

**REPUBLIC OF THE PHILIPPINES  
CONGRESS OF THE PHILIPPINES**

**FIFTH REGULAR SESSION**

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

**REPUBLIC ACT NO. 7581**

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

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

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

**SECTION 2. *Declaration of Basic Policy.*** - It is the policy of the State to ensure the availability of basic necessities and price commodities at reasonable prices at all times without denying legitimate business a fair return on investment. It is also a declared policy of the State to provide effective and sufficient protection to consumers against hoarding, profiteering and cartels with respect to the supply, distribution, marketing and pricing of said goods, especially during periods of calamity, emergency, widespread illegal price manipulation and other similar situations. The these ends, the State shall:

- (1) Develop, adopt and promulgate measures to promote productivity in basic necessities and prime commodities;
- (2) Develop an improved and efficient transport and distribution system;
- (3) Develop, adopt and promulgate measures to stabilize prices at reasonable levels;
- (4) Institute appropriate penalties for illegal price manipulation and other violations of this Act and
- (5) Establish a mechanism that will readily protect consumers from inadequate supply and unreasonable price increases on occasions of calamities, emergencies and like occurrences.

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

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

- (2) **“Buffer Fund”** means a contingent fund in the budget of the implementing agency which shall not be used in its normal or regular operations but only for purposes provided for in this Act;
- (3) **“Implementing agency”** means the department, agency or office of the Government which has jurisdiction over a basic necessity or prime commodity as defined in this Act, which shall be;
- (a) The Department of Agriculture, with reference to agricultural crops, fish and other marine products, fresh meat, fresh poultry and dairy products, fertilizers and other farm inputs.
  - (b) The Department of Health, with reference to drugs;
  - (c) The Department of Environment and Natural Resources, with reference to wood and other forest products; and
  - (d) The Department of Trade and Industry, with reference to all other basic necessities and prime commodities.
- (4) **“Panic buying”** is the abnormal phenomenon where consumers buy basic necessities and prime commodities grossly in excess of their normal requirement resulting in undue shortage of such goods to the prejudice of less privileged consumers;
- (5) **“Person”** means a natural person or a juridical person;
- (6) **“Prevailing price”** means the average price at which any basic necessity has been sold in a given area within a month from the occurrence of any of the conditions enumerated under Section 6 of this Act;
- (7) **“Price ceiling”** means the maximum price at which any basic necessity or prime commodity may be sold to the general public; and
- (8) **“Prime commodities”** include fresh fruits; flour; dried; processed and canned pork; beef and poultry meat; dairy products not falling under basic necessities; noodles; onions; garlic; vinegar; patis; soy sauce; toilet soap; fertilizer; pesticides; herbicides; poultry; swine and cattle feeds; veterinary products for poultry; swine and cattle; paper; school supplies; nipa shingles; sawali; cement clinker; GI sheets; hollow blocks; plywood; plyboard; construction nails; batteries; electrical supplies; light bulbs; steel wire; and all drugs not classified as essential drugs by the Department of Health.

**SECTION 4. Exclusion from the Coverage of this Act.** - Upon petition of the concerned parties and after public hearing, the implementing agency, with the approval of the President, may exclude from the coverage of this Act, types or brands of the goods included in the definition of basic necessities and prime commodities, which may be deemed as non-essential goods or luxury goods: Provided, that, any type or brand so excluded may be reinstated by the implemented 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.

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

following acts of price manipulation of the price of any basic necessity or prime commodity.

- (1) Hoarding, which is the undue accumulation by a person or combination of persons of any basic necessity or prime commodity beyond his or their normal inventory levels or the unreasonable limitation or refusal to dispose of, sell or distribute the stocks of any basic necessity or prime commodity to the general public or the unjustified taking out of any basic necessity or prime commodity from the channels of production, trade, commerce, and industry. There shall be prima facie evidence of hoarding when a person has stocks of any basic necessity or prime commodity fifty percent (50%) higher than his usual inventory and unreasonably limits, refuses or fails to sell the same to the general public at the time of discovery of the stocks. The determination of a person's usual inventory shall be reckoned from the third month immediately preceding before the discovery of the stocks in case the person has been engaged in the business for at least three (3) months; otherwise, it shall be reckoned from the time he started his business;
- (2) Profiteering, which is the sale or offering for sale of any basic necessity or prime commodity at a price grossly in excess of its true worth. There shall be prima facie evidence of profiteering whenever a basic necessity or prime commodity being sold:
  - (a) has no price tag;
  - (b) is misrepresented as to its weight or measurement;
  - (c) is adulterated or diluted; or
  - (d) whenever a person raises the price of any basic necessity or prime commodity he sells or offers for sale to the general public by more than ten percent (10%) of its price in the immediately preceding month: Provided, That, in the case of agricultural crops, fresh fish, fresh marine products, and other seasonal products covered by this Act and as determined by the implementing agency, the prima facie provision shall not apply; and
- (3) Cartel, which is any combination of or agreement between two (2) or more persons engaged in the production, manufacture, processing, storage, supply, distribution, marketing, sale or disposition of any basic necessity or prime commodity designed to artificially and unreasonably increase or manipulate its price. There shall be prima facie evidence of engaging in a cartel whenever two (2) or more persons or business enterprises competing for the same market and dealing in the same basic necessity or prime commodity, perform uniform or complementary acts among themselves which tend to bring about artificial and unreasonable increase in the price of any basic necessity or prime commodity or when they simultaneously and unreasonably increase prices on their competing products thereby lessening competition among themselves.

