

**TWENTIETH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES**
First Regular Session



HOUSE OF REPRESENTATIVES

House Bill No. 9038

Introduced by Hon. Antonio B. Legarda Jr.

**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

The Philippines remains heavily dependent on imported petroleum, making the economy vulnerable to global supply disruptions and price fluctuations. With nearly 98% of the country's crude oil sourced from the Persian Gulf¹, tensions in the Middle East, particularly those affecting critical shipping routes such as the Strait of Hormuz, have immediate domestic impacts.

These effects are most evident in the transport sector, where rising fuel prices continue to place pressure on jeepney and tricycle drivers², whose livelihoods depend on manageable operating costs. To cope, many drivers are compelled to extend their working hours or incur debt simply to sustain daily operations.³ Because the transport sector accounts for nearly two-thirds of the country's total petroleum consumption⁴, increases in oil prices quickly raise transportation costs and, in turn, the prices of goods.⁵ This vulnerability is further aggravated by the country's limited buffer against such shocks. Existing oil inventories cover only a few weeks and fall short of the

¹ Philippine Information Agency, *How The Strait Of Hormuz Closure Affects Our Oil Prices*, March 5, 2026, <https://pia.gov.ph/news/how-the-strait-of-hormuz-closure-affects-our-oil-prices/>

² The Guardian, *Manila's Transport Workers Struggle To Make Ends Meet As Philippines Feels Force Of Oil Crisis*, March 31 2025, <https://www.theguardian.com/world/2026/mar/31/manila-transport-workers-struggle-to-make-ends-meet-as-philippines-feels-force-of-oil-crisis>

³ *Id.*

⁴ Lowy Institute, *Philippines Fuel Emergency a Textbook Case of Warning Signs Hidden in Official Statistics*, March 31, 2026, <https://www.lowyinstitute.org/the-interpreter/philippines-fuel-emergency-textbook-case-warning-signs-hidden-official-statistics>

⁵ Manila Bulletin, *Oil Crisis Batters Poor Filipinos, Threatens Inflation, Growth*, March 27, 2026, <https://mb.com.ph/2026/03/27/oil-crisis-batters-poor-filipinos-threatens-inflation-growth>

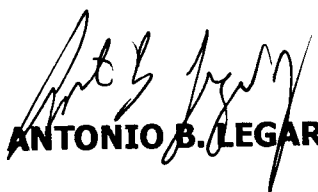
approximately 90-day reserve level recommended by the International Energy Agency.⁶

Despite previous studies, there is still no comprehensive law establishing a permanent and government-controlled strategic petroleum reserve. As a result, the country remains exposed to external market forces during periods of prolonged disruption. This bill seeks to bridge the gap by creating a reliable strategic reserve to protect the economy and its most vulnerable sectors.

The measure also provides for the strategically located storage facilities, proper stock rotation to maintain fuel quality, and clear conditions for the release of reserves. It also establishes a dedicated fund to ensure sustainable financing and requires regular reporting to Congress to ensure transparency, and accountability.

In an increasingly uncertain global energy environment, and in light of recent developments that are already affecting Filipino livelihoods, the establishment of a strategic petroleum reserve is both timely and necessary. It will strengthen national resilience, enhance energy security, and protect the economy from external shocks.

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


HON. ANTONIO B. LEGARDA, JR.

⁶ Lowy Institute, *Philippines Fuel Emergency a Textbook Case of Warning Signs Hidden in Official Statistics*, March 31, 2026, <https://www.lowyinstitute.org/the-interpreter/philippines-fuel-emergency-textbook-case-warning-signs-hidden-in-official-statistics>; Department of Energy, *Key Energy Statistics Pocketbook 2024*, November 2025, https://prod-cms.doe.gov.ph/documents/d/guest/-final-11-20-25_doe-key-energy-stat-pocket-size-2024.pdf

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

- 1 Section 1. **Title.** – This Act shall be known as the “Philippine Strategic Petroleum
2 Reserve Act.”
3
4 Section 2. **Declaration of policy.** – It is the policy of the State to ensure a stable,
5 secure, and reliable national energy supply in order to protect the economy and the
6 welfare of the Filipino people from disruptions in the global petroleum market. For this
7 purpose, the State shall establish and maintain a strategic petroleum reserve system
8 capable of providing emergency supply during periods of severe supply disruption,
9 natural disasters, or extraordinary global oil price volatility. The State further
10 recognizes the need to ensure the continuity of essential services, including
11 transportation, and power generation, during periods of energy supply disruption. The
12 strategic petroleum reserve shall be implemented in a transparent, efficient, and
13 market-neutral manner, consistent with the principles of a deregulated downstream

oil industry, and designed to complement private sector inventory requirements, while strengthening national energy security and resilience.

Section 3. ***Definition of Terms.*** – For purposes of this Act:

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

(b) *Petroleum Products* refer to gasoline, diesel, kerosene, jet fuel, liquefied petroleum gas, and other refined petroleum products as may be determined by the Department of Energy (DOE).

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

(d) *Stock Rotation* refers to the systematic replacement or exchange of stored petroleum products to maintain quality and usability.

Section 4. ***Establishment of the Philippine Strategic Petroleum Reserve.*** –

There is hereby established a Philippine Strategic Petroleum Reserve (PSPR) which shall consist of emergency stockpiles of crude oil and petroleum products maintained by the national government for the purpose of safeguarding national energy security.

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

The DOE shall lead the implementation of the PSPR and shall establish a dedicated program management structure for its development and operation, in coordination with the Philippine National Oil Company (PNOC) as the principal operational arm.

Section 5. ***Strategic Reserve Levels.*** – The SPR shall maintain petroleum stocks equivalent to at least thirty (30) days of the country's average net petroleum imports during the initial phase of implementation. The DOE may gradually expand the reserve level based on national energy security requirements and available resources.

