

MPN 26

**MALACANANG
MANILA
BY THE PRESIDENT OF THE PHILIPPINES**

EXECUTIVE ORDER NO. 392

**DECLARING FULL DEREGULATION OF THE DOWNSTREAM
OIL INDUSTRY**

WHEREAS, Republic Act No. 7638, otherwise known as the "Department of Energy Act of 1992," provides that, at the end of four years from its effectivity last December 1992, "the Department [of Energy] shall, upon approval of the President, institute the programs and timetable of deregulation of appropriate energy projects and activities of the energy sector;"

WHEREAS, Section 15 of Republic Act No. 8180, otherwise known as the "Downstream Oil Industry Deregulation Act of 1996," provides that "the DOE shall, upon approval of the President, implement the full deregulation of the downstream oil industry not later than March, 1997. As far as practicable, the DOE shall time the full deregulation when the prices of crude oil and petroleum products in the world market are declining and when the exchange rate of the peso in relation to the US dollar is stable;"

WHEREAS, pursuant to the recommendation of the Department of Energy, there is an imperative need to implement the full deregulation of the downstream oil industry because of the following recent developments: (i) depletion of the buffer fund on or about 7 February 1997 pursuant to the Energy Regulatory Board's Order dated 16 January 1997; (ii) the prices of crude oil had been stable at \$21 - \$23 per barrel since October 1996 while prices of petroleum products in the world market had been stable since mid-December of last year. Moreover, crude oil prices are beginning to soften for the last few days while prices of some petroleum products had already declined; and (iii) the exchange rate of the peso in relation to the US dollar has been stable for the past twelve (12) months, averaging at around P26.20 to one US dollar;

WHEREAS, Executive Order No. 377 dated 31 October 1996 provides for an institutional framework for the administration of the deregulated industry by defining the functions and responsibilities of various government agencies;

WHEREAS, pursuant to Republic Act. No. 8180, the deregulation of the industry will foster a truly competitive market which can better achieve the social policy objectives of fair prices and adequate, continuous supply of environmentally-clean and high quality petroleum products;

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REPLYING. PLEASE CITE:

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NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Republic of the Philippines, by the powers vested in me by law, do hereby declare the full deregulation of the downstream oil industry.

This Executive Order shall take effect on 8 February 1997.

DONE in the City of Manila, this 22^d day of January in the year of Our Lord, Nineteen Hundred and Ninety-Seven.

By the President:

RUBEN D. TORRES
Executive Secretary

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Date

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