

GMA set to lift price controls on gas, basic goods

President Arroyo is set to lift the price caps on petroleum products and basic goods in Luzon after oil firms and traders vowed to give consumers a reprieve from high prices, Trade Secretary Peter Favila said yesterday.

Press Secretary Cerge Remonde told reporters last night Mrs. Arroyo will act on the matter upon her return from the Asia-Pacific Economic Cooperation Summit in Singapore on Sunday.

Speaking to The STAR, Favila said he proposed the move to Mrs. Arroyo following separate meetings with representatives of oil firms, and manufacturers and distributors of various products.

Mrs. Arroyo needs to issue a new executive order to revoke an earlier directive freezing the prices of petroleum products, he added.

Favila said price controls on basic goods can be removed even if the state of calamity remains over Luzon.

"The people, businesses, and the government are still coping with the calamities that hit us so we need to continue to help each other," he said.

Favila said the lifting of the price ceilings could be announced in the coming days as Executive Secretary Eduardo Ermita has to draft a new executive order.

The National Price Coordinating Council, which he chairs, met for three hours on Wednesday with representatives of various industries, he added.

Favila said he also joined the meeting between the government task force and oil companies upon the invitation of Justice Secretary Agnes Devanadera.

The oil firms as well as manufacturers and traders agreed to his proposal to reduce prices in areas that continue to suffer from the effects of the storms, he added.

Favila said the lifting of the price freeze on petroleum products and basic goods would allow the business sector to recover reported losses while giving relief to those hardest hit by the typhoons.

The oil firms promised to finalize the details of selective pricing, he added.

Favila said the oil companies, manufacturers and traders are fully aware that the government (pang-ayala) engine price controls.

"There will be no hoarding and there will be no profiteering," he said.

Devanadera said last night the joint task force on the Oil Deregulation Law comprised of the justice and energy departments has recommended to Mrs. Arroyo to lift the freeze on fuel prices in Luzon following consultations with oil firms.

Salceda urges lifting of price freeze

Albay Gov. Joey Salceda urged yesterday the recall of Executive Order 829 and suggested a dialogue with business, labor and the transport sector to clear the air.

"To the business sector, the government negotiator must assure investors that price controls are a temporary response to a calamity and that the private sector is a partner, not the enemy of or a nuisance to, the state in national development and an ally in disaster response," he said.

"To the labor and transport sectors, the government must commit to assisting affected sectors via direct subsidies and a more expansive and inclusive growth in productivity."

Salceda said short- to medium-term subsidy mechanisms should include oil price discounts to ensure no increase in fares in the next six months provided international pump prices do not exceed \$82 per barrel.

In turn, the government must commit to increase the livelihood program for wives of drivers and operators from P500 million to P1 billion, as well as accelerate conditional cash transfers to one million families from 700,000, he added.

On the other hand, Sen. Manuel Roxas said the administration should have made sure that there was enough supply before Mrs. Arroyo issued EO 829 so that the public would not be at the mercy of oil companies.

Roxas reiterated the need for the energy department to socialize the books of oil companies.

NEDA chief: No oil overprice

Acting National Economic and Development Authority director general Augusto Santos dismissed as baseless the claim of his predecessor Ralph Recto that prices of petroleum products were overpriced by at least 7%.

Reporting to Mrs. Arroyo, Santos said NEDA does not have an economic model or formula to determine pump prices, the same argument of Energy Secretary Angelo Reyes.

"To be able to determine what the pump prices should be, ideally we need to know the revenues, costs and required or desired returns on investments of the oil firms which use data that may not be

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readily provided by the oil firms by virtue of the Oil Deregulation Law," he said.

"Under this law, it is only the Department of Energy that can possibly access such data."

Santos said Recto could not have possibly had any access to the data and merely made "a simple interpolation or extrapolation" in estimating pump prices based on the Dubai crude prices, foreign exchange and actual pump prices.

Joker: Close Pandacan depot

Sen. Joker Arroyo urged the government yesterday to consider closing down the Pandacan oil depot in Manila if oil firms continue to defy Mrs. Arroyo's freeze order.

"You know the government must just face this problem head-on with the oil giants. Because the oil supply has a military and a national security component," he said. — With Edo Panay, Celso Ann, Donabelle Gardula, Christina Meender