

REPUBLIC OF THE PHILIPPINES

S e n a t e

Pasay City

Journal

SESSION NO. 23

Wednesday, September 15, 2004

**THIRTEENTH CONGRESS
FIRST REGULAR SESSION**

SESSION NO. 23

Wednesday, September 15, 2004

CALL TO ORDER

At 3:37 p.m., the Senate President Pro Tempore, Hon. Juan M. Flavier, called the session to order.

PRAYER

Sen. Manuel B. Villar Jr. led the prayer, to wit:

Lord Jesus, as we start today's session in this august hall, we implore Your presence.

We seek Your peace, Your grace, and Your perfect order to fill this place. We ask for Your wisdom so that Your thoughts will be spoken, so that Your plans may come into reality — decided and accomplished within these walls.

Lord Jesus, we thank You for the gifts You have given us. We thank You for the important position in the government that we now hold. Be assured that we will not take it lightly, but will commit to using our position responsibly to uplift the lives of Your people — the very people who placed us in power.

Lord Jesus, enlighten each and everyone of us so that we may distinguish truth from lies, and bless us with compassionate hearts as we do our jobs.

Spur our creativity, bestow us ideas, and provide us with energy so that any task we do may make a difference and give You honor.

Lord, in times of confusion, guide us; in times of desperation, uplift us; in times of sorrow and pain, infuse us with the light of Your Holy Spirit so that we may overcome these negative feelings.

May the work that we do and the way we do it bring hope, life and courage to all the Filipino people.

These we ask, in the Name of Jesus our Savior.

Amen.

ROLL CALL

Upon direction of the Chair, the Secretary of the Senate, Oscar G. Yabes, called the roll, to which the following senators responded:

Angara, E. J.	Lacson, P. M.
Arroyo, J. P.	Lapid, M. L. M.
Biazon, R. G.	Lim, A. S.
Cayetano, C. P. S.	Madrigal, M. A.
Defensor Santiago, M.	Magsaysay Jr., R. B.
Drilon, F. M.	Osmeña III, S. R.
Ejercito Estrada, J.	Pangilinan, F. N.
Ejercito Estrada, L. L. P.	Pimentel Jr., A. Q.
Enrile, J. P.	Recto, R. G.
Flavier, J. M.	Revilla Jr., R. B.
Gordon, R. J.	Villar Jr., M. B.

With 22 senators present, the Chair declared the presence of a quorum.

Senator Roxas was on official mission.

ACKNOWLEDGEMENT OF THE PRESENCE OF GUESTS

At this juncture, the Chair acknowledged the presence of the students of the University of Batangas headed by Prof. Elsie Untalan.

APPROVAL OF THE JOURNAL

Upon motion of Senator Pangilinan, there being no objection, the Body dispensed with the reading of the Journal of Session No. 22 and considered it approved.

REFERENCE OF BUSINESS

The Deputy Secretary for Legislation, Emma Lirio-Reyes, read the following matters and the Chair made the corresponding referrals:

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BILLS ON FIRST READING

Senate Bill No. 1449, entitled

AN ACT PROVIDING FOR
PROTECTION OF FAMILY
PRIVACY

Introduced by Senator Defensor Santiago,
Miriam

**To the Committee on Youth, Women and
Family Relations**

Senate Bill No. 1450, entitled

AN ACT AMENDING B.P. BLG. 881,
AS AMENDED, OTHERWISE
KNOWN AS THE OMNIBUS
ELECTION CODE OF THE
PHILIPPINES, SECTION 97

Introduced by Senator Defensor Santiago,
Miriam

**To the Committee on Constitutional
Amendments, Revision of Codes and Laws**

Senate Bill No. 1451, entitled

AN ACT TO PROVIDE FOR THE
ESTABLISHMENT OF THE
INTERACTIVE ENTERTAINMENT
RATING BOARD

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Public Information
and Mass Media; Civil Service and
Government Reorganization; and Finance**

Senate Bill No. 1452, entitled

AN ACT ALLOWING LEGITIMATE
CHILDREN TO BEAR THE
SURNAME OF THE FATHER OR
THE MOTHER, AMENDING FOR
THE PURPOSE EXECUTIVE
ORDER NUMBERED TWO-
HUNDRED AND NINE (E.O. 209),
AS AMENDED, OTHERWISE

KNOWN AS THE FAMILY CODE
OF THE PHILIPPINES, ART. 174,
PARA.1

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Youth, Women
and Family Relations; and Constitutional
Amendments, Revision of Codes and Laws**

Senate Bill No. 1453, entitled

AN ACT ESTABLISHING AN OFFICE
ON WOMEN'S HEALTH WITHIN
THE DEPARTMENT OF HEALTH

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Health and
Demography; Youth, Women and Family
Relations; and Finance**

Senate Bill No. 1454, entitled

AN ACT AMENDING PRESIDENTIAL
DECREE NO. 442 ALSO KNOWN
AS THE LABOR CODE, ART. 248

Introduced by Senator Defensor Santiago,
Miriam

**To the Committee on Labor, Employment
and Human Resources Development**

Senate Bill No. 1455, entitled

AN ACT REGULATING THE SALE,
DELIVERY OR DISPOSITION OF
ANY KIND OF FIREARM,
AMMUNITION, OR EXPLOSIVES
TO CERTAIN TYPES OF PERSONS
AND PROVIDING PENALTIES
FOR THE VIOLATION THEREOF

Introduced by Senator Defensor Santiago,
Miriam

**To the Committee on Public Order and
Illegal Drugs**

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Senate Bill No. 1456, entitled

AN ACT AMENDING EXECUTIVE ORDER NO. 209 KNOWN AS THE FAMILY CODE OF THE PHILIPPINES, ARTICLE 111

Introduced by Senator Defensor Santiago, Miriam

To the Committees on Youth, Women and Family Relations; and Constitutional Amendments, Revision of Codes and Laws

Senate Bill No. 1457, entitled

AN ACT PROVIDING FOR THE CREATION OF MUNICIPAL SPECIAL EDUCATION CENTERS FOR THE DEAF-MUTE AND BLIND CHILDREN APPROPRIATING FUNDS THEREFOR AND OTHER PURPOSES

Introduced by Senator Defensor Santiago, Miriam

To the Committees on Education, Arts and Culture; Youth, Women and Family Relations; and Finance

Senate Bill No. 1458, entitled

AN ACT PROHIBITING THE MANUFACTURE AND SALE OF IMITATION FIREARMS

Introduced by Senator Defensor Santiago, Miriam

To the Committees on Public Order and Illegal Drugs; and Trade and Commerce

Senate Bill No. 1459, entitled

AN ACT TO ENFORCE THE CONSTITUTIONAL RIGHT TO THE FREE EXERCISE OF RELIGION

Introduced by Senator Defensor Santiago, Miriam

To the Committees on Constitutional Amendments, Revision of Codes and Laws; Education, Arts and Culture; and Finance

Senate Bill No. 1460, entitled

AN ACT PROVIDING FOR AUTOMATIC MEMBERSHIP OF PROFESSIONALS IN THEIR RESPECTIVE ACCREDITED PROFESSIONAL ORGANIZATIONS

Introduced by Senator Defensor Santiago, Miriam

To the Committee on Civil Service and Government Reorganization

Senate Bill No. 1461, entitled

AN ACT RECOGNIZING BUSINESSES WHICH SHOW AN EXEMPLARY COMMITMENT TO PARTICIPATING WITH SCHOOLS TO ENHANCE EDUCATORS' TECHNOLOGY CAPABILITIES AND TO MAKE EVERY STUDENT TECHNOLOGICALLY LITERATE

