

H. No. 32696
S. No. 1370

Republic of the Philippines
Congress of the Philippines
Metro Manila

Fifth Regular Session

Begun and held in Metro Manila, on Monday, the twenty-second day of July, nineteen hundred and ninety-one.

[REPUBLIC ACT NO. 7581]

AN ACT PROVIDING PROTECTION TO CONSUMERS BY STABILIZING THE PRICES OF BASIC NECESSITIES AND PRIME COMMODITIES AND BY PRESCRIBING MEASURES AGAINST UNDUE PRICE INCREASES DURING EMERGENCY SITUATIONS AND LIKE OCCASIONS

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

SECTION 1. Short Title. - This Act shall be referred to as the "Price Act."

SEC. 2. Declaration of Basic Policy. - It is the policy of the State to ensure the availability of basic necessities and prime commodities at reasonable prices at all times without denying legitimate business a fair return on investment. It is also a declared



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policy of the State to provide effective and sufficient protection to consumers against hoarding, profiteering and cartels with respect to the supply, distribution, marketing and pricing of said goods, especially during periods of calamity, emergency, widespread illegal price manipulation and other similar situations. To these ends, the State shall:

(1) Develop, adopt and promulgate measures to promote productivity in basic necessities and prime commodities;

(2) Develop an improved and efficient transport and distribution system;

(3) Develop, adopt and promulgate measures to stabilize prices at reasonable levels;

(4) Institute appropriate penalties for illegal price manipulation and other violations of this Act; and

(5) Establish a mechanism that will readily protect consumers from inadequate supply and unreasonable price increases on occasions of calamities, emergencies and like occurrences.

SEC. 3. *Definition of Terms.* - For purposes of this Act, the term:

(1) "Basic necessities" includes: rice; corn; bread; fresh, dried and canned fish and other marine products; fresh pork, beef and poultry meat; fresh eggs; fresh and processed milk; fresh vegetables; root crops; coffee; sugar; cooking oil; salt; laundry soap; detergents; firewood; charcoal; candles; and drugs classified as essential by the Department of Health;

(2) "Buffer fund" means a contingent fund in the budget of the implementing agency which shall not be used in its normal or regular operations but only for purposes provided for in this Act;

(3) "Implementing agency" means the department, agency or office of the Government which has jurisdiction over a basic necessity or prime commodity as defined in this Act, which shall be:

(a) The Department of Agriculture, with reference to agricultural crops, fish and other marine products, fresh meat, fresh poultry and dairy products, fertilizers, and other farm inputs;

(b) The Department of Health, with reference to drugs;

(c) The Department of Environment and Natural Resources, with reference to wood and other forest products; and

(d) The Department of Trade and Industry, with reference to all other basic necessities and prime commodities.

(4) "Panic-buying" is the abnormal phenomenon where consumers buy basic necessities and prime commodities grossly in excess of their normal requirement resulting in undue shortages of such goods to the prejudice of less privileged consumers;

(5) "Person" means a natural person or a juridical person;

(6) "Prevailing price" means the average price at which any basic necessity has been sold in a given area within a month from the occurrence of any of the conditions enumerated under Section 6 of this Act;

(7) "Price ceiling" means the maximum price at which any basic necessity or prime commodity may be sold to the general public; and

(8) "Prime commodities" include fresh fruits; flour; dried, processed and canned pork; beef and poultry meat; dairy products not falling under basic necessities; noodles; onions; garlic; vinegar; *patis*; soy sauce; toilet soap; fertilizer; pesticides; herbicides; poultry; swine and cattle feeds; veterinary products for poultry, swine and cattle; paper; school supplies; *nipa* shingles; *sawali*; cement; clinker; GI sheets; hollow blocks; plywood; plyboard; construction nails; batteries; electrical supplies; light bulbs; steel wire; and all drugs not classified as essential drugs by the Department of Health.

SEC. 4. Exclusion from the Coverage of this Act. - Upon petition of the concerned parties and after public hearing, the implementing agency, with the approval of the President, may

exclude from the coverage of this Act, types or brands of the goods included in the definition of basic necessities and prime commodities, which may be deemed as nonessential goods or luxury goods: *Provided*, That, any type or brand so excluded may be reinstated by the implementing agency during occasions of acute shortage in the supply of the basic necessity or prime commodity to which the excluded type or brand used to belong.

