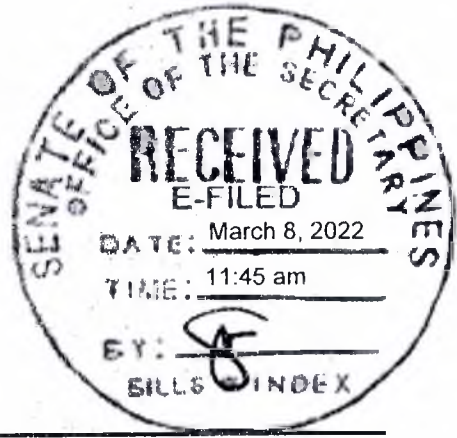


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



SENATE

P.S. Res. No. 997

Introduced by **SENATOR LEILA M. DE LIMA**

RESOLUTION
URGING PRESIDENT RODRIGO ROA DUTERTE TO TEMPORARILY
SUSPEND THE IMPORT DUTIES OF PETROLEUM PRODUCTS TO
PROMOTE AND PROTECT THE GENERAL WELFARE OF FILIPINO
CONSUMERS IN LIGHT OF THE EXTRAORDINARY SURGE IN GLOBAL
OIL PRICES

1 WHEREAS, Section 101 of Republic Act (R.A.) No. 10863, otherwise known as
2 the “Customs Modernization and Tariff Act (CMTA)”, declares, in part, that it is the
3 policy of the State to “protect and enhance government revenue, institute fair and
4 transparent customs and tariff management that will efficiently facilitate international
5 trade, prevent and curtail any form of customs fraud and illegal acts, and modernize
6 customs and tariff administration”;

7 WHEREAS, Section 1608 of the same empowers the President of the
8 Philippines, in the interest of the general welfare and national security, and upon
9 recommendation of the National Economic and Development Authority (NEDA), to
10 (i) increase rates of import duty; and (ii) impose additional duty on imports not
11 exceeding ten percent (10%) *ad valorem*;

12 WHEREAS, the President has exercised this prerogative when on 2 May 2020,
13 President Rodrigo Duterte signed Executive Order (E.O.) No. 113 which imposed a
14 temporary additional import duty of 10 percent to imported crude oil and refined

1 petroleum products, in addition to their existing Most Favored Nation and preferential
2 import duties;¹

3 WHEREAS, the temporary hike on petroleum tariffs was intended to remain
4 effective for the duration of the Bayanihan to Heal as One Act or until global oil prices
5 increased, whichever came first, as its revenues raised government funds to help
6 combat the COVID-19 pandemic. In June 2020, data provided by Finance Secretary
7 Carlos G. Dominguez III showed that the implementation of E.O. No. 113 had already
8 generated an additional ₱1.1 billion in tariff and ₱130.1 million in value-added tax
9 (VAT) from imported crude oil. For liquefied petroleum gas (LPG), the additional
10 import tariff raised ₱252.7 million, and another ₱30.3 million from VAT;²

11 WHEREAS, the Philippines is a country heavily reliant on the importation of
12 petroleum products to ensure energy security for the country. As of the 1st half of 2021,
13 about 10.03 billion liters of imported petroleum products came from the Middle East.
14 Across the various product types, diesel accounted for the highest import amounting
15 to around 4.2 billion liters;³

16 WHEREAS, according to the Department of Energy (DOE), during the same
17 period, the net import bill or the difference between oil imports and exports amounted
18 to \$4.62 billion from January to June 2021, up 62.9 percent from \$2.84 billion in the
19 same period in 2020. The country's total oil import bill amounted to \$4.79 billion, 55.9
20 percent higher than the previous year's \$3.08 billion. In terms of volume, total imports
21 only rose by six percent from 10.61 billion barrels to 11.24 billion barrels;

22 WHEREAS, of the total imports, 89.2 percent consists of finished products and
23 10.79 percent is crude oil. Government data showed total crude imports amounted to
24 \$533.1 million for the 1st half of 2021, 43.4 percent lower than the \$941.3 billion in the
25 same period the previous year. Imported crude oil reached 1.213 billion barrels, a 43.4
26 percent slide from 3.49 billion barrels of 2020's level. Majority, or 92.5 percent of

¹ CNN Philippines Staff. (4 May 2020). *Duterte hikes tariffs on petroleum products to raise funds for COVID-19 fight*. Retrieved 6 March 2022, from <https://www.cnnphilippines.com/news/2020/5/4/Duterte-raises-tariffs-on-petroleum-products-for-COVID-19-fight.html>

² de Vera, B. O. (16 June 2021). *Temporary 10 percent added duty on oil imports generates P1.49B*. Retrieved 6 March 2022, from <https://business.inquirer.net/300068/temporary-10-percent-added-duty-on-oil-imports-generates-p1-49b>

³ Statista.com. (September 2021). *Total volume of petroleum products imported to the Philippines as of the 1st half of 2021, by type*. Retrieved from <https://www.statista.com/statistics/1267476/philippines-volume-of-imported-petroleum-products-by-type/>

1 crude imports, originated from the Middle East and 7.5 percent from the ASEAN
2 region;⁴