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

- (1) That area is proclaimed or declared a disaster area or under a state of calamity;

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

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

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

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

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

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

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

- (1) The average price, in the last three (3) months immediately preceding the proclamation of the price ceiling, of the basic necessity or prime commodity under consideration;
- (2) The supply available in the market;
- (3) The cost to the producer, manufacturer, distributor or seller including but not limited to:
  - (a) The exchange rate of the peso to the foreign currency with which a basic necessity or prime commodity or any component, ingredient or raw material thereof was paid for;

- (b) Any change in the amortization cost of machinery brought about by any change in the exchange rate of the peso to the foreign currency with which the machinery was bought through credit facilities;
  - (c) Any change in the cost of labor brought about by a change in the minimum wage; and
  - (d) Any increase in the cost of transporting or distributing the basic necessity or prime commodity to the area of destination.
- (4) Such other factors or conditions which will aid in arriving at a just and reasonable price ceiling.

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

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

- (1) He shall, with the approval of the President, promulgate rules, regulations, and procedures for the implementation of this Act;
- (2) He shall develop, promulgate and implement programs, projects or measures to promote productivity in all basic necessities and prime commodities under his agency's jurisdiction;
- (3) He shall promote and facilitate the establishment of an effective procurement, storage, marketing and distribution system of basic necessities and prime commodities to ensure their availability in all areas of the country where they are needed;
- (4) During the instances of panic-buying, he may, with the approval of the President, institute temporary measures to ensure orderly and equitable distribution to consumers of basic necessities and prime commodities in the affected area;
- (5) From time to time, he may issue suggested reasonable retail prices for any or all basic necessities and prime commodities under his jurisdiction for the information and guidance of producers, manufacturers, traders, dealers, sellers, retailers, and consumers;
- (6) He shall cause the immediate dissemination of any mandated price ceiling for any basic necessity or prime commodity under his agency's jurisdiction through publication in a newspaper of general circulation in the area affected, and through broadcast by radio, or whenever deemed to materially make dissemination of the information more effective, by television. He may also cause the information to be disseminated through posting in public markets, supermarkets or other public places.
- (7) He may, upon approval of the President, and subject to existing laws, rules and regulations on bidding, enter into any agreement with any local or foreign producer, manufacturer, supplier, distributor, or seller for the

procurement of supplies or stocks of any basic necessity or prime commodity for purposes of buffer stocking: *Provided, That*, in areas where there are shortages or rampant illegal manipulation of prices, he may order their immediate sale;

- (8) He may, subject to existing laws, rules and regulations on bidding, enter into any agreement with owners or operators of warehouses or storage houses or with owners, operators or franchise holders of vehicles or public utilities for 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 (P1,000) 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 violations 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 the Act;
- (11) Without prejudice to the power to issue temporary closure or temporary restraining order for a period which shall not be more than ten (10) days, he may, after due notice and hearing, issue cease and desist orders; reprimand; censure, suspend, revoke or cancel any permit, license, authority or registration issued by his office; or order the permanent closure of any establishment, violating the provisions of this Act.
- (12) He may initiate summary proceedings to cause the seizure by the Government of basic necessities and prime commodities subject of a violation of this Act and order their sale to the public at reasonable prices whenever the nature of or the demand for such goods so requires; *Provided, That*, pending litigation, the proceeds of the sale shall be held in trust or escrow by the implementing agency: *Provided, further, That*, should the owner of the basic necessity or prime commodity seized and sold be found not liable for the violation which was the basis of the seizure, the proceeds from their sale shall be paid to him, otherwise, they shall accrue to the general fund of the Government and: *Provided, finally, That*, the head of the implementing agency shall cause the broadcast in radio or television and the publication in at least two (2) newspapers of general circulation of the fact of

sale or disposition of such seized goods at least three (3) days before the date of sale or disposition:

- (13) He may initiate action and cause the prosecution before the proper court of law of violators of this Act;
- (14) He may deputize and enlist the assistance of any government official or agency in carrying out the provisions of this Act; and
- (15) Such other functions and ancillary powers as may be necessary to effectively implement this Act.

