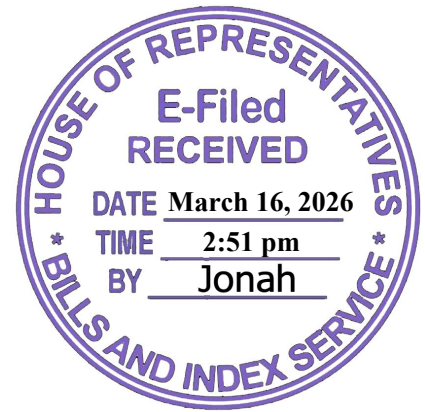




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 8528



Introduced by Rep. ROBERT NAZAL

AN ACT
ESTABLISHING A PHILIPPINE STRATEGIC PETROLEUM RESERVE SYSTEM
TO STRENGTHEN NATIONAL ENERGY SECURITY, PROVIDE EMERGENCY
PETROLEUM SUPPLY DURING GLOBAL OIL DISRUPTIONS, AND FOR OTHER
PURPOSES

EXPLANATORY NOTE

Recent geopolitical developments have underscored the urgency of strengthening the Philippines' energy security framework. The ongoing conflict involving the United States, Israel, and Iran has significantly heightened risks to global oil supply chains. The Strait of Hormuz, located between Iran and Oman, remains one of the most critical energy chokepoints in the world. According to the United States Energy Information Administration, approximately 20 million barrels of oil per day passed through the Strait of Hormuz in 2024, representing roughly twenty percent of global petroleum liquids consumption. A substantial portion of global liquefied natural gas trade also passes through this narrow waterway.

The present conflict has resulted in severe disruptions to shipping and energy infrastructure in the region, including reported attacks on vessels, threats to maritime routes, and restrictions affecting tanker movements through the Strait of Hormuz. These developments have triggered major volatility in global oil markets and raised serious concerns regarding the continuity of petroleum supply worldwide. Global oil prices have experienced sharp fluctuations as tensions escalate and as shipping routes face security risks. These events demonstrate how geopolitical developments occurring far from Philippine territory can immediately affect domestic fuel prices, transportation costs, and the broader national economy.

For an oil-importing country such as the Philippines, these developments highlight a structural vulnerability. According to the Bangko Sentral ng Pilipinas, petroleum crude imports reached approximately US\$4.3 billion in 2024. In the first quarter of 2024 alone, petroleum crude imports amounted to US\$892 million. These figures demonstrate the scale of the country's reliance on imported petroleum and the extent to which the Philippine economy remains exposed to global supply disruptions and oil price volatility.

At present, the Philippines does not have a comprehensive statutory framework establishing a government-owned and government-controlled strategic petroleum reserve. The principal law governing the sector is Republic Act No. 8479, otherwise known as the Downstream Oil Industry Deregulation Act of 1998. While this law liberalized the oil industry and authorizes the Department of Energy to monitor petroleum supply and industry inventories, the current system relies largely on minimum inventory requirements maintained by private oil companies.

The Department of Energy has reported that the minimum inventory requirement currently imposed on industry participants is approximately thirty days for refiners, fifteen days for bulk marketers, and seven days for liquefied petroleum gas players. Although these requirements contribute to short-term supply stability, they are not equivalent to a national strategic petroleum reserve designed specifically to respond to severe global supply disruptions or geopolitical crises.

Government itself has already recognized the importance of establishing a strategic reserve. Memorandum Order No. 2019-11-0001 directed the Philippine National Oil Company to conduct a comprehensive feasibility study and prepare an implementation plan for a National Strategic Petroleum Reserve. Subsequently, on 16 September 2021, the Department of Energy issued Department Circular No. DC2021-09-0028 establishing the Philippine Strategic Petroleum Reserve Program. These initiatives confirm that the need for such a reserve has already been acknowledged at the executive level. However, a clear legislative framework enacted by Congress remains necessary to ensure permanence, institutional structure, and long-term funding.

Recent government disclosures also illustrate the limits of the current system. Statements from the Department of Energy in March 2026 indicated that national petroleum inventories ranged from approximately fifty to sixty days depending on the product category. Reported inventory levels included about 50.5 days for diesel, 51.5 days for gasoline, 67.5 days for kerosene, 58 days for jet fuel, and approximately 29 days for liquefied petroleum gas. These figures indicate short-term supply stability but also confirm that the country continues to rely on commercial industry inventories rather than on a permanent national reserve dedicated to emergency response.

Petroleum supply disruptions can have cascading effects throughout the economy. Fuel price shocks affect transportation, agriculture, fisheries, manufacturing, aviation, logistics, and electricity generation in off-grid areas that depend on diesel-powered generation. In an archipelagic country where the movement of goods, food, and people depends heavily on fuel-based transport systems, supply disruptions can quickly translate into higher inflation and increased economic hardship for Filipino households.