Introduced by Senator Defensor Santiago, Miriam

To the Committee on Education, Arts and Culture

Senate Bill No. 1462, entitled

AN ACT AMENDING PARAGRAPH (D), SECTION 324 OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991

Introduced by Senator Manuel "Lito" M. Lapid

To the Committee on Local Government

Senate Bill No. 1463, entitled

AN ACT PROVIDING RETIREMENT, INSURANCE, HEALTH AND EDUCATIONAL BENEFITS TO MIGRANT WORKERS AND THEIR DEPENDENTS AMENDING FOR THE PURPOSE CERTAIN

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PROVISIONS OF REPUBLIC ACT NO. 8042 OTHERWISE KNOWN AS "MIGRANT WORKERS AND OVERSEAS FILIPINOS ACT OF 1995," AND FOR OTHER PURPOSES

Introduced by Senator Manuel "Lito" M. Lapid

To the Committees on Labor, Employment and Human Resources Development; and Foreign Relations

Senate Bill No. 1464, entitled

AN ACT AMENDING REPUBLIC ACT NO. 6847, OTHERWISE KNOWN AS THE PHILIPPINE SPORTS COMMISSION LAW, AND FOR OTHER PURPOSES

Introduced by Senator Manuel "Lito" M. Lapid

To the Committee on Games, Amusement and Sports

Senate Bill No. 1465, entitled

AN ACT ESTABLISHING A PROGRAM FOR THE ACQUISITION OF SCHOOL SITES AND THE CONSTRUCTION, MAINTENANCE, REHABILITATION, AND REPAIR OF SCHOOL BUILDINGS IN THE PUBLIC ELEMENTARY AND SECONDARY SCHOOLS NATIONWIDE, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

Introduced by Senator Manuel "Lito" M. Lapid

To the Committees on Education, Arts and Culture; Public Works; and Finance

Senate Bill No. 1466, entitled

AN ACT REQUIRING ALL COLLEGES AND UNIVERSITIES TO PROVIDE

SCHOLARSHIP GRANTS TO POOR BUT DESERVING STUDENTS REPRESENTING AT LEAST FIVE PERCENT (5%) OF THE TOTAL STUDENT POPULATION, AND FOR OTHER PURPOSES

Introduced by Senator Manuel "Lito" M. Lapid

To the Committee on Education, Arts and Culture

Senate Bill No. 1467, entitled

AN ACT GIVING INDIGENT BUT GIFTED AND TALENTED STUDENTS THE OPPORTUNITY TO DEVELOP THEIR CAPABILITIES, AND FOR OTHER PURPOSES

Introduced by Senator Manuel "Lito" M. Lapid

To the Committees on Education, Arts and Culture; Youth, Women and Family Relations; and Finance

Senate Bill No. 1468, entitled

AN ACT PROVIDING FOR THE PRESERVATION, REFORESTATION, AFFORESTATION AND SUSTAINABLE DEVELOPMENT OF MANGROVE FORESTS IN THE PHILIPPINES, PROVIDING PENALTIES THEREFOR AND FOR OTHER PURPOSES

Introduced by Senator Manuel "Lito" M. Lapid

To the Committee on Environment and Natural Resources

Senate Bill No. 1469, entitled

AN ACT REQUIRING THE TEACHING OF DISASTER AWARENESS AND DISASTER MITIGATION AS PART OF THE CURRICULUM OF ALL PRIMARY AND SECONDARY

for
to

SCHOOLS, AND FOR OTHER PURPOSES

Introduced by Senator Manuel "Lito" M. Lapid

To the Committees on Education, Arts and Culture; National Defense and Security; and Finance

Senate Bill No. 1470, entitled

AN ACT EXPANDING THE COVERAGE OF INCENTIVES EXTENDED TO NATIONAL ATHLETES AMENDING FOR THE PURPOSE CERTAIN PROVISIONS OF REPUBLIC ACT NO. 9064 OTHERWISE KNOWN AS "NATIONAL ATHLETES, COACHES AND TRAINERS BENEFITS AND INCENTIVES ACT OF 2001," AND FOR OTHER PURPOSES

Introduced by Senator Manuel "Lito" M. Lapid

To the Committees on Games, Amusement and Sports; and Constitutional Amendments, Revision of Codes and Laws

Senate Bill No. 1471, entitled

AN ACT TO REQUIRE THE SECRETARIES OF HEALTH AND LABOR TO ISSUE REGULATIONS TO ELIMINATE OR MINIMIZE THE SIGNIFICANT RISK OF NEEDLESTICK INJURY TO HEALTH CARE WORKERS

Introduced by Senator Defensor Santiago, Miriam

To the Committees on Health and Demography; and Finance

Senate Bill No. 1472, entitled

AN ACT ESTABLISHING THE COMMISSION ON THE ADVANCEMENT OF WOMEN IN SCIENCE, ENGINEERING AND TECHNOLOGY DEVELOPMENT

Introduced by Senator Defensor Santiago, Miriam

To the Committees on Youth, Women and Family Relations; Science and Technology; and Finance

Senate Bill No. 1473, entitled

AN ACT ESTABLISHING STANDARDS FOR THE IDENTITY OF MILK AND REQUIRING THE LABELING THEREOF

Introduced by Senator Defensor Santiago, Miriam

To the Committees on Trade and Commerce; and Health and Demography

Senate Bill No. 1474, entitled

AN ACT ESTABLISHING A TASK FORCE TO RECOMMEND A UNIFORM STRATEGY TO PROTECT WOMEN AGAINST VIOLENT CRIME

Introduced by Senator Defensor Santiago, Miriam

To the Committees on Youth, Women and Family Relations; and Finance

Senate Bill No. 1475, entitled

AN ACT REQUIRING A REPORT REGARDING THE EFFECTS ENVIRONMENTAL FACTORS HAVE ON WOMEN'S HEALTH

Introduced by Senator Defensor Santiago, Miriam

To the Committees on Health and Demography; and Youth, Women and Family Relations

Senate Bill No. 1476, entitled

AN ACT PROMOTING THE INTEGRATION OF WOMEN IN THE DEVELOPMENT PROCESS

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Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Youth, Women
and Family Relations; and Civil Service and
Government Reorganization**

Senate Bill No. 1477, entitled

AN ACT REQUIRING COMPUTER
EDUCATION AND TRAINING TO
GOVERNMENT EMPLOYEES AND
APPROPRIATING FUNDS FOR
THE PURPOSE

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Civil Service and
Government Reorganization; and Finance**

Senate Bill No. 1478, entitled

AN ACT ESTABLISHING MATERNAL
AND INFANT HEALTH HOME
VISITING PROGRAM

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Health and
Demography; and Youth, Women and Family
Relations**

Senate Bill No. 1479, entitled

AN ACT ESTABLISHING NATIONAL
TEACHER ACADEMIES IN ORDER
TO ENCOURAGE AND FACILITATE
ENTRY INTO THE TEACHING
PROFESSION

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Education, Arts and
Culture; and Finance**

Senate Bill No. 1480, entitled

AN ACT TO PROTECT THE RIGHT OF
THE PEOPLE TO INFORMATION

**ABOUT REPRODUCTIVE HEALTH
CARE SERVICES**

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Health and
Demography; and Youth, Women and Family
Relations**

Senate Bill No. 1481, entitled

AN ACT TO ESTABLISH A "PARENTS
AS PARTNERS IN LEARNING"
PROGRAM

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Education, Arts and
Culture; and Finance**

Senate Bill No. 1482, entitled

THE CODE OF PROFESSIONAL
STANDARDS FOR THE
PRACTICE OF POLITICAL PUBLIC
RELATIONS

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Public Information
and Mass Media; and Constitutional
Amendments, Revision of Codes and Laws**

