



LPCC

LOCAL PRICE COORDINATING COUNCIL

TOOLKIT



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FIRST EDITION
(ONLINE VERSION)



DISCLAIMER

This toolkit is provided solely for informational purposes only and should not be construed as legal advice. The contents herein are presented in a simplified and generalized manner and the images and illustrations accompanying legal provisions are merely intended to enhance understanding and create visual engagement. It is important to note that the information in this toolkit is not intended as a substitute for the reading and understanding of the actual provisions of RA 7581, as amended by RA 10623, its Implementing Rules and Regulations, or any subsequent amendments and issuances thereto.

The explanations and examples provided should not be interpreted as definitive limitations or expansions of the enforcement or other powers vested in implementing government agencies and local government units. The articles, comments, and recommendations expressed and/or appearing in this toolkit are the opinions of the authors in their individual capacities and do not necessarily reflect those of the DTI and other implementing agencies.

Finally, the information in this toolkit is current as of December 2023. We strive to keep this toolkit up-to-date as needed to reflect any changes in the law.

ABOUT THE TOOLKIT



A dictionary definition of the word "toolkit" is a set of tools or resources that are designed to be used together or for a particular purpose. Hence, we referred to this material as a "toolkit" containing all relevant information so far available concerning Local Price Coordinating Councils (LPCCs).

Some 30 years ago, Congress enacted RA 7581 or the Price Act and thereby created a Price Coordinating Council tasked, among others, to develop strategies to effect general stabilization of prices of basic necessities and prime commodities at affordable levels. In 1993, its implementing rules and regulations thereafter mandated the creation of Provincial and City Price Coordinating Councils collectively referred to as LPCCs.

This "toolkit" is specially designed to assist the provincial office personnel of the DTI in Region 10 as they render administrative, technical, and other support services to different LPCCs in various local government units.

As a "toolkit," it aims to consolidate and expound upon the relevant laws, rules and regulations, and other administrative issuances pertinent to the powers, functions, duties, and responsibilities of LPCCs and the implementing member agencies under RA 7581, as amended by RA 10623.

We are optimistic that this "toolkit" will also provide valuable aid to LPCCs, empowering them to carry out their respective mandate more effectively to ensure the availability of basic necessities and prime commodities at reasonable prices at all times without denying legitimate businesses a fair return on investment.



Message from DTI Secretary Alfredo E. Pascual

This toolkit stands as an essential asset, poised to empower our council with the means to make well-informed choices, bolster economic stabilities, and guarantee equitable access to essential goods and services for every Filipino.

On behalf of the entire Department of Trade and Industry (DTI), I express my warmest greetings to DTI Region 10 as you conclude the crafting of the Local Price Coordinating Council (LPCC) Toolkit. This remarkable achievement is a testament to your dedication, hard work, and unwavering commitment to ensuring the availability of basic necessities and prime commodities at reasonable prices.

The Department commends your tireless dedication to this project and I am confident that this toolkit shows outstanding expertise and unwavering professionalism for the years to come. Your steadfast dedication to this noble cause serves as an inspiration as we reaffirm our unyielding devotion to serving the Filipino people as we work to realize a *matatag, maginhawa at panatag na buhay para sa lahat*.

Your initiative is critical in assisting provincial offices in Region X as this toolkit will be valuable in the administrative, technical, and support services to LPCCs in your jurisdiction.

We assure you of the DTI's continued support in your endeavors as we pursue our relentless quest for an equitable and flourishing local economy. Together let us work in crafting more innovation, inclusive, and sustainable programs for our fellow countrymen. As one DTI family, let us always provide our Filipino community with a *serbisyong higit pa sa inaasahan!*

Apart from this, this toolkit is essential to navigate complex pricing issues and promote fair practices within your region to ensure the safety of Filipino consumers.

Maraming Salamat at Mabuhay ang DTI Region 10!

Message from DTI Region 10 Regional Director Ermedio J. Abang

We are excited to share with you the Department of Trade and Industry (DTI) Region 10's Local Price Coordinating Council (LPCC) Toolkit.

The publication of the LPCC Toolkit emphasizes the shared responsibility in protecting consumer welfare as it involves the active engagement of concerned sectors in the community.

It is one of DTI-10's efforts in fostering a collaborative environment that upholds consumer welfare.

It is developed as a comprehensive resource that helps facilitate the LPCC's objective in managing and coordinating local prices, especially during times of economic crises, natural disasters, or other emergencies.

In these pages, you will find the composition of the LPCC, explanations on suggested retail prices and price ceilings, different implementing agencies of identified basic necessities and prime commodities, and even a thorough explanation on price control.

We have also included action photos from our Provincial Offices in Bukidnon, Camiguin, Lanao del Norte, Misamis Occidental, and Misamis Oriental to showcase their continuous collaboration with their respective local government units (LGUs) in their conduct of various LPCC activities.



I would like to express my gratitude to everyone involved in crafting the toolkit. Headed by the Consumer Protection Division, the DTI-10 team made efforts to research the contents and design the information with a visual appeal to enhance the reading experience of our audience.

I hope that our readers will appreciate the efforts that went into this publication; and I hope that you can help intensify the purpose of the publication by sharing the insightful contents to more members in our community. Your support means a lot to us.

Thank you for making this publication a success!

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Photo courtesy of the Consumer Policy and Advocacy Bureau

THE NATIONAL PRICE COORDINATING COUNCIL

The National Price Coordinating Council¹ (NPCC) was established by virtue of Republic Act 7581 with the function of coordinating the productivity, distribution, and price stabilization programs, projects, and measures of the government, as well as developing comprehensive strategies to effect general stabilization of prices of basic necessities and prime commodities at affordable levels, among others.²

The NPCC is chaired by the DTI Secretary³ and its members include the Secretaries of the DA, DOH, DENR, DILG, DOTC, DOJ, DOE, the Director General of the NEDA, and representatives from the consumer, agricultural producers, trading, and manufacturing sectors.

The Council reports to the President and Congress at least semi-annually on the status and progress of each implementing department, agency, or office's programs, projects, and measures, as well as the comprehensive strategies developed by the Council to stabilize the prices of basic necessities and prime commodities.⁴

HISTORY OF COMPOSITION

1992

Creation of a Price Coordinating Council by virtue of Section 11 of RA 7581

2012

Inclusion of the Secretary of Energy as member by virtue of RA 10623

¹ In the 1970s, a "Price Control Council" had been established by virtue of RA 6124 to fix the maximum prices of "commodities essential to public interest" and prevent monopoly, hoarding, injurious speculation, manipulation and profiteering. In the 1980s, a "Price Stabilization Council" had also been created by virtue of Presidential Decree No. 1674 to advise and recommend to the President price ceilings on key and essential commodities, particularly those purchased by low-income groups.

³ The DTI also serves as the secretariat to the Council from its existing organizational structure. It renders administrative, technical and such other support services as may be required by the council.

⁴ Section 12(2) of RA 7581, as amended

SECTORAL REPRESENTATIVES

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

The sectoral representatives are the following:



One (1) representative from the Consumers' sector;



One (1) representative from the Agricultural Producers' sector;



One (1) representative from the Trading sector; and



One (1) representative from the Manufacturers' sector.

The council's sectoral representatives are notably from the private sector, specifically the consumer, agricultural producers, trading, and manufacturing sectors. Nonetheless, then-President Fidel V. Ramos authorized the labor sector to be represented as non-voting members at the national and local levels by virtue of Executive Order No. 21, series of 1992 to provide the labor sector a parallel role/responsibility in the stability of basic and prime commodity prices.⁵

⁵EO Authorizing the Representation of the Labor Sector in the Price Coordinating Council.

FUNCTIONS OF THE NPCC

Under Section 12 of the Price Act, 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;⁶

2 It shall **report** at least semi-annually 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. The report shall include goods that have been included or excluded from the list of basic necessities and prime commodities as provided for under Section 4 of the Price Act;⁷

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.(Emphasis ours)

⁶ Congress believes that “the problem of prices is really a problem of supply and demand, problem of productivity, problem of transportation of goods. And if we recognize that these are the medium term and long term solutions, then we must also recognize the ability of this councilor committee to address this problem of productivity and transportation.” (Page 35, Transcript on the Senate Bicameral Conference Committee on Trade and Commerce dated February 1, 1991)

⁷ As amended by Section 6 of RA 10623

FUNCTIONS OF THE NPCC UNDER THE IRR

The NPCC is also tasked under Joint Administrative Order No. 1, series of 1993⁸ to *coordinate, rationalize, and monitor the programs of member agencies and LPCCs* in order to:



Promote productivity in basic necessities and prime commodities



Protect consumers from inadequate supply and unreasonable price increases on occasions of calamities, emergencies and like occurrences⁹



Improve efficient transport and distribution systems

Under Section 2, Rule V of the same IRR¹⁰, the NPCC is also tasked to *formulate the operating mechanics* of the Council for the guidance of member agencies and the LPCCs specifically on the following:

1 Coordinative mechanism

2 Reporting system

3 Emergency measures

4 Enforcement and adjudication

5 Other measures necessary for the smooth performance of its functions defined by RA 7581

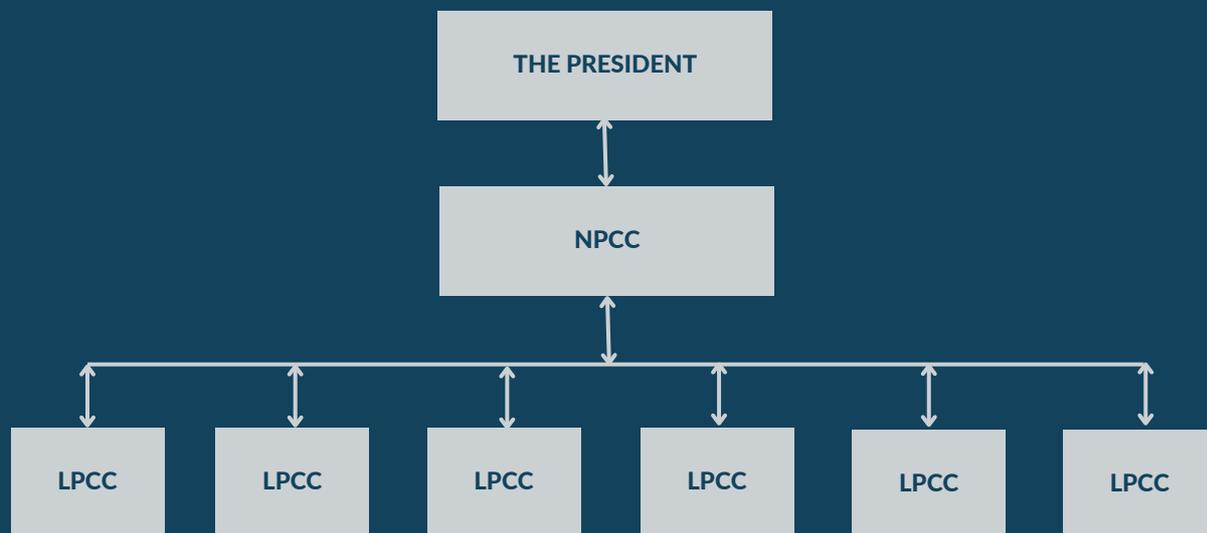
The NPCC can recommend to the President the imposition of “mandated price ceiling” on any basic necessity or prime commodity during specific exigencies enumerated in Section 7 of the Price Act.

⁸ Rules and Regulations Implementing RA 7581

⁹ Section 1 of Joint DAO No. 1, series of 1993

¹⁰ Joint DAO No. 1, series of 1993

THE LOCAL PRICE COORDINATING COUNCILS



The implementing agencies of the Price Act promulgated Joint Administrative Order (JAO) No. 1, series of 1993 to provide for the necessary rules, regulations and procedure for the effective implementation of the Price Act.

To aid the implementing agencies with their task at the local level, the said JAO No. 1, s. 1993, as amended by JAO No. 13-1, s. 2013, created the Provincial and City Price Coordinating Councils to coordinate and rationalize the programs of implementing agencies to stabilize the prices and supply of basic necessities and prime commodities, among others.

The LPCCs report to the NPCC, which is chaired by the DTI Secretary.¹¹ The LPCCs are composed of the governor or mayor of a specific province or municipality as the chairman and the DTI provincial director as the vice-chairman. Members include representatives from Department of Agriculture (DA), Department of Health (DOH), Department of Environment and Natural Resources (DENR), Department of Transportation (DOTr), and National Economic and Development Authority (NEDA); as well as from the consumers, agricultural producers, trading, manufacturing, and retail sectors.

¹¹ Section 4.5.4 of DTI-DA-DOH-DILG-DENR Joint MC No. 3, series of 2020



PROVINCIAL AND CITY PRICE COORDINATING COUNCILS

The implementing rules provide:

RULE VI - CREATION OF THE LOCAL PRICE COORDINATING COUNCIL, ITS POWERS AND FUNCTIONS

Section 1. There shall be created, Provincial, and City Price Coordinating Councils composed of the following:

Chairman:	Provincial Governor or City Mayor
Vice Chairman:	DTI Provincial Director or his duly authorized representative
Members:	One representative each from the Department of Agriculture, Health, Environment and Natural Resources, Energy ¹² , Transportation and Communication, Justice, National Economic and Development Authority, consumers, agricultural producers, trading, manufacturing, and retail sectors.

In the absence of *regional* and provincial offices, coordination shall be made with the respective *regional/field* offices of the above-mentioned implementing agencies.

Section 2. The Chairman of the Local Price Coordinating Council (LPCC) shall decide who among the representatives of agencies enumerated above will sit as members of the LPCC. The Chairman shall appoint the sectoral representatives. (*Underscoring supplied*)

¹² Additional member by virtue of Section 8, DTI, DA, DOH, DENR, DOE Joint Administrative Order No. 13-1s, series of 2013

MUNICIPAL PRICE COORDINATING COUNCILS

Section 3. Municipal Price Coordinating Councils may be created whenever the Municipal Mayor deems it necessary. The Municipal Mayor shall sit as the Chairman and membership thereof shall be chosen from among the local counterparts of the aforementioned agencies. *(Underscoring supplied)*

While the decision to create Municipal Price Coordinating Councils rests with the Municipal Mayors, the Department of the Interior and Local Government (DILG) **strongly encourages** all Local Chief Executives to reactivate their LPCCs. The purpose is to effectively address, forestall, and monitor exorbitant, excessive, and unreasonable price increases of essential prime commodities, as stated in Memorandum Circular No. 2018-128, series of 2018.

The DILG in Memorandum Circular No. 2023-002 dated January 5, 2023 reiterated its call for Provincial Governors and City/Municipal Mayors to “mobilize and remind their respective Local Price Coordinating Councils (LPCCs) to implement R.A. No. 7581 by enjoining traders, wholesalers, and retailers to adjust their prices accordingly and undertake necessary information activities through various media platforms and display of price ceiling in public markets and the like.”

Moreover, coordinated efforts involving the government, private sector, and other stakeholders are crucial in ensuring food security and proper nutrition of Filipino families. The Philippine Development Plan 2023-2028 encapsulates these strategies geared towards (a) attaining sufficient and stable supply of food commodities; (b) expanding access of consumers to affordable, safe, and nutritious food; and (c) improving nutrition across all ages.

The Philippine Development Plan 2023-2028 thus underscores the need to strengthen price and supply monitoring of food commodities, stating that:

The DA and DTI shall expand the use of mobile and web-based price monitoring applications such as DA’s *Bantay Presyo Ni Ani at Kita* and DTI’s *e-Presyo*. Consumers may use these convenient online platforms to access necessary information on the prices and quality of food commodities and protect them from unscrupulous traders. Furthermore, the Local Price Coordinating Councils (LPCCs) in each province or municipality shall be reactivated through the issuance of Department of the Interior and Local Government (DILG) memorandum circular. This is to closely monitor prices of agricultural commodities and processed goods, and coordinate and rationalize programs intended to stabilize prices and supply at the local level.¹³ *(Underscoring supplied)*

¹³ Page 79, Philippine Development Plan 2023-2028

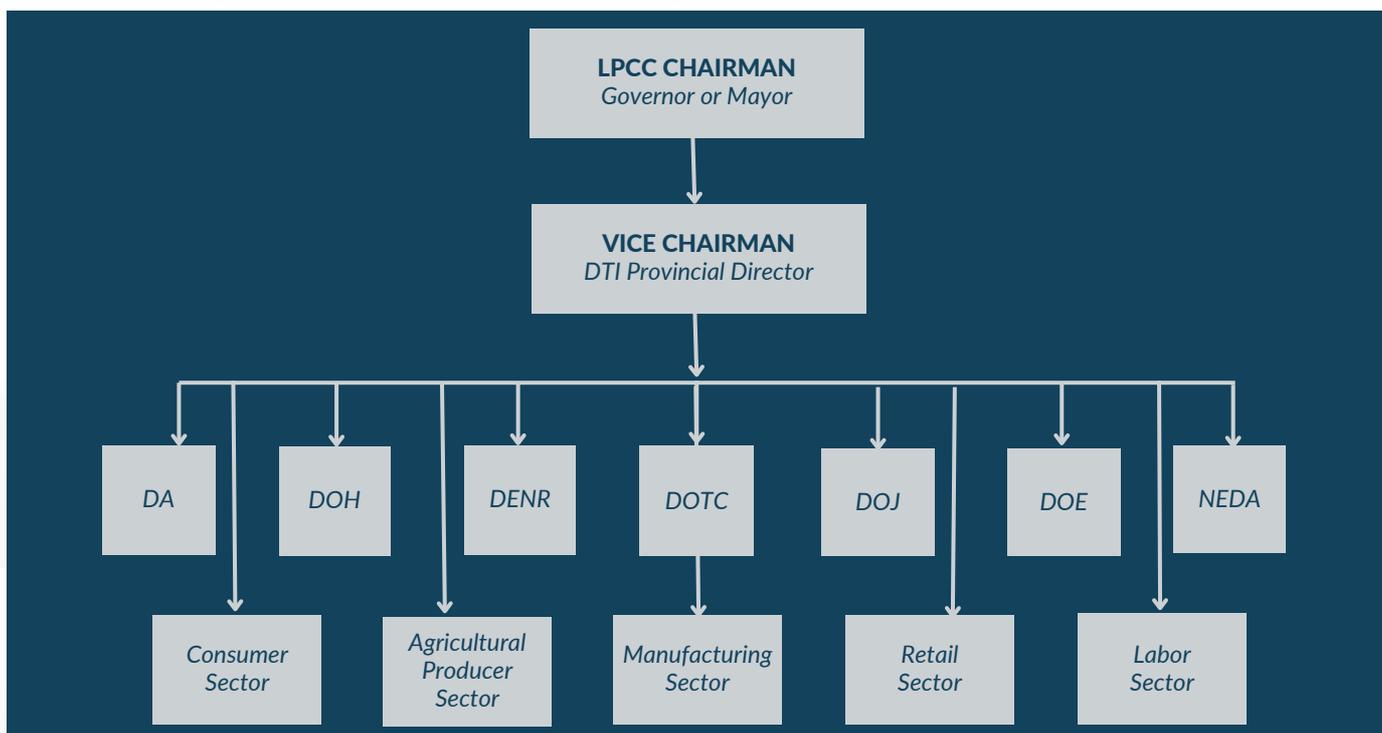
THE SECTORAL REPRESENTATIVES

Section 4. The sectoral representatives of the Provincial, City or Municipal Price Coordinating Council shall be appointed by the Chairman upon nominations by their respective provincial, municipal and city chamber of commerce or similar by the DTI trade organization and by consumer organization preferably one duly accredited by the DTI.