The proposed measure seeks to address this structural vulnerability by establishing a Philippine Strategic Petroleum Reserve that will function as a national emergency buffer against severe supply disruptions. The bill provides for the creation of a government-managed reserve composed of crude oil and refined petroleum products, the development of geographically distributed storage facilities, the implementation of stock rotation mechanisms to maintain fuel quality, and clearly defined conditions for the emergency release of petroleum stocks.

The measure also establishes a Strategic Petroleum Reserve Fund and requires regular reporting to Congress to ensure transparency and accountability in the management of the reserve. Importantly, the bill preserves the principles of a deregulated downstream oil industry by providing that the reserve shall complement, and not replace, existing private sector inventory requirements. It likewise provides that the reserve shall not be used for routine price intervention but only for genuine supply emergencies.

Sa panahon ng tumitinding geopolitical tensions at panganib sa pandaigdigang suplay ng enerhiya, mahalagang magkaroon ang Pilipinas ng malinaw at matibay na mekanismo upang maprotektahan ang ekonomiya at kapakanan ng mamamayan. Ang pagtatatag ng isang Philippine Strategic Petroleum Reserve ay magbibigay sa pamahalaan ng kakayahang tumugon sa mga krisis sa suplay ng langis at mapanatili ang katatagan ng transportasyon, suplay ng pagkain, at kabuuang ekonomiya ng bansa.

Para sa seguridad sa enerhiya, katatagan ng ekonomiya, at kapakanan ng bawat Pilipino, ang agarang pagpasa ng panukalang batas na ito ay mariing hinihiling..



ROBERT NAZAL
Representative

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4 Quezon City, Metro Manila
5

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12
13 **Introduced by Rep. ROBERT NAZAL**
14
15

16 **AN ACT**
17 **ESTABLISHING A PHILIPPINE STRATEGIC PETROLEUM RESERVE SYSTEM**
18 **TO STRENGTHEN NATIONAL ENERGY SECURITY, PROVIDE EMERGENCY**
19 **PETROLEUM SUPPLY DURING GLOBAL OIL DISRUPTIONS, AND FOR OTHER**
20 **PURPOSES**
21

22 *Be it enacted by the Senate and House of Representatives of the Philippines in*
23 *Congress assembled:*
24

25 **Section 1. Title.** – This Act shall be known as the “**Philippine Strategic**
26 **Petroleum Reserve Act.**”
27

28 **Sec. 2. Declaration of Policy.** – It is hereby declared the policy of the State to
29 ensure the stability, security, and reliability of the national energy supply in order to
30 protect the economy and the welfare of the Filipino people from disruptions in the
31 global petroleum market. Recognizing that the Philippines relies heavily on imported
32 crude oil and refined petroleum products, the State shall establish and maintain a
33 strategic petroleum reserve system capable of providing emergency supply during
34 periods of severe supply disruption, natural disasters, geopolitical instability, or
35 extraordinary global oil price volatility.
36

37 The strategic petroleum reserve shall be designed and implemented in a
38 manner that promotes transparency, preserves the integrity of the deregulated
39 downstream oil industry, complements private sector inventory requirements, and
40 strengthens the country’s long-term energy security and disaster resilience.
41

42 **Sec. 3. Definition of Terms.** – For purposes of this Act:
43

1 (a) Strategic Petroleum Reserve refers to government-controlled stockpiles of
2 crude oil and petroleum products maintained for use during national emergencies or
3 severe supply disruptions.

4
5 (b) Petroleum Products refer to gasoline, diesel, kerosene, jet fuel, liquefied
6 petroleum gas, and other refined petroleum products determined by the Department
7 of Energy.

8
9 (c) Supply Disruption refers to any sudden reduction in the availability of crude
10 oil or petroleum products resulting from geopolitical conflict, natural disaster, global
11 market shock, or other extraordinary circumstances affecting national energy supply.

12
13 (d) Stock Rotation refers to the systematic replacement or exchange of stored
14 petroleum products to maintain quality and operational readiness.

15
16 **Sec. 4. *Establishment of the Philippine Strategic Petroleum Reserve.*** – There
17 is hereby established a Philippine Strategic Petroleum Reserve (PSPR) which shall
18 consist of emergency stockpiles of crude oil and petroleum products maintained by
19 the national government for the purpose of safeguarding national energy security.

20
21 The strategic petroleum reserve shall be designed to complement existing
22 commercial inventories maintained by private oil industry participants and shall serve
23 as an emergency buffer against severe disruptions in petroleum supply.

24
25 **Sec. 5. *Strategic Reserve Levels.*** – The strategic petroleum reserve shall
26 maintain petroleum stocks equivalent to at least thirty (30) days of the country's
27 average net petroleum imports during the initial phase of implementation. The
28 Department of Energy may gradually expand the reserve level based on national
29 energy security requirements and available resources.

30
31 **Sec. 6. *Strategic Storage Facilities.*** – Petroleum stocks under the Philippine
32 Strategic Petroleum Reserve may be stored through a combination of government-
33 owned storage terminals, leased commercial storage facilities, underground storage
34 structures where technically feasible, floating storage systems, and other secure
35 storage infrastructure.

