

SEVENTEENTH CONGRESS OF THE]
REPUBLIC OF THE PHILIPPINES]
Third Regular Session]



SENATE

P. S. Res. No. 917

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Introduced by SEN. WIN GATCHALIAN

A RESOLUTION

DIRECTING THE SENATE COMMITTEE ON ECONOMIC AFFAIRS TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE IMPACT ON INFLATION OF SUSPENDING THE EXCISE TAX ON FUEL AS A COUNTER-INFLATIONARY MEASURE, ITS FISCAL IMPACT UNDER THE TRAIN LAW, ITS OVERALL IMPACT ON THE ECONOMY, AND THE STATUS OF THE IMPLEMENTATION AND EFFECTIVITY OF THE SOCIAL MITIGATING MEASURES THEREIN

WHEREAS, on February 26, 2018, the Senate Committee on Economic Affairs conducted a preliminary inquiry under Proposed Senate Resolution No. 642 to discuss the macroeconomic fundamentals of the country in the preceding and current years, and the prospects and challenges to its short-term and medium-term growth, with a focus on the inflationary pressure induced by Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN) Law, as well as other potential causes of inflation including rising oil prices, rising consumer demand, and weakening peso;

WHEREAS, in this public hearing, the Committee looked into the potential strategies of curbing inflation and the immediate implementation of

the social mitigating measures under the TRAIN Law to combat the impact of rising commodities prices on the impoverished and working-class Filipinos;

WHEREAS, this Committee conducted two more public hearings on May 9 and August 16, 2018 under Proposed Senate Resolution No. 696 as the first public hearing necessitated a subsequent inquiry to ensure that the government crafts a fast, responsive and comprehensive counter-inflation agenda, specifically through the effective implementation of the social mitigating measures under the TRAIN Law which include, among others, the unconditional cash transfer, fuel vouchers, fare discounts, discounted purchase price of NFA rice, and other social welfare and benefits programs under **Sec. 82 (F) 2 (b) and (c)** thereof;

WHEREAS, despite government efforts to mitigate the inflationary effects of the TRAIN Law, prices of goods and services in the country continued to soar in September 2018 with the inflation rate recorded at 6.7% – the highest registered inflation in the last nine years and bringing the year-to-date inflation rate to 5.0%, well above the government’s target of 2-4% and breaching the 2018 inflation forecast of the Bangko Sentral ng Pilipinas (BSP) of 4.9% in August 2018;

WHEREAS, the BSP has revised its forecast and projected inflation to average at 5.2% for 2018 and to settle at 4.3% next year as opposed to its earlier 2019 forecast of 3.7%;

WHEREAS, additional inflationary pressures are expected to come from the following sources in the coming months: higher global oil prices; minimum wage hikes granted starting October; higher airline fares due to fuel surcharge; additional fare hike petitions by buses, taxi and jeepneys; weather disruptions which usually come in the 4th quarter of the year; and the further weakening of the peso;

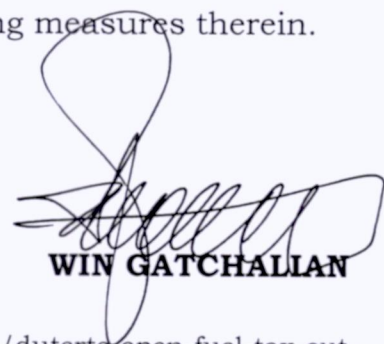
WHEREAS, the President has expressed that he is amenable to suspending the second tranche of the excise tax on fuel, as the TRAIN Law provides for its suspension if Dubai crude averages \$80 per barrel for 3 months, to counter the effects of rising commodity prices¹ as among the “worst hit” by the country’s rising inflation are the poorest Filipino families who spend a big chunk of their budget on food, housing, electricity, gas and other fuels, as well as transport, which are the major drivers of inflation;

WHEREAS, in a poll conducted by the Social Weather Stations during the third quarter of 2018, the number of families that saw themselves as poor rose to 52% – or equivalent to 12. 2 million families – the highest since the 52% during 2014's fourth quarter,² and higher than the targeted 10 million poorest households as beneficiaries of the social mitigating measures and social welfare and benefits programs;

WHEREAS, it is imperative for this inquiry to continue to ventilate the issues related to the effective implementation of the said social mitigating measures, not only with respect to the targeted beneficiaries, but also to the rest of these families who see themselves as poor;

NOW THEREFORE, BE IT RESOLVED BY THE SENATE OF THE PHILIPPINES to direct the Committee on Economic Affairs to conduct an inquiry, in aid of legislation, on the impact on inflation of suspending the excise tax on fuel as a counter-inflationary measure, its fiscal impact under the TRAIN Law, its overall impact on the economy, and the status of the implementation and effectivity of the social mitigating measures therein.

Adopted,



WIN GATCHALIAN

¹ <https://www.philstar.com/headlines/2018/10/10/1858844/duterte-open-fuel-tax-cut-suspension>

² <http://www.gmanetwork.com/news/news/nation/670685/self-rated-poverty-up-four-points-to-52-percent-in-q3-2018-sws/story/>