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

- (1) The Secretary of Trade and Industry, as Chairman;
- (2) The Secretary of Agriculture;
- (3) The Secretary of Health;
- (4) The Secretary of Environment and Natural Resources;
- (5) The Secretary of Local Government;
- (6) The Secretary of Transportation and Communications;
- (7) The Secretary of Justice;
- (8) The Director General of the National Economic and Development Authority;
- (9) One (1) representative from the consumer's sector;
- (10) One (1) representative from the agricultural producers' sector;
- (11) One (1) representative from the trading sector; and
- (12) One (1) representative from the manufacturers' sector.

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

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

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

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

**SECTION 12. *Functions of the Price Coordinating Council.*** - The Price Coordinating Council shall have the following functions:

- (1) It shall coordinate the productivity, distribution and price stabilization programs, projects and measures of the Government and develop comprehensive strategies to effect a general stabilization of prices of basic necessities and prime commodities at affordable levels;
- (2) It shall report to the President and to the Congress of the Philippines the status and progress of the programs, projects and measures undertaken by each implementing department, agency or office as well as the comprehensive strategies developed by the Council to stabilize the prices of basic necessities and prime commodities;
- (3) It shall advise the President on general policy matters for promotion and improvement in productivity, distribution and stabilization of prices of basic necessities and prime commodities;
- (4) It may require from its members or any other government agency such information as it may deem necessary, and conduct public hearings for purposes of assessing the supply, distribution and price situation of any basic necessity or prime commodity.
- (5) It shall publicize from time to time developments in productivity, supply, distribution and prices of basic necessities and prime commodities; and
- (6) Whenever automatic price control of basic necessities is imposed under Section 6 of this Act, it shall cause the immediate dissemination of their prevailing prices or the price ceilings imposed in lieu thereof, as the case may be, through publication in a newspaper of general circulation in the area affected, and through broadcast by radio and, whenever the same is deemed to materially make dissemination of the information more effective, by television. It may also disseminate the information through posting in public markets, supermarkets and other public places.

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

- (1) He shall carry out, implement and enforce the policies and decisions of the Council;
- (2) He shall coordinate the actions of all implementing agencies involved in the monitoring and investigation of abnormal price movements and shortages of basic necessities and prime commodities.
- (3) He may call upon any official, agent, employee, agency or instrumentality of the national or local government for any other assistance that he may deem necessary to carry out the purposes of this Act.
- (4) He shall establish linkages and coordinate with non government or private organizations in the affected area to assist in the monitoring and implementation of price control therein; and
- (5) He shall exercise such other functions and duties as may be given to him by the President.

**SECTION 14. *Role of the National Statistics Office.*** - The National Statistics Office shall conduct independent periodic surveys and studies of the selling prices of all basic

necessities and prime commodities all over the country as well as their share or effect on the family income of the different economic groups in the country for purposes of serving as data base for government efforts to stabilize prices, as well as evaluating the effectivity of the same.

**SECTION 15. *Penalty for Acts of Illegal Price Manipulation.*** - any person who commits any act of illegal price manipulation of any basic necessity or prime commodity under Section 5 hereof shall suffer the penalty of imprisonment for a period of not less than five (5) years nor more than fifteen (15) years, and shall be imposed a fine of not less than Five thousand pesos (P5,000) nor more than Two million pesos (2,000,000).

**SECTION 16. *Penalty for Violation of Price Ceilings.*** - Any person who violates Section 6 or 7 of this Act shall suffer the penalty of imprisonment for a period of not less than one (1) year nor more than ten (10) years, or a fine of not less than Five thousand pesos (P5,000) nor more than One million pesos (1,000,000), or both, at the discretion of the court.

