



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF HEALTH
BUREAU OF FOOD AND DRUGS
D.O.H. Compound
Alabang, Muntinlupa, Metro Manila

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BUREAU CIRCULAR

No. 4 s. 1996

TO : ALL DRUG ESTABLISHMENTS, DRUG OUTLETS,
DRUGSTORES AND HOSPITAL PHARMACIES
AND PARTIES CONCERNED.

SUBJECT : PERTINENT PROVISIONS OF REPUBLIC ACT
(R.A.) 7581 OTHERWISE KNOWN AS THE
PRICE ACT.

The Price Act covers drugs classified as essential drugs by the DOH as a Basic Commodity and the drugs not classified as essential as Prime Commodity and has named the DOH as its implementing agency for the provisions covering drug products.

Hence, as part of the National Drug Policy Program and to implement the said law, the DOH through the NDP in coordination with BFAD, prices of drug products considered as essential has been regularly monitored.

As a basic commodity, essential drugs are subject to automatic price control. The specific provision of the Price Act reads:

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

"Smoking is Dangerous to your Health"

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- (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.

Under Section (7) of the said act, the President may likewise impose a price ceiling, upon the recommendation of the implementing agency or the Price Coordinating Council. That Section (7) reads:

"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:

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- (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".

Furthermore, the Price Act makes the following price manipulation illegal.

"Sec. 5. Illegal Acts of Price Manipulation. - Without prejudice to the provisions of existing laws on goods not covered by this Act, it shall be unlawful for any person habitually engaged in the production, manufacture, importation, storage, transport, distribution and 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 the 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 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."

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As an implementing agency, the DOH may, among others, "conduct investigations of any violation of (the said act) and, after due notice and hearing, impose administrative fines in such amount as he may deem reasonable which in no case be less than One Thousand Pesos (P1,000.00) nor more than One Million Pesos (P100 000) ..."

Because of the foregoing, the DOH shall take cognizance of complaints for probable violations of the Price Act. If the complaint is filed before the BFAD, the BFAD will be forwarding such complaint to the DOH-OLA for the conduct of due process and hearing, and ultimately, the disposition of such complaints in accordance with the Price Act

All drug establishments, outlets, drugstores, hospital pharmacies are therefore advised to familiarize themselves with the provisions of the Price Act inasmuch as the lack of knowledge or ignorance of the law will not excuse them from complying therewith.

This circular is issued for the guidance of all concerned.


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Director

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