



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. DC2006-05-0007 *endj*

GUIDELINES IMPLEMENTING THE MODIFICATION OF IMPORT DUTY RATES ON CRUDE OIL AND REFINED PETROLEUM PRODUCTS AS PROVIDED UNDER EXECUTIVE ORDER NO. 527

Pursuant to Section 3 of Executive Order (E.O.) No. 527 issued by the President of the Republic of the Philippines on May 12, 2006, the Department of Energy (DOE), in coordination with the Department of Finance (DOF), Bureau of Customs (BOC), Department of Trade and Industry (DTI), and the National Economic and Development Authority (NEDA), hereby adopts the following guidelines to implement the reduction of tariff rates on imported crude oil and refined petroleum products based on certain trigger prices indexed to international oil prices in the world market.

1. Title

These guidelines shall be known as the "Implementing Guidelines for the Modification of Import Duty Rates on Crude Oil and Refined Petroleum Products under Executive Order No. 527" and shall hereafter be referred to as the "Guidelines".

2. Scope and Coverage

These Guidelines shall apply to all articles listed in Annex A of E.O. No. 527.

3. Determination of the Trigger Price

The MFN rates on crude and refined petroleum products shall be accordingly reduced if the following minimum price triggers for both Dubai crude and MOPS-based diesel indexed to average Mean of Platts Singapore (MOPS) oil price indicators are reached.

MFN Rate of Duty (%)	Trigger Price - Average half month (\$/barrel)	
	Dubai crude	Diesel (0.05% S)
2	66	88
1	75	88
0	85	88

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4. Notification Process

The DOE shall issue a certification to the DOF and BOC once the trigger level has been reached, and for which the corresponding Customs Memorandum Order shall be issued by the BOC. A copy of the certification shall be furnished the DTI, NEDA and the oil importers through their industry associations, the Petroleum Institute of the Philippines (PIP) and the Independent Philippine Petroleum Companies Association (IPPCA).

Accordingly, the tariffs shall be restored upon certification by the DOE that the international oil prices moved down based on the same trigger prices.

5. Obligation of Oil Companies

Oil companies shall accordingly reflect the appropriate tariff reduction in the pump prices of diesel fuel sold to the public transport sector.

6. Monitoring and Enforcement

The DOE shall ensure that the oil companies shall comply with their obligation under the immediately preceding section.

For this purpose, oil companies shall adopt measures such as providing sufficient number of gasoline stations offering the appropriate tariff reduced-diesel prices to the public transport sector. Oil companies shall likewise submit monthly reports to the DOE indicating, among others, the actual volume sold and the corresponding amount offered to the public transport sector, and such data and information that may be required by the DOE pertinent to their compliance with these Guidelines.

The DOE shall conduct on-site inspections to monitor compliance by oil companies with the provisions of these Guidelines.

7. Penalty Provisions

Failure to fully comply with the above requirements as provided under the immediately preceding sections shall be subject to the appropriate penalty as indicated under existing laws, rules and regulations, including the Downstream Oil Industry Deregulation Act of 1998.

8. Separability Clause

If, for any reason, any section or provision of these Guidelines is declared unconstitutional or invalid, such parts not affected shall remain in full force and effect.

8. Effectivity

These Guidelines shall take effect immediately upon complete publication in two (2) newspapers of general circulation.

Issued in Fort Bonifacio, City of Taguig this 16th day of May 2006.



RAPHAEL P. M. LOTILLA
Secretary