
PRESS RELEASE

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PCC resumes motu proprio review of M&As after 1-year moratorium

The Philippine Competition Commission (PCC) is set to resume reviewing potentially problematic mergers and acquisitions (M&As) when the one-year moratorium under the Bayanihan to Recover as One Act (Bayanihan 2) expires on 15 September 2021.

Section 4(eee) of Bayanihan 2 increased the compulsory merger notification threshold to PHP 50 billion for 2 years, and suspended PCC's power to review non-notifiable M&As motu proprio for 1 year.

Since the effectivity of Bayanihan 2 in September last year, there have been only 4 transactions that breached the PHP 50-billion threshold. The other 3 transactions notified during the same period were reviewed under the old thresholds.

Prior to Bayanihan 2's passage, the prevailing Size of Transaction threshold was PHP 2.4 billion while the Size of Party threshold was PHP 6 billion.

The PCC received 46 notifications in 2019, 26 notifications in 2020, and 4 notifications in 2021, indicating a significant decrease in M&A notifications since the pandemic.

"With the year-long suspension lifted, and based on its increased market monitoring efforts, PCC can now launch motu proprio reviews and flag M&As which may have potentially anti-competitive effects regardless of any transaction value," said PCC Chairperson Arsenio M. Balisacan.

As part of the Commission's market surveillance function, a motu proprio review allows the PCC to investigate any M&A transaction that it believes is likely to substantially lessen competition in the market, even if the transaction does not meet the thresholds for compulsory notification.

To recall, Grab's acquisition of its rival Uber in 2018 was reviewed by PCC motu proprio even when the transaction did not meet PCC's thresholds for compulsory notification. The PCC eventually found that the acquisition is likely to result in a

substantial lessening of competition, and bound Grab to voluntary commitments to address the concerns flagged by the agency.

“We are hopeful that the return of PCC’s motu proprio review powers would discourage deals that are potentially anti-competitive. We continue to encourage firms to voluntarily notify the Commission to avoid the taxing possibility of unwinding their transactions after,” Balisacan said.

“Keeping watch over M&As in the post- COVID-19 economic environment is critical to ensure that consolidation does not remain unchecked and is not allowed to lead to highly concentrated markets,” he added.

As of 14 September 2021, PCC has received a total of 225 M&A transactions with a combined transaction value of PHP 4.56 trillion. The top 5 sectors based on frequency of M&A notifications are manufacturing (50), financial and insurance (37), real estate (33), electricity and gas (27), and transportation and storage (18).

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