SEC. 5. *Illegal Acts of Price Manipulation.* - Without prejudice to the provisions of existing laws on goods not covered by this Act, it shall be unlawful for any person habitually engaged in the production, manufacture, importation, storage, transport, distribution, sale or other methods of disposition of goods to engage in the following acts of price manipulation of the price of any basic necessity or prime commodity:

(1) Hoarding, which is the undue accumulation by a person or combination of persons of any basic necessity or prime commodity beyond his or their normal inventory levels or the unreasonable limitation or refusal to dispose of, sell or distribute the stocks of any basic necessity or prime commodity to the general public or the unjustified taking out of any basic necessity or prime commodity from the channels of production, trade, commerce and industry. There shall be *prima facie* evidence of hoarding when a person has stocks of any basic necessity or prime commodity fifty percent (50%) higher than his usual inventory and unreasonably limits, refuses or fails to sell the same to the general public at the time of discovery of the stocks. The determination of a person's usual inventory shall be reckoned from the third month immediately preceding before the discovery of the stocks in case the person has been engaged in the business for at least three (3) months; otherwise, it shall be reckoned from the time he started his business;

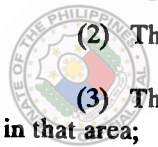
(2) Profiteering, which is the sale or offering for sale of any basic necessity or prime commodity at a price grossly in excess of its true worth. There shall be *prima facie* evidence of profiteering whenever a basic necessity or prime commodity being sold: (a) has no price tag; (b) is misrepresented as to its weight or measurement; (c) is adulterated or diluted; or (d) whenever a person raises the price of any basic necessity or prime commodity he sells or offers for sale to the general public by more than ten percent

(10%) of its price in the immediately preceding month: *Provided*, That, in the case of agricultural crops, fresh fish, fresh marine products, and other seasonal products covered by this Act and as determined by the implementing agency, the *prima facie* provision shall not apply; and

(3) Cartel, which is any combination of or agreement between two (2) or more persons engaged in the production, manufacture, processing, storage, supply, distribution, marketing, sale or disposition of any basic necessity or prime commodity designed to artificially and unreasonably increase or manipulate its price. There shall be *prima facie* evidence of engaging in a cartel whenever two (2) or more persons or business enterprises competing for the same market and dealing in the same basic necessity or prime commodity, perform uniform or complementary acts among themselves which tend to bring about artificial and unreasonable increase in the price of any basic necessity or prime commodity or when they simultaneously and unreasonably increase prices on their competing products thereby lessening competition among themselves.

SEC. 6. *Automatic Price Control.* - Unless otherwise declared by the President, prices of basic necessities in an area shall automatically be frozen at their prevailing prices or placed under automatic price control whenever:

- (1) That area is proclaimed or declared a disaster area or under a state of calamity;
- (2) That area is declared under an emergency;
- (3) The privilege of the writ of *habeas corpus* is suspended in that area;
- (4) That area is placed under martial law;
- (5) That area is declared to be in a state of rebellion; or
- (6) A state of war is declared in that area.



If the prevailing price of any basic necessity is excessive or unreasonable, the implementing agency may recommend to the President the imposition of a price ceiling for the sale of the basic necessity at a price other than its prevailing price.

Unless sooner lifted by the President, price control of basic necessities under this section shall remain effective for the duration of the condition that brought it about, but not for more than sixty (60) days.

The terms "disaster" and "calamity" shall include those brought about by natural or man-made causes, whether local or foreign.

SEC. 7. Mandated Price Ceiling. - The President, upon the recommendation of the implementing agency, or the Price Coordinating Council, may impose a price ceiling on any basic necessity or prime commodity if any of the following conditions so warrants:

- (1) The impendency, existence, or effects of a calamity;
- (2) The threat, existence, or effects of an emergency;
- (3) The prevalence or widespread acts of illegal price manipulation;
- (4) The impendency, existence, or effect of any event that causes artificial and unreasonable increase in the price of the basic necessity or prime commodity; and
- (5) Whenever the prevailing price of any basic necessity or prime commodity has risen to unreasonable levels.

SEC. 8. Determination of Price Ceilings. - In determining the reasonable price ceiling, the following factors may be taken into consideration:

- (1) The average price, in the last three (3) months immediately preceding the proclamation of the price ceiling, of the basic necessity or prime commodity under consideration;

- (2) The supply available in the market;
- (3) The cost to the producer, manufacturer, distributor or seller including but not limited to:
 - (a) The exchange rate of the peso to the foreign currency with which a basic necessity or prime commodity or any component, ingredient or raw material thereof was paid for;
 - (b) Any change in the amortization cost of machinery brought about by any change in the exchange rate of the peso to the foreign currency with which the machinery was bought through credit facilities;
 - (c) Any change in the cost of labor brought about by a change in the minimum wage; and
 - (d) Any increase in the cost of transporting or distributing the basic necessity or prime commodity to the area of destination.
- (4) Such other factors or conditions which will aid in arriving at a just and reasonable price ceiling.

