

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

'04 JUN 30 P 3:34

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SENATE

S. No. 272

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Introduced by Senator S. R. Osmeña III

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**EXPLANATORY NOTE**

Republic Act 7851, otherwise known as the "Price Act" was passed to enable the government to address the problem of monopolies, cartels, unfair competition and the hoarding of basic commodities, especially food.

This bill seeks to amend the Price Act to define the situation constituting a prima facie case of cartelization in order to facilitate the enforcement of the prohibition against any form of cartel.

Competitive markets when feasible are demonstrably the most efficient way of allocating resources in the economy. The exercise of market power by cartels have often led to onerous increases in prices and shortages of basic commodities that have so prejudiced consumers as to become sources of economic instability. Hence the government is justified in using every measure to deter the formation of cartels, and/or their exercise of market power.

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

*S. Osmeña III*

**SERGIO OSMEÑA III**  
Senator

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**AN ACT  
TO STRENGTHEN THE PROHIBITION AGAINST MONOPOLIES AND CARTELS  
OF BASIC NECESSITIES OR PRIME COMMODITIES, AMENDING FOR THE  
PURPOSE REPUBLIC ACT NUMBERED SEVENTY-EIGHT HUNDRED AND FIFTY-  
ONE, OTHERWISE KNOWN AS THE "THE PRICE ACT"**

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

1       **SECTION 1.** Section 5, paragraph (3) of R.A. No. 7851, is hereby  
2 amended to read as follows:

3       "       X       X       X

4       (3) Cartel, which is any combination of or agreement between two  
5       (2) or more persons engaged in the production, manufacturing,  
6       processing, storage, supply, distribution, marketing, sale or any  
7       disposition of any basic necessity or prime commodity designed to  
8       artificially and unreasonably increase and manipulate its price.  
9       There shall be *prime facie* evidence of engaging in a cartel  
10      whenever two (2) or more persons or business enterprises  
11      competing for the same market and dealing in the same basic  
12      necessity or prime commodity perform uniform or complementary  
13      acts among themselves which tend to bring about artificial and  
14      unreasonable increase in the price of any basic necessity or prime  
15      commodity, or when they simultaneously and unreasonably  
16      increase prices on their competing products thereby lessening

1 competition among themselves, IF THEY CONTROL AT LEAST  
2 TWENTY PERCENT (20%) OF THE MARKET, SALE OR  
3 DISTRIBUTION OF THE BASIC NECESSITY OR PRIME  
4 COMMODITY IN A REGION”.

5 SEC. 2. Section 10, paragraph 12 of the same Act is hereby amended to  
6 read as follows:

7 “SECTION 10. ***Power and Responsibilities of***  
8 ***Implementing Agencies.*** – To carry out the intents and purposes  
9 of this Act, the head of the implementing agency shall have the  
10 following additional powers and responsibilities:

11 x x x x

12 “(12) WITHOUT PREJUDICE TO THE CRIMINAL PROSECUTION  
13 OF THE PERSONS ENGAGED IN ACTIVITIES CONSTITUTING A  
14 CARTEL AS PROVIDED IN THIS ACT, UPON A SHOWING OF A  
15 *PRIMA FACIE* EVIDENCE PURSUANT TO SECTION (5)  
16 HEREOF, he may CAUSE THE SEIZURE of basic necessities and  
17 prime commodities subject of a violation of this Act and order their  
18 sale to the public at reasonable prices whenever the demand for  
19 such goods so requires, OR WHEN THERE IS A PUBLIC AND  
20 OFFICIAL DECLARATION OF ARTIFICIAL SHORTAGE IN THE  
21 MARKET OF SOME BASIC NECESSITIES AS DEFINED IN  
22 SECTION 3, PARAGRAPH 1, AND/OR PRIME COMMODITIES AS  
23 DEFINED IN SECTION 3, PARAGRAPH 8 OF THIS ACT:  
24 *Provided*, That, pending litigation, the proceeds of the sale shall be  
25 held in trust or escrow by the implementing agency: *Provided*,  
26 *further*, That, should the owner of the basic necessity or prime  
27 commodity seized and sold be found not liable for the violation  
28 which was the basis for the seizure, HE SHALL BE REFUNDED  
29 HIS ACQUISITION COST AND EXPENSES INCURRED IN THE

1       MARKETING THEREOF, otherwise, they shall accrue to general  
2       fund of the Government and: *Provided, finally,* That the head of the  
3       implementing agency AS DEFINED IN SECTION 3,  
4       SUBPARAGRAPHS (a), (b), (c) and (d) OF THIS ACT shall cause  
5       the broadcast in radio or television and the publication in at least  
6       two (2) newspapers of general circulation of the fact of sale or  
7       disposition of such seized goods at least three (3) days before the  
8       date of sale or disposition;

9                               x x x x

10       SEC. 3. This Act shall take effect upon its approval.

11       Approved,

12