

[REPUBLIC ACT NO. 7581, May 27, 1992]

**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 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 enumerated under Section 6 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 imminency, 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 imminency, 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