SEC. 9. Allocation of a Buffer Fund to the Implementing Agency. - The implementing agency may procure, purchase, import, or stockpile any basic necessity or prime commodity, devise ways and means of distributing them for sale at reasonable prices in areas where there is shortage of supply or a need to effect changes in its prevailing price. For any or all of these purposes, a buffer fund shall be allocated in the annual appropriations of the implementing agencies.

SEC. 10. Powers and Responsibilities of Implementing Agencies. - To carry out the intents and purposes of this Act, the head of the implementing agency shall have the following additional powers and responsibilities:

- (1) He shall, with the approval of the President, promulgate rules, regulations, and procedures for the implementation of this Act;

(2) He shall develop, promulgate and implement programs, projects or measures to promote productivity in all basic necessities and prime commodities under his agency's jurisdiction;

(3) He shall promote and facilitate the establishment of an effective procurement, storage, marketing and distribution system of basic necessities and prime commodities to ensure their availability in all areas of the country where they are needed;

(4) During instances of panic-buying, he may, with the approval of the President, institute temporary measures to ensure orderly and equitable distribution to consumers of basic necessities and prime commodities in the affected area;

(5) From time to time, he may issue suggested reasonable retail prices for any or all basic necessities and prime commodities under his jurisdiction for the information and guidance of producers, manufacturers, traders, dealers, sellers, retailers, and consumers;

(6) He shall cause the immediate dissemination of any mandated price ceiling for any basic necessity or prime commodity under his agency's jurisdiction through publication in a newspaper of general circulation in the area affected, and through broadcast by radio, or whenever deemed to materially make dissemination of the information more effective, by television. He may also cause the information to be disseminated through posting in public markets, supermarkets or other public places;

(7) He may, upon approval of the President, and subject to existing laws, rules and regulations on bidding, enter into any agreement with any local or foreign producer, manufacturer, supplier, distributor, or seller for the procurement of supplies or stocks of any basic necessity or prime commodity for purposes of buffer stocking: *Provided, That*, in areas where there are shortages or rampant illegal manipulation of prices, he may order their immediate sale;

(8) He may, subject to existing laws, rules and regulations on bidding, enter into any agreement with owners or operators of warehouses or storage houses or with owners, operators or franchise holders of vehicles or public utilities for the storage, transport, or distribution of any basic necessity or prime commodity;

(9) He may conduct investigations of any violation of this Act and, after due notice and hearing, impose administrative fines in such amount as he may deem reasonable which shall in no case be less than One thousand pesos (P 1,000) nor more than One million pesos (P 1,000,000). In the imposition of administrative fines, the following factors shall be taken into consideration:

(a) Whether the subject of the violation is a basic necessity or a prime commodity; violations involving basic necessities shall be deemed more serious;

(b) Whether the subject of the violation is under price control under Sections 6 and 7 of this Act; violations involving basic necessities and prime commodities under price control shall be deemed more serious;

(c) The number of violations committed; respondents who had previously been found to have violated any of the provisions of this Act shall be imposed a higher fine; and

(d) Such other considerations as may be deemed necessary to carry out the intents, purposes and provisions of this Act.

(10) He may require the attendance and testimony of witnesses or the production of goods, objects, books, papers, documents, contracts, records, financial statements, accounts, agreements and such other evidences material in the determination of any violation of this Act;

(11) Without prejudice to the power to issue temporary closure or temporary restraining order for a period which shall not be more than ten (10) days, he may, after due notice and hearing, issue cease and desist orders; reprimand; censure; suspend, revoke or cancel any permit, license, authority or registration issued by his office; or order the permanent closure of any establishment violating the provisions of this Act;

(12) He may initiate summary proceedings to cause the seizure by the Government of basic necessities and prime commodities subject of a violation of this Act and order their sale to the public at reasonable prices whenever the nature of or the demand for such

goods so requires: *Provided*, That, pending litigation, the proceeds of the sale shall be held in trust or escrow by the implementing agency: *Provided, further*, That, should the owner of the basic necessity or prime commodity seized and sold be found not liable for the violation which was the basis of the seizure, the proceeds from their sale shall be paid to him, otherwise, they shall accrue to the general fund of the Government and: *Provided, finally*, That, the head of the implementing agency shall cause the broadcast in radio or television and the publication in at least two (2) newspapers of general circulation of the fact of sale or disposition of such seized goods at least three (3) days before the date of sale or disposition;

(13) He may initiate action and cause the prosecution before the proper court of law of violators of this Act;

(14) He may deputize and enlist the assistance of any government official or agency in carrying out the provisions of this Act; and

(15) Such other functions and ancillary powers as may be necessary to effectively implement this Act.

