

Comments on House Bill No. 5906 entitled: “*An Act Amending Provisions of Republic Act 10667, Otherwise Known as ‘An Act Providing for a National Competition Policy Prohibiting Anti-Competitive Agreements, Abuse of Dominant Position and Anti-Competitive Mergers and Acquisitions, Establishing the Philippine Competition Commission’ and Appropriating Funds Therefor,*” authored by Hon. Stella Luz A. Quimbo

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The bill seeks to legislate principles of a national competition policy to ensure that competition considerations are included in the formulation of deliberation of government policies. Government policies that can support or adversely affect the application of competition policy would include:

- Trade policy, including tariffs, quotas, subsidies, antidumping actions, and domestic content regulations
- Industrial policy
- Regional development policy
- Intellectual property policy
- Privatization and regulatory reforms
- Science and technology policy
- Investment and tax policies
- Licenses for trades and professions
- Sectoral regulations

The bill seeks to create a culture of competition among government agencies who shape the competitive landscape through regulation by providing guiding principles and mechanisms for coordination, communication, cooperation, assistance, and consultation. This is a good start.

Key attributes of effective competition authorities are independence, transparency and accountability.

- **Independence**

Independence is the most important attribute for the implementation of competition policy. Key benefits of independence are freedom from political interference, freedom to investigate and enforce laws against government-owned business, and freedom to criticize government legislation that lessens competition.

- **Transparency**

Competition and regulatory enforcement agencies should act in as transparent and open a manner as possible. Transparency requires the institutions to disclose in advance their administrative procedures and decision-making process.

- **Accountability**

Good governance requires that any authority that requires statutory independence to carry out its functions also must have appropriate accountability and reporting requirements.

While the Philippine Competition Commission was established with these key attributes, other regulators remain weak except for the Bangko Sentral ng Pilipinas. To create a government-wide culture of competition, all regulatory agencies must be imbued with the same qualities. Thus, it is hoped that the proposed amendment is just one element of a broader legislative agenda to strengthen the governance framework for competition policy in the Philippines.

References:

APEC Economic Committee (2008). *APEC Economic Policy Report 2008*. Singapore: APEC Secretariat

The World Bank and OECD (1999). *A Framework for the Design and Implementation of Competition Law and Policy*. Washington DC: The World Bank and Paris: Organization for Economic Cooperation and Development (OECD)