To give the *labor* sector a parallel role/responsibility in the stabilization of prices of basic and prime commodities, the President authorized the labor sector to be represented during consultative meetings, both on national and local levels, of the council as *non-voting members*.¹⁴ The local representatives of the labor sector in the LPCC shall be appointed by the chairperson for a term similar to that of their respective counterparts from the private sector.¹⁵

Consumer Organizations refer to a group of individuals who organized themselves for a common cause of promoting the welfare and protecting the rights of consumers. Section 1, Rule III of Department Administrative Order No. 20-07, Series of 2020¹⁶ provides that a consumer organization shall be categorized as local if it does not meet the prescribed requirements to qualify as a national consumer organization (e.g. has at least 30 individual members), provided, that it has at least 5 individual members including its officers, majority of which are Filipino citizens.

LPCC COMPOSITION



¹⁴ Executive Order No. 21, series of 1992 Authorizing the Representation of the Labor Sector in the Price Coordinating Council.

¹⁵ Section 3, Executive Order No. 21, series of 1992

¹⁶ Revised Guidelines on the Recognition of Consumer Organizations

COUNCIL COMMITTEE MEETINGS

Recognizing the enormous responsibilities of LGUs and the presence of various Local Special Bodies (LSBs), local councils and committees mandated by law, the DILG introduced a cluster-based approach in the conduct of council and committee meetings.

The LSBs, local councils, and committees are chaired by the Local Chief Executive and some members or representatives sit in councils or committees with the same sectoral concerns.

Under DILG MC No. 2016-03, series of 2016, cluster meetings, regular or special, shall be conducted as may be determined by the local chief executive who shall call and prescribed the same.

Individual committee meetings, regular or special, are expected to be held as prescribed by existing laws, rules and regulations. The local chief executive may designate an official to chair said regular or special meetings.

POWERS AND FUNCTIONS OF LPCCs

Rule VI of the IRR of the Price Act created the LPCCs its powers and functions, to wit:

Section 5. Powers and Functions

- 01 *Coordinate and rationalize the programs to stabilize prices and supply of member agencies in the respective provinces, municipalities, and cities.*
- 02 *Recommend to the National Price Coordinating Council or to the Implementing Agencies suggested retail prices (SRP) and/or the price ceilings for certain basic necessities and/or prime commodities in their respective areas.*
- 03 *To conduct in-depth analysis on causes for price fluctuations.*
- 04 *To recommend action steps to correct unwarranted price increases and supply shortages. (Emphasis ours)*

POWERS AND FUNCTIONS OF LPCCs

Under the DTI-DA-DOH-DILG-DENR Joint MC No. 3, series of 2020,¹⁷ the powers and functions of the LPCCs are the following:

Section 4. Powers and Functions of LPCCs - Pursuant to Section 5. Rule VI of the IRR of Price Act, LPCC shall have the following powers and functions:

- 4.1. Coordinate and rationalize the programs to stabilize prices and supply of member agencies in the respective provinces, cities, and municipalities;
- 4.2. Recommend to the National Price Coordinating Council (NPCC) or to the Department of Agriculture or the Department of Environment and Natural Resources Suggested Retail Prices and/or the price ceilings for certain basic necessities and/or prime commodities in their respective areas;
- 4.3. Conduct in-depth analysis on causes for price fluctuations;
- 4.4. Recommend action steps to correct unwarranted price increases and supply shortages;
- 4.5. Undertake measures during emergencies (i.e. crisis, calamity, or state of emergency) to coordinate the implementation of the rules issued by implementing agencies, such as but not limited to the following emergency measures enumerated in Rule VII Section 1 of the IRR of the Price Act:
 - 4.5.1. Price/supply monitoring activities of basic and prime commodities should be conducted immediately following the calamity or state of emergency;
 - 4.5.2. Specific items identified as basic necessities/prime commodities not part of the regular may be covered;
 - 4.5.3. Frequency of price/supply monitoring may be increased. Only items with price change and supply problems should be reported;
 - 4.5.4. Reports must be submitted to the Secretariat of the NPCC for coordination; and
 - 4.5.5. Frequency of the price/supply report may be reduced as soon as prices and supply have stabilized.
- 4.6. In accordance with the deputation or enlistment by implementing agencies of other government agencies during emergencies, provide assistance in the monitoring, transport, movement, and distribution of commodities. (*Emphasis ours*)

¹⁷ Strengthening the Role of Local Price Coordinating Councils and the LGUs in Managing Unreasonable and Excessive Price Increase of Basic Necessities and Prime Commodities

GENERAL GUIDELINES FOR LGUs

The same Joint MC No. 3, series of 2020 also provides:

Section 5. General Guidelines - All Local Chief Executives are hereby encouraged to adopt the following measures to address exorbitant, excessive, and unreasonable price increase of basic necessities and prime commodities, especially those with Suggested Retail Prices:

- 5.1 Conduct of regular inspections of public and private markets;
- 5.2 Deputation of Barangay Officials and Non-Government Organizations (NGOs) to monitor abnormal price increases;
- 5.3 Submission of regular reports on violations of the Price Act to the Secretariat of NPCC; and
- 5.4 Provide stalls, kiosks, and/or spaces for the KADIWA ni ANI at KITA Program of DA and Diskwento Caravan of DTI in the public markets, including flea market at the barangay level, under its jurisdiction and control. (*Underscoring supplied*)

Copies of the aforementioned reports shall be provided or submitted to the DILG, through its Field Offices. The reports shall be consolidated at the DILG Provincial Office, in the case of component cities and component municipalities, and eventually at the DILG Regional Office prior to its submission to the Secretary.

In DTI DAO No. 09-06, series of 2009, the DTI Secretary directed all *market administrators* to constantly monitor the prices of basic necessities and prime commodities, and other consumer products within the premises of their respective area of responsibility, seeing to it that no price increases shall be imposed by store owners, dealers, and suppliers therein who are dealing with such goods.¹⁸

¹⁸ The DTI Secretary, as Chairperson of the NPCC, invoked his power to 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 the law.

LPCCs MAY RECOMMEND SRPs

The LPCCs may, using the result of their monitoring activities as basis, recommend to the NPCC, through the NPCC Secretariat, or to the Implementing Agencies the issuance of suggested retail prices (SRP) for certain basic necessities and/or prime commodities. (Section 5, Rule VI of IRR)

SRPs refer to the reasonable retail price of any or all basic necessities and prime commodities for the information and guidance of producers, manufacturers, traders, sellers, retailers and consumers. (Section 2.15, Rule 1, DAO No. 17-09, series of 2017)

To carry out the intents and purposes of the Price Act, Section 10(5) empowers the heads of the implementing agencies (DA, DENR, DOH, DOE and the DTI) “to issue from time to time the 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.*” Section 1, Rule IX of the IRR also provides that the implementing agency may issue SRPs for certain basic necessities and/or prime commodities “*whenever necessary.*”

The implementing agencies of the Price Act have different guidelines for setting and implementing SRPs within their respective jurisdictions. For goods under the DTI, the SRPs emanate from the manufacturers who are mandated to submit written notification to DTI-Consumer Policy and Advocacy Bureau (CPAB) of any adjustment in the SRPs of basic necessities and prime commodities including the reason for the adjustment. (Section 3, DTI DAO No. 17-09, series of 2017)





For price increases, the notification requirement for manufacturers is at least 30 working days, while price reductions and promotional pricing require at least ten working days' notice before their effectivity dates. Retailers, on the other hand, are required to display in conspicuous places within the store and in appropriate sizes the updated DTI SRP list for the information and guidance of consumers. (Section 4, DAO No. 17-09, series of 2017)

Simply put, for goods under the DTI, the SRPs are set by the manufacturers. Nonetheless, they are obligated to inform and submit supporting documents to the DTI-CPAB before they could implement any SRP adjustment following DAO No. 17-09, series of 2017.

A study published by the DOJ-OFC found that there is a need to emphasize the *recommendatory nature* of SRPs, and that implementing agencies should consider employing a different terminology such as *Reference Retail Price* instead of SRP.

Unlike automatic price freeze and mandated price ceiling, SRPs are issued even during non-emergency situations. (For further information on price control measures during emergencies or states of calamity, please refer to page 57.)

Other implementing agencies like the DA publishes from time to time SRPs for fresh chicken, pork and other agricultural commodities considered as basic necessities. Similarly, the DOH issues SRPs on essential emergency medicines and medical devices and the Maximum Drug Retail Price (MDRP) to make medicines affordable and accessible to Filipinos.

LPCCs MAY RECOMMEND PRICE CEILING

"Price ceiling" means the maximum price at which any basic necessity or prime commodity may be sold to the general public. (Section 3 (7), RA 7581)

In determining reasonable price ceilings, the chairperson of LPCCs can call for a public hearing or conduct dialogues with representatives of DILG, producers, manufacturers, distributors, sellers, and consumers in order to arrive at reasonable price ceiling.¹⁹

The LPCC shall forward to the implementing agency the proposed ceiling prices. The Secretary, after review, shall recommend to the NPCC or to the President the recommended price ceiling.²⁰

¹⁹ Last paragraph, Section 1, Rule VIII of IRR

²⁰ Rule VIII of DTI, DA, DOH, DENR, DOE Joint Administrative Order No. 13-1s, series of 2013

WHO CAN IMPOSE PRICE CEILING?

RA 7581 states that:

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:



An example of the imposition of a price ceiling is Executive Order No. 39, issued by President Ferdinand Marcos Jr. on August 31, 2023, which sets a nationwide price ceiling on rice, temporarily capping the price of regular milled rice at ₱41 per kilogram and well-milled rice at ₱45 per kilogram.

Section 16 of RA 7581 states that any person found violating the price ceiling shall suffer the penalty of imprisonment for a period of one year to 10 years, or a fine of ₱5,000 to ₱1 million, or both, at the discretion of the court.

In Art. 1417 of the Civil Code, “when the price of any article or commodity is determined by statute, or by authority of law, any person paying any amount in excess of the maximum price allowed may recover such excess.” For example, if the government imposes a price ceiling of ₱40 per kilo of rice and a rice retailer sells rice at ₱60 per kilo, a customer is allowed to recover the excess of ₱20 per kilo from the retailer, by filing a case in court.

In one study by the Philippine Institute for Development Studies titled *'The Janus Face of Price Controls,'* it was elaborated that if a price ceiling is set above the *'equilibrium price'* (the amount people want to buy matches what suppliers want to sell), it doesn't significantly affect the market. This is because market forces naturally maintain the price at the *equilibrium level*. However, when the price ceiling is set below the *equilibrium price*, it can result in a shortage because at the price ceiling, the quantity demanded exceeds the quantity supplied. *(Please refer to Pages 59 and 68 to learn about Price Control)*

RFM Corporation vs. DTI

(Court of Appeals GR SP No. 114781, January 7, 2011)

FACTS

The case originated from a news article in Manila Bulletin, which reported that local bakers were demanding lower flour prices due to reduced international wheat prices. Acting on a memo issued by then-DTI Undersecretary Zenaida C. Maglaya relative to the news article, the DTI Bureau of Trade Regulation and Consumer Protection (BTRCP) sent a letter to Republic Flour Milling (RFM) Corporation, requesting an explanation of an alleged price discrepancy. In response, RFM cited increased costs and various factors. Dissatisfied with the explanation, the DTI-BTRCP filed a formal administrative charge against RFM for alleged violation of the Price Act (profiteering), docketed as Administrative Case No. 10-067, before the DTI NCR.

The assigned Adjudication Officer issued a *Preliminary Order* directing RFM to refrain from selling ex-mill flour within the price range of P770-P790 per bag and ordering it further to reduce the said price range to P360-P380 per bag during the pendency of the case.

ISSUE

Whether or not the Adjudication Officer of the DTI has the authority or jurisdiction to impose, at the very least preliminarily, a price range ceiling on the prices of flour.

COURT OF APPEALS RULING

The Preliminary Order issued by DTI-NCR is null and void because the imposition of a price ceiling on the ex-mill prices of RFM's flour products is beyond the authority of DTI. The Price Act is clear that only the President of the Philippines can impose a price ceiling on any basic necessity or prime commodity, albeit upon the recommendation of the implementing agency or the Price Coordinating Council.

The authority of Adjudication Officers in DAO 7 to issue Preliminary Orders does not include the power to impose a price ceiling since the power to impose a price ceiling on certain commodities is only given to the President. (Court of Appeals GR SP No. 114781, January 7, 2011)

Note: Article 8 of the Civil Code of the Philippines provides that “judicial decisions applying to or interpreting the laws or the Constitution shall form a part of the legal system of the Philippines.” Only decisions of its Supreme Court establish jurisprudence and are binding on all other courts.

MEASURES TO UNDERTAKE DURING EMERGENCIES

Section 1, Rule VII of Joint DAO No. 1, series of 1993 provides that in time of crisis, calamity, or state of emergency, the Price Coordinating Council (National and Local) shall convene immediately after the occurrence of such crisis, calamity, or state of emergency to **coordinate** the implementation of these rules by the concerned agencies, but not limited to the emergency measures enumerated hereunder:

a. Price/supply monitoring activities of basic and prime commodities should be conducted immediately following the calamity or state of emergency;

b. Specific items identified as basic necessities/prime commodities not part of the regular monitoring may be covered.

c. Frequency of price/supply monitoring may be increased. Only items with price change and supply problems should be reported.

d. Reports must be submitted to the Secretariat of the NPCC for coordination.

e. Frequency of the price/supply report may be reduced as soon as prices and supply situation have stabilized.

ENSURING EFFECTIVE PRICE CONTROL: A FRAMEWORK FOR LPCCs DURING EMERGENCIES

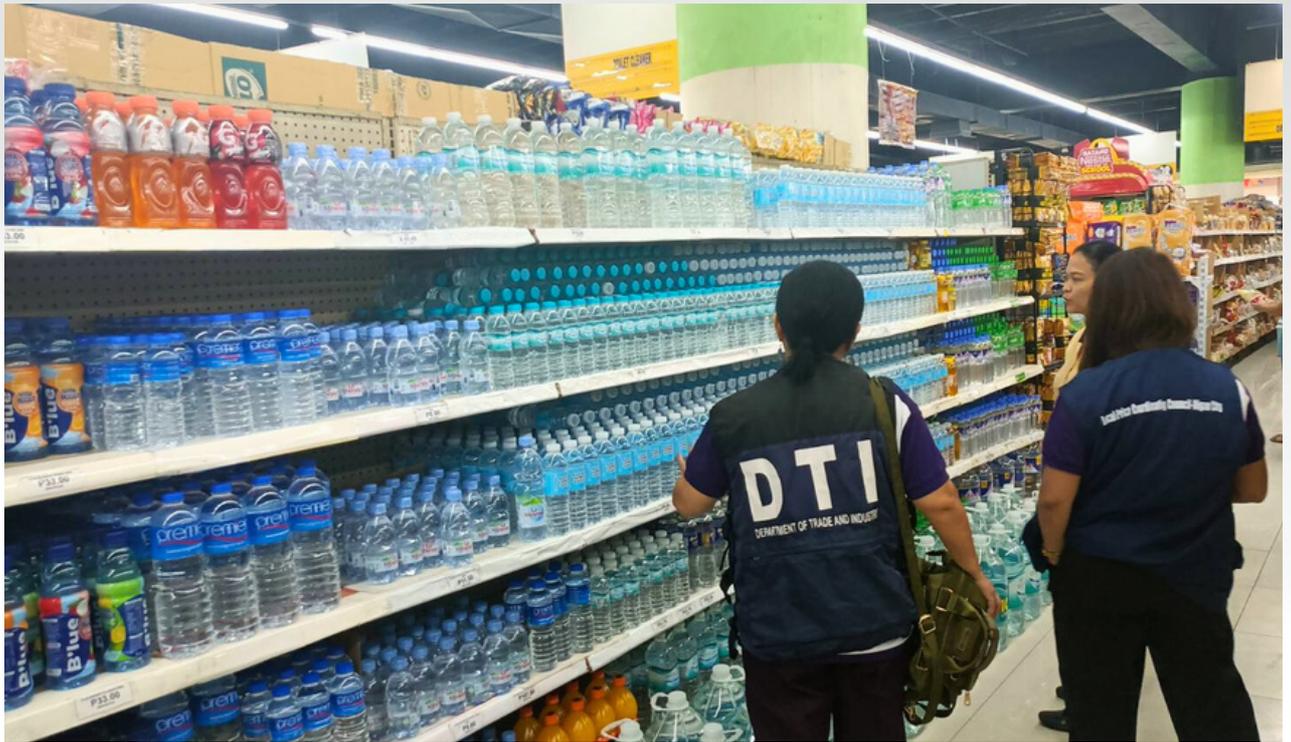
By Atty. Fel Lester Brillantes

It is a known fact that the Philippines is situated in a location that makes it highly susceptible to natural disasters. Being within both the *Pacific Ring of Fire* and the *Pacific Typhoon Belt*, the country is at constant risk of being hit by calamities such as earthquakes and typhoons.