Senate Bill No. 1483, entitled

AN ACT GRANTING WOMEN THE
RIGHT TO KNOW WORK
CONDITIONS AFFECTING THEIR
HEALTH

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Labor, Employment
and Human Resources Development; and
Youth, Women and Family Relations**

Senate Bill No. 1484, entitled

AN ACT TO PROTECT EMPLOYEES
OF TRAVELING SALES CREW

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Introduced by Senator Defensor Santiago,
Miriam

**To the Committee on Labor, Employment
and Human Resources Development**

Senate Bill No. 1485, entitled

AN ACT TO REQUIRE 90 DAYS
NOTICE BEFORE CHANGING THE
ANNUAL CREDIT PERCENTAGE
RATE OF INTEREST APPLICABLE
ON ANY CREDIT CARD ACCOUNT
OR BEFORE CHANGING THE
INDEX USED TO DETERMINE
SUCH RATE

Introduced by Senator Defensor Santiago,
Miriam

**To the Committee on Banks, Financial
Institutions and Currencies**

Senate Bill No. 1486, entitled

AN ACT REQUIRING BUSINESS
ESTABLISHMENTS TO GIVE
EXACT CHANGE TO CONSUMERS

Introduced by Senator Defensor Santiago,
Miriam

To the Committee on Trade and Commerce

Senate Bill No. 1487, entitled

AN ACT REGULATING THE SALE,
DELIVERY OR DISPOSITION OF
ANY KIND OF FIREARM,
AMMUNITION, OR EXPLOSIVES
TO CERTAIN TYPES OF PERSONS
AND PROVIDING PENALTIES
FOR THE VIOLATION THEREOF

Introduced by Senator Defensor Santiago,
Miriam

**To the Committee on Public Order and
Illegal Drugs**

Senate Bill No. 1488, entitled

AN ACT PROVIDING FOR TESTING
FOR THE USE, WITHOUT LAWFUL
AUTHORIZATION, OF ALCOHOL
OR CONTROLLED SUBSTANCES
BY THE OPERATORS OF
COMMERCIAL MOTOR VEHICLES

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Public Services; and
Public Order and Illegal Drugs**

Senate Bill No. 1489, entitled

AN ACT TO PROHIBIT EMPLOYMENT
DISCRIMINATION ON THE BASIS
OF SEXUAL ORIENTATION

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Labor, Employment
and Human Resources Development; and Civil
Service and Government Reorganization**

Senate Bill No. 1490, entitled

THE RIGHT TO TRAVEL ACT

Introduced by Senator Defensor Santiago,
Miriam

**To the Committee on Justice and Human
Rights**

Senate Bill No. 1491, entitled

AN ACT AMENDING SECTION ONE
OF REPUBLIC ACT NUMBERED
ELEVEN HUNDRED AND SIXTY-
NINE, OTHERWISE KNOWN AS
THE CHARTER OF THE
PHILIPPINE CHARITY
SWEEPSTAKES OFFICE

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Introduced by Senator Defensor Santiago,
Miriam

**To the Committee on Government
Corporations and Public Enterprises**

Senate Bill No. 1492, entitled

AN ACT REQUIRING INSTITUTIONS
OF HIGHER EDUCATION TO
DISCLOSE PARTICIPATION AND
PROGRAM SUPPORT
EXPENDITURES IN COLLEGE
ATHLETIC PROGRAMS

Introduced by Senator Defensor Santiago,
Miriam

**To the Committee on Education, Arts and
Culture**

Senate Bill No. 1493, entitled

AN ACT TO ESTABLISH THE
NATIONAL COMMISSION ON
ENTREPRENEURIAL EDUCATION

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Education, Arts and
Culture; and Finance**

Senate Bill No. 1494, entitled

AN ACT AMENDING REPUBLIC ACT
NO. 6975 ALSO KNOWN AS
"DEPARTMENT OF INTERIOR AND
LOCAL GOVERNMENT ACT OF
1990" AND FOR OTHER PURPOSES

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Public Order and
Illegal Drugs; and Local Government**

Senate Bill No. 1495, entitled

AN ACT TO REQUIRE THE
LABELING OF IMPORTED MEAT
AND MEAT FOOD PRODUCTS

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Trade and Commerce;
and Agriculture and Food**

Senate Bill No. 1496, entitled

AN ACT AMENDING REPUBLIC ACT
NO. 6506 ALSO KNOWN AS "AN
ACT CREATING THE BOARD OF
EXAMINERS FOR CRIMINOLOGISTS
IN THE PHILIPPINES" AND FOR
OTHER PURPOSES

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Public Order and
Illegal Drugs; and Civil Service and Government
Reorganization**

Senate Bill No. 1497, entitled

AN ACT TO PROVIDE FOR A NATIONAL
FOLIC ACID EDUCATION
PROGRAM TO PREVENT BIRTH
DEFECTS

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Health and
Demography; and Finance**

Senate Bill No. 1498, entitled

AN ACT TO PROVIDE FOR AN INTERIM
CENSUS OF FILIPINOS RESIDING
ABROAD AND TO REQUIRE
THAT SUCH INDIVIDUALS BE
INCLUDED IN REGULAR CENSUSES

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Health and
Demography; and Finance**

Senate Bill No. 1499, entitled

AN ACT AMENDING EXECUTIVE
ORDER NO. 209, ALSO KNOWN AS

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THE FAMILY CODE OF THE PHILIPPINES, ARTICLE 73

Introduced by Senator Defensor Santiago, Miriam

To the Committees on Youth, Women and Family Relations; and Constitutional Amendments, Revision of Codes and Laws

Senate Bill No. 1500, entitled

AN ACT TO ESTABLISH CRIMINAL LIABILITY FOR UNLAWFUL DISCRIMINATION BASED ON DISPARATE TREATMENT

Introduced by Senator Defensor Santiago, Miriam

To the Committee on Labor, Employment and Human Resources Development

Senate Bill No. 1501, entitled

AN ACT TO PROVIDE FOR HEALTH AND WORK SAFETY STANDARDS FOR PROFESSIONAL BOXERS

Introduced by Senator Defensor Santiago, Miriam

To the Committee on Games, Amusement and Sports

Senate Bill No. 1502, entitled

AN ACT TO REQUIRE HOSPITALS TO ESTABLISH AND IMPLEMENT SECURITY PROCEDURES TO REDUCE THE LIKELIHOOD OF INFANT PATIENT ABDUCTION AND BABY SWITCHING, INCLUDING PROCEDURES FOR IDENTIFYING ALL INFANT PATIENTS IN THE HOSPITAL IN A MANNER THAT ENSURES IT WILL BE EVIDENT IF INFANTS ARE MISSING FROM THE HOSPITAL

Introduced by Senator Defensor Santiago, Miriam

To the Committee on Health and Demography

Senate Bill No. 1503, entitled

AN ACT AMENDING REPUBLIC ACT NO. 7394, ALSO KNOWN AS THE "CONSUMER ACT OF THE PHILIPPINES," ARTICLE 77

Introduced by Senator Defensor Santiago, Miriam

To the Committees on Trade and Commerce; and Health and Demography

Senate Bill No. 1504, entitled

AN ACT TO ESTABLISH THE NATIONAL COMMISSION ON THE IMPACT OF FILIPINO CULTURE ON THE YOUTH

Introduced by Senator Defensor Santiago, Miriam

To the Committees on Youth, Women and Family Relations; and Finance

Senate Bill No. 1505, entitled

AN ACT TO COMBAT THE CRIME OF INTERNATIONAL TRAFFICKING AND TO PROTECT THE RIGHTS OF VICTIMS

Introduced by Senator Defensor Santiago, Miriam

To the Committees on Justice and Human Rights; Youth, Women and Family Relations; and Finance

