

THIRTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session

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S E N A T E

S. No. 268

Introduced by Senator S. R. Osmeña III

EXPLANATORY NOTE

The Liquefied Petroleum Gas (LPG) Industry is a key component of the Philippine downstream oil industry. LPG is a widely used fuel commodity, and accounts for a significant portion of total Philippine oil demand.

The LPG Industry benefits from the liberalization and deregulation of the downstream oil industry as such policy attracts new oil companies and makes the market conditions more competitive. However, a growing concern among consumers has developed due to the proliferation of unfair and unsafe trade practices among participants after deregulation.

This bill seeks to establish a comprehensive framework for the monitoring and supervision of the LPG Industry under a deregulated market environment. Even under such structure, the Government reserves the right to supervise the industry and enforce necessary sanctions to safeguard consumer and worker rights, protect the environment, and preserve public welfare.

The Department of Trade and Industry (DTI) shall be the primary government agency for the implementation and enforcement of the bill. An LPG Cylinder Monitoring and Inspection Committee is created to monitor compliance of industry participants with relevant Philippine standards.

Among the new powers of the DTI Secretary are Review and revise the Philippine National Standards (PNS) for LPG cylinders, Inspect and evaluate LPG cylinders, and Issue closure orders for violators.

To safeguard the public, the bill specifies unlawful acts by industry players and the corresponding fines and penalties. Some of these acts are Manufacture, sale and distribution of LPG cylinders without necessary Philippine Standard License, Re-sizing and alteration of LPG cylinders, and Sale and distribution of substandard LPG cylinders.

A systematic and pragmatic framework is seriously needed in order to monitor the LPG Industry ensure fair trade practice, compliance with quality, safety and health standards. This bill enjoins accountability and responsibility among LPG Industry participants while ensuring that the industry and consumers alike could partake of the benefits of deregulation.

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



SERGIO OSMEÑA III


Senator

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AN ACT
RATIONALIZING THE MANUFACTURE, REPAIR, REQUALIFICATION, SALE
AND DISTRIBUTION OF LIQUEFIED PETROLEUM GAS (LPG) CYLINDERS,
PROVIDING PENALTIES FOR VIOLATION THEREOF AND FOR OTHER
PURPOSES

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 “**LPG Cylinder Act of**
2 **2004**”.

3 SEC. 2. *Policy and Objectives*. – It is the policy of the State to protect the
4 interests of the consumer, protect his general welfare and to establish standards
5 of conduct for business and industry.

6 Towards this end, the State shall:

7 (a) Ensure that appropriate standards will be developed and formulated for
8 the Liquefied Petroleum Gas (LPG) Cylinder Industry through the coordinated
9 efforts of the Department of Trade and Industry (DTI), other government
10 agencies and the private sector;

11 (b) Provide for the penalties and fines for the violation of this Act;

12 (c) Promote awareness and educate all sectors of society regarding the
13 safety requirements for and the proper use of LPG cylinders and ancillary
14 equipment; and

15 (d) Formulate and implement a comprehensive program that shall promote
16 national consciousness to ensure consumer protection.

17 SEC. 3. *Definition of Terms*. – As use in this Act:

18 (a) “Alteration” refers to any act of converting, transforming or resizing of
19 local or imported LPG cylinders from its original size and replacement or

1 removal of existing and embossed or stamped registered brand owner's
2 markings, including, but not limited to grinding, flattening, application of putty,
3 replacement of collar, revalving, unauthorized repainting, replacement of
4 footrings, re-labeling, etc., or by any other means.

5 (b) "LPG cylinder" refers to a container fabricated from steel plates
6 consisting of cylindrical shell and two (2) forged ends or pressed ends, which are
7 welded on to the shell, or two (2) drawn halves, circumferentially welded together
8 to form one (1) LPG unit or tank.

9 (c) "Imported LPG cylinder" refers to any LPG cylinder of foreign make
10 brought into the country for sale and distribution.

11 (d) "Registered brand owner" refers to a person, natural or juridical,
12 owning the brand name, logo, color, mark and/or distinction as registered with
13 the DTI or other appropriate intellectual property rights agencies.

14 (e) "Requalification" refers to the method or procedure by which a cylinder
15 is inspected and retested to determine its acceptability for continuous service.

16 (f) "Repair" refers to the removal and replacement of parts or attachment
17 of LPG cylinders and other corrective and restorative measures necessary.

18 SEC. 4. *Lead Agency.* – the DTI shall be the lead agency in the
19 implementation of this Act. For this purpose, the DTI Secretary shall have the
20 following powers:

21 (a) Promulgate and implement policies and standards in accordance with
22 this Act;

23 (b) Review and revise the Philippine National Standards (PNS) for LPG
24 cylinders and ancillary equipment;

25 (c) Prescribe other penalties and fines for violation of this Act;

26 (d) Enter into a Memorandum of Agreement with other government
27 agencies, including but not limited, to the Bureau of Customs (BOC) and the
28 Department of Energy (DOE) and non-government stakeholders, including the
29 LPG industry stakeholders, in order to define areas of cooperation and
30 coordination;

1 (e) Establish a scheme that will govern the certification, requalification and
2 repair of LPG cylinders;

3 (f) Issue closure orders for violators of this Act;

4 (g) Exercise visitorial powers over the premises and delivery equipment of
5 LPG cylinder manufacturers, retailers, repairers, traders, requalifiers and dealers;

