

EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )



**HOUSE OF REPRESENTATIVES**

**H. B. No. 4550**

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Introduced by Rep. Vilma Santos-Recto  
6<sup>th</sup> District of Batangas

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**AN ACT**  
**TO PROMOTE FAIR TRADE IN THE OIL INDUSTRY AND FOR OTHER**  
**PURPOSES, AMENDING REPUBLIC ACT NO. 8479, OTHERWISE KNOWN AS**  
**THE "DOWNSTREAM OIL DEREGULATION ACT OF 1998"**

**EXPLANATORY NOTE**

Republic Act (R.A.) No. 8479, otherwise known as the "Downstream Oil Industry Deregulation Act of 1998" was enacted to liberalize and deregulate the downstream oil industry to ensure a truly competitive market under a regime of fair prices, adequate and continuous supply of environmentally-clean and high-quality petroleum products. Under the law, the government can no longer interfere with the pricing of oil products except to monitor which also means that it is freed from providing costly subsidies.

However, R.A. No. 8479 failed to mitigate the effects of a global oil crisis. Worse, it appeared that the deregulation policy even strengthened the cartelization of oil industry players since automatic oil price hikes are allowed without control from the government.

Frequent oil price hikes aggravated the hardships of the public especially the consumer, agriculture, manufacturing and service sectors. Thus, people's organizations have been demanding for a review of R.A. No. 8479. These groups have consistently raised concerns on whether international price movements were accurately considered in the pricing of petroleum products. It is, therefore, incumbent upon the government to ensure transparency in the pricing of petroleum products by the local oil industry players and to determine the computations or assumptions employed in their price adjustments to prevent oil companies from engaging in unwarranted profiteering.

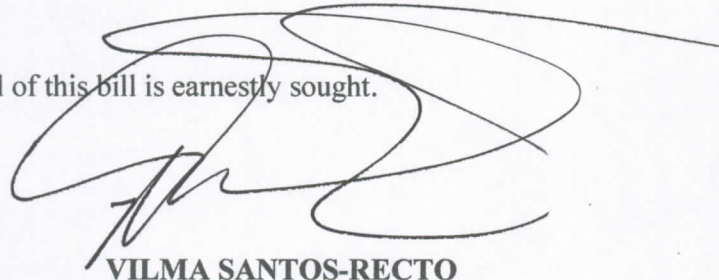
To achieve this purpose, this measure shall require the submission of financial documents by local oil companies, which are pertinent in the determination of price adjustments of petroleum products. Submission of these documents is mandatory and penalties for non-compliance are increased.

This bill also declares unlawful for oil companies to engage in unwarranted oil price increases or unreasonable amounts of price increase as may be determined by the Department of Energy (DOE) and provides for the imposition of heavier penalties against erring oil companies and officials.

To strengthen the Task Force created under Section 14 of the law, which is tasked to investigate and file complaints against unreasonable rise in the prices of petroleum products, this bill seeks the inclusion of representatives from consumer and public transport groups in the Task Force, together with the Departments of Energy, Justice and Trade and Industry.

Finally, to provide Filipinos the best energy choices and to ensure transparency in the pricing of oil products, the Task Force is mandated to post twice a month on the DOE's official website and publish in at least two (2) national newspapers the prevailing price of petroleum products in the retail market.

With the foregoing considered, the approval of this bill is earnestly sought.



**VILMA SANTOS-RECTO**

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

1           Section 1.       Section 4 of Republic Act No. 8479 is hereby amended to read as  
2 follows:

3                   "Sec. 4. *Definition of Terms.* – For purposes of this Act, the following terms are  
4 herein below defined:

5                   “xxx

6                   “(O) **PREVAILING RETAIL PRICE** – SHALL REFER TO THE  
7 **CURRENT PUMP PRICE OF ALL PETROLEUM PRODUCTS IN THE**  
8 **COUNTRY;**

9                   “~~{(o)}~~ (P) *Singapore Import Parity (SIP)* – shall refer to the deemed landed  
10 cost of a petroleum product imported from Singapore at a free-on-board price  
11 equal to the average Singapore Posting for that product at the time of loading;

12                   “~~{(p)}~~ (Q) *Singapore Posting* – shall refer to the price of petroleum  
13 products periodically posted by oil refineries in Singapore and reported by  
14 independent international publications; ~~[and]~~

15                   “(R) **TASK FORCE** – SHALL REFER TO THE OIL MONITORING  
16 **TASK FORCE CREATED UNDER SECTION 2 OF THIS ACT; AND**



1                   ~~"(a)"~~ (S) *Wholesale Posted Price (WPP)* – shall refer to the ceiling price of  
2                   petroleum products set by the Board based on its duly approved automatic pricing  
3                   formula."

4           Sec. 2. *Creation of the Oil Monitoring Task Force.* – The Oil Monitoring Task Force  
5           shall be organized within one (1) month from the effectivity of this Act to implement the  
6           Anti-Trust safeguards under Section 11 of Republic Act No. 8479 and ensure fair competition  
7           in the oil industry.

