

[ERB RESOLUTION NO. 92-17, September 15, 1992]

AMENDMENT TO ERB RESOLUTION NOS. 90-17, 90-17A, AND 91-02

WHEREAS, this Board is mandated to ensure adequate and continuous supply of energy in the country including petroleum crudes and products;

WHEREAS, there is a current imbalance in the demand vis-a-vis production pattern for petroleum products in the country due to the limitation in the existing refineries configuration, resulting in shortfall of diesel, kerosene and LPG;

WHEREAS, this Board issued Resolution Nos. 90-17, 90-17-A and 91-02 purportedly to eliminate the disincentive in importing certain petroleum products to avert the possibility of a supply shortage thereof in the domestic market;

WHEREAS, ERB Resolution No. 90-17A allows the oil companies to withdraw from the OPSF, effective September 1, 1990 the difference between the higher landed cost of imported LPG and the corresponding netback authorized by the Board;

WHEREAS, ERB Resolution No. 91-02 allows the oil companies to withdraw from/contribute to the OPSF, effective January 1, 1991, the difference between the landed cost of imported diesel, kerosene and jet avturbo and the respective netback authorized by the Board, and/or the difference between the import landed cost of kerosene and jet avturbo to be downgraded into diesel that will result in a corresponding increase in the volume of diesel to be manufactured from crude and netback component of diesel Wholesale Posted Price (WPP).

WHEREAS, the Board considers only the following items in the computation of the landed cost for imported crudes and products, namely; FOB, freight, insurance, duties and ocean loss;

WHEREAS, there is from time to time a more economical supply of petroleum available from the People's Republic of China and other communist countries, the importation of which would however necessitate paying service fees to the Philippine International Trading Corporation (PITC);

WHEREAS, Petron Corporation, Caltex (Philippines) Inc. and Pilipinas Shell Petroleum Corporation, per letters dated December 11, 1991, February 20, 1992, and February 25, 1992, respectively, requested this Board to include BOE fee, bank charges, documentary stamps, duties, foreign exchange risk fee and PITC service fee in the landed cost computation for imported petroleum products;

WHEREAS, there is presently a greater need to eliminate the disincentive in importing petroleum products that are currently short in local production;