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

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

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

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

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

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

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

- (1) Republic Act No. 4164, entitled "An Act to Prevent the Excessive Increase in the Price of Certain Prime Necessities of Life on the Occasion of a Public Calamity, Penalizing the Violation Thereof, and for other Purposes";
- (2) Presidential Decree No. 1675, entitled "Providing a Mechanism for Price Regulation, Creating a Price Stabilization Council, Prescribing its Powers and Responsibilities and for other Purposes";

- (3) Letter of Instruction No. 1305, entitled “Directing Measures to Prevent Cement Hoarding, Price Manipulation and Profiteering”;
- (4) Letter of Instruction No. 1342, entitled “Ordering Immediate Measures to Prevent Price Manipulation and to Protect Consumers”; and
- (5) Letter of Instruction No. 1359, entitled “Directing Measures to Prevent Hoarding, Profiteering and Price Manipulation.”

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

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

Approved,

**(Sgd) NEPTALI A. GONZALES**  
President of the Senate

**(Sgd) RAMON V. MITRA**  
Speaker of the House  
of Representatives

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

**(Sgd) ANACLETO D. BADOY, JR.**  
Secretary of the Senate

**(Sgd) CAMILO L. SABIO**  
Secretary General  
House of Representatives

**(Sgd) CORAZON C. AQUINO**  
President of the Philippines

of  
**R.A. 7581 (Price Act)**

**DTI, DA, DOH, DENR**  
**JOINT ADMINISTRATIVE ORDER NO. 1**  
**Series of 1993**

**SUBJECT: RULES AND REGULATIONS IMPLEMENTING R.A. 7581 - AN ACT PROVIDING PROTECTION TO CONSUMERS BY STABILIZING THE PRICES OF BASIC NECESSITIES AND PRIME COMMODITIES AND BY PRESCRIBING MEASURES AGAINST UNDUE PRICE INCREASES DURING EMERGENCY SITUATIONS AND LIKE OCCASIONS.**

WHEREAS, it is the policy of the State to ensure the availability of basic necessities and prime commodities at reasonable prices at all times without denying legitimate business a fair return on investment.

WHEREAS, it is likewise the concern of the State to provide protection to consumers against hoarding, profiteering and cartels of said goods especially during the occurrence of a calamity, emergency and widespread illegal manipulation and similar situations;

NOW, THEREFORE, pursuant to the provision of Sec. 10 of R.A. 7581, the following rules and regulations are hereby prescribed;

**RULE 1 - DEFINITION OF TERMS**

**Section 1. Definition** - as used herein, the following terms and phrases shall have the meaning herein provided:

1. **"Person"** means a natural person or a juridical person;
2. **"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; and
  - (d) The Department of Trade and Industry, with reference to all other basic necessities and prime commodities
3. **"Buffer Fund"** means a contingent fund in the budget of the implementing agency which shall not be used in its normal or regular operations but only for purposes provided for in this Act;
4. **"Basic Necessities"** include: rice; corn; bread; fresh, dried and canned fish and other marine products; fresh pork, beef and poultry meat; fresh eggs;

fresh and processed milk; fresh vegetables; root crops; coffee; sugar; cooking oil; salt; laundry soap; detergents; firewood; charcoal; candles; and drugs classified as essential by the Department of Health;

5. **“Prime Commodities”** include fresh fruits; flour; dried, processed and canned pork; beef and poultry meat; dairy products not falling under basic necessities; noodles; onions; garlic; herbicides; poultry; swine and cattle feeds; veterinary products for poultry, swine and cattle; paper; school supplies; nipa shingles; plywood; construction nails; batteries; electrical supplies; light bulbs; steel wire; and all drugs not classified as essential drugs by the Department of Health.
6. **“Price Ceiling”** means the maximum price at which any basic necessity or prime commodity may be sold to the general public;
7. **“Mandated Price Ceiling”** shall refer to the price imposed on any basic necessity or prime commodity by the President upon recommendation of the implementing agency or the Price Coordinating Council if any of the following conditions so warrant;
  - Impending existence or effects of a calamity
  - Threat, existence or effect of an emergency
  - Prevalence of widespread acts of illegal manipulation
  - Impendency, existence or effect of any event that cause artificial and unreasonable increase in prices of said commodities.
8. **“Prevailing Price”** means the average price at which any basic necessity has been sold in a given area within a month from the occurrence of any of the conditions enumerated under Section 6 of this Act;
9. **“Illegal Acts of Price Manipulation”** refers to acts of hoarding, profiteering, cartels committed by persons habitually engaged in production, manufacture, importation, storage, transport, distribution, sale or other methods of disposition of basic necessity and prime commodity.
10. **“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;

