

[EXECUTIVE ORDER NO. 377, October 31, 1996]

**PROVIDING THE INSTITUTIONAL FRAMEWORK FOR THE
ADMINISTRATION OF THE DEREGULATED LOCAL DOWNSTREAM
OIL INDUSTRY**

WHEREAS, Republic Act No. 8180, otherwise known as the "Downstream Oil Industry Deregulation Act of 1996", provides for the deregulation of all activities of the downstream oil industry in the country to foster competitive market and achieve the social policy objectives of fair prices and adequate, continuous supply of environmentally-clean and high-quality petroleum products;

WHEREAS, the effective and efficient administration of the deregulated local downstream oil industry involves the participation and coordination of various agencies as required under the Implementing Rules and Regulations of the Act;

WHEREAS, there is need to provide an institutional framework for the administration of the industry in order to define and delineate the functions and responsibilities of these agencies.

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Republic of the Philippines, by the powers vested in me by law, do hereby establish the delineation of agency functions and responsibilities as the institutional framework for the administration of the deregulated local downstream oil industry;

SECTION 1. Delineation of Agency Functions and Responsibilities. — The functions and responsibilities of agencies are delineated as follows:

1.1 Overall Administration. — The Department of Energy (DOE) shall be the lead agency in the administration of the deregulated local downstream oil industry. It shall serve as the oversight body which will integrate and coordinate the implementation of policies and programs affecting the industry. It shall be responsible for the overall monitoring of the downstream oil industry, including the monitoring and publication of daily international oil prices, to ensure the security and continuity of oil supply as well as the compliance of petroleum businesses with quality, safety and environmental standards and fair trade regulations.

1.2 Standards Setting. — The government shall prescribe the appropriate quality, safety and environmental standards for petroleum products, downstream facilities and processes as well as set guidelines governing fair trade practices in the local downstream oil industry through the following agencies:

a. Department of Trade and Industry (DTI) shall establish and update, in coordination with the DOE, the Philippine National Standards (PNS) on quality and safety of petroleum products, including that of materials, equipment and facilities related to petroleum products such as storage tanks, LPG refilling plants and

cylinders, valves and regulators; methods of requalification of cylinders; and codes of practices for gas stations. Along with this, the DTI shall undertake the following:

- (1) Enforce the existing PNS in coordination with the DOE, LGUs and other concerned agencies and sectors;
- (2) Provide measures to promote and ensure fair trade practices; and
- (3) Encourage investments in the downstream oil sector.

b. Department of Science and Technology (DOST) shall prescribe the calibration and verification intervals of all measuring instruments used in petroleum products. Towards this, the DOTC shall initiate the following:

- (1) Evaluate and accredit the laboratories of the municipalities performing the calibration and verification of tank lorries, road tankers, storage tanks, flow meters, calibrating buckets, and weighing scales;
- (2) Assist the municipalities in calibrating these measuring instruments; and
- (3) Calibrate the reference standards of accredited laboratories, such as proving tanks, provers, master meter and test weighs.

c. Department of Environment and Natural Resources (DENR) shall prescribe the environmental standards for petroleum products and related activities thereto. In this regard, the DENR shall undertake the following:

- (1) Review, evaluate and issue environmental compliance certificate to petroleum businesses;
- (2) Issue permit to construct and operate petroleum facilities engaged in the recycling, re-refining and re-processing of oil/petroleum products; and that for air and water pollution control installations and devices as may be required in certain aspects of the downstream oil businesses pursuant to RA 6969 (An Act to Control Toxic Substances and Hazardous and Nuclear Wastes) and PD 984 (Pollution Control Law); and
- (3) Monitor emissions, effluents, and the compliance of petroleum businesses with environmental standards and regulations, including the application of sanctions for violation of rules and regulations thereof.

d. Department of Health (DOH) shall prescribe the allowable level of toxicity to health as regards the emissions of particulates and harmful substances accruing from the manufacturing, use and combustion of petroleum products. In line with this, the DOH shall undertake the following:

- (1) Issue the necessary health and safety guidelines on toxicity level;
- (2) Provide health advisory services, information and education related to the effects of petroleum and petroleum products on humans; and
- (3) Conduct continuing studies on these effects towards determining measures to address them.