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SENATE
P.S. RES. No. 36

RECEIVED BY: 

Introduced by Senator WIN GATCHALIAN

**A RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO
CONDUCT AN INQUIRY IN AID OF LEGISLATION ON THE
IMPLEMENTATION OF REPUBLIC ACT NO. 8479 OTHERWISE KNOWN AS
THE DOWNSTREAM OIL INDUSTRY DEREGULATION ACT OF 1998 WITH
THE END IN VIEW OF INTRODUCING REMEDIAL LEGISLATION AS MAY BE
NECESSARY**

1 WHEREAS, Republic Act No. 8479, otherwise known as The Downstream Oil
2 Industry Deregulation Act of 1998 (Oil Deregulation Act), liberalized and deregulated
3 the Philippine downstream oil industry with the goal of creating a competitive
4 domestic oil market under a regime of fair prices;¹

5 WHEREAS, the Philippine Institute for Development Studies observed in 2000
6 that in the immediate aftermath of the passage of the Oil Deregulation Act, prices of
7 petroleum products increased continuously² prompting accusations that oil
8 companies were unduly profiting from the deregulation of the industry as well as
9 subsequent calls for the law's repeal;³

10 WHEREAS, in 2012, the Department of Energy (DOE) created an Independent
11 Oil Price Review Committee (IOPC) to determine if oil companies accumulated
12 excessive profits and were guilty of unfair pricing;⁴

13 WHEREAS, the IOPC concluded that oil companies' profits are reasonable
14 relative to other industries⁵ and further recommended that the DOE conduct a

¹ Section 2, R.A. 8479 (1998).

² Economic Issue of the Day: Oil Deregulation. Philippine Institute for Development Studies. Number 2. February 2000.

³ Deregulation Backlash in the Philippines. Oil & Gas Journal. 25 August 2000. Available at: <https://www.ogj.com/refining-processing/refining/article/17251849/deregulation-backlash-in-the-philippines>. Accessed on 26 March 2000.

⁴ Through Department Order No. DO2012-03-000 entitled, "Creating an independent committee to review the records of oil companies."

1 deeper study to further foster competition in the industry, and actively monitor oil
2 companies to ensure they implement reasonable and fair changes in pump prices;⁶

3 WHEREAS, eight years after the IOPC study, DOE has been unable to actively
4 and independently monitor the levels of inventory from the refinery, to the depot,
5 and down to the retail level,⁷ and has instead relied on data provided by oil
6 companies⁸ validated through random checks and inspections of industry
7 participants,⁹ notwithstanding an express mandate for the DOE to “maintain a
8 periodic schedule of present and future total industry inventory of petroleum
9 products for the purpose of determining the level of supply”,¹⁰

10 WHEREAS, while an entire chapter in the Oil Deregulation Act is dedicated to
11 anti-competitive safeguards and measures,¹¹ the DOE’s efforts in ensuring fair
12 competition and preventing anti-competitive schemes has been hindered not only by
13 lack of manpower and experience in anti-trust investigations,¹² but also with legal
14 hurdles as evidenced by court cases filed against its recent directive¹³ for oil
15 companies to unbundle their prices;¹⁴

16 WHEREAS, the DOE itself, last 11 October 2019,¹⁵ proposed a review of the
17 Oil Deregulation Act with the following goals: increasing transparency in how oil
18 companies price their petroleum products,¹⁶ empowering the DOE to set oil price
19 ceiling and unbundle oil products, and creating an interagency body to prepare an oil
20 contingency policy and review fuel conservation and rationing in times of crises;¹⁷

21 WHEREAS, more than 20 years since its passage, the Oil Deregulation Act is
22 now ripe for a comprehensive review in order to assess the successes and failures in
23 its implementation, ensure its responsiveness to the policy goal of ensuring energy

⁵ Page 5. The Report of the Independent Oil Price Review Committee (2012). Available at: <https://www.doe.gov.ph/downstream-oil?q=downstream-oil/research/ioprc-report-2012>.

⁶ Pages 8 to 9. The Report of the Independent Oil Price Review Committee (2012). Available at: <https://www.doe.gov.ph/downstream-oil?q=downstream-oil/research/ioprc-report-2012>.

⁷ Pages 20 to 24. Transcript of Stenographic Notes of Senate Committee on Energy hearing held last 18 January 2018.

⁸ Page 39. Transcript of Stenographic Notes of Senate Committee on Energy hearing held last 18 January 2018.

⁹ Pages 26. Transcript of Stenographic Notes of Senate Committee on Energy hearing held last 18 January 2018.

¹⁰ Section 14 (c), R.A. 8479 (1998).

¹¹ Chapter III entitled “Anti-Trust Safeguards, Other Prohibited Acts and Remedies” covering Sections 11 to 13.

¹² Aldaba, R. Regulatory Policies and Reforms in the Power and Downstream Oil Industries. Page 102. Philippine Journal of Development. 2004.

¹³ Through Department Circular No. DC2019-05-0008 entitled, “Revised Guidelines for the Monitoring of Prices in the Sale of Petroleum Products by the Downstream Oil Industry in the Philippines”.

¹⁴ Court stops DOE’s oil unbundling policy. Available at: <https://www.philstar.com/business/2019/07/13/1934189/court-stops-does-oil-unbundling-policy>. 13 July 2019.

¹⁵ As reflected in the Official Statement of Presidential Spokesperson Salvador S. Panelo regarding the 42nd Cabinet Meeting held on 11 October 2019.

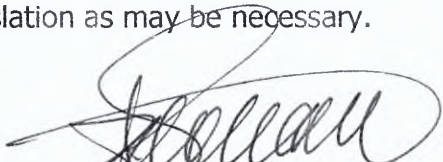
¹⁶ DOE pushes oil deregulation law revision. Available at: <https://businessmirror.com.ph/2019/10/16/doe-pushes-oil-deregulation-law-revision/>. 16 October 2019.

¹⁷ ‘Amend oil deregulation law’ – DOE. Available at: <https://newsinfo.inquirer.net/1177030/amend-oil-deregulation-law-doe>. 13 October 2019.

1 security, assure the advancement and protection of consumer interest, and identify
2 and act on policy gaps, if any;

3 RESOLVED BY THE SENATE, as it is hereby resolved, to direct the appropriate
4 Senate Committee an inquiry in aid of legislation on the implementation of Republic
5 Act No. 8479 otherwise known as the Downstream Oil Industry Deregulation Act of
6 1998, with the end in view of introducing remedial legislation as may be necessary.

Adopted,



WIN GATCHALIAN