## **RULE II - POWERS AND FUNCTIONS OF IMPLEMENTING AGENCY**

**Section 1.** - The implementing agencies enumerated in Rule I Sec. 1 par. (3) thereof shall have jurisdiction over commodities enumerated hereunder:

### **1. DEPARTMENT OF AGRICULTURE**

#### **(A) Basic Necessities**

- rice
- corn
- cooking oil

- fresh, dried fish and other marine products
- fresh eggs
- fresh pork, beef and poultry meat
- fresh milk
- fresh vegetables
- root crops
- sugar

(B) Prime Commodities

- fresh fruits
- dried pork
- dried beef and poultry meat
- fresh dairy products not falling under basic necessities
- onions, garlic
- fertilizer (chemical and organic), pesticides, herbicides
- poultry, swine and cattle feeds
- veterinary products for poultry, swine and cattle

**2. DEPARTMENT OF HEALTH**

(A) Basic Necessities

- drugs classified as essential by the DOH

(B) Prime Commodities

- drugs not classified as essential by the DOH

**3. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

(A) Basic Necessities

- fire
- charcoal

(B) Prime Commodities

- Plywood
- Plyboard
- Nipa Shingles
- Sawali

**4. DEPARTMENT OF TRADE & INDUSTRY**

(A) Basic Necessities

- canned fish and other marine products
- processed milk
- coffee
- laundry soap
- detergent
- candles
- bread
- salt

(B) Prime Commodities

- flour
- processed and canned pork
- processed and canned beef and poultry meat
- noodles
- vinegar, patis, soy sauce
- toilet soap
- paper, school supplies
- cement, clinker, G.I. Sheets
- hollow blocks
- construction nails
- batteries, electrical supplies, light bulbs
- steel wires

**Section 2. *Exclusion from the Coverage of this Act.*** - Upon petition of the concerned parties and after public hearing, the implementing agency, with the approval of the President, may exclude from the coverage of this Act, types or brands of the goods included in the definition of basic necessities and prime commodities, which may be deemed as nonessential goods or luxury goods: Provided, that, any type or brand so excluded may be reinstated by the implementing agency during occasions of acute shortage in the supply of the basic necessity or prime commodity to which the excluded type or brand used to belong.

**Section 3.** Each implementing agency shall adopt programs designed to

1. promote productivity in basic necessities and prime commodities
2. improve efficient transport and distribution system
3. protect consumers from inadequate supply and unreasonable price increases on occasion of calamities, emergencies and like occurrences.

**Section 4.** The implementing agency may, whenever necessary, issue suggested retail prices.

**Section 5.** The implementing agency may, whenever necessary, determine, recommend and enforce price ceilings.

**Section 6.** During instances of panic buying, the implementing agency shall, upon approval of the President, institute temporary measures to ensure the orderly and equitable distribution to consumers of basic necessities or prime commodities in the affected area.

For this purpose, the following measures may be adopted:

1. establishment of accredited retail outlets
2. rationing or limiting the quantity of individual household purchases
3. such other similar measures that would assure consumers access to buy said commodities.

**Section 7.** Ancillary Powers of Implementing Agencies

1. The implementing agencies shall have the power to issue subpoena and subpoena duces tecum.
2. Notwithstanding the provisions of Section 91, 347 and 349, of the Internal Revenue Code, it shall require the Bureau of Internal Revenue to submit any sales, income or other tax returns filed by producer, manufacturer or retailer of essential articles or commodities whenever relevant to any public hearing or any inquiry under R.A. 7581.
3. Perform such other functions and ancillary powers as may be necessary to implement R.A. 7581.

**Section 8.** The functions of implementing agencies enumerated herein will not preclude implementing agencies to exercise their powers and functions under existing laws.

### **RULE III - ALLOCATION AND UTILIZATION OF BUFFER FUND**

Each implementing agency shall allocate a buffer fund in the annual appropriation of the department. Said amount shall be used exclusively to procure, purchase, import or stockpile any basic necessity or prime commodity.

The commodities shall be distributed for sale to the areas where there is shortage of supply or where there is a need to effect changes in the prevailing prices after consultation with the concerned sectors. The implementing agency shall determine the volume/quantity of the commodities needed for stockpiling in the affected area. For this purpose, the implementing agency may enter into contracts, agreements with concerned supplier, distributor, or retailer.