8                   1) *Creation and Composition.* – The Secretaries of the Departments of Energy  
9                   (DOE), Justice (DOJ) and Trade and Industry (DTI) shall jointly appoint the members  
10                  of the Task Force which shall be composed of an Undersecretary from Energy and  
11                  Justice, as Co-Chair with the following members:

- 12                   a) One (1) member from the DOE;  
13                   b) One (1) member from the DOJ;  
14                   c) One (1) member from the DTI;  
15                   d) Two (2) members from the consumer and public transport groups  
16                  which have been in existence and active for the last five (5) years prior to this  
17                  Act; and  
18                   e) One (1) industry financial expert.

19                  2) The members of the Task Force shall adopt its rules and guidelines in the  
20                  performance of its functions. These guidelines shall ensure the efficiency, promptness,  
21                  and effectiveness in the handling of its cases.

22           Sec. 3. *Powers and Functions of the Oil Monitoring Task Force.* –

- 23                   a) To establish stricter and more industry-specific reporting guidelines;  
24                   b) To conduct periodic and unannounced inspections of oil depots and facilities;  
25                   c) To inspect the books of accounts of companies engaged in the oil industry;  
26                   d) To request all records that are deemed necessary to ensure transparency and  
27                  compliance of all oil industry participants with the provisions of this Act; and  
28                   e) To conduct an annual analysis of oil industry performance, including findings  
29                  and issues encountered by the Task Force to be posted in the DOE website.

30           Sec. 4. Section 10 of Republic Act No. 8479 is hereby amended to read as follows:

31                   "Sec. 10. *Promotion of Retail Competition.* – **THE TASK FORCE SHALL**  
32                   **ADOPT ALL MEASURES TO PROMOTE FAIR TRADE IN THE RETAIL**  
33                   **MARKET AND THE CONSUMERS' RIGHT OF ACCESS TO ANY AND ALL**  
34                   **INFORMATION REGARDING THE PRICES OF ALL PETROLEUM**

1 PRODUCTS IN THE RETAIL MARKET. THE TASK FORCE SHALL  
2 CONTINUE TO MONITOR THE MOVEMENT OF OIL PRICES IN THE  
3 RETAIL MARKET AND POST THE PREVAILING RETAIL PRICES ON THE  
4 DOE'S OFFICIAL WEBSITE AND PUBLISH THE SAME IN AT LEAST TWO  
5 (2) NATIONAL NEWSPAPERS OF GENERAL CIRCULATION ON A  
6 BIWEEKLY BASIS. THESE PRACTICES ARE INTENDED TO PROVIDE  
7 THE CONSUMERS WIDER ACCESS TO PETROLEUM PRODUCTS THAT  
8 GIVE BEST VALUE FOR MONEY."

9 "To achieve the social and policy objective of fair prices, facilitate the attainment  
10 of a truly competitive product market in the retail level, the DOE shall promote and  
11 encourage by way of information dissemination, networking, and management/skills  
12 training, the active and direct participation of the private sector and cooperatives in the  
13 retailing of petroleum products through joint venture/supply agreements with new  
14 industry participants for the establishment and operation of gasoline stations: *Provided,*  
15 That the training herein shall include LPG retailing.

16 "xxx

17 "xxx

18 "xxx

19 "xxx."

20 Sec. 5. Section 11 of Republic Act No. 8479 is hereby amended to read as follows:

21 "Sec. 11. *Anti-Trust Safeguards.* – To ensure fair competition and prevent cartels  
22 and monopolies in the Industry, the following acts are hereby prohibited:

23 "(a) xxx

24 "(b) xxx

25 "Any person, including but not limited to the chief operating officer, chief  
26 executive officer or chief finance officer of the partnership, corporation or any entity  
27 involved, who is found guilty of any of the said prohibited acts shall suffer the penalty  
28 of three (3) to seven (7) years imprisonment, and a fine ranging from ~~{One million~~  
29 ~~pesos (P 1,000,000.00) to}~~ Two million pesos (P 2,000,000.00) **TO THREE**  
30 **MILLION PESOS (P 3,000,000.00).**"

31 Sec. 6. Section 12 of Republic Act No. 8479 is hereby amended to read as follows:

32 "Sec. 12. *Other Prohibited Acts.* – To ensure compliance with the provisions of  
33 this Act, the refusal to comply with any of the following shall likewise be prohibited:



1           “(a) Submission of any reportorial requirements **SUCH AS BUT NOT**  
2           **LIMITED TO BOOKS OF ACCOUNTS, AUDITED FINANCIAL**  
3           **STATEMENTS, VERIFIED REPORTS OF THE COMPANY’S**  
4           **ASSUMPTIONS AND COMPUTATIONS IN THE PRICING OF THEIR**  
5           **PETROLEUM PRODUCTS, WHETHER IN THE PROCESSING,**  
6           **REFINING, DISTRIBUTING OR SELLING OF SAID PRODUCTS, TO**  
7           **ENSURE THAT OIL COMPANIES ARE NOT INVOLVED IN**  
8           **PROFITEERING;**

9           “(b) xxx

10          “(c) xxx

11          “(d) xxx.