3 WHEREAS, on 23 February 2022, Department of Trade and Industry (DTI)
4 Secretary Ramon Lopez assured the public that the possible disruption on the
5 country's trade of the Ukraine and Russia fallout will be "minimal";⁵

6 WHEREAS, such claim was however later belied by Moody's Analytics associate
7 economist Sonia Zhu who said that "while we don't see significant disruption to oil
8 supply in the near term as the Philippines has existing oil contracts and does not
9 import oil directly from Russia or Ukraine, a prolonged conflict between Russia and
10 Ukraine will weigh on the Philippines' other trading partners, thus having a spillover
11 effect on supply-chain and oil prices, putting upward pressure on inflation";⁶

12 WHEREAS, on 5 March 2022, reports emerged that gas prices were once again
13 expected to soar by as much as ₱3 to ₱5 per liter, based on industry estimates, an effect
14 of the ongoing Russian invasion of Ukraine. Diesel prices are expected to go up by as
15 much as ₱5.30 to ₱5.50 per liter, while gas could rise by ₱3.60 to ₱3.80 per liter.
16 Meanwhile, kerosene could see a ₱4.00 to ₱4.10 increase per liter. Prior to the recent
17 hike, petroleum prices had already cumulatively increased by as much as ₱10 to ₱11;⁷

18 WHEREAS, with no end in sight to the ongoing Ukraine conflict, and as the
19 world gears up for any spillover of violence, the prices of petroleum products figure to
20 soar even higher as the days go by, as Russia, a top producer and supplier of gas to the
21 European Union, continues to be levied heavy economic sanctions by Western allied
22 forces;⁸

23 WHEREAS, the Philippine government has to remain cognizant of the fact that
24 while the ongoing conflict may be happening far from our borders, the

⁴ *Ibid.*

⁵ Crismundo, K. (23 February 2022). *DTI sees minimal impact on PH trade amid Ukraine-Russia crisis*. Retrieved 6 March 2022, from <https://www.pna.gov.ph/articles/1168412>

⁶ Baclig, C. (01 March 2022) *Putin's war on Ukraine and impact on PH prices*. Retrieved 6 March 2022, from <https://newsinfo.inquirer.net/1562204/putins-war-on-ukraine-and-impact-on-ph-prices>.

⁷ ABS-CBN News. (5 March 2022). *Gas prices to soar by as much as P3, diesel P5 next week amid Ukraine conflict*. Retrieved 6 March 2022, from <https://news.abs-cbn.com/business/03/05/22/gas-prices-to-soar-by-as-much-as-p3-diesel-p5-next-week>

⁸ Reuters. (6 March 2022). *Putin says Western sanctions are akin to declaration of war*. Retrieved 6 March 2022, from <https://newsinfo.inquirer.net/1563979/putin-says-western-sanctions-are-akin-to-declaration-of-war>

1 interconnectedness of the global economic order means that its consequences can be
2 vast and far-reaching;

3 WHEREAS, soaring fuel prices to unprecedented levels brought about both by
4 current international and geopolitical tensions as well as the effects of the global
5 pandemic from which the entire world has only begun to slowly recover from,
6 necessitate a swift and decisive action. The State must come to the aid of Filipinos who
7 will have to bear the brunt of the crippling effects of rising fuel prices. It bears stressing
8 that the consistent upward trend of fuel prices without a concomitant increase in
9 salaries and wages of Filipinos has made purchasing even the most basic of goods truly
10 burdensome. With the price of basic commodities dependent on the prices of fuel, this
11 upward trend can only be seen to even more sharply increase in the coming days;

12 WHEREAS, it behooves the Philippine government to enact policies that
13 protect its citizens from the consequences – both intended and unintended – of the
14 Russian invasion of Ukraine. The President must remain at the helm of policy direction
15 even as he transitions back to a life of normalcy as he previously announced;

16 WHEREAS, with our country still reeling from the economic impacts of the
17 COVID-19 pandemic, the government must not remain unperturbed by the continuous
18 increase in fuel prices. Rather, they should be implementing strategies that will help
19 stimulate economic activity and chart our path towards economic recovery and
20 eliminate any obstacles along the way;

21 WHEREAS, if oil prices continue to soar, it will have a long-reaching effect in
22 our economy, including a possible hyperinflation that will put the price of
23 transportation and basic commodities out of reach for many Filipinos;

24 WHEREAS, while the government can plan for the long-term outlook, the
25 present surge in oil prices warrants immediate action lest our economy and
26 countrymen suffer devastating setbacks that will further hamper much needed
27 recovery that has eluded our country from the time the COVID-19 pandemic occurred;

28 WHEREAS, targeted subsidy and petroleum discount programs no longer
29 suffice as more and more people outside the transport sector suffer the consequences
30 of the oil price surge;

1 WHEREAS, there is need to take decisive action and immediately suspend all
2 import duties on petroleum products in order to protect consumer interests and
3 ensure that gas prices remain affordable and accessible to ordinary Filipinos until the
4 price of oil in the international market stabilizes;

5 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE, to urge President
6 Rodrigo Roa Duterte to temporarily suspend the import duties of petroleum products
7 to promote and protect the general welfare of Filipino consumers in light of the
8 extraordinary surge in global oil prices.

Adopted,

Leila M. de Lima
LEILA M. DE LIMA