SEC. 11. Price Coordinating Council. – There is hereby created a Price Coordinating Council, hereinafter referred to as the Council, to be composed of the following members:

- (1) The Secretary of Trade and Industry, as Chairman;
- (2) The Secretary of Agriculture;
- (3) The Secretary of Health;
- (4) The Secretary of Environment and Natural Resources;
- (5) The Secretary of Local Government;
- (6) The Secretary of Transportation and Communications;
- (7) The Secretary of Justice;



(8) The Director General of the National Economic and Development Authority;

(9) One (1) representative from the consumers' sector;

(10) One (1) representative from the agricultural producers' sector;

(11) One (1) representative from the trading sector; and

(12) One (1) representative from the manufacturers' sector.

The sectoral representatives of the Price Coordinating Council shall be appointed by the President for a term of one (1) year, without prejudice to reappointment for another term.

The Council shall meet every quarter and whenever the President or the Chairman shall convene the same. Each member shall receive reasonable reimbursements for transportation.

Members from the government sector may designate their representative to the Council.

The Department of Trade and Industry shall provide the secretariat to the Council from its existing organizational structure.

SEC. 12. *Functions of the Price Coordinating Council.* – The Price Coordinating Council shall have the following functions:

(1) It shall coordinate the productivity, distribution and price stabilization programs, projects and measures of the Government and develop comprehensive strategies to effect a general stabilization of prices of basic necessities and prime commodities at affordable levels;

(2) It shall report to the President and to the Congress of the Philippines the status and progress of the programs, projects, and measures undertaken by each implementing department, agency or office as well as the comprehensive strategies developed by the Council to stabilize the prices of basic necessities and prime commodities;

(3) It shall advise the President on general policy matters for promotion and improvement in productivity, distribution and stabilization of prices of basic necessities and prime commodities;

(4) It may require from its members or any other government agency such information as it may deem necessary, and conduct public hearings for purposes of assessing the supply, distribution and price situation of any basic necessity or prime commodity;

(5) It shall publicize from time to time developments in productivity, supply, distribution and prices of basic necessities and prime commodities; and

(6) Whenever automatic price control of basic necessities is imposed under Section 6 of this Act, it shall cause the immediate dissemination of their prevailing prices or the price ceilings imposed in lieu thereof, as the case may be, through publication in a newspaper of general circulation in the area affected, and through broadcast by radio and, whenever the same is deemed to materially make dissemination of the information more effective, by television. It may also disseminate the information through posting in public markets, supermarkets and other public places.

SEC. 13. *The Price Action Officer: Powers and Functions.* – Whenever the President deems it necessary, he may appoint any of the members of the Price Coordinating Council as Price Action Officer for the duration of the automatic price control under Section 6 of this Act who shall have the following powers and functions:

(1) He shall carry out, implement and enforce the policies and decisions of the Council;

(2) He shall coordinate the actions of all implementing agencies involved in the monitoring and investigation of abnormal price movements and shortages of basic necessities and prime commodities;

(3) He may call upon any official, agent, employee, agency or instrumentality of the national or local government for any other assistance that he may deem necessary to carry out the purposes of this Act;

(4) He shall establish linkages and coordinate with nongovernment or private organizations in the affected area to assist in the monitoring and implementation of price control therein; and

(5) He shall exercise such other functions and duties as may be given to him by the President.

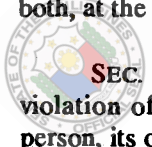
SEC. 14. *Role of the National Statistics Office.* - The National Statistics Office shall conduct independent periodic surveys and studies of the selling prices of all basic necessities and prime commodities all over the country as well as their share or effect on the family income of the different economic groups in the country for purposes of serving as data base for government efforts to stabilize prices, as well as evaluating the effectivity of the same.

