

WHEREAS, oil prices today are more than 50% above its 1992 level. Stable prices prior to the oil crisis in 1974 and 1979 were based on long term contracts- frequently for 24 or 36 months. The stable prices before has been replaced with the spot market and the futures markets.

WHEREAS, 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 also 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.

WHEREAS, from 2000 to 2004, oil products have been overpriced by around PhP3.67 per liter. During this period, underpricing was recorded in 2001 and 2002 when the oil companies posted an under-recovery of PhP1.12 and PhP2.48 per liter, respectively. This was easily offset by overpricing in 2000 (PhP2.88 per liter), 2003 (PhP1.28 per liter), and 2004 (PhP3.11 per liter).

WHEREAS, it is high time that the National Government regain control of Petron and strategically position itself in the highly volatile oil industry for the benefit and greater interest of the consuming public and the Filipino people.

WHEREAS, other countries such as China, Malaysia, India, Bolivia, Taiwan, Japan, Venezuela and Mexico have their own respective government owned corporations engaged in the petroleum business to compete with foreign owned corporations engaging in price manipulation and speculation.

NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, TO DIRECT THE COMMITTEE ON ENERGY TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE NATIONAL GOVERNMENT'S EQUITY INTEREST IN PETRON CORPORATION WITH THE END IN VIEW OF ESTABLISHING A GOVERNMENT-OWNED AND CONTROLLED OIL CORPORATION THAT WILL COMPETE WITH THE ALLEGED PRICE MANIPULATION AND SPECULATION OF FOREIGN OWNED CORPORATIONS IN THE MARKET.

Adopted,



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