity.

Furthermore, there are challenges in considering opting for the implementation of a price ceiling. Firstly, it is dependent on the recommendation of the implementing agency or the NPCC. If it determines that there is no need for the imposition of the price ceiling, no recommendation will be issued. Secondly, even if a recommendation is submitted, the President may deem the imposition of a price ceiling inappropriate. Thirdly, during the entire period - determination by implementing agency or NPCC of the propriety of imposing a price ceiling, submission to the President for consideration, and determination on the part of the President whether or not to implement a price ceiling - a considerable amount of time may have already lapsed which could further shoot up the amount of the prevailing price. It is important to note that prevailing price is computed as the average price at which any basic necessity has been sold in a given time within a month from the declaration of a state of calamity, emergency and similar events under Section 6 of RA 9165.

Our experience with Super Typhoon Odette (ST Odette), which struck Caraga Region last 16 December 2021, highlighted the inadequacy of the present control and protection measures in the Price Act. According to United Nations Office for the Coordination of Humanitarian Affairs, about 1.9 million houses were damaged by ST Odette, 427,000 of which were totally destroyed. We can just imagine the demand for vis-a-vis the supply of construction materials after ST Odette's onslaught, which drove the prices of construction materials up. Survivors found it hard to repair and keep their houses safe for living and recuperating, thereby adding to the agony and trauma experienced by the survivors.

Recently, the World Risk Index 2023 ranks the Philippines as most at-risk country in the world. The World Risk Index is a tool that assesses the disaster risk from extreme natural events and negative climate change impacts for 193 countries in the world. Now more than ever, there is a strong need for subjecting construction materials and electrical supplies to automatic price control in areas placed under state of calamity.

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



DALE B. CORVERA

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

Section 1. Short Title. – This Act shall be known as the “Construction Materials Price Freeze Act”

Section 2. A new section entitled Section 6-A is hereby included to Republic Act No. 7581, otherwise known as the “Price Act”, as amended, to read as follows:

“SECTION 6-A. – UNLESS OTHERWISE DECLARED BY THE PRESIDENT, PRICES OF CONSTRUCTION MATERIALS NEEDED FOR REPAIRS AND REHABILITATION OF DAMAGED HOUSES, INCLUDING, BUT NOT LIMITED TO, CEMENT, CLINKER, GALVANIZED IRON SHEETS, HOLLOW BLOCKS, PLYWOOD, PLYBOARD, CONSTRUCTION NAILS, SCREWS, ELECTRICAL SUPPLIES, LIGHT BULBS, STEEL WIRES, SHALL AUTOMATICALLY BE FROZEN AT THEIR PREVAILING PRICES OR PLACED UNDER AUTOMATIC PRICE CONTROL IN AREAS PLACED UNDER A STATE OF CALAMITY DUE TO NATURAL DISASTERS.

IF THE PREVAILING PRICE OF ANY CONSTRUCTION MATERIAL IS EXCESSIVE OR UNREASONABLE, THE IMPLEMENTING AGENCY MAY

RECOMMEND TO THE PRESIDENT THE IMPOSITION OF A PRICE CEILING FOR THE SALE OF THE CONSTRUCTION MATERIAL AT A PRICE OTHER THAN ITS PREVAILING PRICE.

UNLESS SOONER LIFTED BY THE PRESIDENT, PRICE CONTROL OF CONSTRUCTION MATERIALS UNDER THIS SECTION SHALL REMAIN EFFECTIVE FOR THE DURATION OF THE STATE OF CALAMITY, BUT NOT FOR MORE THAN SIXTY (60) DAYS.”

Section 3. *Separability Clause.* – If, for any reason, any section, clause or term of this Act is held to be illegal, invalid, or unconstitutional, such parts not affected by such declaration shall remain in full force and effect.

Section 4. *Repealing Clause.* – All laws, presidential decrees, issuances, executive orders, letters of instruction, rules and regulations, or parts thereof, inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Section 5. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,