



FINEX Statement on Temporary Fuel Excise Tax Relief

Amid Global Oil Price Volatility

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The Financial Executives Institute of the Philippines (FINEX) recognizes the severe economic pressures brought about by the recent escalation of conflict in the Middle East and the corresponding volatility in global oil markets. As international fuel prices continue to rise sharply, the impacts reverberate across the Philippine economy—raising transport and logistics costs, increasing the cost of moving agricultural products, and straining business operations across multiple sectors. These cost pressures ultimately pass through to consumers through higher prices of essential goods and services.

In moments of heightened global instability, economic policy must focus on stability and controlling inflation. FINEX expresses its support for the government's consideration of a temporary suspension of fuel excise taxes and other mitigating fiscal measures to soften the VAT impact if the global oil price escalation continues. When carefully designed and implemented for a specific period, such a measure can effectively stabilize the economy by reducing inflationary pressures before they spread further.

Fuel price increases impact more than just drivers—they affect the cost structure of vital economic sectors like agriculture, transportation, fishing, and the operations of MSMEs and large companies, as well as supply chain systems. Sudden spikes in fuel costs weaken consumers' purchasing power and raise the overall cost of living. Additionally, the burden is heavier on low-income households and rural communities, where transportation and fuel costs make up a large share of daily expenses.

The fiscal impact of forgone revenue must be considered alongside the broader economic costs of allowing inflation to rise. Simply allowing inflationary pressures to cascade to food prices, logistics costs, and household expenses can ultimately cause much greater economic harm. It reduces household well-being, suppresses consumption, dampens business confidence, and slows down economic growth. Even small reductions in inflationary pressure can result in significant welfare gains, especially for households already strained by rising costs of living.

Looking beyond the present crisis, the Philippines would benefit from institutionalizing a clear policy framework that allows government to temporarily suspend or adjust fuel taxes during extraordinary international disruptions beyond domestic control. While fuel excise taxes under the TRAIN Law were designed to support infrastructure financing, extraordinary global shocks may justify temporary rules-based adjustments

FINEX strongly endorses the President's certification of urgent legislative measures that would allow the executive branch to suspend fuel excise taxes during periods of extraordinary global price shocks. FINEX supports the principle behind this initiative and will help develop an economically sound plan that balances swift crisis response with fiscal discipline and transparency.

Catalyzing Confidence: Leading Capital, Integrity and Innovation for the Nation

This framework should include:

1. Clearly Defined Global Triggers

- Quick activation based on predetermined thresholds in global crude prices as well as geopolitical disruptions.
- Use of widely recognized benchmarks to ensure transparency.

2. Strict Time-Bound Parameters

- Pre-set maximum suspension periods to reinforce fiscal discipline.
- Mechanisms to prevent indefinite extensions without economic justification.

3. Public Fiscal Reporting During Suspension

- Periodic publication of fiscal implications to maintain clarity on government financing conditions.

4. Automatic Sunset Provisions

- Ensuring that normal taxation resumes once market conditions stabilize.
- Allowing predictability for businesses, investors, and consumers.

This rules-based approach enables rapid, evidence-based policy response during crises while maintaining fiscal sustainability.

The Philippine economy is increasingly integrated into global markets. External disruptions—such as geopolitical conflicts and supply chain shocks—will keep challenging our nation's resilience.

In such moments, sound policy must focus on protecting the foundations of the economy: households, small enterprises, and the productive sectors that sustain communities across the country.

Economic resilience ultimately begins at the ground level. Stability in farms, fishing communities, transport networks, and businesses strengthens the national economy as a whole.

FINEX encourages collaborative, data-driven, and responsible government action in tackling this pressing economic issue. The Government must act swiftly should global conditions worsen and inflationary pressures intensify by implementing a rules-based, time-bound suspension of fuel excise taxes and other fiscal measures to stabilize fuel prices. The Government must also institutionalize a long-term framework for future crises to ensure predictability, readiness, and disciplined economic management.

FINEX is prepared to collaborate with policymakers, industry stakeholders, and economic leaders in developing prudent, time-sensitive measures that safeguard Filipino families while maintaining fiscal responsibility.