6 (h) Inspect and evaluate LPG cylinders, whether local or imported, prior to
7 any sale or distribution to LPG refiners or refillers and upon repair or
8 requalification, and certify to their conformity to PNS and their fitness for public
9 sale and distribution;

10 (i) Grant and/or revoke accreditation to requalifiers, repairers and other
11 independent and competent private persons and entities that provide services to
12 ensure compliance by industry participants with PNS for LPG cylinders;

13 (j) Establish the guidelines for the scrapping of used LPG cylinders;

14 (k) Require any person, firm, association, partnership or corporation
15 engaged in the manufacture, requalification, repair, sale or distribution of LPG
16 cylinders to file with the Bureau of Product Standards (PBS) – DTI reports or
17 answer in writing to specific queries on such information as may be required from
18 them;

19 (l) Investigate and compile cases of violation of the PNS and its future
20 amendments or the LPG Cylinders Standards and its implementing rules and
21 regulations;

22 (m) Confiscate illegally manufactured, repaired, altered and tampered
23 cylinders, whether local or imported; and

24 (n) Prescribe the necessary rules and regulations consistent with law, for
25 the effective implementation of this Act.

26 SEC. 5. *Unlawful Acts.* – The following acts shall be declared unlawful:

27 (a) Manufacture, sale and distribution of LPG cylinders to the local market
28 without the necessary Philippine Standards (PS) License and other markings as
29 required by the PNS and its future amendments, or the detailed standard
30 covering LPG cylinder manufacture, requalification and repair;

31 (b) Importation of used or second hand LPG cylinders;

1 (c) RE-sizing and alteration of LPG cylinders;

2 (d) Repair and requalification of LPG cylinders by persons who are not
3 accredited and/or certified by the DTI in accordance with Section 4 of this Act;

4 (e) Sale and distribution of LPG cylinders considered substandard as
5 defined by the PNS;

6 (f) Tampering of existing cylinder markings to convert from one brand to
7 another;

8 (g) Manufacture and/or sale of cylinder/s carrying a brand name, logo,
9 mark or distinction without the express approval of the registered brand owner;

10 (h) Manufacture of cylinder/s using substandard or non-industrial quality
11 steel plates; and

12 (i) Wrong or misleading information stamped on the cylinder i.e. tare
13 weight, etc.

14 SEC. 6. *Penalties.* – A fine of at least One hundred thousand pesos
15 (Php100,000.00) but not more than One million pesos (Php1,000,000.00) and
16 imprisonment of at least six (6) years and one (1) day to twelve (12) years shall
17 be imposed on any person, firm, partnership or corporation found guilty of
18 committing any of the unlawful acts described herein. The fines imposed shall be
19 without prejudice to damages sought by the victims. If the violation is committed
20 by a corporation, partnership or association, the penalty shall be imposed upon
21 the president, manager, partner, and officers responsible.

22 SEC. 7. *Liability Under the Revised Penal Code.* – Prosecution under this
23 Act shall be without prejudice to any liability for violation of any provision of the
24 Revised Penal Code.

25 SEC. 8. *LPG Cylinder Monitoring and Inspection Committee.* – The LPG
26 Cylinder Monitoring and Inspection Committee is hereby created for the purpose
27 of monitoring compliance with the relevant Philippine standards which shall be
28 composed of the following:

29 (a) One (1) representative from the DTI-Bureau of Product Standards;

30 (b) One (1) representative each from the DTI regional or provincial offices;

31 (c) One (1) representative from the DOE;

1 (d) One (1) representative from the Bureau of Fire Protection; and

2 (e) Two (2) representatives from the LPG industry nominated by the
3 recognized LPG industry associations or organizations.

4 SEC. 9. *Functions of the Monitoring and Inspection Committee.* – The
5 Committee shall have the following duties and functions:

6 (a) Conduct periodic and regular LPG cylinder monitoring at all levels
7 whether at the manufacturer's plant, repairers, requalifiers, importer's
8 warehouse or those in circulation in the local market;

9 (b) Publish annually in at least one (1) newspaper of general circulation,
10 the violators of this Act and related rules and regulations; and

11 (c) Initiate the filing of cases and/or complaints against violators.

12 SEC. 10. *LPG Cylinder Development Program.* – The DTI shall undertake
13 research, standardization, promotion, market monitoring, certification, testing,
14 accreditation and enforcement program to ensure the protection of consumer
15 interest and public welfare.

16 SEC. 11. *Implementing Rules and Regulations.* – The DTI, in coordination
17 with the BOC, DOE, and other appropriate agencies, and in consultation with
18 LPG industry stakeholders, shall formulate and promulgate the necessary
19 implementing rules and regulations within one hundred twenty (120) days from
20 the effectivity of this Act.

21 SEC. 12. *Repealing Clause.* – All laws, decrees, orders, rules and
22 regulations, or any part thereof which are inconsistent herewith, are hereby
23 repealed or amended accordingly.

24 SEC. 13. *Separability Clause.* – Should any provision of this Act be
25 subsequently declared unconstitutional, the other provisions not so declared shall
26 remain in full force and effect.

27 SEC. 14. *Effectivity Clause.* – This Act shall take effect fifteen (15) days
28 after its publication in the *Official Gazette* or at least two (2) newspapers of
29 national circulation.

30 Approved,