PHILIPPINE COMPETITION COMMISSION
Ensuring businesses compete and consumers benefit

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PCC CHAIR BALISACAN: 'Competition law not a burden to businesses'

Philippine Competition Commission (PCC) Chairman Arsenio Balisacan has defended the Philippine Competition Act, debunking claims that the new competition law will be a burden to companies and enterprises due to additional requirements by the commission.

Responding to concerns from some business groups that the new law would add 'red tape' to the process of investing, Balisacan explained, "Clearly, the intention of the law is to make the business environment as conducive to investments as possible, providing a level playing field for all participants regardless of their size, and for the micro, small and medium enterprises (MSMEs) to be able to thrive and grow to become big players."

"So it's not in the intention of the law to add more burden to enterprises. There are consequences [such as the reporting requirements], but we were mindful of them in drafting the implementing rules and regulations (IRR)," the PCC chairman added. "Our mandate is to improve investment climate as we give a better fair outcomes for the consumers."

The competition law under Republic Act 10667 mandates that transactions of mergers and acquisitions (M&As), as well as joint ventures (JVs) exceeding P1 billion in value should be evaluated by the PCC for anti-competitive practices and abuse of dominant market share.

According to the final and approved IRR of the law, transactions valued more than P1 billion must be reported to the PCC, along with other documents and information requested by the commission for the assessment and investigation, if needed.

The IRR further states that companies engaging in M&As and JVs are prohibited from consummating the covered deals while the PCC conducts its evaluation.

Some businessmen have expressed worries about the competition act, fearing that the law might be another bureaucratic layer or a form of “red tape” that is misaligned with the general drive of the government to reduce the number steps in starting a business venture in the country.

“Before the enactment of this law, the Philippines was the only major country in Asean (Association of Southeast Asian Nations) that did not have a comprehensive competition law. So if other countries have thrived better when it comes to creating better opportunities with this kind of law, why it should be a hindrance [to the Philippines]?” Balisacan said.

Created in February, the PCC is a quasi-judicial body formed by the Philippine Competition Act, and which is tasked to ensure efficient market competition among businesses engaged in trade, industry, and all commercial economic activities; to protect consumer welfare; and to advance both domestic and international trade and economic development.

Sought for comment, Moody’s Investors Service Associate Economist Jack Chambers said the law would not be a roadblock for foreign firms wanting to do business or investments in the thriving Philippine economy.
“Overall this policy should not be overly burdensome for foreign firms seeking to invest in the Philippines. Oversight of foreign investment activity is common in many countries, both emerging and developed,” Chambers said.

“Therefore, as long as the PCC conducts its assessments in a timely and consistent manner, we would not expect this announcement to have a negative effect on FDI (foreign direct investment) inflows to the Philippines,” he added.

Moreover, Chambers said that the FDI inflows of the country are seen to improve over the next few years due to the statements of President-elect Rodrigo Duterte signaling a willingness to ease restrictions on foreign ownership as part of his economic plan.