


9 OCT 28 AM 57

SENATE

P.S. RESOLUTION NO. **1433**

RECEIVED BY: 

Introduced by:
Senator Francis N. Pangilinan

***A RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE
TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION,
ON THE ASSERTION OF THE OIL COMPANIES THAT THERE
IS A THREAT OF SHORTAGE OF PETROLEUM PRODUCTS
BECAUSE OF THE IMPLEMENTATION OF EXECUTIVE ORDER NO. 839***

WHEREAS, Executive Order No. 839 directs oil industry players to retain the level of the retail price of petroleum products prevailing on the last landfall of Tropical Storm "Pepeng" (international codename: Ketsana) during the period of emergency on the entire island of Luzon, which was on October 15, 2009. The price ceiling on oil products will continue throughout the duration of the state of calamity in Luzon due to the recent typhoons which had hit our country;

WHEREAS, EO No. 839 stated that the government had to respond immediately to the clamor of the Filipino people to prevent unreasonable increases in the prices of petroleum products during the state of calamity. The government must exercise the powers conferred upon it within the limits set by the laws to prevent predatory pricing, unreasonable pricing, cartelization, among others, which the oil industry players may resort to;

WHEREAS, on October 20, 2009 the prices for gasoline increased by Php 1.25 per liter and Php 2.00 per liter for diesel as imposed by the oil companies;

WHEREAS, due to the issuance of the executive order, the local oil companies complied with the directive to rollback oil prices prevailing on October 15, 2009. However, officials of the oil companies said that the implementation of the executive order has serious implications not only to the supply of products in the country but also to investments. They further stated that the industry's fuel supply would be threatened. Some of the oil companies are canceling their importation of petroleum products;

WHEREAS, Article XII, Section 19 of the Constitution provides that the State shall regulate or prohibit monopolies when the public interest so requires. No combinations in restraint of trade or unfair competition shall be allowed. As decided by the Supreme Court, the simplest form of monopoly exists when there is only one seller or producer of a product or service for which there are no substitutes. In its more complex

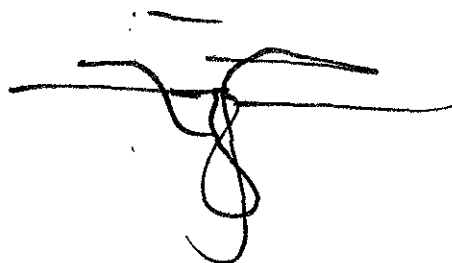
form, monopoly is defined as the joint acquisition or maintenance by members of a conspiracy, formed for that purpose, of the power to control and dominate trade and commerce in a commodity to such an extent that they are able, as a group, to exclude actual or potential competitors from the field, accompanied with the intention and purpose to exercise such power;

WHEREAS, the oligopoly or cartel formed by the oil companies is manifestly shown by price-fixing and overpricing. There is an imminent danger created by the oil cartel to national security and economic development. The oil companies cannot push for price control with no fixed end in sight. Section 14 (e) of Republic Act 8479 otherwise known as Downstream Oil Industry Deregulation Act of 1998 authorizes the Department of Energy to temporarily take over or direct the operation of players in the downstream oil industry. In times of national emergency, when the public interest so requires, the DOE may, during the emergency and under reasonable terms prescribed by it, temporarily take over or direct the operation of any person or entity engaged in the industry;

WHEREAS, the claim of the oil companies that there is a threatened shortage due to the implementation of the executive order should be based on data and statistics. The fluctuations in the supply and price of oil products affect not only the Filipino consumers but also our country's economic development and public welfare;

NOW, THEREFORE, be it resolved, as it is hereby resolved, to direct the proper Senate Committee to conduct an inquiry, in aid of legislation, on the assertion of the oil companies that there is a threat of shortage of petroleum products because of the implementation of Executive Order No. 839;

ADOPTED,

A handwritten signature in black ink, consisting of a horizontal line with a large, stylized loop and a vertical stroke extending downwards.