
PRESS RELEASE

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Beyond 8/8: Competition law's transitory period ends today

Businesses in the country stand to gain from a more level playing field as the Philippine Competition Act (PCA) takes full effect tomorrow, August 9, 2017.

The Philippine Competition Commission (PCC), the government agency tasked to stop anti-competitive behavior and practices in the market, said that the law will now be fully enforced following the end of its two-year transitory period.

"The Philippine Competition Act is a game-changing legislation that significantly and irrevocably changed the country's competition landscape. The law may be harsh as hefty fines await violators, but it is also fair as it gives everyone a fair chance to get it right," PCC Chairman Arsenio M. Balisacan.

Balisacan said that unfair practices which are detrimental to consumers and industry players happen when businesses agree to fix their prices or engage in bid rigging, when dominant firms actively prevent small and medium enterprises or SMEs from expanding or entering the market, or when large companies merge, and as a result, raise prices and offer lower-quality products.

"Whether you are a CEO or a director in your company, you should think twice about allowing anticompetitive acts to be part of your business strategy," he said.

In the last two years, companies were given the chance to renegotiate their agreements, amend their practices and restructure themselves in order to comply with the law passed in 2015.

"With the full force of the antitrust law, this shall serve as a warning to companies that continue to engage in unfair business practices or harbor anti-competitive behavior," he said.

"PCC is your partner in progress but remember that we will also do whatever it takes to fulfill our mandate," he added.

PCC also advises other government agencies to strengthen market competition among all businesses, and curb unfair business practices like cartels, price-fixing, bid-rigging, and anti-competitive mergers.

While the PCC can mete out administrative fines, the Commission will have to depend on the Department of Justice's Office for Competition (DOJ-OFC) in prosecuting criminal cases. DOJ-OFC signed a Declaration of Commitment to develop a collaborative and harmonized approach to enforcing the provisions of the Philippine Competition Act.

Mergers and Acquisitions

Aside from enforcement of the competition law, the PCC is also mandated to review business deals and activities of private or government-owned entities to safeguard the interest of consumers, including global deals with presence in the Philippines.

So far, 114 notifications have been submitted to PCC approximately worth P2T, while 95 have been cleared, 32 of which were reviewed under the implementing rules and regulations issued in June 2016. Others are still in various stages of completion.

Majority of these came from the financial, manufacturing, electricity, and transportation sectors, accounting for about 62 percent of the total number of notifications.

Priorities and actions

Providing a staple ingredient for Filipino meals, the garlic-onion industry, where the existence of a cartel has been reported, will be one of the sectors whose analysis and investigations will be prioritized by the PCC.

The cement case is currently under full administrative investigation after a formal complaint reached the commission's desk.

"PCC looks at the broader picture beyond the complaint. The nature of our investigation is such that is not limited to information provided by the Complainant. The PCC is free to also consider any other information which it thinks is relevant to a violation of the PCA," Balisacan said.

PCC will also be partnering with the Office of the Ombudsman and the Commission on Audit to boost its campaign against bid rigging, price fixing and cartels in government procurements and projects.

A culture of healthy competition

Apart from being an arbitrator in all competition-related issues, the PCC serves as an advocate of building a culture of healthy competition in the Philippines.

To this end, the agency launched the "Comply. Compete. Commit. Learn the Act of Real Competition" campaign, which enjoins businesses to always be mindful of compliance with the law, as with the need to compete in the market.

To include other stakeholders in this advocacy, particularly the next generation of entrepreneurs, the PCC has also launched a student video-making contest with the theme, "How does the Philippine Competition Act benefit the common Filipino?" This will bring the issue to a more relatable level and further help the public appreciate the importance of antitrust laws. Interested parties may get the contest mechanics from the PCC Facebook page.

"The law equally applies to all businesses, large or small, and we will not hesitate to use it to ensure fairness in the market. To our colleagues in government, let us spearhead initiatives and commit our efforts to create and sustain a robust culture of competition in the years to come. Lastly, to all consumers, we are counting on you to inform us about anti-competitive behavior and practices and be champions for competition," said Balisacan.

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