12           “Any person, including but not limited to the chief operating officer or chief  
13           executive officer of the partnership, corporation or any entity involved, who is found  
14           guilty of any of the said prohibited acts shall suffer the penalty of imprisonment for two  
15           (2) years and a fine ranging from ~~{Two hundred fifty thousand pesos (P 250,000.00) to}~~  
16           Five hundred thousand pesos (P 500,000.00) **TO SEVEN HUNDRED FIFTY**  
17           **THOUSAND PESOS (P 750,000.00).**

18           **“IT SHALL LIKEWISE BE UNLAWFUL TO CAUSE THE**  
19           **UNNECESSARY INCREASE OR CAUSE AN UNREASONABLE AMOUNT OF**  
20           **INCREASE IN THE PRICES OF PETROLEUM PRODUCTS UNDER**  
21           **SECTION 7 OF THIS ACT.”**

22           Sec. 7. Section 14 of Republic Act No. 8479 is hereby amended to read as follows:

23           “Sec. 14. **MONITORING.** – (a) The DOE shall monitor **ACTIVELY** and  
24           publish daily international crude oil prices, as well as follow the movements of  
25           domestic oil prices. **IT SHALL DETERMINE THE FACTORS WHICH CAUSE**  
26           **THE CHANGE IN THE PRICES OF PETROLEUM PRODUCTS, EVALUATE**  
27           **THE NECESSITY OF THE CHANGE IN THE PRICES AND THE**  
28           **REASONABILITY OF THE AMOUNTS OF INCREASE OR DECREASE**  
29           **BASED ON THE ACTUAL CONDITIONS OF THE MARKET AND OTHER**  
30           **CAUSATIVE AND CONTRIBUTORY FACTORS AS IT MAY DETERMINE.** It  
31           shall likewise monitor the quality of petroleum products and stop the operation of  
32           businesses involved in the sale of petroleum products which do not comply with the  
33           national standards of quality that are aligned with the national standards/protocols of  
34           quality. The Bureau of Product Standards of the DTI, together with the Department of

1 Environment and Natural Resources (DENR), the DOE, the Department of Science and  
2 Technology (DOST), representatives of the fuel and automotive industries and the  
3 consumers, shall set the specifications for all types of fuel and fuel-related products to  
4 improve fuel composition for increased efficiency and reduced emissions. The BPS  
5 shall also specify the allowable content of additives in all types of fuels and fuel-related  
6 products.

7 “(b) xxx

8 “(c) The DOE shall maintain a periodic schedule of present and future total  
9 industry inventory of petroleum products for the purpose of determining the level  
10 of supply **FOR THE SUCCEEDING MONTH**. To implement this, the  
11 importers, refiners, and marketers are hereby required to submit ~~{monthly}~~  
12 **EVERY THIRD WEDNESDAY OF THE MONTH to the DOE their**  
13 **FORTY FIVE (45)-DAY INVENTORY** of actual importations, local purchases,  
14 sales and/or consumption~~{, and inventory}~~ on a per crude/product basis.

15 “(d) Any report from any person of an unreasonable ~~{rise}~~ **CHANGE** in the  
16 prices of petroleum products shall be immediately acted upon. For this purpose,  
17 the ~~{ereation of the DOE-DOJ}~~ Task Force is hereby mandated to determine  
18 within thirty (30) days the merits of the report and initiate the necessary actions  
19 warranted under the circumstance: *Provided*, That nothing herein shall prevent  
20 the said Task Force from investigating and/or filing the necessary complaint with  
21 the proper court or agency *motu proprio*.

22 ~~{Upon the effectivity of this Act, the Secretaries of Energy and Justice shall~~  
23 ~~jointly appoint the members of a committee who shall be tasked with the drafting~~  
24 ~~of the rules and guidelines to be adopted by the Task Force in the performance of~~  
25 ~~its duty. These guidelines shall ensure the efficiency, promptness, and~~  
26 ~~effectiveness in the handling of its cases. The Task Force shall be organized and~~  
27 ~~its members appointed within one (1) month from the effectivity of this Act.]~~

28 “(e) In times of national emergency, when the public interest so requires,  
29 the DOE may, during the emergency and under reasonable terms prescribed by it,  
30 temporarily take over or direct the operation of any person or entity engaged in  
31 the Industry.”

32 Sec. 8. *Implementing Rules and Regulations.* – The Department of Energy, in  
33 coordination with the Department of Justice, Department of Trade and Industry, and  
34 representatives from the consumer and transport groups, shall within sixty (60) days from the

1   effectivity of this Act, promulgate the rules and regulations to effectively implement the  
2   provisions of this Act.

3       Sec. 9. *Separability Clause.* – If any portion or provision of this Act is declared  
4   unconstitutional, the remainder of this Act or any provisions not affected thereby shall remain  
5   in force and effect.

6       Sec. 10. *Repealing Clause.* – Any law, presidential decree or issuance, executive order,  
7   letter of instruction, rule or regulation inconsistent with the provisions of this Act is hereby  
8   repealed or modified accordingly.

9       Sec. 11. *Effectivity.* – This Act shall take effect after fifteen (15) days following its  
10   complete publication in the *Official Gazette* or in at least two (2) newspapers of general  
11   circulation.

          Approved,