



Regulating Institutions: Enabling Competition Policy in the Philippines

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ANU-PIDS Manila Conference

18 October 2017





The Philippine Competition Act: New and Game Changing

- Philippine Competition Act (RA 10667), August 2015
- Philippine Competition Commission (PCC) established in Feb 2016



The Philippine Competition Act (PCA) prohibits:



**Anti-Competitive
Agreements**



**Abuse of
Dominant Position**



**Anti-competitive
Mergers & Acquisitions**

Competition in the Philippines: Historical context

Pre-1980s

- Highly restricted and regulated regime

1980s onwards

- Major reforms:
- Trade liberalization
 - Deregulation
 - Privatization
 - De-monopolization

Present day

- Open trade regime
- Highest average growth
- Stronger push for more inclusive growth
- **Philippine Competition Act**

Low Awareness of Competition among Filipinos

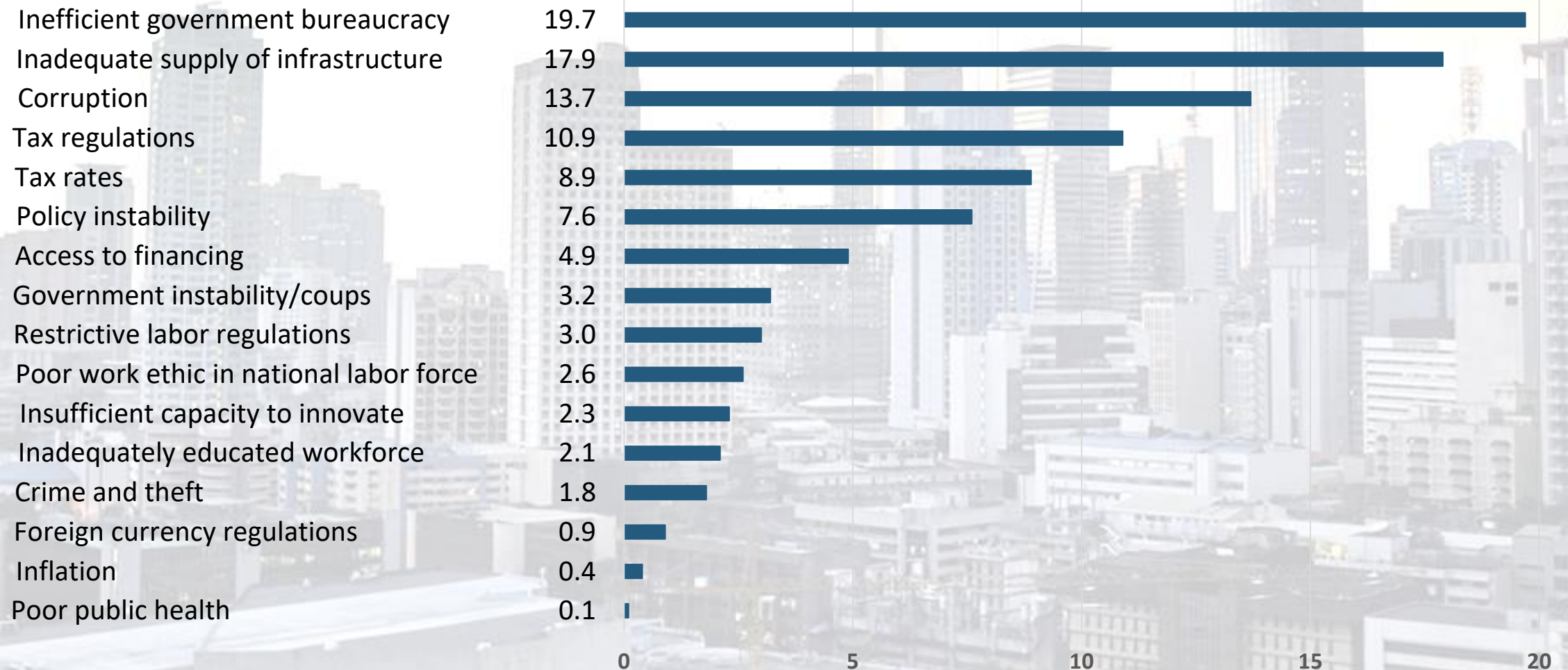
- In a survey of 1200 respondents by PCC (February 2017):
 - **76%** agreed that price-fixing is unfavorable, however;
 - **74%** also believe that market allocation among competitors is beneficial
 - **68%** cannot say for sure if they prefer to have more choices in the market
- Only **2 out of 1200** respondents correctly identified the responsibilities of PCC and will report market competition issues to PCC
- In a recent survey of SMEs in Metro Manila by AIM:
 - **11%** of firms have heard of the PCC

