Synthesis and Ways Forward

Navigating the New Globalization: Local Actions for Global Challenges
PIDS Annual Public Policy Conference

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"The weakening of antitrust enforcement, and the failure of regulation to keep up with changes in our economy and the innovations in creating and leveraging market power, meant that markets became more concentrated and less competitive.

Politics has played a big role in the increase in corporate rent-seeking and the accompanying inequality. Markets don’t exist in a vacuum; they have to be structured by rules and regulations, and those rules and regulations must be enforced."

Joseph E. Stiglitz (2019)
Inequality in Philippine Development

• Since 2000: PH economy has been one of the fastest-growing emerging economies in Asia
• But serious concerns about the sustainability of growth
  ▪ Weakly inclusive:
    - Real wages hardly changed
    - Absolute deprivation (poverty) remained high

Source of basic data and figure: World Development Indicators (WDI), World Bank (2018)
Risks from relatively high market concentration and dominance

Market concentration in manufacturing in the Philippines and selected EAP countries (in percent)

Market dominance (1 = dominated by a few business groups; 7 = spread among many firms)

The Philippine Context

Comparatively high level of competition restrictiveness

Economy-wide PMR Score (2017)
(higher score indicates greater restrictiveness to competition)

Competition Policy & Development

• Competition policy is a **means to enhance the ability of markets** to deliver economic welfare.
  
  – Lower prices
  – More choices
  – Better quality
  – Greater innovation

• Competition policy is part and parcel of the government’s **development strategy** aimed at achieving and sustaining **rapid and inclusive economic growth**.
Market power has a substantial impact on wealth inequality.

OECD countries: The wealth of the top decile increases by about a fifth in the presence of market power.

**TABLE 5.19** Comparative Impacts of Market Power in the Eight Countries of Analysis

<table>
<thead>
<tr>
<th>Country</th>
<th>Actual wealth share of top decile (A)</th>
<th>Wealth share of top decile with no market power (B)</th>
<th>Impact of market power (A–B)/B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>50.4</td>
<td>42.7</td>
<td>17.9</td>
</tr>
<tr>
<td>Canada</td>
<td>57.7</td>
<td>46.5</td>
<td>24.1</td>
</tr>
<tr>
<td>France</td>
<td>62.7</td>
<td>57.1</td>
<td>9.9</td>
</tr>
<tr>
<td>Germany</td>
<td>60.7</td>
<td>52.7</td>
<td>15.2</td>
</tr>
<tr>
<td>Japan</td>
<td>46.2</td>
<td>37.8</td>
<td>22.3</td>
</tr>
<tr>
<td>Korea, Rep.</td>
<td>60.7</td>
<td>49.4</td>
<td>22.8</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>53.0</td>
<td>43.7</td>
<td>21.3</td>
</tr>
<tr>
<td>United States</td>
<td>76.0</td>
<td>62.7</td>
<td>21.2</td>
</tr>
</tbody>
</table>

**Source:** Ennis & Kim (2016)
PCC Mandate

Antitrust authority enforcing prohibitions against:

- Anti-competitive agreements
- Abuses of dominant position
- Anti-competitive mergers & acquisitions

Competition policy and advocacy champion:

- Conduct of market studies
- Advocacy for pro-competitive government policies
Priorities for Enforcement and Advocacy

2020

- telecommunications
- electricity
- transportation
- construction
- retail/e-commerce
- food/food manufacturing
- health/pharmaceuticals

Priority sectors for competition enforcement, research and advocacy

Chosen based on assessment of:

- impact on consumers
- probability of enforcement success
- legislative priorities

✓ Need to revisit/rethink analytical frameworks & enforcement tools in recognition of the complexities introduced by Big Tech
✓ Coordination with sector regulators (MOAs)
✓ Cooperation and coordination with competition authorities in other jurisdictions
Thank you.