


THIRTEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

5 AUG 22 P3:33

SENATE
Senate Bill No. 2084

RECEIVED BY: 

Introduced by Senator M. A. Madrigal

AN ACT
REPEALING REPUBLIC ACT 8479, OTHERWISE KNOWN AS THE
"DOWNSTREAM OIL INDUSTRY DEREGULATION ACT OF 1998"

EXPLANATORY NOTE

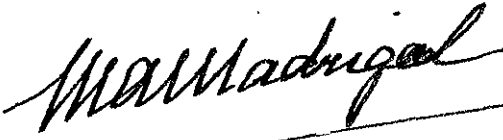
Republic Act 8479 was enacted in 1998 to replace Republic Act 8180, otherwise known as the "Downstream Oil Industry Deregulation Act of 1996," which was declared unconstitutional by the Supreme Court.

RA 8180 enabled the three oil companies – PETRON, SHELL, and CALTEX - to combine their operations and marketing schemes and thereby effectively function as a cartel. Further, three specific provisions on tariff differential, minimum inventory clause, and the predatory pricing scheme helped to diminish the numbers and competitiveness of new players in the oil industry. The Court concluded that RA 8180 allowed the big three oil companies a combination in restraint of trade or unfair competition in contravention of Article XII, Section 19 of the 1987 Philippine Constitution, which mandates that, "*[t]he State shall regulate or prohibit monopolies when the public interest so requires. No combinations in restraint of trade or unfair competition shall be allowed.*"

Removing the controversial provisions and with minimal substantial alterations, RA 8479 was passed in 1998 as the revised Oil Deregulation Law with the end in view of liberalizing and deregulating the downstream oil industry in order to ensure a truly competitive market under a regime of fair prices, adequate and continuous supply of environmentally-clean and high-quality petroleum products. It also encouraged the entry of new participants in the downstream oil industry.

However, with the passage of RA 8479, oil prices have continually skyrocketed at an alarming rate when figures from the Paris-based International Energy Agency (IEA), the central collection point for world oil information, shows that as of 11 August 2005, there is NO shortage of oil in the world. Overpricing and profiteering seems to be the name of the game for the three big oil companies at the expense of the Filipino consumers who are shackled by the current oil deregulation law to do anything about it. Oil companies still continue to operate as cartels. They have failed to explain the mechanisms used in setting oil prices and its relation to the crude oil world market supply and to the foreign exchange rate. The oil deregulation system has failed to bring down oil prices and failed to check the unilateral move of oil prices to dictate the price of oil. It is incumbent therefore that, the Oil Deregulation Act be repealed.


The passage of this bill is earnestly requested.


M.A. MADRIGAL

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

Section 1. Short Title. This Act shall be known as "An Act Repealing Republic Act 8479, otherwise known as the Downstream Oil Industry Deregulation Act of 1998."

Section 2. Declaration of State Policy. It is the State's policy to uphold a truly competitive economy that releases the creative energy of free enterprise and fair competition.

Section 3. Repealing Clause. Any provision of law to the contrary notwithstanding, Republic Act 8479, otherwise known as the "Downstream Oil Industry Deregulation Act of 1998," is hereby repealed.

Section 4. Separability Clause. If any part of this Act is declared unconstitutional or invalid, the other provisions not affected thereby shall continue to be in full force and effect.

Section 5. Effectivity. This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,