Senate Bill No. 1506, entitled

AN ACT AMENDING REPUBLIC ACT NO. 386, ALSO KNOWN AS

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THE CIVIL CODE OF THE
PHILIPPINES, ARTICLE 867

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Youth, Women
and Family Relations; and Constitutional
Amendments, Revision of Codes and Laws**

Senate Bill No. 1507, entitled

AN ACT REQUIRING THE USE OF
PHILIPPINE MADE MATERIALS
IN CONTRACTS FOR PUBLIC
WORKS AND PROVIDING FOR
THE BLACKLISTING OF
CONTRACTORS VIOLATING SUCH
REQUIREMENT

Introduced by Senator Defensor Santiago,
Miriam

To the Committee on Public Works

Senate Bill No. 1508, entitled

AN ACT ESTABLISHING A
COMPREHENSIVE TRAINING
PROGRAM FOR TEACHERS OF
CHILDREN WITH HANDICAP

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Education, Arts and
Culture; and Finance**

Senate Bill No. 1509, entitled

AN ACT TO BAN EXPERIMENTS ON
THE CLONING OF HUMAN
BEINGS

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Science and
Technology; and Health and Demography**

Senate Bill No. 1510, entitled

AN ACT PROVIDING PRIVATE
SECTOR EMPLOYEES
COMPENSATORY TIME OFF,
BI-WEEKLY WORK SCHEDULES
AND FLEXIBLE CREDIT HOURS

Introduced by Senator Defensor Santiago,
Miriam

**To the Committee on Labor, Employment
and Human Resources Development**

Senate Bill No. 1511, entitled

AN ACT TO PROVIDE COMPUTER
INNOVATIVE ASSISTANCE
PROGRAMS TO ELEMENTARY
AND SECONDARY TEACHERS

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Education, Arts and
Culture; and Finance**

Senate Bill No. 1512, entitled

AN ACT TO ENSURE THAT OLDER OR
DISABLED PERSONS ARE
PROTECTED FROM
INSTITUTIONAL, COMMUNITY,
AND DOMESTIC VIOLENCE AND
SEXUAL ASSAULT AND TO
IMPROVE OUTREACH EFFORTS
AND OTHER SERVICES AVAILABLE
TO OLDER OR DISABLED
PERSONS VICTIMIZED BY SUCH
VIOLENCE

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Social Justice, Welfare
and Rural Development; Justice and Human
Rights; Finance**

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Senate Bill No. 1513, entitled

AN ACT IMPROVING AND STRENGTHENING THE RECRUITMENT AND TRAINING OF FILIPINO TEACHERS

Introduced by Senator Defensor Santiago, Miriam

To the Committees on Education, Arts and Culture; and Finance

Senate Bill No. 1514, entitled

AN ACT REGULATING PAWNSHOP ESTABLISHMENTS AND OPERATIONS

Introduced by Senator Defensor Santiago, Miriam

To the Committee on Banks, Financial Institutions and Currencies

Senate Bill No. 1515, entitled

AN ACT CURBING THE PRACTICE OF IMPOSING UNFUNDED MANDATES ON LOCAL GOVERNMENT UNITS

Introduced by Senator Defensor Santiago, Miriam

To the Committee on Local Government

Senate Bill No. 1516, entitled

THE JUDICIAL RIGHT TO KNOW ACT

Introduced by Senator Defensor Santiago, Miriam

To the Committees on Justice and Human Rights; and Public Information and Mass Media

Senate Bill No. 1517, entitled

AN ACT LIMITING EXPOSURE OF CHILDREN TO VIOLENT PROGRAMMING ON TELEVISION AND CABLE SYSTEMS

Introduced by Senator Defensor Santiago, Miriam

To the Committee on Public Information and Mass Media

Senate Bill No. 1518, entitled

AN ACT AMENDING ARTICLES 333 AND 344, AND REPEALING ARTICLE 334, OF THE PENAL CODE, ELIMINATING GENDER BIAS IN ADULTERY AND CONCUBINAGE

Introduced by Senator Defensor Santiago, Miriam

To the Committees on Youth, Women and Family Relations; and Constitutional Amendments, Revision of Codes and Laws

Senate Bill No. 1519, entitled

AN ACT TO PROVIDE FOR A STUDY AND FOR DEMONSTRATION PROJECTS REGARDING CASES OF HEPATITIS C AMONG FIREFIGHTERS, PARAMEDICS, EMERGENCY MEDICAL TECHNICIANS, AND OTHER EMERGENCY RESPONSE EMPLOYEES

Introduced by Defensor Santiago, Miriam

To the Committees on Health and Demography; Labor, Employment and Human Resources Development; and Finance

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Senate Bill No. 1520, entitled

AN ACT ORDAINING INSTITUTIONAL
RESPONSIBILITY IN GIVING
TESTIMONY IN CRIMINAL CASES
AND PROVIDING PENALTIES
FOR VIOLATIONS

Introduced by Senator Defensor Santiago,
Miriam

**To the Committee on Justice and Human
Rights**

Senate Bill No. 1521, entitled

AN ACT AMENDING REPUBLIC ACT
NO. 386, ALSO KNOWN AS
THE CIVIL CODE OF THE
PHILIPPINES, ARTICLE 1403

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Trade and Commerce;
and Constitutional Amendments, Revision of
Codes and Laws**

Senate Bill No. 1522, entitled

AN ACT REDUCING THE RATE
OF TEENAGE PREGNANCY
THROUGH EVALUATION OF
PUBLIC AND PRIVATE
PROGRAMS

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Health and
Demography; Youth, Women and Family
Relations; and Finance**

Senate Bill No. 1523, entitled

AN ACT TO PRESCRIBE LABELING
REQUIREMENTS FOR FOODS
WHICH CONTAIN SATURATED
FAT AND CHOLESTEROL

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Trade and Commerce;
and Health and Demography**

Senate Bill No. 1524, entitled

AN ACT TO REQUIRE COVERAGE
FOR THE TREATMENT OF
INFERTILITY IN ANY GROUP
HEALTH PLAN OR HEALTH
INSURANCE

Introduced by Senator Defensor Santiago,
Miriam

**To the Committee on Health and
Demography**

Senate Bill No. 1525, entitled

AN ACT AMENDING ARTICLE 337
OF THE PENAL CODE,
ELIMINATING GENDER BIAS IN
QUALIFIED SEDUCTION AND
INCREASING THE IMPOSABLE
PENALTY

Introduction by Senator Defensor Santiago,
Miriam

**To the Committee on Constitutional
Amendments, Revision of Codes and Laws**

Senate Bill No. 1526, entitled

AN ACT GRANTING WOMEN EQUAL
OPPORTUNITY TO ATHLETIC
SCHOLARSHIP AND TO PRIZES
OF SPORTS

Introduced by Senator Defensor Santiago,
Miriam

**To the Committees on Youth, Women and
Family Relations; and Education, Arts and
Culture**

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Senate Bill No. 1527, entitled

AN ACT AMENDING SECTION 14 OF REPUBLIC ACT NO. 7166 ALSO KNOWN AS THE "SYNCHRONIZED ELECTION LAW OF 1991" AND PROVIDING ADMINISTRATIVE SANCTIONS THEREFOR

Introduced by Senator Defensor Santiago,
Miriam

To the Committee on Constitutional Amendments, Revision of Codes and Laws

Senate Bill No. 1528, entitled

AN ACT CREATING A NATIONAL WOMEN'S BUSINESS ENTERPRISE POLICY AND PRESCRIBING ARRANGEMENTS FOR DEVELOPING, COORDINATING AND IMPLEMENTING A NATIONAL PROGRAM FOR WOMEN'S ENTERPRISE