36
37 The Department of Energy shall ensure that strategic petroleum reserves are
38 geographically distributed across key regions of the country to enhance resilience
39 against natural disasters, infrastructure failure, or security threats.

1 **Sec. 7. Acquisition of Strategic Petroleum Stocks.** – Petroleum stocks for the
2 strategic reserve may be acquired through direct government procurement,
3 government-to-government agreements, long-term supply contracts, stock exchange
4 or swap arrangements, or other mechanisms determined by the Department of
5 Energy.

6
7 The Department of Energy may time the acquisition of petroleum stocks during
8 favorable market conditions in order to minimize fiscal exposure and optimize the cost
9 of reserve development.

10
11 **Sec. 8. Stock Rotation and Quality Management.** – The Department of Energy
12 shall implement a systematic stock rotation program to ensure the quality, usability,
13 and operational readiness of petroleum stocks maintained in the strategic reserve.

14
15 Petroleum stocks may be periodically sold, exchanged, or replaced in order to
16 prevent degradation of stored fuels and to reduce financial losses associated with
17 long-term storage.

18
19 **Sec. 9. Conditions for Emergency Release.** – Petroleum from the Philippine
20 Strategic Petroleum Reserve may be released only upon the authorization of the
21 President of the Philippines upon recommendation of the Department of Energy under
22 any of the following circumstances:

23
24 (a) severe disruption of global petroleum supply;

25
26 (b) declaration of a national emergency affecting fuel supply;

27
28 (c) major natural disasters affecting national transportation, food distribution, or
29 electricity generation; or

30
31 (d) extraordinary supply interruptions that threaten essential national services.

32
33 All releases shall be conducted in a transparent manner and reported to
34 Congress.

35
36 **Sec. 10. Market Neutrality Safeguards.** – The strategic petroleum reserve shall
37 not be used for routine market intervention or for the purpose of artificially controlling
38 petroleum prices. The reserve shall be utilized strictly as an emergency energy
39 security mechanism during supply disruptions.

40
41 **Sec. 11. Integration with Private Sector Inventories.** – The establishment of the
42 Philippine Strategic Petroleum Reserve shall not replace or reduce the minimum
43 inventory requirements imposed upon oil industry participants under existing laws and
44 regulations governing the downstream oil industry.

1
2 Private sector inventory requirements shall remain in force and shall continue
3 to serve as the primary source of normal commercial petroleum supply.
4

5 **Sec. 12. *Strategic Petroleum Reserve Fund.*** – A Strategic Petroleum Reserve
6 Fund is hereby created to finance the acquisition, storage, maintenance, and rotation
7 of petroleum stocks under this Act.
8

9 The Fund may be sourced from appropriations under the General
10 Appropriations Act, dividends from government energy corporations, revenues derived
11 from stock rotation activities, international cooperation programs related to energy
12 security, and other lawful sources determined by the government.
13

14 **Sec. 13. *Public-Private Participation.*** – The Department of Energy may enter
15 into agreements with private entities, including oil companies, terminal operators,
16 logistics providers, and infrastructure developers, for the construction, operation,
17 maintenance, or leasing of petroleum storage facilities for the strategic reserve.
18

19 Such arrangements may be undertaken through public-private partnership
20 mechanisms consistent with existing laws.
21

22 **Sec. 14. *Oversight and Reporting.*** – The Department of Energy shall submit an
23 annual report to Congress detailing the status of the Philippine Strategic Petroleum
24 Reserve, including stock levels, storage capacity, financial expenditures, acquisition
25 strategies, and any emergency releases conducted during the year.
26

27 **Sec. 15. *Lead Agency.*** – The Department of Energy shall be the lead agency
28 for the implementation of this Act in coordination with the Philippine National Oil
29 Company, the National Disaster Risk Reduction and Management Council, the
30 Department of Finance, and other relevant government agencies.
31

32 **Sec. 16. *Appropriations.*** – The funds necessary to carry out the initial
33 implementation of this Act shall be charged against the respective budget of
34 concerned agencies for the current year. Thereafter, such amount as may be
35 necessary for the continued implementation of this Act shall be included in the annual
36 General Appropriations Act.
37

38 **Sec. 17. *Implementing Rules and Regulations.*** – The Department of Energy, in
39 consultation with concerned agencies, shall promulgate the implementing rules and
40 regulations necessary to implement the provisions of this Act within ninety (90) days
41 from its effectivity.
42

1 **Sec. 18. *Repealing Clause.*** – All laws, decrees, executive orders, rules and
2 regulations or parts thereof inconsistent with the provisions of this Act are hereby
3 repealed or modified accordingly.

4
5 **Sec. 19. *Separability Clause.*** – If any provision of this Act is declared
6 unconstitutional or invalid, the remaining provisions not affected thereby shall remain
7 in full force and effect.

8
9 **Sec. 20. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after
10 publication in the Official Gazette or a newspaper of general circulation.

11
12 *Approved.*