In the distribution of the commodities for sale, the following shall be followed:

1. Preference shall be given to government agencies authorized to handle sale of the commodities.
2. Establishments of retail outlets that are duly accredited by implementing agency, e.g. accredited Bantay Bilihin Tindahan.
3. Retail outlets and cooperatives duly registered with the Cooperative Development Authority and accredited by the implementing agency.
4. Consumer groups and similar associations duly registered with the Securities and Exchange Commission and accredited by the implementing agency. The above criteria, however, shall be without prejudice to the paramount consideration of the financial capacity of the recipient entity or organization to pay for the purchase. Further, they should sell commodities at prices within the ceiling mandated by government.

Proceeds from the sale shall revert to the buffer fund of the implementing agency. A trust fund shall be constituted for this purpose, subject to existing rules and regulations.

Warehouses and trucking facilities of the National Food Authority and the duly accredited private sector shall be made available for stockpiling and distribution of the commodities.

### **RULE IV - MONITORING**

**Section 1.** Each implementing agency shall conduct regular monitoring of basic necessity and/or prime commodity in order to:

1. identify and investigate causes of market and price irregularities
2. determine price trends
3. provide basis for establishing suggested retail prices and ceiling prices
4. develop data base system on prices

**Section 2.** Each agency shall constitute its own monitoring task force and shall furnish the chairman of the National Price Coordinating Council thru the Secretariat a copy of its composition as well as their operating guidelines.

**Section 3.** Data on prices may be collected through:

1. inspection of price tags
2. interview of sales clerk, consumers, etc.
3. survey

**Section 4. *Selection of Commodities*** - Commodities to be monitored shall include both basic necessities and prime commodities, pursuant to Rule II Sec. 1 and 2 thereof. Monitoring of these commodities may be done by the implementing agency based on the following factors:

1. basic needs of consumers
2. critical commodities that experience erratic movement
3. product brand selection shall be based on availability/regularity of supply of the brand in the market areas.

**Section 5. *Selection of Outlets*** - Criteria for the selection of business establishments/areas:

1. completeness of stocks
2. geographical accessibility of outlets

**Section 6. *Monitoring Reports*** - Shall contain comparative price analysis (as deemed applicable) of the following:

1. prevailing price vs. prevailing price three (3) months ago
2. prevailing price vs. prevailing price a month ago
3. prevailing price vs. prevailing price a week ago
4. prevailing price vs. suggested retail price.

**Section 7.** Each agency shall monitor at least monthly and submit quarterly monitoring report to the National Price Coordinating Council. Frequency may be increased by implementing agency, as the need arises or as the NPCC deem necessary.

Causes of price changes such as increase in acquisition cost, increase in demand or shortage of supply etc. must be indicated.

**Section 8.** The implementing agency may require producers, manufacturers, distributors, and retailers of these commodities to submit production and inventory reports.

**Section 9. *Role of the National Statistics Office*** - the National Statistics Office shall conduct independent periodic surveys and studies of the selling prices of all basic necessities and prime commodities all over the country as well as their share or effect on the family income of the different economic groups in the country for purposes of serving as data base for government efforts to stabilize prices, as well as evaluating the effectivity of the same.

#### **RULE V - POWERS AND FUNCTIONS OF THE NATIONAL PRICE COORDINATING COUNCIL**

**Section 1.** In addition to the powers vested in the National Price Coordinating Council (NPCC) under Sec. 12 of RA 7581, it shall coordinate, rationalize and monitor the programs of member agencies, and the local Price Coordinating Council (LPCC) created under this rule, in order to:

1. promote productivity in basic necessities and prime commodities
2. improve efficient transport and distribution systems
3. protect consumers from inadequate supply and unreasonable price increases on occasions of calamities, emergencies and like occurrences.

**Section 2.** It shall formulate the operating mechanics of the Council for the guidance of member agencies and the Local Price Coordinating Councils (LPCC) 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 R.A. 7581.

**Section 3.** Secretariat

1. The Department of Trade and Industry shall provide the Secretariat to the Council from the existing organizational structure.
2. The Secretariat shall render administrative, technical and such other support services as may be required by the Council.

#### **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, Transportation and Communication, Justice, National Economic and Development Authority, consumers, agricultural producers, trading, manufacturing, and retail sectors.

In the absence of provincial offices, coordination shall be made with the respective regional 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.

**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.

**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 trade organization and by consumer organization preferably one duly accredited by the DTI.

**Section 5. Powers and Functions**

1. Coordinate and rationalize the programs to stabilize prices and supply of member agencies in the respective provinces, municipalities and cities.
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.
3. To conduct in-depth analysis on causes for price fluctuations.
4. To recommend action steps to correct unwarranted price increases and supply shortages.