According to the World Risk Index 2022 published by the Bündnis Entwicklung Hilft, the Philippines ranks 1st out of 193 countries as the country most at risk and vulnerable to natural hazards and climate change.

What's more, our written history tells of our vulnerability to man-made or human-induced hazards brought about by religious extremism, political instability, and socio-economic factors.

In light of these realities, it is imperative for LPCCs to understand their roles, proactively strategize, and be well-prepared to fulfill their mandates under the Price Act during emergencies or states of calamity.



Here are some of the actions the LPCCs can explore to ensure effective price control during emergencies:

- 1. Convene Immediately.** Section 1, Rule VII of Joint DAO No. 1, series of 1993 states that LPCCs shall immediately convene following the occurrence of an emergency situation or state of calamity.
- 2. Coordinate the Implementation of Rules.** Section 4.5 of DTI-DA-DOH-DILG-DENR Joint MC No. 3, series of 2020 states that during emergencies (i.e. crises, calamity, or state of emergency), LPCCs are to undertake measures to coordinate the implementation of the rules issued by implementing agencies, e.g. price and supply monitoring and reporting.

LPCCs can also foster collaboration with the Office of Civil Defense and Local Risk Reduction and Management Councils to ensure a coherent and integrated disaster response. This approach also allows LPCCs to leverage their expertise and resources in tandem with other government agencies.

- 3. Intensify Price & Supply Monitoring.** In accordance with Section 4.5.1 of DTI-DA-DOH-DILG-DENR Joint MC No. 3, series of 2020, LPCCs are to undertake measures to coordinate the price/supply monitoring of basic and prime commodities following a calamity or state of emergency. The frequency of price/supply monitoring may be reduced as soon as price and supply have stabilized. LPCCs can also provide assistance in the monitoring, transport, movement, and distribution of commodities. (Section 4.6 of DTI-DA-DOH-DILG-DENR Joint MC No. 3, series of 2020)

From the aforementioned rules, LPCCs are clearly poised to offer coordination and support in the monitoring of prices and supply of basic and prime commodities during emergencies.

This assistance may encompass various aspects of price monitoring including but not limited to LGUs providing additional manpower to augment and/or reinforce the existing monitoring teams of implementing agencies, adding personnel to improve data collection and analysis processes, facilitating information sharing, and assisting in the production of timely, accurate, and comprehensive reports.

Furthermore, Local Chief Executives have the authority to order regular inspections of public and private markets and deputize barangay officials and NGOs to monitor abnormal price increases. These measures are encouraged to address exorbitant, excessive, and unreasonable price hikes of basic necessities and prime commodities. (Section 4, Joint MC No. 03, series of 2020)

4. Address Market Inefficiencies. LPCCs can also take proactive measures to tackle issues arising from a shortage of supplies, transportation disruptions, or other related challenges.

For instance, during a state of calamity where there is a high demand for basic goods such as locally manufactured instant noodles, LPCCs can collaborate with relevant stakeholders to ensure an adequate supply chain, streamline distribution networks, and propose actions to address any bottlenecks in the market.

5. Enforce Price Control if warranted. In coordination with implementing agencies, LPCCs may assist in the enforcement of price control measures to prevent businesses from taking advantage of consumers during crises.

During states of calamities and disasters, prices of basic necessities are automatically frozen at their prevailing prices or placed under Automatic Price Control. *(Please refer to Page 57 to learn more about Price Control)*

There is a need for implementing agencies under the Price Act to work closely with LPCCs, and to harmonize the monitoring of supply and prices of basic necessities and prime commodities, especially business establishments' compliance with Automatic Price Control, or Mandated Price Ceiling, if any, during a declared state of calamity, emergency, and the like.

To strike a balance and safeguard the interests of both businesses and consumers, the Price Act limits the duration of Automatic Price Control, not to exceed 60 days, or 15 days in the case of wholly imported and deregulated basic necessities, such as, but not limited to, household LPG and kerosene. "Extending the period may cause the disruption of flow of commodities and principles of the free market. Arguably, it is unavoidable for manufacturers to also incur higher production costs during times of emergencies and disasters." (Welfare Issues in Price Control on Occasions of Calamities, Emergencies, and Like Occurrences, Philippine Institute for Development Studies, Discussion Paper Series No. 2017-52)

6. Recommend SRPs. The LPCCs may, using the result of their monitoring activities as basis, recommend to the NPCC, through the NPCC Secretariat, or to the Implementing Agencies the issuance of SRP for certain basic necessities and/or prime commodities in their respective areas. (Section 5, Rule VI of IRR) Please refer to Page 17 to learn more about how LPCCs can recommend Suggested Retail Prices.

7. Expand Monitoring Coverage. Section 1, Rule VII of Joint DAO No. 1, series of 1993 provides that LPCCs may extend monitoring to specific items identified as basic necessities/prime commodities not part of the regular monitoring.

Section 5 of JAO No. 13-1, s. 2013 provides the mandatory procedure that should be observed in the inclusion (or exclusion) of consumer product/s in the list of basic necessities or prime commodities.

8. Report. LPCCs are responsible for submission of reports to the Secretariat of the NPCC for coordination purposes. Only items with price changes and supply problems should be reported. (Section 4.5.3 of DTI-DA-DOH-DILG-DENR Joint MC No. 3, series of 2020)

9. Analyze Price Fluctuations. Even during emergencies, LPCCs may conduct an in-depth analysis of the causes of price fluctuations and recommend action steps to correct unwarranted price increases and supply shortages. The scope of this function may not be exclusively limited to non-emergency situations, as outlined in Section 5(4), Rule VI of the IRR.

Price fluctuation, according to the Cambridge dictionary, is the metric used to determine the rate of growth or reduction in the price of goods and services within a market. (<https://dictionary.cambridge.org/us/dictionary/english/price-fluctuation>)

Essentially, it refers to price adjustments that are erratic in a specific marketplace or market area. Supply and demand dynamics, market conditions, economic indicators, and foreign events can all have an impact on these.

Price fluctuations and analysis are complex and technical in nature that require a deep understanding of economic principles, market forces, historical and other relevant data. Economists, statisticians and other market analysts have the training, experience and access to technical tools necessary to generate accurate data.

LPCCs analyze these fluctuations to identify the causes behind price increases or decreases and to determine whether they are warranted or unwarranted. This is to ensure that prices are reasonable and to recommend action steps or take appropriate action if any unjustified price fluctuations are detected.

10. Collaborate with Manufacturers and/or Retailers' Group. LPCCs should establish partnerships with the private sector, particularly manufacturers and/or retailers' groups, to employ strategies to combat panic buying and hoarding of basic necessities and prime commodities.

Ensuring the availability of vital and essential commodities, especially during periods of calamity or emergency is a social responsibility and moral duty shared among businesses, consumers, government regulators and law enforcement authorities.

LPCCs may also explore how to provide assistance to businesses to help them maintain adequate inventory levels and ensure continuity of supply during emergencies. *(Please refer to page 80 for the proposed strategies to curb panic buying)*

11. Determine and Recommend Price Ceiling. The chairperson of LPCCs can call for a public hearing or conduct dialogues with representatives of DILG, producers, manufacturers, distributors, sellers, and consumers in order to arrive at a reasonable price ceiling when circumstances so warrant under the law. (Last paragraph, Section 1, Rule VIII of IRR)

This will help to ensure that all stakeholders are involved in the decision-making process and that the price ceiling is fair and reasonable. *(Please refer to Page 16 to learn more about how LPCCs can recommend Price Ceiling.)*

12. Law Enforcement Coordination. LPCCs can also coordinate with relevant law enforcement bodies to combat illegal acts of price manipulation such as hoarding and profiteering and take appropriate actions against those responsible.

13. Activate LPCC Hotlines/ Online Reporting Mechanisms. These mechanisms serve as essential tools to monitor and identify emerging crises in real-time. By activating these channels, the LPCC demonstrates a strong commitment to engaging with the public and promptly addressing their concerns. This proactive approach not only enables effective crisis management but also fosters trust and confidence among consumers, as they feel heard and reassured that their issues are being taken seriously. The hotlines and online reporting mechanisms can also be used to access accurate information and fight fake news.

14. Protect Consumers. The implementing member agencies may adopt such other measures to ensure an adequate supply of commodities and protect consumers from unreasonable price increases and other illegal acts of price manipulation during emergency situations. (Section 7, Rule VII, JAO No. 1, series of 1993)

Please turn to page 82 to view the *Proposed LPCC Operational Framework*.



In a concerted effort to combat the unscrupulous exploitation of the COVID-19 crisis, the Cagayan de Oro City Price Coordinating Council (CPCC) and Regulatory Compliance Board joined in an entrapment operation lead by the Criminal Investigation and Detection Group (CIDG) and the Food and Drug Administration (FDA) to swiftly curtail the illicit trade of unlicensed medical devices, which were shamelessly peddled at exorbitant prices during the height of the pandemic. *(Photo from CDO City Price Coordinating Council Facebook Page)*

THE IMPLEMENTING AGENCIES

The five implementing agencies of the Price Act are the DA, DENR, DOH, DTI, and DOE. Under the rules, they shall adopt programs designed to: 1. promote productivity in basic necessities and prime commodities, 2. improve efficient transport and distribution system; and 3. protect consumers from inadequate supply and unreasonable price increases on occasion of calamities, emergencies and like occurrences. (Section 3, JAO 1, series of 1993)

Section 1(2) Rule 1 of JAO 1, series of 1993, as amended, states that “implementing agency” means the department, agency or office of the Government which has jurisdiction over a basic necessity or prime commodity as defined in these Rules and Regulations, 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;



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

(e) Department of Energy, with reference to household liquified petroleum gas (LPG) and Kerosene.²¹



²¹ DTI, DA, DOH, DENR, DOE JAO No. 13-1, series of 2013 on the jurisdiction of implementing agencies

WHAT ARE BASIC NECESSITIES?

Basic necessities are goods vital to the needs of consumers for their sustenance and existence in times of any of the cases provided under Section 6 or 7 of [the Price Act] such as, but not limited to, rice, corn, root crops, bread; fresh, dried or canned fish and other marine products; fresh pork, beef and poultry meat; fresh eggs; potable water in bottles and containers; fresh and

processed milk; fresh vegetables and fruits; locally manufactured instant noodles; coffee; sugar; cooking oil; salt; laundry soap and detergents; firewood; charcoal; household liquefied petroleum gas (LPG) and kerosene; candles; drugs classified as essential by the Department of Health; and such other goods as may be included under Section 4 of [the Price Act]."

WHAT ARE PRIME COMMODITIES?

Prime commodities are goods not considered as basic necessities but are essential to consumers in times of any of the cases provided under Section 7 of [the Price Act] such as, but not limited to, flour; dried, processed or canned pork, beef and poultry meat; dairy products not falling under basic necessities; onions, garlic, vinegar, patis, soy sauce; toilet soap; fertilizer, pesticides and herbicides; poultry, livestock and fishery feeds and veterinary products; paper; school supplies; nipa shingles; sawali; cement; clinker; GI sheets; hollow blocks; plywood; plyboard; construction nails; batteries;

electrical supplies; light bulbs; steel wire; all drugs not classified as essential drugs by the Department of Health and such other goods as may be included under Section 4 of [the Price Act]."

RA 10623 reclassified "fresh fruits" from a prime commodity to a basic necessity. It added "potable water in bottles and containers," "locally manufactured instant noodles," "household liquefied petroleum gas" and "kerosene" in the list of basic necessities. The amendments also introduced "livestock and fishery feeds" as one of the prime commodities.

BASIC NECESSITIES	PRIME COMMODITIES
<p><i>Basic necessities</i> are goods vital to the needs of consumers for their sustenance and existence in times of any of the cases provided under Section 6 or 7 of this Act such as, but not limited to the following:</p> <ol style="list-style-type: none"> 1. Rice 2. Corn 3. Root crops 4. Bread 5. Fresh, dried or canned fish and other marine products 6. Fresh pork, beef and poultry meat 7. Fresh eggs 8. Potable water in bottles and containers 9. Fresh and processed milk 10. Fresh vegetables and fruits 11. Locally manufactured instant noodles 12. Coffee 13. Sugar 14. Cooking oil 15. Salt 16. Laundry soap and detergents 17. Firewood 18. Charcoal 19. Household liquefied petroleum gas (LPG) 20. Kerosene 21. Candles 22. Drugs classified as essential by the Department of Health and such other goods as may be included in the current edition of the Philippine National Drug Formulary (PNDF) Essential Drugs List (EDL) 23. Such other goods as may be included under section 4 of the Price Act 	<p><i>Prime Commodities</i> are goods not considered as basic necessities but are essential to consumers in times of any of the cases provided under Section 7 of this Act such as, but not limited to the following:</p> <ol style="list-style-type: none"> 1. Flour 2. Dried, processed or canned pork 3. Beef and poultry meat 4. Dairy products not falling under basic necessities 5. Onions 6. Garlic 7. Vinegar 8. Patis 9. Soy sauce 10. Toilet soap 11. Fertilizer 12. Pesticides and herbicides 13. Poultry, livestock and fishery feeds 14. Veterinary products 15. Paper 16. School supplies 17. <i>Nipa</i> shingles 18. <i>Sawali</i> 19. Cement, clinker, GI sheets 20. Hollow blocks 21. Plywood, plyboard 22. Construction nails 23. Batteries, electrical supplies, light bulbs 24. Steel wire 25. All drugs not classified as essential drugs in the current edition of the Philippine National Drug Formulary (PNDF) Essential Drugs List (EDL) 26. Such other goods as may be included under section 4 of the Price Act

Sections 3 (1) and 3 (8) of RA 7581 as amended by RA 10623



INCLUSION/EXCLUSION FROM THE LIST OF BN/PCs

Upon petition of the concerned parties or *motu proprio* action from the concerned agency of the Price Coordinating Council, and after public hearing, the implementing agency, with the approval of the President, may include in the definition of basic necessities or prime commodities types and brands of the goods or 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.²²

Section 5 of JAO No. 13-1, s. 2013 provides for the mandatory procedure that should be observed in the inclusion or exclusion of consumer product/s in the list of basic necessities or prime commodities (BN/PCs).

²² Section 3, R.A. No. 10623

JURISDICTION OF IMPLEMENTING AGENCIES

IMPLEMENTING AGENCIES				
DA	DOH	DENR	DTI	DOE
BASIC NECESSITIES				
<ol style="list-style-type: none"> 1. Rice 2. Corn 3. Root crops 4. Fresh, dried fish and other marine products 5. Fresh pork, beef and poultry meat 6. Fresh eggs 7. Fresh milk 8. Fresh vegetables 9. Fresh fruits 10. Sugar 11. Cooking oil 	<p>Drugs and medicines that are included in the current edition of the Philippine National Drug Formulary (PNDF) Essential Drugs List (EDL)</p>	<ol style="list-style-type: none"> 1. Firewood 2. Charcoal 	<ol style="list-style-type: none"> 1. Bread 2. Canned fish and other marine products 3. Potable water in bottles and containers 4. Processed milk 5. Locally manufactured instant noodles 6. Coffee 7. Salt 8. Laundry soap 9. Detergent 10. Candles 	<ol style="list-style-type: none"> 1. Household LPG 2. Kerosene
PRIME COMMODITIES				
<ol style="list-style-type: none"> 1. Dried pork 2. Dried beef and poultry meat 3. Fresh dairy products not falling under basic necessities 4. Onions, garlic 5. Fertilizer, pesticides and herbicides 6. Poultry, livestock and fishery feeds 7. Veterinary products 	<p>All other drugs and medicines that are not included in the current edition of the Philippine National Drug Formulary (PNDF) Essential Drugs List (EDL)</p>	<ol style="list-style-type: none"> 1. Nipa shingles 2. Sawali 3. Plywood 4. Plyboard 	<ol style="list-style-type: none"> 1. Flour 2. Processed and canned pork 3. Processed and canned beef and poultry meat 4. Vinegar, patis, soy sauce 5. Toilet soap 6. Paper, school supplies 7. Cement, clinker, GI sheets 8. Hollow blocks 9. Construction nails 10. Batteries, electrical supplies, light bulbs 11. Steel wire 	<p>None</p>

Based on DTI, DA, DOH, DENR, DOE JAO No. 13-1, series of 2013 on the Jurisdiction of Implementing Agencies of the Price Act



Under Section 1(2) Rule 1 of the DTI-DA-DOH-DENR Joint Administrative Order No. 01, series of 1993 otherwise known as the Implementing Rules and Regulations of RA 7581, as amended, the Department of Agriculture (DA) is the implementing agency with reference to *agricultural crops, fish and other marine products, fresh meat, fresh poultry and dairy products, fertilizers, and other farm inputs.*

For Basic Necessities, the DA has jurisdiction over *rice, corn, root crops, fresh, dried fish and other marine products; fresh pork, beef and poultry meat; fresh eggs; fresh milk; fresh vegetables; fresh fruits; sugar; and cooking oil.*

For Prime Commodities, the DA has jurisdiction over *dried pork; dried beef and poultry meat; fresh dairy products not falling under basic necessities; onions, garlic; fertilizer, pesticides, and herbicides; poultry, livestock, and fishery feeds, and veterinary products.*

Section 1, Rule IV of the same IRR mandates that each implementing agency to conduct regular monitoring of basic necessities and prime commodities.

It is worth noting that in June 1992, following the implementation of the Local Government Code of 1991, various assets, budget, facilities, extension service personnel, and on-site research activities previously under the DA were transferred to local government units. The transfer also affected around 17,673 department personnel, who were technically and administratively placed under the supervision of the LGUs. (The Devolution of Agricultural and Health Services by Cielo Magno, Social Watch Philippines, 2001)

Moreover, the Supreme Court's 2018 *Mandanas-Garcia* ruling granted LGUs a larger share of national taxes, prompting the national government to devolve more functions to the LGUs. As a result, the responsibility for the country's agricultural development is now being shared between the central government and the LGUs. The DA now operates at the regional level, working closely with local government units at the provincial, city, and municipal levels.