#thestruggleisreal



Weak Institutions: A major problem for business

Most problematic factors for doing business



Global Competitiveness Index: Institutions

Scored **3.5** out of 7

Ranked **94** out of 137 countries

Component	Score	Rank
Property Rights	4.3	73
Intellectual property protection	4.1	71
Diversion of public funds	2.7	4.1
Public trust in politicians	2.2	107
Irregular payments and bribes	2.9	118
Judicial independence	3.6	88
Favoritism in decisions of government officials	2.5	105
Efficiency of government spending	2.9	88
Burden of government regulation	2.8	111
Efficiency of legal framework in settling disputes	2.8	113
Efficiency of legal framework in challenging regulation	3.1	83
Transparency of government policymaking	3.9	81
Business costs of terrorism	3.8	25
Business costs of crime and violence	3.6	113
Organized crime	4.1	104
Reliability of police services	3.4	112
Ethical behavior of firms	3.6	84
Strength of auditing and reporting standards	5.0	48
Efficacy of corporate boards	5.0	54
Protection of minority shareholders' interests	4.3	51
Strength of investor protection	4.2	111

Competition Policy: Important where institutions are weak

“Typically, competition policy seeks to enable competitive discipline by facilitating actual or potential entry of players in the market or preventing any action that whittles competition, i.e., by limiting the number of players in the market (through say, M & A) or to punish overt or covert abuse of market power by dominant players.”

“We present reasons why competition policy is better than regulation in jurisdictions where institutions are weak... information intensity and asymmetry being greater with regulation, the greater ease of capture of the organs of regulation and, finally, the presence of private players who serve as allies of the competition agency and help monitor abuse of market power.”

– *R. Fabella*



The Manila Forum 2018
1-2 February 2018 | Manila, Philippines

*Theme: Theory and Practice of Competition Policy
in Developing Countries*



Advocacy

8 Things You Need to Know About the Philippine Competition Act by August 8

After August 8, Republic Act No. 10667, otherwise known as the Philippine Competition Act (PCA), will be in full swing, allowing the Philippine Competition Commission (PCC), as its implementing authority, to fine and penalize cartels, price-fixers, bid-riggers and other economic saboteurs in the market to ensure a level playing field.

As we count 8 days to the end of the transitory period under the PCA, here are 8 things you should

- 1 The PCA: a landmark legislation.**
After over two decades since the first proposed legislation, the PCA was finally passed on July 2015 and took effect on August 2015. It is the first comprehensive competition or antitrust law in the country that focuses on promoting and ensuring fair competition. It sets the legal framework for a policy and regulatory environment that fosters a level playing field for business.
Although competition law is new in the Philippines, over 120 countries around the world have been implementing their own competition or antitrust laws as early as the 1800s. Among ASEAN members, the Philippines is one of the last to adopt a competition law. It has used this, however, to its advantage by learning from experiences of other countries. The law and its implementation thus adopt global good practices suited for the Philippine business environment.
- 2 The PCA is a game-changer.**
Old ways of doing business that restrict competition must now give way to fair and progressive business strategies.
- 3 The PCA: a landmark legislation.**
Mergers and acquisitions (M&As) are likewise not illegal per se. In fact, these can benefit consumers by increasing efficiency and lowering production costs. There are M&As, however, that might result in potential loss of competition, preventing entry of new players, collusion among competitors, among others. The PCA thus guards against these kinds of M&As through a review process.
- 4 Bid-rigging and price-fixing are anti-competitive per se.**
Once participants in a bidding process are proven to coordinate their bids instead of submitting independent bids, they will be penalized. Other competition authorities in the Asian region, such as in Japan, Singapore, and Indonesia, have imposed substantial fines on companies found guilty of bid-rigging or bid manipulation.
Similarly, competitors found to have colluded to fix prices of goods or services, whether explicitly or tacitly, through formal or informal agreement, or through concerted practice, shall be penalized. This is commonly known as a "cartel," which, because of its inherently harmful nature, flows no excuses and is punishable by imprisonment.
- 5 Compliance is good for business.**
The PCA upholds the fundamental principle that competition is good for business, which means it benefits companies, big or small. Thus, ensuring that a company's business practices and agreements are in conformity with the PCA makes complete business sense. With compliance, not only is the risk of incurring criminal and monetary penalties avoided, but business reputation is also protected and enhanced.
Compliance with the PCA is part of good corporate housekeeping that merits a strong commitment from business owners and their top management. This can be
- 6 Compliance is good for business.**
- 7 Compliance is good for business.**
- 8 Compliance is good for business.**



