

[LETTER OF INSTRUCTIONS NO. 1441, November 20, 1984]

TO: The Board of Energy
The Ministry of Energy

WHEREAS, the domestic cost of petroleum, products is directly related to the import price of crude oil and petroleum products which are denominated in U.S. dollars;

WHEREAS, our system of floating currency exchange rate allows the peso to dollar exchange rate to freely move up or down thereby affecting the domestic cost of petroleum products;

WHEREAS, there has been created an Oil Price Stabilization Fund (OPSF) to absorb fluctuations in petroleum product costs brought about by changes in world market prices or in the exchange rate;

WHEREAS, it is necessary to reflect in the domestic prices of petroleum products the actual cost of these products by adjusting these prices up or down in accordance with the costs;

WHEREAS, such price adjustments if made periodically would require smaller changes which would be less disruptive to the economy;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and direct the Board of Energy in consultation with the Ministry of Energy, as follows:

1. To review and reset prices of domestic petroleum products up or down as necessary every two months on the second Monday of the month starting January 14, 1985 to reflect the prevailing prices of crude oil and petroleum products.
2. The price adjustment shall be made by adjusting the OPSF impost, increasing or decreasing this price component as necessary to maintain a balance between revenues and claims on the OPSF.
3. The price adjustment shall be made by the Board of Energy on the basis of certified import documents to be submitted by the oil companies and OPSF projection of revenues and claims to be submitted by the Ministry of Energy for this purpose.
4. This price adjustment shall cover only increases in crude oil and finished product import cost and shall not include any adjustment for operating and other oil company costs.
5. This shall not preclude adjustments/restructuring of domestic petroleum product prices by the Board of Energy at any time when necessary in accordance with existing procedures.
6. This Letter of Instructions shall take effect immediately.