Importing rice valued at least ₱10M into the country or other agricultural products (corn, pork, poultry, garlic, onion, carrots, fish, and cruciferous vegetables) with a minimum amount of ₱1M without the required import permit from regulatory agencies may constitute the crime of "Large-Scale Agricultural Smuggling as Economic Sabotage" under Section 3 of RA 10845 or the Anti-Agricultural Smuggling Act of 2016.

The DA uses various activities and programs to monitor and stabilize the prices of basic agricultural and fishery products to ensure food sufficiency in the country, including but not limited to the following:

a. Price Monitoring. The DA regularly monitors the prices of agricultural products in the market, including the cost of production, transportation, and other factors that affect the price of these products.

The DA's *Bantay Presyo* program is designed to help ensure that prices of basic food commodities in the Philippines are reasonable and affordable for consumers. The program is part of the government's efforts to promote food security and mitigate the impact of inflation on the public. The program was launched by the DA in response to concerns about the rising cost of food and the impact of inflation on consumers.



Under Section 2 of DA DAO No. 7, series of 2016, the DA's price monitoring teams known as *Bantay Presyo Monitoring Teams* shall be organized in the Office of the Secretary (Central Bantay Presyo Monitoring Team) and in each region known as the *Regional Bantay Presyo Monitoring Team* or RBPMT.

In DA Special Order No. 359, series of 2020, a *Bantay Presyo Task Force* was created to strengthen its price monitoring and enforcement activities of the DA. It is composed of a composite team from the Agribusiness and Marketing Assistance and representatives from other DA agencies. It has three operating units namely: *Price Monitoring, Price Enforcement Unit, and Adjudication Unit.*

b. Market Information System. The DA is tasked under RA No. 8435 to operate a market information system that provides farmers and other stakeholders with timely and accurate information on market prices and other market trends.

The system includes a price monitoring component that collects data from various sources, such as farmers, traders, and government agencies, to provide an overview of market prices.

Section 39 of RA No. 8435 or the Agriculture and Fisheries Modernization Act (AFMA) of 1997 provides that a market information system shall be installed for the use and benefit of, but not limited to, the farmers and fisherfolk, cooperatives, traders, processors, the LGUs, and the DA.

Further, Section 42 of RA No. 8435 also provides for the establishment of a National Information Network (NIN) to provide information and marketing services related to agriculture and fisheries which shall include the following: supply data, demand data, price and price trends, and etc.

Finally, Section 2 of RA 8178 or the Agricultural Tariffication Act provides that “to help the agricultural sector compete globally, the State shall seek to raise farm productivity levels by providing the necessary support services such as, but not limited to, irrigation, farm-to-market roads, post-harvest equipment and facilities, credit, research and development, extension services, other market infrastructure and *market information.*”

c. Suggested Retail Prices. The DA issues suggested retail prices (SRP) on basic agricultural commodities “to allow retailers to realize a reasonable profit while ensuring that consumers are protected from profiteering.” It covers various categories, e.g., rice, livestock and poultry, fish, lowland and highland vegetables, fruits, spices, and other basic agricultural items.



d. Establishment of Trading Centers. The DA has set up *agri-pinoy* trading centers throughout the country to help farmers and dealers connect with one another and get market information. These trading facilities allow farmers to sell their products directly to purchasers, eliminating intermediaries and lowering transaction costs.

For example, the DA Regional Office in Bicol has funded the establishment of a P34.85 million AgriPinoy Trading Center at the Sitio Mat-I, Barangay Sto. Domingo in Camarines Norte sometime in 2013. It is equipped with warehouses, loading stations, and cold-storage facilities.

In 2021, the DA inaugurated the P100 million new Sariaya Agricultural Trading Center and Facilities (SATCF), reportedly the largest trading center in Quezon.

The construction of these trading centers consequently reduced the prices of basic goods as it helped minimized post-harvest losses, enhanced market access, and promoted direct transactions between farmers and buyers.

Supply chain inefficiency stands out as one of the factors affecting the prices of agricultural products in the Philippines. As a consequence, farmers may be pushed to sell their products to middlemen who add their own markups before selling to retailers and consumers. This results in higher prices for consumers and lower profits for farmers.

By building agri-trade centers, the farmers were given direct link to purchasers, traders, and institutional buyers, eliminating the need for middlemen, reduce the number of intermediaries, and lower transaction costs.

Further, these trading centers have improved the quality of their products as they were given direct access to proper storage and processing and marketing facilities. This also increased the competition among the farmers which eventually reduced the prices of basic goods, making it beneficial to consumers.



Image source: www.da.gov.ph



Long queues form as locals await fresh agricultural goods at the *Kadiwa ng Pangulo* on July 17, 2023, at the Capitol Grounds, Malaybalay City, Bukidnon.

e. Promoting Direct-to-Consumer Marketing. The DA encourages farmers to sell their products directly to consumers through initiatives such as the *Kadiwa* program.

The *Kadiwa* program aims to ensure that food commodities are made available and accessible in high consumer demand areas, particularly among the low-income families, by harnessing private sector participation, capacity enhancement of farmer cooperatives and associations, and engaging community organizations' participation in food supply distribution system.

Under the *Kadiwa* program, the DA works directly with farmers, fisherfolk, and other producers to sell their products directly to consumers at designated *Kadiwa* outlets or markets.

The *Kadiwa* program was first rolled out in the 1970s. It was re-launched in 2019 to help address the food security challenges brought about by the COVID-19 pandemic, which disrupted supply chains and resulted in higher prices for basic food commodities. The program initially focused on providing food aid to vulnerable communities but has since expanded to make accessible and available quality agri-fishery products such as rice, fish, poultry and livestock products, fruits and vegetables, and other basic commodities at affordable prices to the urban areas.

Today, the program has evolved into various modalities, namely: *Kadiwa ni Ani at Kita*, *Kadiwa Online*, *Kadiwa Express*, *Kadiwa-Diskwento Caravan*, and the *Kadiwa ng Pangulo*.

f. Implementing Subsidies. The DA may provide subsidies to farmers to help offset the cost of production, which can help reduce the prices of agricultural products.

For example, in 2020, the DA implemented the “*Plant, Plant, Plant*” program to increase agricultural productivity by providing support to farmers and fisherfolk affected by the COVID-19 pandemic. The program includes fertilizer subsidy initially amounting to P20 billion and urban and peri-urban agriculture amounting to P1 billion, among others.

Another example is the Philippine Integrated Rice Program (PIRD) which aims to increase the number of areas planted with quality hybrid and inbred rice varieties with optimum levels of fertilizer application.

g. Providing Credit Facilities. The DA offers various credit facilities to farmers and even offers loan opportunities to finance working capital and/or fixed asset acquisition requirements of start-up or existing agri-based projects of young entrepreneurs and agri-fishery graduates.

Farmers often face difficulty accessing rigid and stringent credit facilities usually provided by banks, which can limit their ability to invest in their farms and increase their production.

By providing alternative credit facilities, such as loans or credit lines, farmers can purchase inputs such as seeds, fertilizer, and equipment and invest in their farms to increase their yields and productivity.

h. Buffer Stocking. The DA maintains a buffer stock of essential agricultural products such as rice, corn, and other staples to stabilize prices and ensure sufficient supply. The buffer stock is released into the market during times of shortage or price spikes to help stabilize prices.

Based on the reports of the DBM, the funding for the Buffer Stocking Program of the DA almost doubled from P7 billion in the 2022 national budget to P12 billion in 2023, in a bid to ensure sufficient rice supply in the country in times of global food crisis, unforeseen emergencies, and calamities.



i. Enhancing Logistics and Distribution. The DA has also worked to improve logistics and distribution channels for agricultural products to reduce wastage, ensure timely delivery, and maintain sufficient supply in the market.

j. Recommending International Trade Negotiations. In the case of rice, the DA and NEDA may recommend to the President trade negotiations or renegotiations of the Philippines' international rice trade commitments.

Section 7 of RA 8178, as amended by RA 11203, provides that "in the interest of the Philippine rice industry and Philippine consumers, and upon their commendation of the NEDA and the Department of Agriculture (DA), the President may enter into trade negotiations or renegotiations of the Philippine international trade commitments on rice."



The passage of Rice Tariffication Law, fully known as RA 11203, "An Act Liberalizing the Importation, Exportation, and Trading of Rice, Lifting for the Purpose the Quantitative Import Restriction on Rice, and for Other Purposes" terminated the National Food Authority's (NFA) regulatory functions over international and domestic trading of rice. The regulation on the import and export of rice was repealed as well as the authority to seize hoarded stocks and the enforcement of rules and regulations in grains business, among others. The law also revised the NFA's functions to refocus on buffer stocking for calamities and emergencies to be sourced solely from local farmers.

The law replaced the quantitative restrictions on imported rice with tariffs of 35 to 40 percent and established the Rice Competitiveness Enhancement Fund (RCEF) funded by the tariff revenues.

According to the NEDA, by removing quantitative restrictions, the country was able to address both the needs of consumers for a lower retail price of rice and use the tariff revenues to fund the RCEF and provide even more assistance to farmers with excess tariff revenues.

Economic planners recommend that rice imports enter the market during the lean months when domestic rice supply is low and demand is high, as determined by the Department of Agriculture. One of the short-term measures to manage food inflation is to fill the domestic supply gap through timely and adequate importation based on forecasts of supply and demand.

It is worthy to note that importing rice into the Philippines valued at least 10 million pesos (as determined by the Bureau of Customs) without the required import permit from the regulatory agencies may be considered as "*Large-Scale Agricultural Smuggling Economic Sabotage*" under Section 3 of Republic Act No. 10845, or the Anti-Agricultural Smuggling Act of 2016.



DEPARTMENT OF ENERGY

The DOE was not initially among the implementing agencies of the Price Act until its amendment in 2013 through RA 10623, which added "household liquefied petroleum gas" (LPG) and "kerosene" to the list of basic necessities.

Under the DTI, DA, DOH, DENR, DOE Joint Administrative Order No. 13-1, series of 2013, the DOE has jurisdiction over basic necessities with reference to household LPG and Kerosene.

The DOE has several consumer protection programs and initiatives in place to safeguard the interests of energy consumers, to wit:

a. Consumer Welfare and Promotion. This program aims to promote awareness among energy consumers including but not limited to LPG buying and safety tips, green energy, and basic consumer responsibilities and obligations. It provides a platform for consumers to voice their concerns and complaints related to energy services.

b. Price Watch. The DOE conducts regular price and supply monitoring of petroleum products to ensure that oil retail outlets comply with energy laws, rules and regulations. It also regularly publishes the prevailing retail prices of petroleum products.



The lack of manpower at the DOE, however, hampers regular and detailed monitoring of prices in every municipality. To address this, the DOE drafted a Memorandum of Agreement with the League of Municipalities for an efficient, fast, and thorough means of monitoring, communication, coordination and cooperation. (Page 9, DOJ Study on Suggested Retail Price: Nature, Implementation and Effects, 29 June 2015)

The DOE's monitoring role has been clear since the advent of *deregulation*.

The nationwide monitoring covers provincial cities with high economic activity and all cities in the National Capital Region (NCR). Fuel stations surveyed are randomly sampled, stratified by fuel company and city.

RA 8479, or the Downstream Oil Industry Deregulation Act, has effectively liberalized and deregulated the downstream oil industry.

Since 1971, *regulation* has been the declared national policy in the petroleum industry, which led to the establishment of the Oil Industry Commission to oversee and regulate domestic prices.

In 1996, Congress enacted RA 8180 in an attempt to reverse the said policy and eliminate all forms of government price controls in two phases and ultimately abolishing the **Oil Price Stabilization Fund** (OPSF), a special buffer fund system intended to cushion the impact of international oil price fluctuations on consumers.

However, in 1997, the Supreme Court ruled that RA 8180 was unconstitutional and voided the effects of full industry deregulation.

Congress then rectified the unconstitutional provisions and immediately enacted a new deregulation law, RA 8479, in 1998 and provided for an oil price mechanism that is only dictated by free market forces such as global oil prices, exchange rates, and supply and demand.

Under the law, it is now the state's policy 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. (Section 2)

However, critics argue that the current oil deregulation regime has placed the country at the mercy of oil companies and thus calls for the revival of the OPSF and reverse the deregulation regime that began in 1998.



The Department of Energy (DOE) -Mindanao Field Office leads LPPC members in inspecting the quantity and quality of petroleum products in Cagayan de Oro.

Nonetheless, in a 2022 study by the Philippine Institute for Development Studies (PIDS), reinstating the OPSF, and reversing the downstream oil industry deregulation in the process, will do more harm than good in alleviating the impacts of rising oil prices.

The study reveals that policymakers should stick to "adequate and quality service, fair pricing, and energy security as developmental objectives."

The DOE continues to track and publish daily international crude oil prices, as well as monitor the movements of domestic oil prices. It also monitors the *quality* of petroleum products and regulates the operation of businesses involved in the sale of petroleum products to ensure compliance with licensing requirements and internationally aligned quality and safety standards.

c. Automatic Price Control Implementation. The DOE promulgated Department Circular No. DC2016-08-0013 dated June 20, 2016, or the Guidelines on the Implementation of Republic Act No. 10623, Amending Certain Provisions of Republic Act No. 7581 stating the action steps to be undertaken in the implementation of price freeze and/or mandated price ceilings, as the case may be, during specific exigencies under the Price Act with reference to "household liquefied petroleum gas" (LPG) and "kerosene."

d. Fuel Stations Inspection. The DOE conducts periodic inspections and sampling of petroleum products in various stations/retail outlets nationwide to check the “quantity and quality” of petroleum products being sold to consumers as well as to ensure that they comply with the existing Philippine National Standards for fuels and other safety standards and regulations.

e. Energy Efficiency and Conservation Program. It is a declared policy, under RA 11285, for the government to promote the judicious conservation and efficient utilization of energy resources through adoption of the cost-effective options toward the efficient use of energy to minimize environmental impact.

According to the DOE, “the primary goal of the government towards energy efficiency and conservation is to make it a way of life, increase awareness and the attainment of 229 MMBFOE total energy savings from the implementation of energy efficiency and alternative fuels programs for the period 2005-2014. It is projected that about 50.9 million tons CO₂ equivalent greenhouse gas emissions will be avoided for the same period.”

f. Law Enforcement Collaboration. In 2018, the DOE and PNP conducted various buy-bust operations against illegal traders of LPG-refilled butane canisters. According to the DOE, LPG-refilled butane canisters are extremely dangerous since butane canisters should only be used once. Refilling these tin canisters with LPG could cause fire and also greatly endangers the lives of our consumers.

In 2021, the CIDG, BFP, and DOE conducted a flagship program against Illegal Refinery/Manufacturing/Importation and Retail of Liquefied Petroleum Gas (Oplan “LIGAS”). Those caught illegally selling and/or offering for sale petroleum products were reportedly arrested and charged for violation of PD 1865 (Short-Selling and Adulteration of Petroleum and Petroleum Products).

According to the DOE, peddling of liquid fuels in any container, such as, *bote* or soda bottles, plastic bottles, jugs, and other similar portable containers are strictly prohibited under DOE Department Circular No. DC2003-11-010.

The DOE also collaborates with the BOC to effectively counter the entry of smuggled fuel into the country. Additionally, the DOE works closely with the BIR to ensure that fuel smugglers are duly penalized in accordance with the internal revenue laws, rules and regulations.

g. Energy Complaints Handling. The DOE maintains a customer complaint system through its Customer Welfare and Promotion Office (CWPO), where consumers can report any issues and complaints involving energy services.



DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Under JAO 1, series of 1993, as amended, the DENR has jurisdiction over basic necessities and prime commodities in relation to *wood* and *other forest products*.

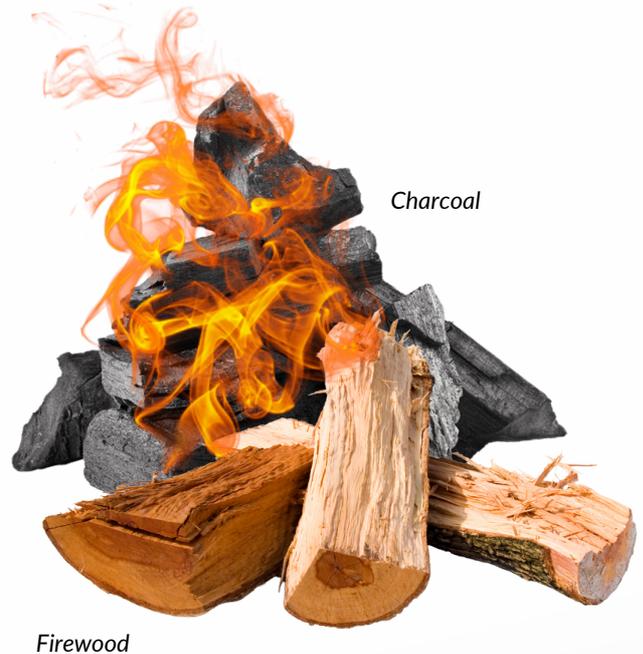
For Basic Necessities, the DENR has jurisdiction over *firewood* and *charcoal*, while for Prime Commodities, it has jurisdiction over *nipa shingles*, *sawali*, *plywood*, and *plyboard*.

It is worth noting that the DENR has strict rules on wood charcoal production, requiring that only sustainable raw materials can be used. These sources include planted trees intended for fuelwood production (such as Kakawate/Madre de cacao, Ipil-ipil, among others), harvesting wastes (e.g., tops and branches), pruning and thinning derivatives, processing wastes (e.g. wood wastes/ trimmings from wood processing plants), and all other accumulated raw materials waste and residues. (AO No. 2022-05, series of 2022)

During the deliberations of the Bicameral Conference Committee on Trade and Commerce, the lawmakers discussed that shortly after the 1991 typhoon in Cebu, prices of goods increased tremendously, including nipa shingles.²³ At that time, nipa shingles were widely used for roofing houses and sheds, so they were added to the list of prime commodities.