Introduced by Senator Defensor Santiago,
Miriam

To the Committees on Trade and Commerce; and Youth, Women and Family Relations

Senate Bill No. 1529, entitled

AN ACT PROHIBITING INTERNET GAMBLING

Introduced by Senator Defensor Santiago,
Miriam

To the Committee on Games, Amusement and Sports

Senate Bill No. 1530, entitled

AN ACT TO COMBAT ABUSE AND ENHANCE PENALTIES FOR CRIMES AGAINST SENIORS

Introduced by Senator Defensor Santiago,
Miriam

To the Committee on Justice and Human Rights; and Public Order and Illegal Drugs

Senate Bill No. 1531, entitled

AN ACT INCREASING THE PENALTY FOR INFIDELITY IN THE CUSTODY OF PRISONERS, AMENDING FOR THE PURPOSE ARTICLE 223 AND 224, CHAPTER 5, TITLE SEVEN, BOOK TWO OF ACT NO. 3815, AS AMENDED, OTHERWISE KNOWN AS THE PENAL CODE

Introduced by Senator Defensor Santiago,
Miriam

To the Committees on Justice and Human Rights; and Constitutional Amendments, Revision of Codes and Laws

Senate Bill No. 1532, entitled

AN ACT TO REQUIRE THE USE OF AND TO IMPROVE SAFETY STANDARDS FOR CHILD RESTRAINTS IN MOTOR VEHICLES

Introduced by Senator Defensor Santiago,
Miriam

To the Committees on Public Services; and Finance

Senate Bill No. 1533, entitled

AN ACT AUTHORIZING THE LAND MANAGEMENT BUREAU TO CONDUCT A SURVEY OF CADASTRAL LOTS IN THE ENTIRE COUNTRY, AND APPROPRIATING FUNDS THEREFOR

Introduced by Senator Pimentel Jr.

To the Committees on Justice and Human Rights; and Finance

Senate Bill No. 1534, entitled

AN ACT TO PROMOTE DONATIONS IN GOOD FAITH OF MEDICINES, FOOD PRODUCTS OR SUPPLIES BY ESTABLISHMENTS AND OTHER ENTITIES, INCLUDING INDIVIDUALS, BY EXEMPTING THEM FROM ANY FORM OF LIABILITY ARISING THEREFROM

Introduced by Senator Magsaysay, Jr.

To the Committee on Social Justice, Welfare and Rural Development

Senate Bill No. 1535, entitled

AN ACT TO RATIONALIZE THE TEACHING OF RELIGION IN THE PUBLIC SCHOOLS

Introduced by Senator Magsaysay Jr.

To the Committee on Education, Arts and Culture

Senate Bill No. 1536, entitled

AN ACT GRANTING DISABLED PERSONS THE RIGHT TO LIVE FREE FROM VERBAL AND NON-VERBAL RIDICULE AND VILIFICATION, AMENDING FOR THE PURPOSE REPUBLIC ACT NUMBERED SEVENTY-TWO HUNDRED AND SEVENTY-SEVEN, ALSO KNOWN AS THE MAGNA CARTA FOR DISABLED PERSONS, AND FOR OTHER PURPOSES

Introduced by Senator Magsaysay Jr.

To the Committee on Social Justice, Welfare and Rural Development

Senate Bill No. 1537, entitled

AN ACT TO REGULATE AND MODERNIZE THE PRACTICE OF CHEMISTRY IN THE PHILIPPINES, REPEALING FOR THE PURPOSE R.A. 754

Introduced by Senator Magsaysay Jr.

To the Committees on Civil Service and Government Reorganization; Constitutional Amendments, Revision of Codes and Laws; and Finance

Senate Bill No. 1538, entitled

AN ACT PROVIDING FOR THE MODERNIZATION OF THE PHILIPPINE ATMOSPHERIC GEOPHYSICAL AND ASTRONOMICAL SERVICES ADMINISTRATION, PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES

Introduced by Senator Magsaysay Jr.

To the Committees on Science and Technology; and Finance

Senate Bill No. 1539, entitled

AN ACT REORGANIZING THE NATIONAL FOOD AUTHORITY INTO THE NATIONAL FOOD CORPORATION AND THE FOOD DEVELOPMENT AND REGULATORY ADMINISTRATION, REDEFINING THEIR POWERS, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

Introduced by Senator Magsaysay, Jr.

To the Committees on Government Corporations and Public Enterprises; Agriculture and Food; and Finance

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Senate Bill No. 1540, entitled

EQUAL CREDIT OPPORTUNITY ACT

Introduced by Senator Defensor Santiago,
Miriam

To the Committees on Banks, Financial Institutions and Currencies; and Justice and Human Rights

Senate Bill No. 1541, entitled

AN ACT REGULATING THE EDUCATION AND LICENSURE OF PHYSICIANS AND THEIR PRACTICE OF MEDICINE AND FOR OTHER PURPOSES

Introduced by Senator Pimentel Jr.

To the Committees on Civil Service and Government Reorganization; Education, Arts and Culture; and Finance

Senate Bill No. 1542, entitled

AN ACT CREATING THE MINDANAO RAILWAYS CORPORATION PRESCRIBING ITS POWERS, FUNCTIONS AND DUTIES, AND PROVIDING FOR THE NECESSARY FUNDS FOR ITS OPERATION

Introduced by Senator Pimentel Jr.

To the Committees on Government Corporations and Public Enterprises; Public Services; Ways and Means; and Finance

Senate Bill No. 1543, entitled

AN ACT TO RATIONALIZE THE COMPOSITION AND FUNCTIONS OF THE NATIONAL LABOR RELATIONS COMMISSION, AMENDING FOR THIS PURPOSE ARTICLES 213, 214, 215, AND 216 OF P.D. 442, AS AMENDED, OTHERWISE KNOWN AS

THE LABOR CODE OF THE PHILIPPINES

Introduced by Senator Pimentel Jr.

To the Committees on Labor, Employment and Human Resources Development; and Civil Service and Government Reorganization

Senate Bill No. 1544, entitled

AN ACT PROMOTING THE PHYSICAL, INTELLECTUAL AND SOCIAL WELL-BEING OF THE FILIPINO YOUTH THROUGH THE ESTABLISHMENT OF A COMPREHENSIVE YOUTH CORPS PROGRAM, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

Introduced by Senator Magsaysay Jr.

To the Committees on Youth, Women and Family Relations; Social Justice, Welfare and Rural Development; and Finance

Senate Bill No. 1545, entitled

AN ACT ORDAINING A NEW SANITARY AND ENVIRONMENTAL ENGINEERING LAW OF THE PHILIPPINES

Introduced by Senator Magsaysay Jr.