**FORUM ON
COMPETITION IN
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**NATIONAL ROADSHOWS ON
THE PHILIPPINE COMPETITION ACT**
"Mainstreaming National Competition Law and Policy"

Marco Polo Plaza, Cebu City | 28-29 June 2017

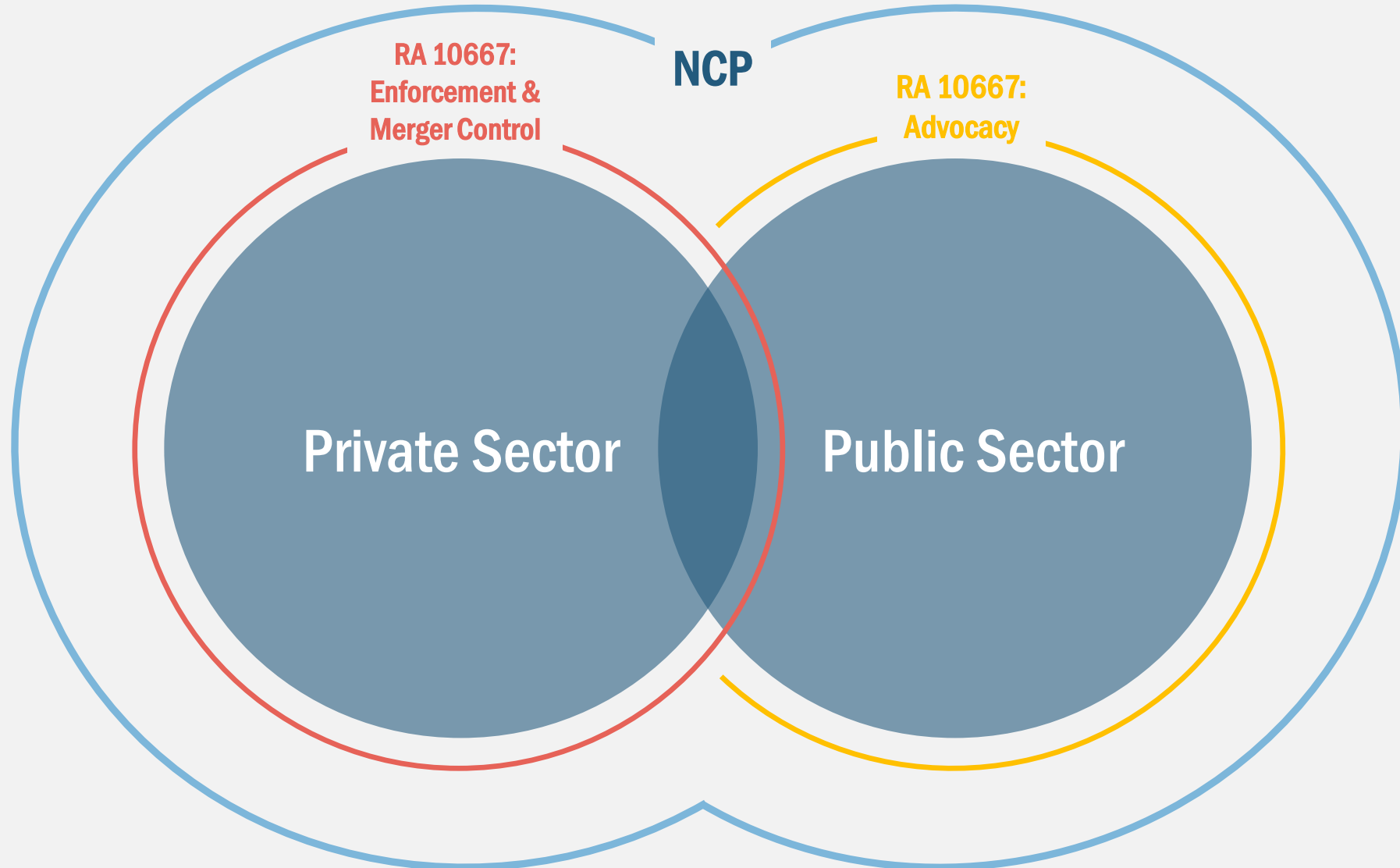
With the Philippine Competition Act, Every Juan Wins

Competition in business drives companies to do better than their rivals by offering the best products at the best prices. It is good for business because all players, big or small, are given a fair chance to vie for customers. Competition promotes innovation and enhances the marketplace.

Ultimately, with competition, the consumer wins.