In MC No. 1993-19, the DENR will monitor the supply and prices of forest products classified as basic necessities to ensure availability and sufficiency of these products in the market and to prevent price increases beyond the limits set by law.

DENR AO No. 2000-55 or the Revised Price Monitoring System for Forest Products dated 12 July 2000 also states that the DENR shall monitor prices in order to generate updated price statistics and trends to comply with the requirements of the Price Act. The DENR shall also develop and maintain a database on prices of forest products at their different office levels for policy development and planning purposes.



²³ Page 42, Transcript of the Bicameral Conference Committee on Trade and Commerce dated February 1, 1991



DEPARTMENT OF HEALTH



In accordance with RA No. 7581 or the Price Act, the Department of Health (DOH) serves as the implementing agency exercising jurisdiction over basic necessities and prime commodities concerning *medicines and other medical products*.

Section 2 of RA 9502, or the Universally Accessible Cheaper and Quality Medicines Act of 2008, declares that it is the policy of the state to protect public health, and when public interest or circumstance of extreme urgency so require, to adopt appropriate measures to promote and ensure access to affordable quality drugs and medicines for all.

Under Section 1(2) Rule 1 of JAO 1, series of 1993, as amended, the DOH is the implementing agency of the Price Act *with reference to drugs*.

For Basic Necessities, the DOH has jurisdiction over drugs and medicines that are included in the current edition of the Philippine National Drug Formulary (PNDF) Essential Drugs List (EDL). Essential medicines have been identified as a basic necessity especially in times of natural calamities natural calamities and man-made disasters that put the health and lives of Filipino at risk because of unfavorable conditions that cause or aggravate disease, which may lead to epidemics and death.

For Prime Commodities, the DOH has jurisdiction over all other drugs and medicines that are not included in the current edition of the aforementioned PND-EDL.

Section 1, Rule IV of the same IRR mandates each implementing agency to regularly monitor basic necessities and prime commodities.

The DOH monitors prices and implements the Price Act and other applicable laws, rules and regulations through a combination of price monitoring, consumer complaints, and enforcement measures to ensure that the prices of essential medicines and medical devices are reasonable and affordable, to wit:

a. Suggested Retail Price (SRP). The DOH regularly issues SRPs on selected essential emergency medicines and medical devices. The SRP shall be the reasonable retail price of essential medicines and medical devices for the information and guidance of producers, manufacturers, traders, sellers, retailers, and consumers.

b. Maximum Retail Price / Maximum Wholesale Price Schemes. The DOH is authorized to implement and enforce the Maximum Drug Retail Price (MDRP) scheme, which sets the maximum prices that drug manufacturers and importers can charge for certain essential drugs and medicines. The MDRP is aimed at ensuring that essential drugs and medicines remain affordable and accessible to the public, especially those who are marginalized and vulnerable.

Section 17, Chapter III of RA 9502 states that the President of the Philippines, upon recommendation of the Secretary of the DOH, shall have the power to impose maximum retail prices over any or all drugs and medicines as enumerated in Section 23.



Under Section 19 (A-3), Chapter III of RA 9502, no retailer shall sell drugs and medicines at a retail price exceeding the maximum retail price approved by the President of the Philippines.

Accordingly, the drugs and medicines covered by or subject of the MDRP shall not exceed the maximum retail price imposed by law wherever they are sold. This also applies to government and private health facilities regardless of the established room rates.

c. Electronic Drug Price Monitoring System (EDPMS). The DOH also has a price monitoring system that tracks the prices of essential medicines in drugstores and pharmacies nationwide.

The EDPMS is a web-based tool used by the DOH to collect market information of essential medicines from drug establishments and drug outlets nationwide.

The DOH gathers data on the prices of medicines from different sources, including pharmacies, hospitals, and drug manufacturers. The DOH then analyzes the data to determine if there are significant price increases.

d. Price Mark-ups Regulation. Under DOH Administrative Order No. 2020-0043 or the *Guidelines on Ensuring the Affordability of Essential Medicines in DOH Facilities Through the Regulation of Price Mark-ups*, in situations where there is a declared pandemic, public health emergencies and other catastrophe, the government has the right to issue a price freeze and/or suggested retail prices for the affected drugs and medicines and other commodities as identified by the DOH, Department of Trade and Industry (DTI) or other government entities. During price freeze, no movement of retail prices are allowed.

Similar to other implementing agencies, the DOH also implements the imposition of an “automatic price control” on Emergency Medicines and Medical Devices during specific exigencies enumerated under the Price Act and within a limited period set by law. (Please refer to Page 59 to learn more about Price Control)

e. Administrative Sanctions. The DOH can issue show-cause orders to drug stores or pharmacies that violate the Price Act. These orders require the establishment to explain why they are overpricing their products and to comply with the MDRP.

The DOH is authorized by law to investigate and impose administrative fines and penalties against manufacturers, importers, and retailers who violate the MDRP or engage in price manipulation, e.g., hoarding and/or other anti-competitive practices.

In 1963, the Food and Drug Administration (FDA) was established under the DOH per Republic Act No. 3720, or the Food, Drug, and Cosmetic Act. It was tasked with administering and implementing laws that guarantee "the safety and purity of foods, drugs and cosmetics being made available to the public."

The agency was abolished in 1982, and its functions were undertaken by the Bureau of Food and Drugs (BFAD). In 1987, certain provisions of Republic Act No. 3720 were amended by Executive Order No. 175.

In 2009, Republic Act No. 9711 was enacted to reinforce the regulatory capacity of the Bureau, which was then renamed the FDA, now holding regulatory authority over all health products.

The FDA, in coordination with enforcement agencies, may also file criminal charges against firms that violate regulations. The cases may include violations of the Consumer Act and other applicable Food, Drug, and Cosmetics laws, rules and regulations, which can result in imprisonment and fines. (*FDA Circular 2013-022, August 23, 2013*)

The Supreme Court, in *DOH vs Cayetano*, ruled that the FDA has regulatory authority over *all health products*, which include tobacco products. (*GR No. 200431. July 13, 2021*)

Under Section 1(2) Rule 1 of JAO 1, series of 1993, as amended, the DTI is the implementing agency with reference to *all other* basic necessities and prime commodities.

For Basic Necessities, the DTI has jurisdiction over *bread, canned fish and other marine products, potable water in bottles and containers, processed milk, locally manufactured instant noodles, coffee, salt, laundry soap, detergent, and candles.*

For Prime Commodities, the DTI has jurisdiction over *flour; processed and canned pork; processed and canned beef and poultry meat; vinegar, patis, soy sauce; toilet soap; paper, school supplies; cement, clinker, GI sheets; hollow blocks; construction nails; batteries, electrical supplies, light bulbs; and steel wire.*

The DTI uses multi-faceted programs and activities to monitor the prices of basic necessities and prime commodities under its jurisdiction and ensure their availability and accessibility at reasonable prices at all times without denying legitimate businesses a fair return on investment, to wit:

a. Price and Supply Monitoring. The DTI has authorized personnel in charge of gathering report on the prices and supply of basic necessities and prime commodities under its jurisdiction.

Monitoring is an activity where the DTI observes, checks, and keeps track of the goods, products, operations, or services of private business entities to ensure conformance to and compliance with existing DTI laws and regulations.

Under DTI DO No. 20-86, series of 2020, the monitoring activities of the DTI are made in order to provide a basis for determining and issuing SRPs; provide a basis for imposing price freeze, and price ceiling; determine price trends; develop a comprehensive database system for prices of covered products; identify and address causes of market and price irregularities; and formulate policies and develop programs and projects geared towards ensuring price reasonableness and supply adequacy.



During normal times, monitoring and collection of prices of basic necessities and prime commodities are made on a weekly basis for key cities and monthly basis for non-key cities.

During a declaration of a state of calamity or emergency, price and supply monitoring is conducted daily and the frequency thereof may be reduced as soon as prices and supply situation has stabilized. (2.1.3) In case a basic necessity is sold at a price higher than the price freeze during state of calamity, it may result to the issuance of a Show Cause Order or Notice of Violation.

The provincial/regional offices of the DTI also submits daily price and supply monitoring reports to the CPAB including but not limited to situational reports, road and market conditions, inventory level and status of distribution, issues/concerns encountered (e.g., power supply, internet, and communication services), and any action/assistance needed from the head office and/or other government agencies.

Under Section 1, Rule 2 of DTI DO No. 20-86, series of 2020, the business establishments under the scope and coverage of the price and supply monitoring of the DTI include bakeries, convenience stores, flour outlets, grocery stores, hardware stores, hypermarket, school supply store/outlet, stalls in public and private markets, supermarkets, and all other establishments as determined by the DTI.

Pursuant to EO 292, the DTI Official concerned may order the FTEB and ROs/POs to assist other agencies in implementing the Price Act through the conduct of *special monitoring* of the prices and supply of basic necessities and prime commodities. (Section 5, Rule IV of DTI DO No. 20-86, series of 2020)

The conduct of special monitoring may be in coordination with the implementing agency and/or Local Price Coordinating Council.

All price and supply monitors, shall at all times, wear their DTI ID and present a copy of the signed authority to conduct monitoring such as Bureau or Office Order to the representative of the business establishment.

b. Suggested Retail Price (SRP). The DTI publishes a list of basic necessities and prime commodities with their corresponding SRPs for the information and guidance of producers, manufacturers, traders, sellers, retailers, and consumers. (Section 3.20 of DAO No. 20-86, s. 2020)

The latest information is shared on its website (www.dti.gov.ph) and official social media accounts, such as Facebook and Twitter, for easy access by the public. The bulletin is updated on a regular basis to reflect any changes in SRPs.

Retailers are required to display in conspicuous places within the store and in appropriate size the updated SRP list for the information and guidance of consumers. (Section 4, Rule III, DAO 17-09, series of 2017)

Manufacturers, on the other hand, are required to notify in writing the DTI-Consumer Protection and Advocacy Bureau (CPAB) of any change in the SRPs of basic necessities and prime commodities, including the reason/s for the change. (3.1)

It is worth noting that while *Convenience Stores* are included in the scope of *monitoring* of the DTI under Section 1, Rule 2 of DTI DO No. 20-86, series of 2020, they are not included in the scope and coverage of the implementation of SRPs as outlined in Section 1, Rule II, DAO 17-09, series of 2017.

Due to the recommendatory nature of SRPs, the DTI sends Letters of Inquiry (LOI) rather than Notices of Violation (NOV) to businesses that have been observed selling basic necessities and prime commodities at prices higher than the SRP. Only after an investigation will the necessary formal administrative charges be filed against erring establishments.

c. Price Guides on Seasonal Products. The DTI also publishes price guides on seasonal products such as *School Supplies* and *Noche Buena* products, even though the latter are not classified as basic necessities or prime commodities under the Price Act.

Seasonal products refer to products that are either not available in the market during certain seasons or periods of the year or are available throughout the year but with regular fluctuations in their quantities and prices that are linked to the season or time of the year. (Section 3.18, DAO No. 20-86, series of 2020)



During the back-to-school season, demand for school supplies usually increases, and some retailers may take advantage of this by raising prices above reasonable levels. By issuing price guides, the DTI aims to prevent this from happening and ensure that prices are fair and reasonable.

The DTI also monitors the prices of *Noche Buena* products as these are high-demand consumer goods during the Christmas season. Section 4 of DAO No. 20-86, series of 2020, instructs the monitoring of these products “weekly for key cities and monthly for non-key cities from October to December.”

The price guide on *Noche Buena* contains products such as *ham, keso de bola, cheese, sandwich spread, mayonnaise, pasta–spaghetti noodles, elbow and salad macaroni, spaghetti sauce, tomato sauce, and all-purpose cream.*

In 2023, it comprises around 240 Stock Keeping Units (SKUs), the term used by retailers in tracking their inventory levels. If monitoring teams identify SKUs priced above the guide price, a Letter of Inquiry (LOI) will not be sent to the retailer. Instead, the CPAB will be notified of the specific SKU, its price, and the monitored store. The price guide on seasonal products only serve as references, information, and guide for retailers & consumers.



d. Online Price Monitoring System (OPMS). The DTI's Online Price Monitoring System is known as the *e-Presyo*, a platform (now available as an app) that serves as a repository for current prices of Basic Necessities and Prime Commodities (BN/PCs) that are monitored by DTI offices nationwide.

Consumers can use *e-Presyo* to check for SRPs and the most recent prices of monitored basic goods and commodities. It allows the general public to access the system, search for stores that sell the BN/PCs, and find specific stores that sell such products at lower prices or within the SRPs.

e. Diskwento Caravans. The *Diskwento* Caravan has been a regular undertaking of the DTI since 2008. This public service initiative is organized in collaboration with manufacturers, distributors of Basic Necessities and Prime Commodities (BN/PCs), and local government units where the said products are offered at reduced prices to the public. The main objectives of the caravans are to provide consumers with access to essential goods at reduced prices and help ease the burden of rising prices on consumers.

The *Diskwento* Caravan focuses on three main product types: BN/PCs, school supplies for *Balik Eskwela*, and *Noche Buena* products during the Christmas season. Through the program, the DTI has provided high-quality and low-cost goods to the general public, making it more convenient and affordable specially for low-income families and individuals to purchase these essential items.

It is worth noting that the participation of manufacturers, distributors, and retailers in the *Diskwento* Caravan is also an act of public service, as most of them do not generate profits from these activities. Their involvement demonstrates a commitment to the welfare of the community and a willingness to contribute to public welfare.

The DOLE's National Wages and Productivity Commission (NWPC) recognizes the *Diskwento* Caravan as a *non-wage benefit program* for workers and employees. For the NWPC, these caravans serve as one of the mechanisms of the government to provide relief to workers and one way to augment their income to enable them to cope with the rising prices of basic goods and services. (DOLE Administrative Order No. 351, s. 2014)



MAMBAJAO, CAMIGUIN - A series of "Diskwento Caravans" enable consumers to avail themselves of affordable and quality basic necessities and prime commodities.

Over the years, the caravans in Region 10 have evolved and expanded, with the inclusion of some micro, small, and medium enterprises (MSMEs). For instance, in 2017, the DSWD collaborated with the DTI to allow the beneficiaries of its Sustainable Livelihood Program to participate in the events, providing them with an opportunity to showcase their products, increase the visibility of their humble businesses, and assist in their growth.

In 2020, DTI Lanao del Norte successfully organized the first online *Diskwento* Caravan in Iligan City and the country. The digital adaptation of the caravan was launched in response to the COVID-19 pandemic, which led to the closure of physical marketplaces and the need for businesses to pivot to online platforms.

In 2023, the DTI-10 conducted around 22 caravans in Northern Mindanao, benefiting a total of 27,646 household beneficiaries serving across 94 barangays, with an estimated total sales of P5,629,279.38.

In the same year, the DTI Misamis Oriental also launched the *Diskwento* Caravan: Rice Edition, a 10-day caravan that sold well-milled and premium rice at as low as P41 to P45 per kg. This was the first of its kind in the Philippines and the longest period of a caravan conducted during the implementation of Executive Order 39, which imposed a nationwide price ceiling on regular and well-milled rice.

The caravans help stabilize market prices by providing consumers with a more affordable sources of basic goods, which can help reduce demand and prevent price increases.

f. Revitalizing Local Price Coordinating Councils.

Technically, local councils such as LPCCs fall under the purview of the Department of the Interior and Local Government (DILG).

However, recognizing that it ultimately redounds to the benefit of consumers, DTI 10 is making additional efforts to encourage local government units to activate or reconstitute their respective LPCCs.

By revitalizing LPCCs, local government units can effectively coordinate and rationalize the programs of member agencies to stabilize prices and supply of basic necessities and prime commodities in the respective provinces, cities, and municipalities.

It can also adopt local measures to address and forestall unwarranted price increases, profiteering and hoarding of basic goods, especially during times of calamities and other exigencies stated in the Price Act.



MALAYBALAY CITY, BUKIDNON – DTI personnel engaged in an in-depth and collaborative discussion with the members and key stakeholders of the Provincial Price Coordinating Council, focusing on their Action Plan.



CAGAYAN DE ORO CITY – In a coordinated action to ensure reasonable pricing and availability of basic necessities and prime commodities, the City Price Coordinating Council (CPCC) of Cagayan de Oro has undertaken a comprehensive initiative to monitor prices in collaboration with key stakeholders like the City Government, DTI Misamis Oriental, Xavier University - Economics Department, Chamber of Commerce and Industry-CDO, and the Philippine Information Agency X, among others.

Duly constituted and functional LPCCs can help stabilize prices and prevent sudden price increases or fluctuations. This can contribute to a more stable economic environment and reduce the impact of inflation on consumers and businesses.

It can also serve as a platform for dialogue and cooperation among different stakeholders in the local community, including government agencies, businesses, and consumer groups. This can strengthen local governance and promote better decision-making processes.

g. Strengthening Industry Stakeholders Collaboration. The DTI-10 works closely with key industry stakeholders, such as the distributors or retailers' group and micro, small, and medium enterprises; academic institutions; and media groups to gather feedback and input on market conditions and price trends.

For example, in Misamis Oriental, the DTI partners with the Misamis Oriental Retailers Association (MISORA), a non-profit organization composed of retailers and other businesses engaged in selling basic necessities and prime commodities in the province of Misamis Oriental.

During the peak of the COVID-19 pandemic, the said retailers group was critical to the implementation of DTI-10's Anti-Hoarding and Anti-Panic Buying initiatives, limiting the sale of some basic necessities and products intended for health protection, such as, but not limited to, surgical face masks, alcohol, and sanitizers.

Coordinating with retailers' group also helps the DTI in conducting seamless consultation activities with stakeholders to gather feedback and input on proposed policies and programs of the government.

h. Engaging Consumer Organizations.

The DTI provides technical assistance, trainings, workshops, capacity building, and other services to duly recognized consumer organizations. They are also given consumer information materials to distribute to their respective members and consumers, among other things.

Consumer Organizations refer to a group of individuals who organized

themselves for a common cause of promoting the welfare and protecting the rights of consumers. (DTI DAO No. 20-07, series of 2020)

By capacitating them, these organizations can aid the DTI to increase the level of consumer awareness on their rights and responsibilities, as well as making them more aware and assertive against profiteering and illegal acts of price manipulation. They help advocate for policies and initiatives that promote and protect the interest of consumers by working with various LPCCs, government agencies, and other stakeholders.