1 Section 6. ***Strategic Storage Facilities.*** – Petroleum stocks under the PSPR may
2 be stored through a combination of government-owned storage facilities, leased
3 commercial storage, underground storage structures where technically feasible,
4 floating storage systems, and other secure storage infrastructure. Such facilities shall
5 be strategically and geographically distributed across key regions of the country to
6 enhance resilience, mitigate risks from natural disasters and other disruptions, and
7 maintain continuity of supply.

8 All storage facilities shall comply with applicable safety, environmental, and disaster-
9 resilience standards as may be prescribed by the DOE and other relevant regulatory
10 agencies.

11
12 Section 7. ***Acquisition of Strategic Petroleum Stocks.*** – Petroleum stocks for the
13 PSPR may be acquired through direct procurement, government-to-government
14 agreements, long-term supply contracts, stock exchange or swap arrangements, or
15 other cost-efficient mechanisms as may be determined by the DOE. All acquisitions
16 shall be subject to applicable procurement laws, transparency requirements, and
17 periodic audit, and shall be guided by considerations of cost-efficiency, supply security,
18 and market stability.

19 The DOE may schedule or time the acquisition of petroleum stocks during favorable
20 market conditions in order to minimize fiscal exposure and optimize the cost of
21 developing and maintaining the reserve.

22
23 Section 8. ***Stock Rotation and Quality Management.*** – The DOE shall implement
24 a systematic stock rotation program to ensure the quality, usability, and operational
25 readiness of petroleum stocks maintained under the PSPR.

26 For this purpose, petroleum stocks may be periodically sold, exchanged, or replaced
27 to prevent degradation of stored fuels and to minimize financial losses associated with
28 long-term storage.

29
30 Section 9. ***Conditions for Emergency Release.*** – Petroleum from the PSPR may be
31 released only upon the authorization of the President of the Philippines, upon
32 recommendation of the DOE, under any of the following circumstances:

- 1 (a) Severe disruption of global petroleum supply;
- 2 (b) Declaration of a national emergency affecting fuel supply;
- 3 (c) Major natural disasters affecting national transportation, food distribution, or
- 4 electricity generation; or
- 5 (d) Other extraordinary supply interruptions that threaten essential national services.
- 6 The DOE shall issue guidelines specifying the criteria, process, and safeguards
- 7 governing the recommendation and release of petroleum stocks. All releases shall be
- 8 conducted in a transparent manner and reported to Congress.

9

10 Section 10. ***Market Neutrality Safeguards.*** – The PSPR shall not be used for

11 routine market intervention or for the purpose of artificially controlling petroleum

12 prices. The reserve shall be utilized strictly as an emergency energy security

13 mechanism during supply disruptions.

14

15 Section 11. ***Integration with Private Sector Inventories.*** – The establishment of

16 the PSPR shall not replace or reduce the minimum inventory requirements imposed

17 upon oil industry participants under existing laws and regulations governing the

18 downstream oil industry.

19 Private sector inventory requirements shall remain in force as the primary source of

20 normal commercial petroleum supply.

21

22 Section 12. ***Strategic Petroleum Reserve Fund.*** – A Strategic Petroleum Reserve

23 Fund is hereby created to finance the acquisition, storage, maintenance, and rotation

24 of petroleum stocks under this Act. It may be sourced from appropriations under the

25 General Appropriations Act, dividends from government energy corporations,

26 revenues derived from stock rotation activities, international cooperation programs

27 related to energy security, and other lawful sources as may be determined by the

28 government. The Fund shall be used exclusively for the purposes authorized under

29 this Act and shall be subject to regular audit by the Commission on Audit.

1 Section 13. ***Public-Private Participation.*** – The DOE may enter into agreements
2 with private entities, including oil companies, terminal operators, logistics providers,
3 and infrastructure developers, for the construction, operation, maintenance, or leasing
4 of petroleum storage facilities for the PSPR. Such arrangements shall be undertaken
5 in accordance with existing public-private partnership laws, procurement regulations,
6 and applicable government guidelines.

7
8 Section 14. ***Oversight and Reporting.*** – The DOE shall submit an annual report to
9 Congress detailing the status of the PSPR, including reserve levels, storage capacity,
10 financial expenditures, acquisition strategies, and any emergency releases conducted
11 during the year.

12
13 Section 15. ***Lead Agency.*** – The DOE shall be the lead agency for the implementation
14 of this Act, in coordination with the PNOC, the National Disaster Risk Reduction and
15 Management Council, the Department of Finance, and other relevant government
16 agencies.

17
18 Section 16. ***Appropriations.*** – The funds necessary to carry out the initial
19 implementation of this Act shall be charged against the respective budgets of
20 concerned agencies for the current year. Thereafter, such amounts as may be
21 necessary for its continued implementation shall be included in the annual General
22 Appropriations Act.

23
24 Section 17. ***Implementing Rules and Regulations.*** – Within ninety (90) days from
25 the effectivity of this Act, the DOE, in consultation with concerned agencies, shall
26 promulgate the necessary rules and regulations for the effective implementation of
27 this Act.

28
29 Section 18. ***Separability Clause.*** – If any part or provision of this Act is held invalid
30 or unconstitutional, the other provisions not affected shall remain in full force and
31 effect.

1

2 Section 19. ***Repealing Clause.*** – All laws, executive orders, issuances, decrees, rules
3 and regulations or any part thereof which are inconsistent with or contrary to the
4 provisions of this Act are deemed amended, modified, or repealed accordingly.

5

6 Section 20. ***Effectivity.*** – This Act shall take effect fifteen (15) days after its
7 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,