**RULE VII - MEASURES TO UNDERTAKE DURING EMERGENCIES**

**Section 1.** 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 reduce as soon as prices and supply situation have stabilized.

**Section 2. “Automatic Price Control”** shall refer to a situation where prices of basic necessities which, unless otherwise declared by the President, are automatically frozen at prevailing prices in areas which have been declared under any of the following conditions:

- state of disaster
- state of emergency
- state of rebellion
- state of war
- privilege of writ of habeas corpus suspended

The term disaster or calamity shall include those brought about by natural or man made cause, whether local or foreign.

**Section 3.** The Secretariat shall prepare and furnish member agencies the format and flow chart of reports.

**Section 4.** To ensure equitable supply distribution during emergencies, the implementing agencies may:

1. Activate rolling stores
2. Stock up government warehouses and storage facilities of basic and prime commodities in sufficient quantities/volume
3. Mobilize available government transport facilities and other utility vehicles in coordination with DOTC.

**Section 5.** The implementing agency may deputize/enlist other government agencies, private sectors for assistance in the monitoring, transport, movement and distribution of commodities.

**Section 6.** The implementing agency may field enforcement team to ensure compliance with price ceilings and prevent illegal acts of price manipulation.

**Section 7.** The implementing agency may adopt such other measure to ensure adequate supply of commodities and protect consumers from unreasonable price increase and other illegal acts of price manipulation during emergency situation.

## **RULE VIII - DETERMINATION AND RECOMMENDATION OF PRICE CEILINGS**

**Section 1.** In determining the reasonable price ceilings, the following factors provided for in Section 8 of R.A. 7581 may be considered:

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

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

For this purpose the Head of the Local Price Coordinating Council or concerned implementing agency shall 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.

**Section 2.** The Local Price Coordinating Council shall forward to the implementing agency the proposed ceiling prices. The Secretary after review shall recommend to the National Price Coordinating Council or to the President the recommended price ceiling.

#### **RULE IX - DETERMINATION AND ISSUANCE OF SUGGESTED RETAIL PRICES**

**Section 1.** The implementing agency may whenever necessary issue suggested retail price (SRP) for certain basic necessities and/or prime commodities for the information and guidance of concerned trade, industry and consumer sectors.

#### **RULE X - ILLEGAL ACTS OF PRICE MANIPULATION**

**Section 1.** The following shall constitute hoarding:

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

**Section 2.** 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. the unreasonably limits, refuses or fails to sell the same to the general public at the time of discovery of the stocks.

A person's usual inventory shall be reckoned from the 3<sup>rd</sup> 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.

**Section 3.** 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.

A price shall be deemed grossly in excess of its true worth if the price thereof has been raised by more than ten percent (10%) in the immediately preceding month.

**Section 4.** There shall be prima facie evidence of profiteering whenever a basic necessity or prime commodity being sold:

1. has not price tag, or
2. is misrepresented as to its weight or measurement, or
3. is adulterated or diluted, or
4. 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 preceding month (the prima facie provisions shall not apply in the case of agricultural crops, fresh fish, fresh marine products and other seasonal products).

**Section 5.** Cartel is any combination of or agreement between two or more persons engaged in the production, manufacturing, processing, storage, supply, distribution, marketing, sale or disposition of any basic necessity or prime commodity designed to artificially and unreasonably increase or manipulate its prices.

1. The following acts shall constitute prima facie evidence of Cartel:
  - a. when 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 complimentary acts among themselves which tend to bring about artificial and unreasonable increases in prices on their competing products thereby lessening competition among themselves.

#### **RULE XI - SUMMARY PROCEEDING FOR SEIZURE OF COMMODITIES**

**Section 1.** The implementing agency may initiate summary proceeding to cause the seizure by the government of basic necessity or prime commodity subject of a violation of R.A. 7581 and its implementing rules, and pending litigation may order their sale to the general public under the following conditions:

1. when the nature of the goods so require, e.g. perishable items
2. when the demand for such goods so require e.g. short supply
3. such other conditions which would warrant immediate disposition.

**Section 2. Seizure/Confiscation** - The commodities shall be seized, inventoried and brought to the concerned implementing agency for safekeeping pending formal investigation of the case.

If there is a big volume of the commodities seized, the items shall be inventoried and stored in the firm's premises. The premises shall be padlocked in the presence of the owner or his representative and other witnesses if present and the concerned agency shall provide security to insure that the commodities seized are kept intact pending the investigation of the case.