By empowering them, consumer organizations can help the DTI in price monitoring and reporting any suspicious activity to the proper authorities regarding potential violations of the Consumer Act, Price Act, and other trade and industry laws, rules, and regulations.



Consumer Advocacy in Motion: Consumer Organizations and biking enthusiasts unite for a scenic bike ride in Camiguin island to promote sustainable consumerism, mindful purchasing, and eco-friendly practices.

i. Consumer Education and Advocacy. The DTI-10 conducts various online and onsite information, education and communication (IEC) campaigns aimed at empowering consumers and promoting fair trade practices. These campaigns are designed to increase the level of awareness of the public about their rights and responsibilities as consumers, as well as other issues pertaining to fair trade.

Region 10 achieved a perfect consumer awareness score in one of Pulse Asia's 2021 survey. The score dropped to 94% in 2022 but rebounded to 100% in the Q4 2023 results. Since 2012, DTI has been commissioning Pulse Asia quarterly to monitor public perception on prices and safety standards as well as consumer awareness levels.

Some of the key topics covered in the campaigns include the Price Act, Consumer Act, Product Standards (Safety and Quality), jurisdiction of government agencies, Consumer Rights and Responsibilities, Sustainable Consumerism, Fair Trade Laws, Rules, and Regulations, among others.

Consumer education is an essential aspect of empowering consumers with knowledge and skills to make informed purchasing decisions. Here are some of the innovative ways of DTI-10 in terms of consumer education:

1 Infographics, videos, and images to simplify complex legal information about the Price Act, making it easier for consumers to understand.

Noche Buena Price Guide 2023 (price range)

NOCHE BUENA PRODUCTS	PRICE RANGE	UNIT
HAM	P169.00 - P650.00	500g - 1kg
FRUIT COCKTAIL	P57.72 - P293.86	432g - 3.06kg
CHEESE	P56.50 - P420.00	160g - 900g
KESO DE BOLA	P210.00 - P445.00	300g - 750g
MAYONNAISE	P24.70 - P245.85	80ml - 700ml sachet jar
SANDWICH SPREAD	P29.50 - P263.60	60g - 440g / 80ml - 470ml sachet jar sachet jar
PASTA / SPAGHETTI	P25.50 - P113.00	175g - 1kg
ELBOW MACARONI	P23.00 - P124.00	200g - 1kg
SALAD MACARONI	P36.50 - P123.00	200g - 1kg
SPAGHETTI SAUCE	P23.55 - P103.00	200g - 1kg
TOMATO SAUCE	P15.50 - P92.25	115g - 1kg
ALL PURPOSE CREAM	P36.00 - P69.00	110ml - 410ml

Scan QR Code or visit link provided to view full list of Noche Buena Price Guide 2023:
<https://bit.ly/DTI-NB2023>

AMIGO ALASKA CENTURY PACIFIC FOODS, INC. cdo dti Dole Hunts Jolly KING SUE LaFilipino MONDELEZ NESTLE NEW ZEALAND NutriAsia ORFAM SAN MIGUEL FOODS SWSU UNIV. OF THE PHILIPPINES - VISAYAS UNIVERSITY OF SOUTHERN PHILIPPINES

2

Electronic Price Billboard. The e-price billboard is the first in Northern Mindanao and is a joint project of DTI and the LGU-Iligan through LPCC. It shows the prevailing prices of basic and prime commodities for agricultural and aquamarine products, manufactured goods, and liquid petroleum products (LPP) and liquefied petroleum gas (LPG).



3

Gamification or game-based learning to educate consumers in a fun and interactive way. For instance, DTI-10 continues to conduct online and onsite Consumer Quiz for high school students. Its provincial offices also hold TikTok competitions, poster or video making contests, and even friendly biking competitions in Camiguin island.



MISAMIS ORIENTAL - 154 students from 95 public and private schools across four DepEd divisions in Misamis Oriental and Cagayan de Oro City compete at Ayala Centrio Mall to emerge as the provincial consumer quiz bowl champion.

4

Social media campaigns on Facebook and Instagram to reach a wider audience with informative posts, videos, and images about price freeze and other information.



TikTok influencer Sheryl Gabay hosts the 2023 Online Consumer Quiz, attracting over 300 registrants from across Northern Mindanao.

before happy third anniversary DTI

5

Consumer fora, interactive trainings, workshops, and webinars to educate consumers on a wide range of topics including the Price Act.

6

Press conferences and media briefing. Aside from utilizing its regular teleradio program, DTI-10 also partners with local media groups to raise the level of awareness of the public on illegal acts of price manipulation.



MISAMIS OCCIDENTAL - During a local press conference, the DTI Provincial Office highlighted the crucial role of sustainable consumerism, urging all generations to make eco-conscious choices.



Free Online

Legal Consultation



Legal queries are answered by our chatbot or referred to legal professionals from our partners at the DOJ Action Center and the IBP - Misamis Oriental Chapter.

To begin, go to www.m.me/botslegis or search Bots Legis on Facebook Messenger

7

Chatbots and virtual assistants. DTI-10 also partnered with BotsLegis, a chatbot and virtual assistant developed by lawyer volunteers to provide consumers with quick and personalized responses to their queries about handling consumer complaints.



j. Rewards and Recognition to Outstanding Retailers. The Bagwis seal of excellence, formerly known as the DTI Certified Establishments Program, was launched in 2006 to recognize retail establishments that promote and foster the highest level of business ethics and uphold the rights of consumers by adopting responsible business practices.

These establishments include supermarkets/grocery stores, department stores, specialty stores, appliance centers, hardware stores, convenience stores, and DTI-accredited service and repair shops.

In Region 10, Bagwis awardees in Iligan City are eligible for fiscal and non-fiscal incentives. By virtue of City Ordinance No. 17-6629, businesses that receive the award may receive discounts ranging from PHP 10,000 to PHP 30,000 on their business taxes, depending on the level of award they receive. They also enjoy non-financial incentives such as express lane access for business permit renewal, recognition as a priority supplier for government purchases, and promotion to the buying/consuming public.

To qualify for the award, establishments are evaluated based on several factors such as compliance with applicable regulatory and statutory requirements (e.g., Consumer Act, Price Act, etc.), effectiveness of customer relations services, efficient store management operations, exemplification of social commitment and responsibility and established quality orientation management, among others.

The award is given in three categories, depending on the level of excellence demonstrated by the establishment: *Bronze*, *Silver*, and *Gold*. In 2023, DTI Region 10 has recognized over 88 establishments with the seal of excellence, with 59 Bronze, 22 Silver, and 7 Gold awardees.

Recipients of the award are entitled, among others, to use the DTI Bagwis logo for approved store promotion and/or advertisements, which can help enhance their reputation and credibility among consumers. (4.1. Rule IV of DAO 17-08, series of 2017)

Recognizing and awarding outstanding business establishments are considered as part of a broader strategy to protect the interest of consumers, promote their general welfare, and establish standards for the business and industry.



POWERS AND RESPONSIBILITIES OF IMPLEMENTING AGENCIES

The powers and responsibilities of implementing agencies of the Price Act, as amended, are outlined in Section 10 of RA 7581, to wit:

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 procedure 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 of 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 of 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 (P1,0000) nor more than One million pesos (P1,000,000). 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 violations 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; (*Please see Rule XIII, JAO No. 1, series of 1993*) and

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

PRICE CONTROL

Under RA 7581, price controls are only enforced during emergency situations, through either:

Automatic
Price
Control

which is limited to *basic necessities* and only applies during specific exigencies within a defined period, (Section 6) or

The imposition of a price ceiling on *either* basic necessities and/or prime commodities if any of the conditions under Section 7 of the Price Act are present.

Mandated
Price
Ceiling

The power to impose Mandated Price Ceiling on certain commodities under the Price Act is only given to the President, not local government units. (*Kindly turn to page 67 for the key distinctions between Automatic Price Control and Mandated Price Ceiling*)

Price Control During States of Calamity & Disaster

Following a natural disaster, it's not uncommon to see an increase in the prices of basic goods and services. In many cases, these price increases can be justified by the higher input costs of traders and retailers, such as added expenses from cleanup, higher transportation charges, increased labor expenses, and other legitimate factors that drive up the cost of doing business in the affected area.

A study by the Food and Agriculture Organization of the United Nations found that during natural disasters, prices of essential goods and services can increase by as much as 50%. Natural disasters can have a significant impact on food security and nutrition. They can damage crops and livestock, disrupt supply chains, and increase the prices of essential goods and services. In some cases, the price increases can be so severe that they lead to food insecurity and malnutrition. (The Future of Food and Agriculture: Trends and Challenges, <https://www.fao.org/3/i6583e/i6583e.pdf>)

The report goes on to discuss some of the factors that can contribute to price increases during natural disasters such as damage to infrastructure which can make it difficult to transport food and other essential goods to affected areas; disruption of supply chains which can lead to shortages of food and other essential goods; and increased demand, as people are forced to buy more to meet their basic needs.

However, it is also important to acknowledge that opportunistic price increases by unscrupulous businessmen can further harm affected communities, particularly those who are already struggling to recover from the disaster and may not have enough means to pay for even the most basic necessities. Needless to say, it is the poorest households that are the most vulnerable to price changes.

Thus, it is crucial to strike a balance between allowing businesses to operate and recover from the disaster while also preventing them from exploiting the situation for profit. To achieve this, the Price Act contains provisions on Automatic Price Control (Section 6) and Mandated Price Ceiling (Section 7) to ensure that prices of basic necessities and prime commodities will remain stable and reasonable during emergency situations.

Price controls should be imposed during emergencies and disasters since the purchasing power of the consumers during those times are also compromised. (Welfare Issues in Price Control on Occasions of Calamities, Emergencies, and Like Occurrences, Philippine Institute for Development Studies, Discussion Paper Series No. 2017-52)

Nonetheless, critics argue that price controls may have unintended consequences and create market inefficiencies. For instance, price ceilings can cause shortages, long lines, and black markets if sellers cannot or will not provide goods at the regulated price. Allowing businesses to set their own prices during disasters or emergencies may be necessary for their survival. Implementing strict price controls may lead to business closures, worsening the economic impact of the disaster.

In the same vein, the Philippine Competition Commission also underscores that “while the Price Act allows the government to use price freeze and price ceilings as immediate remedial tools to suppress price gouging, it should not be overlooked that these are not the only tools available in its arsenal. In fact, there are more potent measures that the government can deploy to suppress the more injurious type of price gouging—the kinds committed by cartels, and those practiced by dominant firms and businesses.”

“The Philippine Competition Act (PCA) offers alternatives, and perhaps even more appropriate remedies to suppress post-disaster price surges. Admittedly, anti-price gouging measures like price freeze and price ceilings are attractive to deploy because these are very visible tools. However, implementing price freezes and price ceilings can be administratively difficult, given the resources needed to enforce it effectively. Worse, it may actually be counter-productive in the long run because these interventions may in fact distort competition in the market. It is argued that allowing post-disaster price increases will result to increase in production (to meet demand), incentivize outside firms to bring in additional supply (because of attractive prices), promote efficient use of in-demand products, and even encourage businesses to stockpile supplies in anticipation of impending natural disasters. Capping prices may produce the reverse results, and even lead to rationing and long queuing.” (Competition Law in Times of Natural Disaster, Atty. Emerson B. Aquende, Philippine Competition Commission, December 9, 2020)

VALID EXERCISE OF POLICE POWER

The Supreme Court in ruling on the constitutionality of Section 4(a) of Republic Act No. 9257 (Expanded Senior Citizens Act of 2003) and Section 32 of Republic Act No. 9442 (Magna Carta for Disabled Persons) in *Southern Luzon Drug Corporation v. DSWD*, had the occasion to illustrate that:

Similarly, the imposition of price control on staple goods in R.A. No. 7581 is likewise a valid exercise of police power and affected establishments cannot argue that the law was depriving them of supposed gains. The law seeks 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 likewise aims 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. (Underscoring supplied)



It was ruled that it is within the bounds of the police power of the state to impose burden on private entities, even if it may affect their profits, such as in the imposition of price control measures. There is no compensable taking but only a recognition of the fact that they are subject to the regulation of the State and that all personal or private interests must bow down to the more paramount interest of the State.

"This notwithstanding, the regulatory power of the State does not authorize the destruction of the business. While a business may be regulated, such regulation must be within the bounds of reason, i.e., the regulatory ordinance must be reasonable, and its provision cannot be oppressive amounting to an arbitrary interference with the business or calling subject of regulation. A lawful business or calling may not, under the guise of regulation, be unreasonably interfered with even by the exercise of police power."

In the exercise of police power, "property rights of private individuals are subjected to restraints and burdens in order to secure the general comfort, health, and prosperity of the State."

In *Gerochi v. Department of Energy*, the justification of police power is found in the Latin maxim *salus populi est suprema lex* (the welfare of the people is the supreme law) and *sic utere tuo ut alienum non laedas* (so use your property as not to injure the property of others). As an inherent attribute of sovereignty which virtually extends to all public needs, police power grants a wide panoply of instruments through which the State, as *parens patriae*, gives effect to a host of its regulatory powers. We have held that the power to "regulate" means the power to protect, foster, promote, preserve, and control, with due regard for the interests, first and foremost, of the public, then of the utility and of its patrons.

When does Automatic Price Control take place?

Section 6 of the Price Act provides the instances when prices of basic necessities can be automatically frozen at their prevailing prices or placed under automatic price control, unless otherwise declared by the President. This automatic price freeze is conditioned on the occurrence of any of the following:

- 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.

How long is the duration of an Automatic Price Control?

Section 6 of the Price Act states that “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; Provided, That, in the case of basic necessities that are wholly imported and deregulated under existing laws such as, but not limited to, household LPG and kerosene, price control thereon shall remain effective for a period of not more than fifteen (15) days, taking into consideration the current inventory or supply levels thereof.” (Section 4, R.A. No. 10623)

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. (Section 13)

How is the 60-day period counted?

Applying Article 13 of the Civil Code, in computing a period, the first day shall be excluded and the last day included.

For instance, if the State of Calamity was declared on March 1, 2023, exactly 60 days therefrom is April 30, 2023, following the Civil Code rule in computing a period. We begin counting from March 2, continuing for 60 days, and ending on April 30, 2023, to wit:

State of Calamity: March 1, 2023 (first day)

Count: March 2, 2023, March 3, 2023, ..., April 29, 2023

Include: April 30, 2023 (last day)

This means that the 60-day period starts from March 1, 2023, and extends until April 30, 2023, which marks the 60th day, unless lifted earlier by the President.

Are prices of Prime Commodities also automatically frozen?

No, only the prices of basic necessities are automatically frozen at their prevailing prices or placed under automatic price control stated under Section 6 of Republic Act No. 7581.

“Basic necessities” are goods vital to the needs of consumers for their sustenance and existence such as, but not limited to, rice, corn, root crops and bread. Please see DTI, DA, DOH, DENR, DOE Joint Administrative Order No. 13-1, series of 2013 for the complete list of basic necessities.

Meanwhile, “prime commodities” are goods not considered as basic necessities but are essential to consumers such as, but not limited to flour, dried, processed or canned pork. The complete list of prime commodities can be found in the DTI, DA, DOH, DENR, DOE Joint Administrative Order No. 13-1, series of 2013.

What is a State of Calamity?

A State of Calamity is a condition involving mass casualty and/or major damages to property, disruption of means of livelihoods, roads and normal way of life of people in the affected areas as a result of the occurrence of natural or human-induced hazard. (*Paragraph II, section 3, RA No. 10121*)

The National Disaster Risk Reduction and Management Council (NDRRMC) shall recommend to the President of the Philippines the declaration of a cluster of barangays, municipalities, cities, provinces, and regions under a state of calamity and the lifting, thereof, based on the criteria set by the National Council.

Who has authority to declare a State of Calamity?

The President

The President of the Philippines, upon recommendation of the NDRRMC, may declare a cluster of barangays, municipalities, cities, provinces, and regions under a state of calamity and lift such declaration. The President's declaration may warrant request for an acceptance of international humanitarian assistance upon the recommendation of the NDRRMC.

Local Sanggunian

The declaration and lifting of the state of calamity may also be issued by the local sanggunian, upon the recommendation of the LDRRMC, based on the results of the damage assessment and needs analysis. (*Section 16, RA No. 10121*)

The Local Disaster Risk Reduction and Management Councils (LDRRMCs) use various assessment tools, such as the Rapid Damage Assessment and Needs Analysis (RDANA), Pre-Disaster Risk Assessment (PDRA), and Post-Disaster Needs Assessment (PDNA) to evaluate the situation and determine if the criteria for the declaration of a State of Calamity have been met.

The criteria for declaration of a state of calamity is set forth in *NDRRMC Memorandum Order No. 60, series of 2019* or the Revised Guidelines for the Declaration of a State of Calamity.

How does the 60-day automatic price control period work when there are overlapping declarations of a state of calamity?

Following *DTI Policy Advisory No. 23-02* dated July 27, 2023, when overlapping declarations of states of calamity occur from the President and/or local government units, the consequent freezing of the prevailing prices of basic necessities "*shall run simultaneously*" and "*remain in effect,*" explaining that a "*state of calamity declaration covering a given area shall automatically trigger a fresh period of 60-days*" countdown for the lifting of the automatic price control.

For example, on March 1, the *Sangguniang Bayan* of Mambajao in Camiguin declares a state of calamity due to a strong typhoon. The *Sangguniang Panlalawigan* of the provincial government of Camiguin follows suit on March 2 with a similar declaration. On March 3, the President also declares a state of calamity for the same typhoon.

Applying the said advisory, the price freeze in Mambajao will be effective from March 1 to April 30. The price freeze for the entire province of Camiguin will take place from March 2 to May 1. The price freeze resulting from the presidential declaration will be enforced from March 3 to May 2, unless otherwise sooner lifted by the President, in accordance with Section 6 of RA 7581. For details, please refer to *Policy Advisory No. 23-02, s. 2023*.

What is a Disaster?

