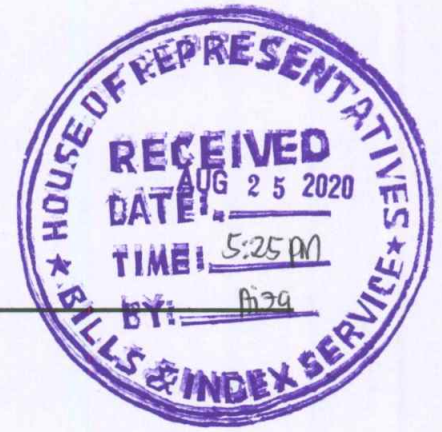


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS

Second Regular Session



COMMITTEE REPORT NO. 436
AUG 25 2020

Submitted by the Committee on Energy on _____

Re: House Resolution No. 1161

Recommending its adoption pursuant to House Resolution 44 and informing the House its findings and recommendations

Sponsors: Representatives Lord Allan Q. Velasco and Mark O. Go

Mr. Speaker:

The Committee on Energy, to which was referred House Resolution No. 44, introduced by Representative Mark O. Go, entitled:

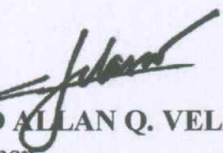
“RESOLUTION DIRECTING THE HOUSE COMMITTEE ON ENERGY TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE CONTINUED DISPARITY AND OVERPRICING OF FUEL PRICES IN NORTHERN LUZON”

has considered the same and recommends the adoption of its findings and recommendations in the attached report, including House Resolution No. 1161, entitled:

“RESOLUTION URGING THE DEPARTMENT OF ENERGY TO CONDUCT AN INVESTMENT FORUM WITH THE LOCAL GOVERNMENT UNITS (LGUs) AND OIL PLAYERS TO DISCUSS WAYS AND MEANS TO LOWER FURTHER THE PRICES OF OIL AND THE DEPARTMENT OF FINANCE TO ADDRESS THE GROWING CONCERN ON FUEL SMUGGLING TO AVOID REVENUE LOSSES AND INCREASE TAX COLLECTIONS”

pursuant to House Resolution No. 44 with Representatives Mark O. Go and Lord Allan Q. Velasco, as authors thereof.

Respectfully submitted:


LORD ALLAN Q. VELASCO
Chairman
Committee on Energy

The HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
Quezon City

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Eighteenth Congress
Second Regular Session

HOUSE RESOLUTION NO. 1161
(In substitution of House Resolution No. 44)

Introduced by Representatives Mark O. Go and Lord Allan Q. Velasco

RESOLUTION

URGING THE DEPARTMENT OF ENERGY (DOE) TO CONDUCT AN INVESTMENT FORUM WITH THE LOCAL GOVERNMENT UNITS (LGUs) AND OIL PLAYERS TO DISCUSS WAYS AND MEANS TO LOWER FURTHER THE PRICES OF OIL PRODUCTS AND THE DEPARTMENT OF FINANCE (DOF) TO ADDRESS THE GROWING CONCERN ON FUEL SMUGGLING TO AVOID REVENUE LOSSES AND IMPROVE TAX COLLECTION

WHEREAS, Republic Act No. 8479, otherwise known as the "Downstream Oil Industry Deregulation Act of 1998", states 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 RA 8479 states that, "*the Department of Trade and Industry (DTI) and the Department of Energy (DOE) shall take all measures to promote fair trade and prevent cartelization, monopolies or 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 Law"*;

WHEREAS, the second paragraph of the aforesaid section states that, "*the Department of Energy 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, the increment in the oil prices passed on by the petroleum companies directly hits household consumers and affects the inflation rate, which leads to the increase in the prices of basic commodities;

WHEREAS, House Resolution No. 853, directing the House Committee on Energy to conduct an investigation on the disparity and overpricing of fuel prices in Northern Luzon, particularly in Baguio City, was filed during the 17th Congress and referred to the Committee on Energy, which conducted four (4) committee hearings on the matter;

WHEREAS, as a result of the persistent appeals and separate meetings made with the major oil companies, a reduction in the oil prices in Baguio City was effected by the three (3) major oil companies, namely, Petron, Shell and Chevron. An average of Php5.00-6.00/liter decrease in the price of gasoline and Php1.50-2.00/liter decrease in diesel were observed and monitored in Baguio City;

1 WHEREAS, notwithstanding such reduction in fuel prices, there are still significant
2 disparities in the prices of fuel in the Province of La Union and Baguio City in the amounts of
3 Php6.00 per liter for gasoline and Php4.00-4.80 per liter for diesel as of July 09, 2019, which
4 remains questionable;

5 WHEREAS, the consumers in Baguio City deserve an explanation on the matter and
6 there is a need for an immediate remedial measure to be implemented to make the prices of
7 fuel in Baguio City be at par with the prices in Rosario, La Union;

8 WHEREAS, it is with cogency that this concern be settled immediately to mitigate further
9 prejudice to the consuming public;

10 WHEREAS, the DOE recommended the conduct of an investment forum among the
11 DOE, local government units and oil players to discuss ways and means to lower further the
12 prices of oil, and the feasibility of establishing bulk terminals in Northern Luzon to cut down the
13 cost of transporting fuel;

14 WHEREAS, the Philippine Institute of Petroleum (PIP) had raised concern on fuel
15 smuggling and identified the same as among the causes of the disparity in oil prices;

16 WHEREAS, the PIP had called on the government to be more vigilant and address the
17 growing concern on fuel smuggling to avoid revenue losses and increase tax collections;

18 NOW, THEREFORE, BE IT RESOLVED, AS IT HEREBY RESOLVED, that the House of
19 Representatives urge the DOE to conduct an investment forum with the LGUs and oil players to
20 discuss ways and means to lower further the prices of oil and the feasibility of establishing bulk
21 terminals in Northern Luzon to cut down on the costs of transporting fuel;

22 RESOLVED, FURTHER, that the House of Representatives urge the Department of
23 Finance to address the growing concern on fuel smuggling to avoid revenue losses and improve
24 tax collection.

25 *Adopted,*