

THIRTEENTH CONGRESS)
OF THE REPUBLIC OF THE PHILIPPINES)
SECOND REGULAR SESSION)

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SENATE
Senate Bill No. **2126**

RECEIVED BY: 

Introduced by Senators M.A. Madrigal and Aquilino Q. Pimentel, Jr.

EXPLANATORY NOTE

With the passage of R.A. 8479 (Downstream Oil Industry Deregulation Act) in 1998, the Philippines committed to a policy to liberalize and deregulate the downstream oil industry to enable other players to compete thereby lowering oil prices. The Act effectively removed the government's previous control over the prices of all petroleum products, including Liquefied Petroleum Gas (LPG) and kerosene. As a result, domestic oil prices were allowed to fluctuate freely in relation to international spot trading prices. This has made the Philippines economically vulnerable to price fluctuations in the world oil market, with the Filipino working classes bearing the brunt of the impact.

Since the implementation of oil deregulation, oil prices have increased more than fifty (50) times thereby proving that the deregulation of prices in a cartel industry is not feasible. The objective for the passage of the law, which was to lower prices, has never been fulfilled while the opposite has become a reality. However, despite recurring calls for the return of price controls, the government has remained committed to deregulation and the Supreme Court has upheld the constitutionality of the policy.

LPG and kerosene are basic necessities in the Filipino household. In the 2004 Household Energy Consumption Survey, a nationwide survey of households undertaken by the National Statistics Office in collaboration with the Department of Energy, it was found out that from 1995 to 2004, the number of LPG household users had doubled. Most of the working class households use LPG for cooking, heating water and other purposes. Meanwhile, majority of the households utilize kerosene for lighting while some use it for fire starting and cooking.

Indeed, LPG and kerosene are socially sensitive petroleum products. Ironically, these products are not included in definition of "basic necessities" provided in Section 3, paragraph (1) of Republic Act No. 7581, otherwise known as the "Price Act", which aims to provide effective protection to consumers with respect to the supply, distribution, and marketing of *basic necessities* and prime commodities especially during periods of calamity, emergency, and similar situations. It further provides that the State shall establish a mechanism that will protect consumers from inadequate supply and unreasonable price increases.

From January to October this year, the prices of petroleum products have increased thirteen (13) times. The prices of LPG have increased ten (10) times for the same period and there are forecasts that the price may reach as high as P500.00 by January next year. Oil companies justify these increases by citing the unstable movement of prices of oil per barrel in the world market. Despite being socially sensitive products, LPG and kerosene prices remain deregulated and subject to market fluctuations.

While minimum wage in Metro Manila has been pegged at P250.00 since 2000, the cost of living has continuously risen along with the Consumer Price Index. According to a study conducted by a non-government think-tank, the cost of living for a Filipino family of six (6) is P484.31 a day in September of this year. Given the wide disparity between the daily cost of living and the minimum wage, another increase in the price of basic necessities would result in dire consequences to the working class.

It is in this context, and against a background of continuing protest by various sectors against oil price hikes and similar increases in the price of prime commodities brought about by misguided economic policies, that this bill is being proposed. This Senate bill seeks to include LPG and kerosene in the list of basic necessities provided in RA 7581 to give relief to the grievances of the consumers, especially the marginalized women and their families, and to give meaning to the policy of the State to ensure the availability of basic necessities and prime commodities at all times.

In view of the above, the approval of this bill is earnestly sought.


M.A. MADRIGAL


AQUILINO Q. PIMENTEL, JR.

THIRTEENTH CONGRESS)
OF THE REPUBLIC OF THE PHILIPPINES)
SECOND REGULAR SESSION)

5 SEP 21 P5:13

SENATE
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RECEIVED BY: 

Introduced by Senators M.A. Madrigal and Aquilino Q. Pimentel, Jr.

**AN ACT
TO INCLUDE LIQUEFIED PETROLEUM GAS (LPG) AND KEROSENE IN THE
LIST OF BASIC NECESSITIES IN SECTION 3 OF REPUBLIC ACT 7581, OTHERWISE
KNOWN AS THE "PRICE ACT"**

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

SECTION 1. Section 3, paragraph (1) of Republic Act No. 7581 is hereby amended to read as follows:

"SECTION 3. Definition of Terms. - For the purposes of this Act, the term:

- (1) "Basic Necessities" includes: rice, corn, bread, fish, dried and canned fish and other marine products, fresh pork, beef and poultry meat; fresh eggs; fresh and processed milk; fresh vegetables; root crops; coffee; sugar; cooking oil; salt; laundry soap; detergents; firewood; charcoal; **LIQUEFIED PETROLEUM GAS (LPG); KEROSENE**; candles; and drugs classified as essential by the Department of Health."

SECTION 2. Repealing Clause - All laws, decrees, executive orders, rules and regulations and other issuances or parts thereof, which are inconsistent with this Act, are hereby repealed or modified accordingly.

SECTION 3. Effectivity Clause - This Act shall take effect fifteen days after its publication in at least two (2) newspapers of general circulation.

Approved,