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SENATE

P. S. Res. No. 889

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INTRODUCED BY THE HONORABLE MAR ROXAS

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A RESOLUTION

DIRECTING THE SENATE COMMITTEE ON TRADE AND COMMERCE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED SHORTAGE IN THE SUPPLY OF LIQUEFIED PETROLEUM GAS (LPG) AND THE INCREASE IN ITS RETAIL PRICE TO DETERMINE ITS CAUSE AND ENSURE ITS SUFFICIENT SUPPLY IN THE LOCAL MARKET AND FOR OTHER PURPOSES.

WHEREAS, Section 13, Article XII of the 1987 Philippine Constitution, mandates the State to “pursue a trade policy that serves the general welfare and utilizes all forms and arrangements of exchange on the basis of equality and reciprocity;”

WHEREAS, the State must ensure that vital public utilities, consumer goods, and services are available and traded in a fair and just environment;

WHEREAS, since December of last year, consumers have been complaining about the shortage in supply of liquefied petroleum gas (LPG), a widely used fuel commodity in the Philippines, accounting for a significant portion of the country's total oil demand, which is commonly used by Filipino households for cooking;

WHEREAS, as early December 2008, LPG Marketers Association (LPGMA) had already informed the Department of Energy (DOE) on the warnings passed on from their suppliers of an LPG shortage and urged the DOE to address the supply problem;

WHEREAS, despite the warnings of LPGMA, Energy Secretary Angelo Reyes, firmly stood by its belief and refuted that there is LPG shortage, and even assured the public of steady and ample supply of cooking gas;

WHEREAS, during the hearing of the House Committee on Energy on 3 February 2009, Secretary Reyes blamed hoarders and illegal refillers for the shortage of LPG in many parts of Metro Manila, and cited that they had seized some 2,000 cylinders of allegedly hoarded LPGs from a Chinese trader in Manila last 31 January 2009;

WHEREAS, Arnel Ty, president of the LPGMA, said it is impossible for thousands of refillers and small players to connive and create a false supply problem since it would be easy for the three largest oil firms in the country –Petron Corporation, Pilipinas Shell, and Chevron –to control the supply;

WHEREAS, Oil Industry Management Bureau Director Zenaida Monsada reported that the tightness in supply emerged as demand for LPG last December was 30% higher than the previous month, which means the supply is there but may not be enough to supply the sudden increase in requirements;

WHEREAS, according to the price monitoring report of the Department of Energy, the retail price of LPG, has increased by 24% to Php504.74 per 11-kg cylinder from Php406.15 in December 2009;

WHEREAS, LPG contract price in the world market are to increase by US\$70-100 per metric ton this February, translating to Php3-5 per kilogram increase in retail prices;

WHEREAS, the apparent shortage and increased prices of LPG may affect the prices of other prime commodities, such as bread, which according to news reports are already considering hiking their prices;

WHEREAS, some taxi operators in Metro Manila who are using LPG-fueled engines, are also affected by the problem, and sought the return of the mandatory Php10 tip because of the lack of LPG in the market;

WHEREAS, according to DOE, supply of LPG is expected to normalize starting February with fresh deliveries from oil companies, which is being disputed by LPGMA and warned that the problem could last until March;

WHEREAS, consumer rights advocate Raul Concepcion urged that the Department of Trade and Industry should be on the case, since the basic rights of consumers to cheap and available fuel is probably being violated by hoarders and speculators of LPG;

WHEREAS, there is a need to look into the LPG shortage and the increase in its retail price to determine whether these are natural results of global market forces or price manipulation through artificial supply shortage;

*NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED*, that the Senate direct the Senate Committee on Trade and Commerce to conduct an inquiry, in aid of legislation, on the reported shortage in the supply of liquefied petroleum gas (LPG) and the increase in its retail price to determine its cause and ensure its sufficient supply in the local market and for other purposes.

Adopted,

  
M A R ROXAS  
Senator