To the Committee on Civil Service and Government Reorganization

Senate Bill No. 1546, entitled

AN ACT CREATING A REPRODUCTIVE HEALTH AND POPULATION MANAGEMENT COUNCIL FOR THE IMPLEMENTATION OF AN INTEGRATED POLICY ON REPRODUCTIVE HEALTH RELATIVE TO SUSTAINABLE HUMAN DEVELOPMENT AND POPULATION MANAGEMENT, AND FOR OTHER PURPOSES

Introduced by Senator Lacson

To the Committees on Health and Demography; Local Government; Ways and Means; and Finance

Senate Bill No. 1547, entitled

AN ACT AMENDING THE NEW CIVIL CODE OF THE PHILIPPINES (REPUBLIC ACT NO. 386, AS AMENDED) ARTICLES 804, 805, 810 AND 811, PROVIDING FOR THE USE OF VIDEO TAPES OR OTHER SIMILAR VISUAL RECORDING DEVICE FOR TESTAMENTARY DISPOSITION OF THE ESTATE OF THE DECEDENT

Introduced by Senator Defensor Santiago,
Miriam

To the Committee on Constitutional Amendments, Revision of Codes and Laws

Senate Bill No. 1548, entitled

AN ACT INSTITUTING REFORMS IN LAND ADMINISTRATION

Introduced by Senator Defensor Santiago,
Miriam

To the Committees on Justice and Human Rights; Civil Service and Government Reorganization; and Ways and Means

Senate Bill No. 1549, entitled

AN ACT AMENDING REPUBLIC ACT NO. 386, ALSO KNOWN AS THE CIVIL CODE OF THE PHILIPPINES, ARTICLE 1991

Introduced by Senator Defensor Santiago,
Miriam

To the Committee on Constitutional Amendments, Revision of Codes and Laws

Senate Bill No. 1550, entitled

AN ACT THAT REQUIRES ALL PROVIDERS OF TELECOMMUNICATIONS SERVICES TO ESTABLISH AND CARRY OUT PLANS FOR PROCUREMENT FROM BUSINESSES OWNED BY MINORITIES AND WOMEN

Introduced by Senator Defensor Santiago,
Miriam

To the Committee on Public Services

ADDITIONAL REFERENCE OF BUSINESS

RESOLUTIONS

Proposed Senate Resolution No. 92, entitled

RESOLUTION DIRECTING THE COMMITTEE ON YOUTH, WOMEN AND FAMILY RELATIONS TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE RAMPANT PROLIFERATION OF CHILD PORNOGRAPHY, PEDOPHILE MATERIALS, AND SEXUAL EXPLOITATION OF MINORS, THEREBY INCREASING THE INCIDENCE OF CHILD ABUSE THROUGH THE PRODUCTION, COMMERCIALIZATION AND ILLEGAL TRADE THEREOF, WITH THE END IN VIEW OF COMING UP WITH REMEDIAL AND LEGISLATIVE MEASURES TO ADDRESS THE SAME

Introduced by Senator M. A. Madrigal

To the Committee on Youth, Women and Family Relations

Proposed Senate Resolution No. 93, entitled

RESOLUTION DIRECTING THE SENATE COMMITTEES ON

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ECONOMIC AFFAIRS; AND
TRADE AND COMMERCE TO
CONDUCT AN INVESTIGATION,
IN AID OF LEGISLATION, ON
THE IMPACT OF THE
GOVERNMENT FISCAL PLAN ON
THE BROADER PHILIPPINE
ECONOMIC DEVELOPMENT

Introduced by Senator Mar Roxas

**To the Committees on Economic Affairs;
and Trade and Commerce**

REFERRAL OF SENATE BILL NO. 1534

At the instance of Senator Magsaysay, there being no objection, the Chair instead referred Senate Bill No. 1534 to the Committee on Health and Demography as the primary committee, and to the Committee on Social Justice, Welfare and Development as the secondary committee.

SUSPENSION OF SESSION

Upon motion of Senator Pimentel, the session was suspended.

It was 4:09 p.m.

RESUMPTION OF SESSION

At 4:10 p.m., the session was resumed.

**PRIVILEGE SPEECH
OF SENATOR PIMENTEL**

Availing himself of the privilege hour, Senator Pimentel delivered the following speech:

MANIPULATING THE OIL PROBLEM

I would like to discuss briefly the "oil crisis" as announced by Energy Secretary Vince Perez recently.

To justify the inability of the Department of Energy (DOE) to do anything about the country's oil crisis, Secretary Perez has declared that "world market forces, which are beyond

our control" have pushed oil prices to reach historical highs...and since the oil industry in the Philippines is deregulated, according to Secretary Perez, fuel prices will inevitably rise (which is another item beyond his control).

Are we being told the truth? Or is this another example of a bureaucratic word-play that is intended to justify official inactivity or inability to offer solutions to the problem at hand, in this case, the ever-rising prices of oil and oil products?

To get to the bottom of the problem, perhaps, it is best that we start by looking at the oil situation in the world.

IEA figures

Figures from the Paris-based International Energy Agency (IEA), the central collection point for world oil information, show that there is no worldwide oil crisis. In fact, for the first quarter of 2004, world oil supplies were in the range of 82.3 million barrels a day (mbd), with consumption that ranges from a low 80.5 mbd to a high of 81.5 mbd.

Surplus

Thus, the world had a surplus during the first 90 days of the year. Yet during that period the world oil prices leapt by \$7 per barrel.

And the gasoline pump price locally shot up by P21 per liter of crude and P26 per liter of unleaded gasoline; P380+ per container/tank of LPG and kerosene, P21+ per liter, the cooking gas for millions of households in the country.

As a senator and as a consumer of oil products, myself, I would like to ask why the price of oil products in the country has risen so high when the world production of oil has not diminished?

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Over the past several decades, oil production has increased slowly and predictably. Since 1992, for example, production has grown by approximately 15%. World oil consumption has also grown gradually and predictably.

As an ordinary observer of how prices of oil behave in the world, I would not have been surprised if production had dropped significantly or consumption had risen steeply which would explain the upward spiral of oil prices here. But neither of these two circumstances has happened.

How, then, does one explain the wild swing, up and down, of the oil prices here regardless of production levels?

Financial speculation

Some people surmise that China's seemingly insatiable thirst for more oil to fuel its huge economy is one of the reasons for the upward spiral of oil prices.

That may be part of the answer. But more critical views than mine argue that the answer is financial speculation or greed that is fuelled by a collusion of leading banks, financial institutions and big oil conglomerates to cartelize oil pricing and distribution worldwide.

For background purposes, it may be apropos to our discussion to mention that today, oil prices are more than 50% above their 1992 levels.

Long-term contracts

For a long time, long-term contracts -- frequently for 24 or 36 months -- at fixed, stable prices were the way oil was generally traded in the world.

The oil shocks of 1974 and 1979 -- perceived mainly as caused by the OPEC oil embargo -- changed all that. Long-term oil contracts were replaced with oil sales

at the spot market based in Rotterdam and the futures markets.

Spot market

By "spot" is meant, that one buys oil at a market only 24-48 hours before one takes physical (spot) delivery, as opposed to buying it 12 or more months in advance. In effect, the spot market inserted a financial middleman into the oil patch income stream in much the same way that deregulation would later do for electricity.

Paper oil

Today, the oil price is largely set in the futures markets. The two principal locales which dominate oil futures trading are the London-based International Petroleum Exchange (IPE), established in 1980, and the New York Mercantile Exchange (NYMEX), which is more than a century old, but first started trading oil futures in 1983.

Traders call futures contracts "paper oil": the contracts are a paper claim against oil, which is far in excess of the volume of oil produced and actually delivered at oil terminals on behalf of those contracts.

Gambling bets

The traders in IPE and NYMEX, for instance, transact large volumes of these so-called oil futures contracts which are also called "bets", a word that is usually associated with gambling, but is now used in oil trading for the reason that oil speculators gamble on these "paper oil purchases". Each contract, I am told, is a bet on 1,000 barrels of oil. More than 100 million of these oil derivatives contracts were traded on these exchanges in 2003, representing 100 billion barrels of oil. In the year 2000, a study showed that in the IPE, for every 570 "paper barrels of oil" traded each year, there was only one underlying physical barrel of oil. The

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570 paper oil contracts pull up the price of the underlying barrel of oil and, thereby, manipulate oil prices all over the world. If the speculators bet long—that the price will rise—the mountain of bets pulls up the underlying price.

But worse, there is a second layer of leverage. At the London IPE, it is reported that a speculator by investing \$1,520 can control 1,000 barrels of oil.

IPE

Consider the IPE as one of those companies that are engaged in manipulating the price of oil. The IPE was created in 1980. In 2001, the Atlanta, Georgia-based International Exchange purchased the IPE.