**Section 3. Inventory** - The inventory shall be made in the presence of representatives from the Commission on Audit, the Enforcement Team of implementing agency and the owner/proprietor/manager of the business establishment or his authorized representative. In the event media representatives are present, they shall likewise be allowed to witness the proceedings. Every page of the inventory shall be signed by all the above representatives (except the representative from media). If the items seized are packed in groups or sets, the same shall be sealed and the seal should be signed by the above representatives.

**Section 4. Inventory Report** - Within twenty-four (24) hours from completion of the inventory the team shall submit a report of the inspection together with a copy of the inventory of the seized commodities to the Regional/Provincial units of the implementing agency, copies of which will be furnished the head offices of concerned agencies.

**Section 5. Disposition** - The seized commodities shall be disposed of in outlets provided under paragraph 3 Sec. 6 Rule II hereof and subject to existing rules and regulations.

**Publication and Broadcast** - The secretary or his authorized representative shall cause the broadcast in radio or television and publish in two (2) newspapers of general circulation in the area affected the fact of sale or disposition of seized goods at least three (3) days before date of sale or disposition.

**Section 6. Proceeds of Sale** - Pending litigation, proceeds of the sale shall be held in trust or escrow by the implementing agency.

1. If the owner of seized commodity shall be found not liable for the violation, proceeds of sale shall be paid to him.
2. If owner is found liable, proceeds of sale shall accrue to the general fund of the government.

## **RULE XII - ACTIONS FOR VIOLATION OF R.A. 7581 AND ITS IMPLEMENTING RULES AND REGULATIONS**

**Section 1. Administrative Action** - Administrative action for violations of R.A. 7581 and its implementing rules and regulations shall be in accordance with procedures provided by the concerned implementing agency.

1. Penalties
  - (a) Temporary closure or temporary restraining order for not more than ten (10) days
  - (b) Permanent closure of establishment

- (c) Confiscation/Seizure of all products and/or effects subject of the offense;
- (d) Confiscation/Seizure of all paraphernalia used in the commission of the crime.
- (e) Suspension, revocation or cancellation of any permit/license, authority or registration issued by the concerned agency.
- (f) Cease and desist orders
- (g) Censure
- (h) Reprimand
- (i) Administrative fine of not less than One Thousand pesos (P1,000.00) nor more than One Million Pesos (P1,000,000.00).

**Section 2. Criminal Action**

Procedure

In the enforcement under R.A. 7581, the usual procedure for prosecution under special laws be observed and such prosecution shall be conducted by the appropriate provincial/city fiscal.

Penalties

Illegal Price Manipulation

- a. Imprisonment of not less than five (5) years nor more than fifteen (15) years, and
- b. Fine of P5,000.00 to P2,000,000.00

Price Ceilings (Automatic or Mandated)

- a. Imprisonment of not less than one (1) year nor more than ten (10) years, or
- b. Fine of P5,000.00 to P1,000,000.00 or
- c. Both imprisonment and fine at the discretion of the court. The criminal penalties shall be without prejudice to administrative sanctions which the concerned agency may impose.

**RULE XIII - DEPUTATION OF OTHER AGENCIES**

The implementing agency may deputize and enlist the assistance of local governments, units or any government official or agency in carrying out the provision of R.A. 7581 and its implementing rules.

**RULE XIV - GENERAL PROVISIONS**

**Section 1. Separability** - The provisions of this Order are hereby declared to be separable and in the event any provision or part thereof is declared unconstitutional or invalid the other provisions or parts thereof which are not affected thereby shall remain in full force and effect.

**Section 2. Repealing Clause** - The provisions of the Department Orders, rules and regulations and other issuance of each implementing agency which are inconsistent with this Order are hereby repealed or modified accordingly.

**Section 3. Publication Effectivity** - These rules and regulation shall be published in two (2) newspapers of general circulation and shall take effect immediately after publication.

Done this 15<sup>th</sup> day of February, 1993 at Makati, Metro Manila.

**(Sgd) RIZALINO S. NAVARRO**  
Secretary of Trade & Industry

**(Sgd) ROBERTO S. SEBASTIAN**  
Secretary of Agriculture

**(Sgd) JUAN M. FLAVIER**  
Secretary of Health

**(Sgd) VICTOR O. RAMOS**  
Secretary of Environment  
& Natural Resources

Approved:

**(Sgd) FIDEL V. RAMOS**  
President of the Republic  
of the Philippines

By the President:

**(Sgd) ANTONIO T. CARPIO**  
Chief Presidential Legal Counsel