Disaster is “a serious disruption of the functioning of a community or a society involving widespread human, material, economic or environmental losses and impacts, which exceeds the ability of the affected community or society to cope using its own resources. Disasters are often described as a result of the combination of the exposure to a hazard; the conditions of vulnerability that are present; and insufficient capacity or measures to reduce or cope with the potential negative consequences. Disaster impacts may include loss of life, injury, disease and other negative effects on human, physical, mental and social well-being, together with damage to property, destruction of assets, loss of services, social and economic disruption and environmental degradation.” (*Paragraph H, section 3, RA No. 10121*)

What is an Emergency?

An emergency refers to unforeseen or sudden occurrence, especially danger, demanding immediate action. (*Paragraph R, section 3, RA No. 10121*)

When may the President declare martial law or suspend the privilege of the writ of habeas corpus?

Section 18, Article VII of the Constitution states that “the President shall be the Commander-in-Chief of all armed forces of the Philippines and whenever it becomes necessary, he may call out such armed forces to prevent or suppress lawless violence, invasion or rebellion. In case of invasion or rebellion, when the public safety requires it, he may, for a period not exceeding sixty days, suspend the privilege of the writ of *habeas corpus* or place the Philippines or any part thereof under martial law.”

What is a State of Rebellion?

A “State of Rebellion” does not have any specific legal definition. However, the crime of rebellion is defined in Article 134 of the Revised Penal Code which states that “the crime of rebellion or insurrection is committed by rising publicly and taking up arms against the Government for the purpose of removing from the allegiance to said Government or its laws, the territory of the Republic of the Philippines or any part thereof, of any body of land, naval or other armed forces, or depriving the Chief Executive or the legislature, wholly or partially, of any of their powers or prerogatives.”

How is a State of War declared?

Under Section 23, Article VI of the 1987 Constitution, “the Congress, by a vote of two thirds, shall have the sole power to declare the existence of a state of war.”

What are the effects of a declaration of a State of Calamity?

1

The President's declaration may warrant international humanitarian assistance as deemed necessary. (*Section 16, RA No. 10121*)

2

The Quick Response Fund under the Local Disaster Risk Reduction and Management Fund (LDRRMF) of LGUs may now be utilized, subject to existing laws, rules and regulations.

3

Negotiated Procurement (*Emergency Cases*) method in government may be allowed provided that the terms and conditions set forth for Alternative Mode of Procurement are complied (*Sections 53.2 and 54, IRR of RA No. 9184*)

4

The Price Coordinating Council (National and Local) shall convene immediately. (*Rule VII, Joint Administrative Order No. 1, series of 1993*)

5

Automatic Price Control or Freezing of prices of basic necessities listed under R.A. 7581 or the Price Act which shall remain effective for the duration of the condition that brought it about but not more than 60 days or 15 days, as the case may be.

6

May warrant the need for importation of rice. (*Section 6, R.A. No. 8178 or the Agricultural Tarrification Act*)

7

Automatic Appropriation. (*R.A. No. 7160 or the Local Government Code*)

8

Entitlement to hazard allowance for Public Health Workers. (*R.A. No. 7305, Magna Carta of Public Health Workers*)

9

Entitlement to hazard allowance for science and technological personnel of the government. (*Section 7, R.A. No. 8439 or Magna Carta for Scientists, Engineers, Researchers and other S & T Personnel in the Government*)

10

May aggravate a felony. (*Art. 14, par. 7, Revised Penal Code*)

11

Local government units may enact a supplemental budget by way of budgetary realignment to set aside appropriations for the purchase of supplies and materials or the payment of services which are exceptionally urgent or absolutely indispensable to prevent imminent danger to, or loss of, life or property, in the jurisdiction of the local government unit or in other areas declared by the President in a state of calamity. (*Section 321, R.A. No. 7160*)

12

The declaration of a state of calamity shall make mandatory the immediate undertaking of the following **remedial measures** by the member-agencies concerned as defined in RA No. 10121:

(a) Imposition of price ceiling on basic necessities and prime commodities by the President upon the recommendation of the implementing agency as provided for under Republic Act No. 7581, otherwise known as the "Price Act," or the National Price Coordinating Council;

(b) Monitoring, prevention and control by the Local Price Coordination Council of overpricing/profitteering and hoarding of prime commodities, medicines and petroleum products;

(c) Programming/reprogramming of funds for the repair and safety upgrading of public infrastructures and facilities; and

(d) Granting of no-interest loans by government financing or lending institutions to the most affected section of the population through their cooperatives or people's organizations. (*Section 17, RA 10121*)

13

Banking institutions may avail the emergency loan and advances subject to the terms and conditions of Sections 84 to 88 of R.A. No. 7653, or the New Central Bank Act.

When can Mandated Price Ceiling be imposed?

When there is impendency/threat, existence, or effects of a calamity or emergency or any event that causes artificial or unreasonable increase in prices; or whenever the prevailing prices have risen to unreasonable levels, the Price Coordinating Council or the implementing agency may recommend imposition of mandated price ceiling on any or all of the products that fall under the list of BN and PC.

This type of price control requires the approval of the President.

RA 7581 states that:

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 effect 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. (*Underscoring supplied*)

Price ceiling refers to the maximum price at which any basic necessity or prime commodity may be sold to the general public. (Section 3 (7), RA 7581)

In determining reasonable price ceilings, the chairperson of LPCCs can call for a public hearing or conduct dialogues with representatives of DILG, producers, manufacturers, distributors, sellers, and consumers in order to arrive at reasonable price ceiling.²⁴

The LPCC shall forward to the implementing agency the proposed ceiling prices. The Secretary, after review, shall recommend to the NPCC or to the President the recommended price ceiling.²⁵

An example of the imposition of a price ceiling is Executive Order No. 39, issued by President Ferdinand Marcos Jr. on August 31, 2023, which sets a nationwide price ceiling on rice, capping the price of regular milled rice at PHP41 per kilogram and well-milled rice at PHP45 per kilogram. (*Please refer to Page 17 to learn more about Price Ceiling*)

²⁴ Last paragraph, Section 1, Rule VIII of IRR

²⁵ Rule VIII of DTI, DA, DOH, DENR, DOE Joint Administrative Order No. 13-1s, series of 2013

Differences between Automatic Price Control and Mandated Price Ceiling

	AUTOMATIC PRICE CONTROL	MANDATED PRICE CEILING
Legal Basis	Section 6, RA 7581	Section 7, RA 7581
Who imposes?	Automatically imposed during six (6) specific exigencies	Imposed by the President, upon recommendation of the implementing agency or the Price Coordinating Council
Duration	Up to 60 days or 15 days in the case of wholly imported and deregulated basic necessities such as, but not limited to, household LPG and kerosene	
Applicability	Basic Necessities	Basic Necessities or Prime Commodities (BN/PC)
Grounds/ Conditions	<ul style="list-style-type: none"> • State of calamity/disaster • Area is declared under an emergency • Writ of habeas corpus is suspended • Martial law • State of rebellion • State of war 	<ul style="list-style-type: none"> • Impendency, existence, or effects of a calamity • Threat, existence, or effect of an emergency • Prevalence or widespread acts of illegal price manipulation • Impendency, existence, or effect of any event that causes artificial and unreasonable increase in the price of BN/PC • Whenever the prevailing price of any BN/PC has risen to unreasonable levels
Price	<p>Prices are frozen at their “prevailing prices.” (Hence, it is commonly referred to as “<i>price freeze</i>” because the prices of basic necessities are frozen at their latest prevailing prices)</p> <p>However, if the prevailing prices has risen to unreasonable levels, the implementing agency may recommend to the President the imposition of a “price ceiling” at a price other than the prevailing prices.</p>	To be determined using the factors enumerated in Section 8 of the Price Act (e.g., the average price in the last 3 months immediately preceding the proclamation of the price ceiling)

Differences between Prevailing Prices and Suggested Retail Price (SRP)

	SUGGESTED RETAIL PRICE	PREVAILING PRICE
How is it obtained?	<ul style="list-style-type: none"> • Originated from manufacturers/ importer or • May be issued by implementing agencies (<i>Section 10 [5], RA 7581</i>) 	Derived from most common price among monitored outlets (suggests widespread existence, dominance or occurrence at a certain time or place)
Does it need prior approval?	Yes, because revising the SRP Bulletin requires the approval of the implementing agency. ²⁶	No, it is dictated by free market.
What is the coverage?	Applies nationwide unless otherwise specified	Applies to specific area (province, city, municipality)
What is its purpose?	Used for reference/guide	Used as basis for price freeze during automatic price control

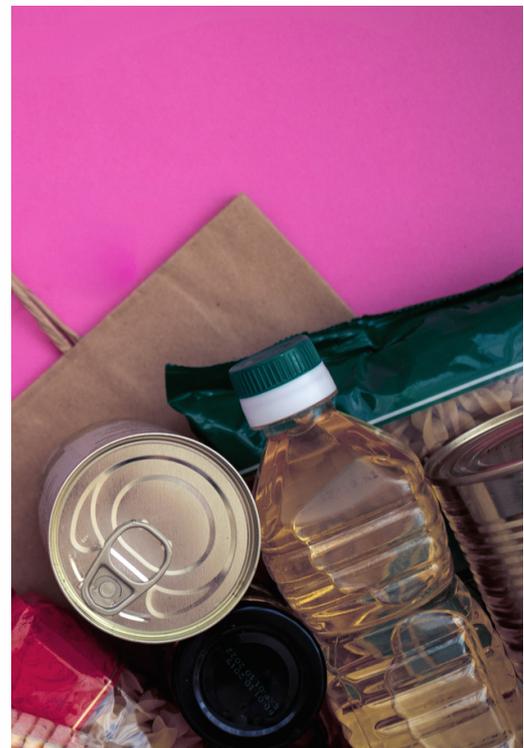
FACTORS AFFECTING PRICES OF BASIC GOODS: INTERNAL AND EXTERNAL INFLUENCES

by Atty. Fel Lester Brillantes

Several factors, both internal and external, influence the prices of basic necessities and prime commodities. Understanding these factors is important for the government, businesses, and consumers alike, as they shape the cost and availability of essential goods.

In this article, we will explore the various elements that play a role in determining the prices of basic goods, highlighting both internal factors related to production and external factors influenced by market dynamics, government policies, consumer behavior, and global influences.

Please note that the following enumeration is not an exhaustive list, as a myriad of other factors may also influence the prices of basic necessities and prime commodities.



²⁶ This practice had been characterized by the DOJ-Office for Competition as a "de facto price control" on basic goods even when there is no actual or imminent crisis or emergency situation. The said office recommends that "agencies should eliminate any requirement to seek approval prior to price increase since this will discourage manufacturers from freely setting prices according to market dynamics."



INTERNAL FACTORS

1. Cost of Production. It refers to the sum of the costs incurred in the process of creating a product or service, which can be either *direct* or *indirect*. (Cost of Production by Michael C. Thomsett, published in the Encyclopedia of Accounting, 2005)

Direct production costs refer to those that can be directly traced to the production of that product or service. For instance, in the production of canned sardines, direct production costs include raw materials like sardines, oil, salt, tomato paste, spices, preservatives, and other ingredients; packaging materials such as tin cans, lids, and labels; and labor wages for workers involved in fish cleaning, canning, packaging, labeling, and quality control.

Indirect production costs, on the other hand, include expenses that are necessary to produce and sell goods but cannot be directly traced to the production of any one product or service. In the example of canned sardines, indirect production costs could include the costs of rent for the warehouse, energy, water, and other utilities, e.g., waste disposal and other services, the costs of marketing, office supplies, and other costs of general administration.

2. Product Quality. Quality speaks for itself. The quality of a product is a significant factor that can influence its price. High-quality products are often priced higher than low-quality ones because consumers are willing to pay more for a product that they perceive as being of superior quality.

3. Company Pricing Policy and Objectives. The objectives of manufacturers influence the pricing of basic goods. For example, if a manufacturer's goal is to increase their return on investment, they may choose to raise prices because higher prices can lead to enhanced profits. Conversely, if a company aims to capture a large market share or simply increase brand awareness, it may be willing to sacrifice short-term profits and may opt to lower prices to capture a larger customer base.

4. Brand Equity. A strong brand reputation gives producers the ability to charge higher prices for their products. This is because consumers are more likely to trust and buy from brands that they have a positive perception of. Brand equity refers to a brand's power derived from the goodwill and name recognition that it has earned over time, which translates into higher sales volume and higher profit margins against competing brands.

5. Production Capacity. This refers to a manufacturer's ability to produce goods or services within a specific timeframe. When production capacity is high, companies can benefit from "economies of scale" by producing larger quantities, resulting in cost savings. These savings can then be passed on to consumers in the form of lower prices. Conversely, if production capacity is insufficient to meet the demand for basic goods, it can lead to scarcity and subsequently higher prices.

6. Shelf Life. This refers to the inherent characteristics of a product, such as its stability, deterioration rate, and expiration date. Generally, goods with shorter shelf lives are typically priced lower than those with longer shelf lives because of the risk of spoilage. To mitigate this risk and promote faster sales, producers of such products may price them lower, reducing the likelihood of unsold inventory.

7. Supply Chain Management. Effective supply chain management, including streamlined processes, optimized inventory, reduced transportation costs, and improved coordination with suppliers and distributors, can lower production costs. These cost savings can lead to more competitive or even lower prices for basic goods.

On the other hand, ineffective supply chain management, including poor inventory management, inefficient transportation, or disruptions in the flow of goods, can increase costs. These increased costs may result in higher prices for basic goods passed on to consumers.

8. Celebrity Branding. When manufacturers decide to engage celebrities and influencers for marketing and branding campaigns, they typically incur substantial costs related to endorsement deals, advertising, and promotional expenditures. For example, the price of a 30-second commercial alone ranges from P250,000 to P1 million, depending on the time of day and the TV channel.

When businesses face significant expenses, they may adjust the pricing of their goods to account for the investments made in celebrity or influencer endorsements. Further, a study entitled "The Impact of Celebrity Endorsements on Price Perception", published in the Journal of Marketing Research in 2004, found that the average price of a product endorsed by a celebrity is 10% higher than the price of a similar product as consumers are more likely to perceive the product as being of higher quality.



EXTERNAL FACTORS

1. Competition. According to the Handbook of the Philippine Competition Commission (PCC), when businesses compete, consumers, particularly the underprivileged, benefit through lower prices, more product choices, and better-quality goods and services. Without competition, there is no motivation for businesses to provide convenient and fast services to consumers, and no reason to innovate products. (<https://www.phcc.gov.ph/handbook-general-public-v4/>)

RA 10667 or the Philippine Competition Act is the primary law of the Philippines prescribing a policy for promoting and protecting fair market competition. It also created the PCC a quasi-judicial agency mandated to promote the well-being and efficiency of competition in the market for the benefit of consumers and businesses.

2. Supply and Demand. The interaction of supply and demand determines the prices of goods or services. (Supply and Demand by N. Gregory Mankiw, published in Principles of Economics, 8th edition, 2021) In simple terms, if there is oversupply, producers are willing to sell more than consumers are willing to buy. As a result, the price will fall until the surplus is eliminated. Conversely, when there is a supply shortage, consumers are willing to buy more than producers are willing to sell. The price will rise until the shortage is eliminated. Supply and demand, as a fundamental economic concept, is often referred to as "fundamentals" in economic discussions and writings. This shorthand term is commonly used when the focus is on market forces, pricing, and economic behavior.

3. Transportation and Logistics. Transportation and logistics have a direct impact on pricing goods. External factors like fuel prices, infrastructure, government regulations, and market conditions influence transportation costs. When these costs increase, it can lead to higher prices for goods. Bottlenecks or inefficiencies in the transportation system can cause delays and higher costs, affecting prices as well. Further, the longer the chain of intermediaries, the higher would be the prices of the goods.

4. Artificial Intelligence. AI algorithms are already being used to monitor competition, aka "competitive intelligence," analyze price trends, and even understand consumer behavior. As AI technology advances, these capabilities are likely to become even more sophisticated. When used in businesses, AI, particularly machine learning, can unravel hidden trends and patterns residing within colossal datasets elusive to the human eye. The result? Effective price optimization for maximizing profits, accurate and timely demand forecasting, and seamless implementation of *smart*, *dynamic*, and *predictive pricing* strategies.

Recognizing the potential of AI, the government crafted the *National Artificial Intelligence Strategy Roadmap* in 2021 to provide guidance and direction for the country's advancement in AI technology. Globally, countries like China, the EU, and the US are racing to regulate AI due to concerns about its potential to disrupt the economy and society; the possibility of its misuse, including unethical data collection; and the importance of transparency and accountability in AI development.

5. Supply Constraints. This refers to the limitations or disruptions in the supply of a particular resource or input, in this case, raw materials. When the availability of raw materials is scarce, restricted, or limited, it can lead to increased prices for the final goods produced using these materials.



6. Consumer Preference. This refers to the specific tastes, preferences, and buying behaviors of consumers. It is shaped by various external factors such as cultural influences, social trends, advertising, branding, and product positioning in the market. Consumer preference is typically considered an external factor that influences the pricing of goods.

7. Government Regulations. Taxes, minimum wage requirements, product standards, permits and licenses, and other laws, rules, and regulations, along with any policies that affect the cost of doing business can have an impact on the prices of basic necessities and prime commodities. These government interventions can create additional costs or restrictions for businesses, which most often than not are passed on to consumers through higher prices.

8. Seasonality. External factors such as harvest cycles affect the availability and demand for products during different seasons. For instance, the prices of fresh fruits and vegetables vary depending on whether they are in season or out of season. Generally, produce that is in season is typically more abundant and therefore less expensive than produce that is out of season.

9. Foreign Exchange Rate. A weak peso increases costs of imported goods and materials, which are priced in US dollars. Further, considering that, as of writing, the country imports 98% of its petroleum needs, a significant weakening of the peso against the dollar would raise the cost of buying a barrel of oil. This, in turn, leads to higher transportation costs that can potentially impact the prices of food, commodities, and services.

Nonetheless, on a positive note, a weaker peso benefits families of OFWs receiving remittances, exporters, and the BPO industry earning in US dollars. Furthermore, it boosts tourism by making travel to the country more affordable, attracting foreign tourists, and allowing them to spend more and stay longer. It also entices foreign investors in the real estate market, bolstering the construction industry, fostering job creation, and invigorating sectors such as property management, hospitality, and retail.