Now, the biggest oil derivatives traders who run trading on the IPE include Barclays Capital, Bear Stearns International, J.P. Morgan Securities, Deutsche Futures London, BP Oil International, and Shell International Trading -- the key components of the British oligarchy's world oil cartel.

NYMEX

In an attempt to break the oil price spiral, Saudi Arabia has recently committed to produce two million additional barrels of oil per day. However, as of June 2 of this year, speculators had taken out 77,000 oil futures at the NYMEX taking a "long" position; i.e., betting that the oil price would rise. Through such bets, they make oil prices go up as they cover their own bets. Because each contract represents 1,000 barrels, the "long" contracts therefore constitute the equivalent of three-quarters of a billion barrels of oil, a far larger sum—which the speculators would use to overwhelm the Saudi's production increase of two million barrels per day. This is part of the oil warfare that is now ongoing.

Pushing oil prices up

The Oil Cartel is also employing two other tactics to push up the price of oil.

1. Limiting production capacity

The oil cartel has reduced U.S. refining capacity to below the 1980 levels. The U.S. knows perfectly well that the demand for refined oil products, such as gasoline and jet fuel, would rise during the 1990s and the first decade of the 21st Century. It was criminal to reduce its refining capacity but since reduced capacity pushes up the price, it was done anyway.

Thus, the June 1 issue of the *Financial Times* of this year reports that because of restricted capacity, the largest U.S. oil refinery companies—Valero, Premcor, Tesoro, and Ashland—are making more than \$10 for each barrel of oil that they refine.

2. Consolidating cartel control

The oil companies are also busy gobbling up one another and this, in turn, has caused oil prices to rise. There is a striking connection between oil prices and major oil company mergers. For instance, in August 1998, with oil hovering in the \$12 a barrel range, British Petroleum bought Amoco, one of the top U.S. oil companies, with large holdings of domestic oil and natural gas. In late November 1998, two more giant mergers were announced: Exxon bought Mobil, and France's Total bought Petrofina. These three mergers, along with the October 2000 takeover by Chevron of Texaco, significantly consolidated the oil cartel.

The Seven Sisters have been reduced to five: Royal Dutch/Shell, BP (British Petroleum), ExxonMobil, Chevron Texaco and Total (which also

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gobbled up Elf Aquitaine). Inevitably, during this crisis, the stocks of major oil companies have jumped up.

The massive oil futures speculation, buttressed by the deliberate reduction in U.S. oil-refining capacity, and the long-term effects of the merger of the oil companies, pushed the price of U.S. light crude oil for delivery in July to a record closing price of \$42.33 on the NYMEX on June 2, before the price fell back somewhat. By this process, the wealthy oligarchical families that own the oil cartel, and related banking houses, have tightened their grip on world energy supplies which, in turn, have brought them enormous profits.

Chaos spreading

As a general proposition, all major nations are vulnerable to oil import cut-offs. This is particularly true of the United States, as shown by an examination of its physical import flows. Between 1971-72 and 2004, the level of U.S. oil imports—particularly crude oil but also some other petroleum products—has tripled. In brief, here is the evolution of U.S. oil import dependency: In 1971-72, oil imports accounted for only 29% of U.S. oil consumption; today, oil imports account for 61% of U.S. oil consumption.

Realizing that overdependence on only one area for its major oil supply is perilous to its national security, U.S. imports have shifted away from the Persian Gulf in the last five years. The nations from which the United States imported oil during the first quarter of 2004 include: 1. Canada (2.12 mbd); 2. Mexico (1.60 mbd); 3. Venezuela (1.54 mbd); and 4. Saudi Arabia (1.46 mbd).

The supposed stranglehold that the Arabs have over U.S. oil supplies no longer exists. Thus, even if its play to control Iraqi oil blows up in the face of

the current U.S. administration, its oil dependence on Middle East oil supply would still be much less than before.

Public dissatisfaction

That said, let us now shift the discussion to the local oil situation. There is, I think, a widespread dissatisfaction with the Arroyo Administration's declaration that the oil problem is beyond their control.

The administration's response to the so-called oil crisis leaves much to be desired. What it is offering us are palliatives that betray the mediocrity of its creativity and imagination such as, for example, the suggestions of "car-less days...four-day work week...early closing of businesses...cutting down on air-conditioning and appliances...etc."

There are talks that Secretary Perez once served institutions like Lazard Freres which are principal beneficiaries of the system of oil speculative markets. I talked with Secretary Perez about this facet of his life and he candidly admitted that, indeed, he had worked with Lazard Freres but that he would not sell his country simply because of that work experience.

Nonetheless, the Secretary appears to have abdicated his responsibility to offer some concrete solutions to the oil problem by saying that "that is the system...it is beyond our control." The minimum expectation of our people is not for our bureaucrats to merely say that they cannot do anything about a problem. I think that our people deserve to be told what the underlying causes of the oil price hikes are. If pernicious trading practices are a cause of the oil problem – even if done by powerful speculators in or out of the country – I think it is the duty of the government and its bureaucrats to denounce those practices and, then, work out a reasonable solution to the problem.

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Resolution

In this regard, may I suggest that the Senate pass a resolution to require:

- 1) That oil companies doing business in the country explain their oil trading and pricing practices;
- 2) That the government departments or offices concerned bring about, cause or support the execution of bilateral long-term agreements by concerned domestic importers of oil with petroleum-producing countries with scheduled deliveries at reasonable, fixed-prices be done at the soonest possible time; and
- 3) That appropriate government departments or offices design a comprehensive energy development program that will promote and support cost-efficient domestic fuel production initiatives, such as the Ethanol Fuel Alliance to produce ethanol fuel; the organizers of the so-called coco-diesel effort; and the people who want to produce energy or power from geothermal, solar, wind or wave sources. All of these efforts should be supported by government

Finally, the energy or power problem that we now face as a nation requires understanding of its nature and causes through diligent study and the concomitant courage to do what is right regardless of what powerful, vested entities might have to say on the issue. Otherwise, we will be skirting the oil problem by a faulty analysis of its nature and causes which will worsen our dependence on imported crude and other oil products.

SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

It was 4:30 p.m.

RESUMPTION OF SESSION

At 4:30 p.m., the session was resumed.

ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS

At this juncture, Senator Pangilinan acknowledged the presence of the delegation from the Liga ng mga Barangay of Pilar, Capiz.

INTERPELLATION OF SENATOR ENRILE

At the onset, Senator Enrile commended Senator Pimentel for delivering a very timely speech in light of the needs of the time. He noted that time and again, legislators have filed bills that deal with the exploitation of the people by monopolies and cartels. It is time, he said, that the leaders of the country and the legislators put in the hands of the government the legal instrument to protect the people from being exploited by businessmen who can manipulate supply and demand and the pricing system.

Asked if almost every segment of business in the Philippines is a cartel, Senator Pimentel agreed as he noted that there is hardly any pricing competitiveness among players of the same industry.

Senator Enrile stated that the power industry is considered a monopoly even as he noted that the players need congressional franchises to operate and are regulated by the government.

Senator Enrile also cited the cement industry as another cartelized industry, with foreign entities like Cemex, Lafarge and Holderbank controlling more than ninety percent of the cement industry. He noted that Northern Cement owned by Ambassador Eduardo "Danding" Cojuangco is the only Filipino cement company that competes with these international giants.

Moreover, Senator Enrile stated that the oil industry is the oldest cartel in the world made up of nations that exploit smaller and weaker nations like the Philippines. The Organization of Petroleum Exporting Countries, he said, is made

up of Middle Eastern countries like Saudi Arabia, the United Arab Emirates, Iraq, Iran, and Kuwait, and it also includes Malaysia, Indonesia, Great Britain and the Netherlands. He disclosed that there is an element in the cartel that affects the Philippines -- the fact that Shell, Caltex and Petron draw their supplies mostly from their mother companies that are themselves members of an international cartel. He said that owing to this parent-subsidary relationship, the prices of the products of a Philippine subsidiary are dictated by the parent company.

