Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City, Metro Manila  

EIGHTEENTH CONGRESS  
Second Regular Session  

HOUSE RESOLUTION NO. 1651

Introduced by Hon. Juan Miguel Macapagal Arroyo

A RESOLUTION DIRECTING THE COMMITTEE ON ENERGY TO CONDUCT AN URGENT INQUIRY IN AID OF LEGISLATION ON THE RECENT SPATE OF OIL PRICE HIKES EXACERBATING THE ECONOMIC HARDSHIPS CAUSED BY THE COVID-19 PANDEMIC.

WHEREAS, Republic Act No. 8479, otherwise known as the “Downstream Oil Industry Deregulation Act of 1998,” states under its Declaration of Policy that it “shall be the policy of the State to liberalize and deregulate 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;”

WHEREAS, Section 7 of R.A. No. 8479, entitled “Promotion of Fair Trade Practices,” mandates that the “Department of Trade and Industry (DTI) and [Department of Energy] DOE shall take all measures to promote fair trade and prevent cartelization, monopolies, combinations in restraint of trade, and any unfair competition in the Industry as defined in Article 186 of the Revised Penal Code, and Articles 168 and 169 of Republic Act No. 8293, otherwise known as the 'Intellectual Property Act’;

WHEREAS, the second paragraph of the aforementioned section further states that, “the DOE shall monitor the relationship between the oil companies (refiners and importers) and their dealers, haulers and LPG distributors to help ensure the observance of fair and equitable practices and to ensure the enforcement of existing contracts;”

WHEREAS, in the 17th Congress, the House Committee on Energy conducted four (4) committee hearings on the disparity and overpricing of fuel prices in Northern Luzon, particularly in Baguio City, and consequently, a marked decrease in fuel prices was observed and monitored in Baguio City;
WHEREAS, in 2019, the DOE issued Department Circular No. DC2019-005-008 mandating oil companies to submit a detailed computation of the price components with every price adjustment of petroleum products. Among those sought to be unbundled are: Import cost, taxes, biofuel cost and oil company-take components;

WHEREAS, in 2020, a Regional Trial Court (RTC) in Taguig City granted Pilipinas Shell Petroleum Corp.'s petition for writ of preliminary injunction enjoining the DOE from implementing its fuel unbundling circular. The Court of Appeals subsequently denied the DOE's petition to reverse the said RTC's decision but the tribunal ruled only on the issue of the validity of the trial court's issuance of a writ of preliminary injunction and did not decide on the validity or invalidity of the policy in question;

WHEREAS, the COVID-19 pandemic caused the worldwide collapse of oil demand and prices as pandemic measures were implemented and people stopped travelling;

WHEREAS, the said health crisis severely crippled the Philippine economy: causing massive unemployment, closure of business, and high prices of goods, among others.

WHEREAS, in the 15 January 2021 hearing of the House Committee on Energy, it was observed that in numerous instances, fuel prices declared by several oil companies through the years, appears to be identical up to the third decimal point;

WHEREAS, lawmakers have also observed that the movement of oil prices in the country quickly reflect any increase in oil prices in the international market but is not too quick to truly reflect any downtrend in oil prices in the international market despite oil companies supposedly holding a 30-day buffer stock or reserve;

WHEREAS, the price adjustments that the consumers will face when they gas up are not necessarily the same as what companies submit to the DOE. As observed in the previous hearings of the Energy Committee, oil companies allow their gas stations certain elbow room to adjust prices, thus actual prices may be lower in areas where gas stations face effective competition, and higher with less competition;

WHEREAS, the paltry price decline this week after weeks of successive hefty price hikes is reportedly a short breather as international benchmark Brent crude already tripled within US$69 per barrel level as of 05 March 2021, and expected to reach a record-high of US$70 per barrel the succeeding week, a cost level even higher before last year's strike of the coronavirus pandemic;

WHEREAS, economists predict that the market cannot absorb price increases due to the increase in oil input prices, thus unbridled oil price increases will surely be an added burden to Filipino consumers;
WHEREAS, the consuming public, already reeling from the rising prices of food commodities deserves a full, truthful, and transparent explanation of the continuing price hike of fuel amid the apparent refusal of oil companies to be fair and transparent with fuel pricing;

WHEREAS, oil deregulation should protect consumers and promote genuine competition and not complicit collusion, most acutely during this time of crisis;

NOW THEREFORE, BE IT RESOLVED, as it is hereby resolved by the House of Representatives to direct the Committee on Energy to conduct an inquiry, in aid of legislation, on the recent spate of oil price hikes exacerbating the economic hardships caused by the COVID-19 pandemic.

ADOPTED,

[Signature]

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