With competition among transport services, you have a choice of the fastest, cheapest, or most convenient way to get to your destination.

The Spheres of Competition Policy



Realizing the Vision: PDP 2017-2022

Take off from the Duterte Administration's
0+10 Socioeconomic Agenda

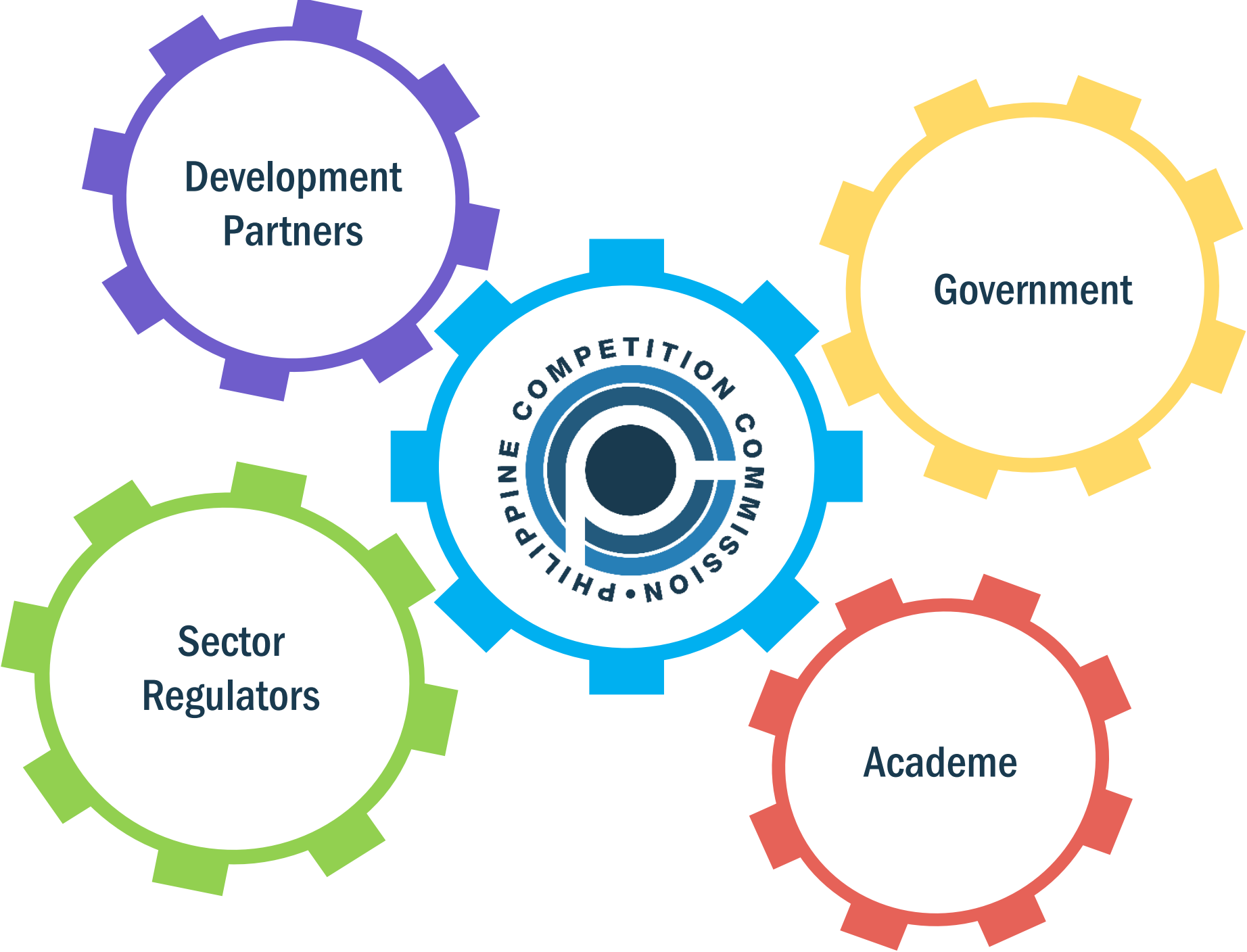
First medium-term plan anchored on
AmBisyon Natin 2040

Goal: To lay down the foundation for inclusive
growth, a high-trust and resilient society, and
a globally-competitive knowledge economy



Philippine
Development Plan
2017-2022

Network Building



PCC Core Values: Important drivers of decision making



Professionalism



Excellence



Independence



Due process

Evidence-based
decisions

Transparency

Integrity



**PHILIPPINE
COMPETITION
COMMISSION**

Ensuring businesses compete and consumers benefit

Thank you!