Senator Pimentel affirmed the "transfer pricing schemes," saying that a subsidiary company colludes with the parent company so that they could fix the price of oil products. He wondered why Petron was sold when one of its purposes was precisely to act as a buffer against the arbitrary pricing by foreign companies operating in the Philippines.

Senator Enrile pointed out that the subsidiary company buys its supplies from the parent company at prices that already carry a profit for the mother company and sells these in the local market at prices that carry another profit, this time for the subsidiary company. All the burden, he said, is carried by the people. Senator Pimentel agreed that the Filipino people suffer from double profits.

Senator Enrile said that Petron and Aramco, for example, are vertical cartels, meaning the parent company controls the subsidiary. Further, he pointed out that the parent company is part of a bigger cartel that imposes additional charges that are passed on to the subsidiary and eventually to the Filipino people. He believed that Petron should not have involved itself with the other operators in a symbiotic arrangement that anti-trust laws call "conspiracies" in order to control supply. He said that the three oil companies, which are members of the Petroleum Association, talk among themselves to discuss pricing mechanism that allows differences in pricing by a few centavos to show a semblance of competition where there is none.

Senator Pimentel lamented that the independent players were allowed entry into the market to bring prices down, however, they are

playing catch-up as they follow the pricing scheme of major players. He wondered whether the country could embrace free trade regulations without sacrificing the welfare of the people.

Senator Enrile asked if it was time to organize a Philippine national oil company to set up its own distribution system, buy its own supplies abroad to determine the true prices of products, and be used to counteract the propensity of the three major players to raise prices every so often to the detriment of the public. Senator Pimentel said that the PNOC already exists; however, it might have run out of funds because of the millions of pesos in salaries and other perks received by its officials. Instead of acting like a surrogate of other oil companies in the world, he said that the national oil company should transact bilateral agreements with oil-producing countries not on a spot-market basis but on a long-term basis to bring down the prices of oil.

Senator Enrile observed that despite the entry into the market of new oil companies as a result of the oil deregulation law, the problem of oil prices still persists and there is no way of knowing whether these prices are justifiable or not given the global condition. He said that the national government should conduct a study on the feasibility of setting up a national oil company through either Petron or the PNOC, and of encouraging transport cooperatives to put up an oil company of their own.

Senator Pimentel added that aside from not knowing the exact prices of oil in the world market, the government lacks access to the International Petroleum Exchange that deals with the importation of crude and petroleum products.

As an immediate solution to the problem, Senator Pimentel called for the exploration of indigenous sources of fuel especially of sugar bagasse that can be converted into ethanol fuel. He said that the sugar traders in Negros Occidental are asking government assistance to convert their existing sugar mills into ethanol fuel mills by a meager infusion of US\$1 million. He said that this is already being done in Brazil and Thailand; in fact, Prime Minister Thaksin himself said that a 10% mix of ethanol fuel and

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gasoline would not require the retrofitting of vehicles, thus, petroleum cost is immediately reduced by 10%. He added that coco diesel is another possible alternative fuel; and energy can be generated from waves, wind and sunlight.

Senator Enrile agreed that it is possible, but hand in hand with that, he pointed out, a company has to be put up to directly import finished products. He added that oil companies are not producing finished products in the country but are bringing in finished products like diesel, gasoline, LPGs and kerosene. He opined that if crude oil is refined locally, the country would not be dependent on the major oil players for domestic needs; moreover, there would be a mechanism to check on the pricing system.

Senator Enriled adverted to a study made by the Asian Institute of Management which disclosed the magnitude of the smuggling of petroleum products into the Philippines, and the marketing schemes and the amount of money the government is losing by way of tax duties. In view thereof, he asked why the Philippine government itself could not import the products and distribute them at cheaper prices for the benefit of the people.

Senator Pimentel recalled that during the LEDAC meeting, Representative Salceda stated that the way to address the fiscal crisis is to raise the price of gasoline products because, anyway, only the rich will be hit by the additional cost. He described the argument as bizarre coming from an economist who apparently could not see that increasing the price of oil affects the whole economic system.

Senator Enrile pointed out that any increase in the price of petroleum products would ultimately be paid by the consumers because all costs would be passed on to them as part of the price of a commodity they consume.

INTERPELLATION OF SENATOR BIAZON

In reply to a query of Senator Biazon, Senator Pimentel stated that 40% of Petron is owned by the Philippine government, 40% by Aramco and 20% by Filipino private capitalists.

Asked about the purpose of government in retaining 40% ownership of Petron, Senator Pimentel explained that apparently, it is to be the jump-off point to raise additional capital and regain control of Petron.

Asked whether the reason the government maintains 40% ownership is to gain profits or to influence the price of oil in the market, Senator Pimentel replied that both considerations are in play. He remarked that control of a sizeable bloc of company stocks would enable the owner to influence policies; besides, the owner can expect 40% of the profits made by Petron.

As to why the 40% ownership cannot be used to influence the market and offer competition to other subsidiaries of foreign companies, Senator Pimentel surmised that the agreement between Petron and Aramco calls for the latter to manage the company, thus, any suggestion from the Philippine government may not change the direction of the policies adopted by Aramco.

Asked why the 40% ownership cannot be used by the government as leverage against the unilateral increase of prices by the subsidiaries, Senator Pimentel explained that it all depends on political will. He said that the President must influence those in the board of Petron to forcefully articulate the need to protect national interest.

As to who and how many government representatives sit in the board, Senator Pimentel replied that these persons would be identified in the investigation. He added that it is important that they are identified so that a certain degree of accountability can be demanded from them.

Senator Biazon reiterated that the 40% government ownership of Petron should not be used to gain profits but to influence policies for the benefit of the Filipinos. He suggested that the issue be further examined.

As regards the Philippine National Oil Company, Senator Pimentel explained that it is involved in the exploration and search for oil deposits throughout the country. He clarified

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that Petron, as part of various companies under the PNOC, used to do that.

As to the operations of the PNOC, Senator Pimentel noted that the very nomenclature of the company suggests that it does not deal with other sources of energy. He agreed to the suggestion to reexamine the operation and salary schemes of the PNOC.

Senator Biazon pointed out that there are reports that the price of oil has gone down from \$47 to \$33 per barrel. Senator Pimentel expressed hope that the reduction would be reflected on the pump prices.

As regards the statement of Secretary Perez that prices of gasoline shall be frozen until the end of this month, Senator Biazon remarked that it implies that the secretary was not looking into the possibility of a price reduction but still considering price increase. Senator Pimentel said that Secretary Perez should be tapped as a possible resource person when the matter is heard by the proper committee.

Senator Biazon stated that he would raise his concerns when the matter is investigated.

REFERRAL OF SPEECH TO COMMITTEE

Upon motion of Senator Pangilinan, there being no objection, the Chair referred the privilege speech of Senator Pimentel and the interpellations thereon to the Committee on Energy.

MANIFESTATION OF SENATOR PIMENTEL


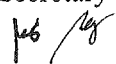

Senator Pimentel stated that he would communicate to Senate President Drilon the names of the Minority members of the congressional oversight committees.

ADJOURNMENT OF SESSION

Upon motion of Senator Pangilinan, there being no objection, the Chair declared the session adjourned until three o'clock in the afternoon of Monday, September 20, 2004.

It was 5:18 p.m.

I hereby certify to the correctness of the foregoing.


OSCAR G. YABES
Secretary of the Senate
 

Approved on September 20, 2004