SEC. 15. *Penalty for Acts of Illegal Price Manipulation.* - Any person who commits any act of illegal price manipulation of any basic necessity or prime commodity under Section 5 hereof shall suffer the penalty of imprisonment for a period of not less than five (5) years nor more than fifteen (15) years, and shall be imposed a fine of not less than Five thousand pesos (P 5,000) nor more than Two million pesos (P 2,000,000).

SEC. 16. *Penalty for Violation of Price Ceilings.* - Any person who violates Section 6 or 7 of this Act shall suffer the penalty of imprisonment for a period of not less than one (1) year nor more than ten (10) years, or a fine of not less than Five thousand pesos (P 5,000) nor more than One million pesos (P 1,000,000), or both, at the discretion of the court.

SEC. 17. *Violation by Juridical Persons.* - Whenever any violation of the provisions of this Act is committed by a juridical person, its officials or employees, or in case of a foreign corporation or association, its agent or representative in the Philippines who are responsible for the violation shall be held liable therefor.

SEC. 18. *Violation by Aliens.* - In case of aliens, in addition to the penalty provided in Section 15 or 16 of this Act, the offender shall, upon conviction and after service of sentence, be immediately deported without need of any further proceedings.



SEC. 19. *Violation by Government Officials or Employees.* – Any public official or employee who, by reason of his office, with or without consideration, conspires in the commission or knowingly conceals violations of any of the provisions of this Act shall likewise be principally responsible for the violation and shall suffer the additional penalty of permanent disqualification to hold public office.

SEC. 20. *Criminal Penalties Without Prejudice to Administrative Sanctions.* – The foregoing criminal penalties shall be without prejudice to the administrative sanctions which the implementing agency may impose under this Act or under any other law.

SEC. 21. *Relation of the Price Act to Other Laws, Presidential Issuances.* – Nothing in this Act shall be construed as removing or diminishing the jurisdiction of any agency of Government on certain goods or products conferred by other laws or presidential issuances.

SEC. 22. *Separability Clause.* – If, for any reason, any provision of this Act or the application of such provision to any person, group or circumstance is declared invalid or unconstitutional, the remainder of this Act shall not be affected by such declaration.

SEC. 23. *Repealing Clause.* – To the extent inconsistent with this Act, the following laws and letters of instruction are hereby repealed:

(1) Republic Act No. 4164, entitled "An Act to Prevent the Excessive Increase in the Price of Certain Prime Necessities of Life on the Occasion of a Public Calamity, Penalizing the Violation Thereof, and for other Purposes";

(2) Presidential Decree No. 1674, entitled "Providing a Mechanism for Price Regulation, Creating a Price Stabilization Council, Prescribing its Powers and Responsibilities and for other Purposes";

(3) Letter of Instruction No. 1305, entitled "Directing Measures to Prevent Cement Hoarding, Price Manipulation and Profiteering";

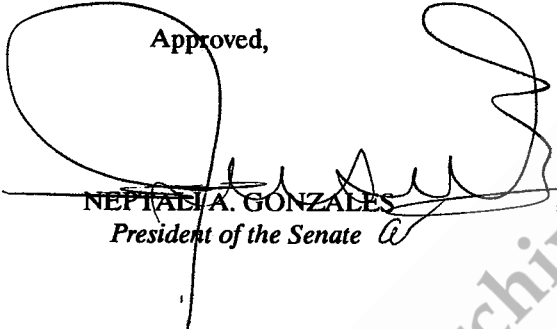
(4) Letter of Instruction No. 1342, entitled "Ordering Immediate Measures to Prevent Price Manipulation and to Protect Consumers"; and


(5) Letter of Instruction No. 1359, entitled "Directing Measures to Prevent Hoarding, Profiteering and Price Manipulation."

All laws, and rules and regulations inconsistent herewith are hereby likewise repealed or modified accordingly.

SEC. 24. *Effectivity Clause.* - This Act shall take effect three (3) days after its publication in two (2) national newspapers of general circulation.


Approved,


NEPTALI A. GONZALES
President of the Senate


RAMON V. MITRA
Speaker of the House of Representatives

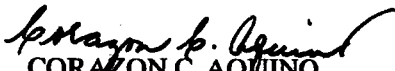
This Act which is a consolidation of House Bill No. 32696 and Senate Bill No. 1370 was finally passed by the House of Representatives and the Senate on February 4, 1992 and February 3, 1992, respectively.


ANACLETO D. BADOY, JR.
Secretary of the Senate


CAMILO L. SABIO
Secretary General House of Representatives

Approved:

MAY 27 1992


CORAZON C. AQUINO
President of the Philippines