At any rate, it should inspire us more to reduce our over-reliance on imported goods and, instead, wholeheartedly patronize local products and support small businesses. These are some shining examples of our patriotism at its finest.

10. International Trade Agreements. Trade agreements can lower tariffs and other barriers to trade, which can lead to lower prices of basic goods. Tariffs and other barriers to trade can raise prices for consumers by making it more expensive to import goods.

11. Technology and Innovation. Advancements in technology and production methods can have a significant impact on the efficiency and cost of producing basic goods. For example, the development of new materials and manufacturing processes can lead to more efficient and cost-effective ways to produce goods. Additionally, the use of automation and robotics can help to reduce the need for human labor, which can also lead to lower cost.

12. Geopolitical Factors. Conflict, tensions, and political instabilities drive up prices for goods and services by disrupting supply chains, reducing production capacity, increasing operating costs, causing inflationary pressures, and disrupting trade relationships. These factors create uncertainties, limited supply, higher expenses, and increased import costs, leading to higher prices for consumers.

13. Natural Hazards, Climate Change and Disasters. Climate, natural, man-made, or human-induced disasters can have a significant impact on the prices of goods and services. These can disrupt supply chains, damage infrastructure, and destroy crops, all of which can lead to higher prices for consumers.



14. Geographic Conditions. Countries endowed with abundant natural resources, such as fertile land, mineral deposits, or energy reserves, possess the inherent advantage of domestic production for basic goods. When these natural assets are utilized sustainably and appropriately, they can reduce production costs, enabling these countries to offer goods at reasonable prices compared to import-dependent nations.

On the other hand, remote areas in the Philippines with challenging terrains and poor infrastructure incur higher expenses in transporting goods. These increased costs are passed on to consumers, leading to higher prices for essential commodities.

15. Economic Conditions. The state of the economy plays an important factor in affecting the prices of basic necessities and prime commodities. For example, during an economic boom, consumers may have more money to spend, thus increasing demand for basic goods and services. On the other hand, during an economic decline, consumers may cut spending on fears of unemployment and other uncertainties. This will result in a decline in the demand for goods and services and, producers are pushed to reduce prices and profits.

16. Price Manipulation & Anti-Competitive Agreements. For more information, please refer to subsequent pages.

ILLEGAL ACTS OF PRICE MANIPULATION

What types of price manipulation are considered illegal under the Price Act?

Under the Price Act, the following are the acts of price manipulation of any basic necessity or prime commodity: *Hoarding*, *Profiteering* and *Cartel*.

HOARDING

PROFITEERING

CARTEL

What is hoarding?

Under Section 1, Rule IX of the Implementing Rules and Regulations of RA 7581, the following shall constitute hoarding:

1. The *undue* accumulation by a person or combination of persons of any *basic commodity* or *prime commodity* beyond his/ their normal inventory levels, or
2. The unreasonable limitation or refusal to dispose of, sell or distribute said commodities, or
3. The unjustified taking out of said commodity from the channels of production, trade, commerce, and industry.



Having a large inventory on its own is not hoarding per se. The word "*undue*" means "more than necessary, not proper, or illegal." When used in the context of accumulation, it signifies that it exceeds what is considered his/their "*usual*" or "*normal*" inventory levels.

What are considered prima facie evidence of hoarding?

Under the rules, the following shall constitute prima facie evidence of hoarding:

1. When a person has stocks of any basic necessity or prime commodity fifty percent (50%) higher than his usual inventory, **and**
2. Unreasonably limits, refuses or fails to sell the same to the general public at the time of discovery of the stocks. (Section 2)

What is *prima facie* evidence?

The Latin term *prima facie* means "at first sight," or "on first appearance but subject to further evidence or information."

Prima facie evidence is evidence that is "good and sufficient on its face. Such evidence as, in the judgment of the law, is sufficient to establish a given fact, or the group or chain of facts constituting the party's claim or defense and which if not rebutted or contradicted, will remain sufficient." (*Tan v. Hosana*, G.R. No. 190846, February 3, 2016)

What is the method used to determine a person's usual inventory in the context of hoarding, according to the provisions of the Price Act?

A person's usual inventory shall be reckoned from the 3rd month immediately preceding before the discovery of the stocks in case the person has already been in business for at least three (3) months; otherwise, it shall be reckoned from the time he started his business. (Last Paragraph Section 2)

Simply put, if a person has been in business for at least three months prior to the discovery of the stocks, his/her usual inventory is reckoned from the third month immediately preceding the discovery. This means that authorities will consider the usual inventory levels during that period to establish what is typically expected for the person's business.

However, if the person has not been in business for at least three months, their usual inventory will be reckoned from the time they started their business. In this case, authorities will assess the inventory levels since the business was established to determine what would be considered the typical or expected inventory for that particular duration.

What is Profiteering?



Photo taken for dramatic purpose only

Profiteering is the sale or offering for sale of any basic necessity or prime commodity at a price *grossly* in excess of its true worth.

The Supreme Court has adjudged that profiteering is a crime involving moral turpitude. (*Buenafe vs Comelec*, G.R. No. 260374, June 28, 2022, citing *Tak Ng v. Republic*, G. R. No. L-13017, Dec. 23, 1959)

What are the prima facie evidence of Profiteering?

There shall be *prima facie* evidence of profiteering whenever a basic necessity or prime commodity are being sold:

1. Has no price tag, or
2. Is misrepresented as to its weight or measurement, or is adulterated or diluted, or
3. Whenever a person raises the price of said commodity which he sells or offers for sale to the general public by more than ten percent (10%) of its price in the immediately proceeding month (the *prima facie* provisions shall not apply in the case of agricultural crops, fresh fish, fresh marine products and other seasonal products).

Absence of price tags could obviously serve as means to facilitate profiteering, and the law [RA No. 71] enacted precisely to protect the buying public therefrom. (*Fong Choy v. Republic*, G.R No. L-24687, September 21, 1968)

Article 82 of RA 7394, otherwise known as the Consumer Act of the Philippines, states that "price tags, labels or markings must be written clearly, indicating the price of the consumer product per unit in pesos and centavos."

What is a Cartel?

The Price Act defines a cartel as 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.

Under RA 10667 or the Philippine Competition Act, agreements involving businesses in the same industry colluding with one another to substantially prevent, restrict, or lessen competition by entering into agreements to fix prices, rig bids, restrict output, and allocate markets, among others, are prohibited.

Anti-competitive agreements prohibited under RA 10667 fall within the regulatory ambit of the Philippine Competition Commission (Section 14). The Commission exercises “*original and primary jurisdiction in the enforcement and regulation of all competition-related issues.*” (Section 32)



The Philippine Competition Commission (PCC) has confirmed that it is investigating possible cartels in the onion industry amid high prices of the commodity since November 2022. *Source: www.phcc.gov.ph*

Price fixing under RA 10667 is *per se* prohibited, and there is no justification for such conduct. It is also not limited to the sale or disposition of basic necessities or prime commodities, unlike hoarding and profiteering under the Price Act.

However, if the violation involves the trade or movement of basic necessities and prime commodities as defined by RA 7581, as amended, the fine will be tripled. (Section 41, RA 10667)

The Office for Competition (OFC) under the DOJ shall conduct preliminary investigation of, and prosecute, all criminal offenses under the Philippine Competition Act and competition-related laws. (Section 1, Rule III, Rules Implementing the Criminal Provisions of RA 10667)

ADDRESSING PANIC BUYING: STRATEGIES FOR LPCCs AND ENSURING CONSUMER TRUST

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. (Section 3 (4) of RA 7581)

During instances of panic-buying, [the head of an implementing agency] 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. (Section 10 of RA 7581)

Under the rules, the following rules may be adopted: 1. establishment of accredited retail outlets; 2. rationing or limiting the quantity of individual household purchases; and 3. such other similar measures that would assure consumers access to buy said commodities. (Section 6, Rule II IRR)

An example of panic buying occurred during the peak of the COVID-19 pandemic. Despite reassurances from manufacturers and retailers that there was an ample supply of essential items like hand sanitizers, alcohol, and disinfectant products, many individuals stockpiled these items out of fear and uncertainty. At that time, the said behavior not only created a sense of scarcity and prevented others from accessing necessary goods but it also led to shortages and price surges. To address this issue, the Department of Trade and Industry issued Memorandum Circular No. 20-07, s. 2020 which enjoined retailers to implement *purchase quantity limits* per transaction for selected goods. The objective was to ensure the availability of vital and essential commodities during the public health emergency. By imposing these limits, the DTI aimed to discourage hoarding, promote equitable distribution, and maintain reasonable prices for the benefit of all consumers.

When people panic buy, they often purchase more than they actually need. This may result in higher pricing as retailers may capitalize on increased demand. It can also lead to shortages of basic items, which can be especially difficult for vulnerable populations such as people with disabilities and the elderly. Panic buying can cause social instability as individuals scramble for limited resources, potentially resulting in violence and looting. It can also hurt the economy by raising prices and producing shortages, ultimately harming businesses and customers. Furthermore, panic buying can heighten anxiety and stress among individuals because they may feel a loss of control and worry about being unable to get vital goods.



Customers rush to buy alcohol, disinfectant products, and other basic goods at a supermarket in Quezon City on March 12, 2020 as reports of a lockdown in response to the COVID-19 outbreak circulated on social media. Image Source: Fernando G. Sepe Jr., ABS-CBN News

In a study published in the International Journal of Environmental Research and Public Health, the following are some of the psychological and social fuels of panic buying:

1. The Fear of Missing Out. When people are faced with uncertainty, they may feel anxious and fearful. This can lead to panic buying, as people may try to stockpile goods to feel more secure. (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7277661/>)

2. Perception of Threat and Scarcity. When people perceive that a threat is imminent, or that a particular product is in short supply, they may be more likely to panic buy. (<https://www.frontiersin.org/articles/10.3389/fpubh.2020.603894/full>)

3. Social Influence. Panic buying also occurs when individuals observe others engaging in the behavior. If people see others panic buying, they may be more likely to do the same, even if they don't believe that there is a shortage of goods. (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7277661/>)

HOW CAN LPCCs PROACTIVELY CURB PANIC BUYING AND PROMOTE RESPONSIBLE PURCHASING BEHAVIOR?

In tackling panic buying and fostering responsible purchasing behavior, LPCCs may employ a variety of strategies, including but not limited to the following:

1. Consistent Reassurance from Authority. Repeated assurance from competent authorities is crucial in alleviating fears and promoting responsible purchasing behavior during panic buying, as it provides the public with a sense of security and trust in the management and availability of essential goods. In the case of imported goods, identifying locally available substitute goods is a potential strategy. However, if there is mistrust in the government, attempts to discourage panic buying may have the opposite effect, as any advice not to panic buy can be misinterpreted as a sign of a more difficult situation, further fueling panic buying.

2. Clear and Transparent Communication. LPCCs and implementing agencies can share accurate and timely information with the public about essential goods' availability and supply. Open and transparent communication accompanied by accessible messaging that explains the measures taken to maintain the availability of goods helps alleviate fears and discourages panic-buying behaviors. *(Please refer to the next page for a sample crisis communication message concerning panic buying.)*

3. Debunking Misleading Information. During panic buying situations, communication should focus on dispelling rumors, providing factual information, and encouraging responsible purchasing behavior. LPCCs can work to debunk rumors, misinformation, and fake news on social media. The more often a message is repeated, the more likely people are to believe it is true.

4. Collaborating with Key Stakeholders. Collaboration with key stakeholders is vital in effectively addressing panic buying, as it allows for a unified response and coordinated efforts to ensure the availability and equitable distribution of essential goods. LPCCs can work with producers, manufacturers, importers, and retailers to ensure that there is an adequate supply of essential goods and to learn about their production capabilities, inventory levels, and any potential challenges or disruptions in the supply chain. They can also work to develop contingency plans in the event of a shortage of essential goods.

5. Implementing Media Crisis Communications Plan. Media plays a pivotal role in preventing panic buying and limiting the spread of rumors during times of crisis or emergencies. A media crisis communications plan outlines the strategies, protocols, and key messages to be conveyed to the media during emergencies. The plan aims to ensure accurate information dissemination and manage public perception. Developing a plan ahead of time is crucial for effectively managing crises, including situations that may lead to panic buying. The plan serves as a roadmap for engaging with media outlets and ensuring consistent messaging. This helps to alleviate fears and promote responsible purchasing behavior.

SAMPLE ADVISORY

We have received reports of empty shelves and panic buying of bottled water circulating online, which has understandably caused concerns within our community.

Straightforward message refuting scarcity, using plain and simple language. Avoid using technical terms that people may not understand.

We want to reassure the public that Cagayan de Oro City has an ample supply of bottled water. The Local Price Coordinating Council (LPCC) is actively coordinating with manufacturers and retailers, and based on their production capacities and current inventory levels, they are confident that they will be able to meet the existing demands of our city.

Honest assurance from competent authorities is essential in alleviating fears and promoting responsible purchasing during crises.

However, in situations where there is mistrust in the government, discouraging panic buying may have the opposite effect. This is because it could be misinterpreted as a sign of a more severe situation, potentially fueling further panic buying.

Appeals to moral values in messages can be effective in reducing intentions of panic buying. It may not influence everyone, but they have the potential to be powerful in changing the behavior of individuals who are already dedicated to a specific moral code.

During this time, we kindly request all residents to practice responsible purchasing. This means buying only what you need, shopping during off-peak hours, and being mindful of others. Unnecessary stockpiling creates scarcity, making it challenging for vulnerable individuals to access essential items. To help your family and community, we, therefore, encourage everyone to extend a helping hand to those in need, ensuring they have access to vital goods.

Encourage calm and rational behavior (call to action). In Sociology, messages that highlight social norms and reciprocity can indeed influence behavior.

Social norms are unwritten rules that define what is considered acceptable or not. Reciprocity is a social norm based on the exchange of favors, where we expect others to return the favor when we do something for them.

Misinformation warning designed to raise awareness of the issue of fake news and to encourage people to be more critical of the information they consume.

Help us stop the spread of misinformation. Kindly disregard any misleading or unverified information and rely solely on official government announcements and reputable news outlets for accurate updates.

Repeated reassurance from government has a calming effect. When people are feeling scared and uncertain, they look to the government for reassurance.

LPCCs can set up a hotline that people can call to get information about the panic buying event and to report any problems they are experiencing.

Rest assured, the LPCC is actively monitoring the situation and working with implementing agencies and relevant stakeholders to address any potential challenges that may arise.

For further updates, please get in touch with our official helpline at [contact number] or visit our official website [website URL].

Note: There is no one-size-fits-all crisis communication message for defusing panic buying. What works in one situation may not work in another. The best approach will depend on the specific circumstances of the situation, including the causes of panic buying and the availability of essential goods. As these factors can change over time, the best way to defuse panic buying may also need to change over time.

PROPOSED LPCC OPERATIONAL FRAMEWORK

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FUNCTIONS	MENU OF ACTIVITIES	PERFORMANCE INDICATORS
<p>1. Coordinate and rationalize the programs to stabilize prices and supply of member agencies in the respective provinces, municipalities, and cities.</p>	<ul style="list-style-type: none"> • Conduct council strategic planning sessions. • Prepare LPCC action plans with corresponding budget and sources of funds. • Conduct regular (say monthly) coordination meetings. • Conduct joint monitoring and enforcement among LPCC members. • Rotation of hosting coordination meetings among member agencies. 	<ul style="list-style-type: none"> • Number of planning sessions conducted. • Number of plans prepared. • Number of coordination meetings conducted. • Number of issues acted through a resolution. • Number of joint monitoring/inspections conducted.
<p>2. Recommend to the National Price Coordinating Council or to the Implementing Agencies suggested retail prices (SRP) and/or the price ceilings for certain basic necessities and/or prime commodities in their respective areas.</p>	<ul style="list-style-type: none"> • Establish the appropriateness of the SRPs as prescribed. • Recommend validated SRPs based on the realities on the ground. 	<ul style="list-style-type: none"> • Number of SRPs reviewed. • Number of SRP recommendations formulated through a resolution.
<p>3. To conduct in-depth analysis on causes for price fluctuations.</p>	<ul style="list-style-type: none"> • Establish and maintain a reliable and complete database of price monitoring reports. • Develop a methodology of data analytics on the prices of BN/PCs. • Number of price database established/maintained. • Number of supply chain analysis conducted. • Conduct supply chain analysis of BN/PCs. 	<ul style="list-style-type: none"> • Number of price database established/maintained. • Number of supply chain analysis conducted.
<p>4. To recommend action steps to correct unwarranted price increases and supply shortages.</p>	<ul style="list-style-type: none"> • Establish a methodology to determine if there are unwarranted price increases. • Formulate recommendations. 	<ul style="list-style-type: none"> • Number of recommendations on unwarranted price fluctuations through resolutions.
<p>5. Others</p>	<ul style="list-style-type: none"> • Conduct press briefings to inform updates on the prices and supply situations of BN/PCs for the information of the general public. • Conduct policy studies/researches. 	<ul style="list-style-type: none"> • Number of press releases. • Number of press conferences/briefings. • Number of studies/researches conducted. • Number of local legislations/policies issued.

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5. RA 8178, as amended, or the Agricultural Tariffication Act
6. RA 11203 or the Rice Liberalization Law
7. RA 10667 or the Philippine Competition Act
8. RA 8479 or the Downstream Oil Industry Deregulation Act of 1998
9. RA 9502 or the Universally Accessible Cheaper and Quality Medicines Act of 2008
10. RA 9711 or the Food and Drug Administration (FDA) Act of 2009
11. RA 6124 of 1970 creating the then Price Control Council
12. RA 10121 or the Philippine Disaster Risk Reduction and Management Act of 2010
13. RA 10845 or the Anti-Agricultural Smuggling Act of 2016
14. RA 9184 or the Government Procurement Reform Act
15. RA 7160 or the Local Government Code of 1991
16. PD 1865 Prohibiting the Short-Selling and Adulteration of Petroleum and Petroleum Products
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