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PRESS RELEASE**

PCC guides retailers association on pro-competition practice amid pandemic

The Philippine Competition Commission (PCC) kicked off a webinar series for trade associations on competition law and policy last Wednesday, starting with the Philippine Retailers Association (PRA) to improve the sector's understanding of the Philippine Competition Act.

In the webinar, PCC shared the fundamental competition concepts relevant to the retail sector and advised retailers on their possible antitrust concerns. This includes highlighting the different types of anti-competitive agreements and abuses of market dominance.

The webinar also facilitated guidance for PRA members in operating pro-competitively amid the pandemic. The PRA shared that one of its key challenges during the pandemic is the change in consumer behavior amid mobility restrictions, which led to the surge in online transactions.

In the discussions, the PCC noted that some manufacturers are looking to use compliance with their suggested retail price (SRP) as basis to supply or deny access to resellers. However, this may restrict competition among retailers constituting a possible violation of the PCA.

"Dictating terms in the contract of sale that when you don't follow the SRP, you will not be supplied with goods, is a red flag for a possible anti-competitive behavior. Retailers should be able to decide their own prices without fear of having their supply refused as it will impair their ability to compete in the market," Atty. Jasmine Maquiling of the PCC Competition Enforcement Office said.

"There's a concept known as resale price maintenance. Once you fix a certain price for a customer, you're disturbing the equilibrium of prices. You're stopping a customer who is willing to pay more, and you're stopping the seller who wants to offer it for less," Atty. Honorio Buccat, Jr. of the PCC Mergers and Acquisitions Office added.

The PCC promotes industry efficiency by allowing retailers to price goods according to their willingness to capture consumer share instead of issuing SRPs. Buccat added that retailers can also compete in non-price dimensions such as in after-sales service, warranties, and other marketing strategies.

The PRA is a national organization of retailers with over 400 member-companies representing 80% of the country's retail industry. The PCC recognizes the role of trade associations in representing common interests in various legislative, regulatory, and industry standards. The Commission also looks to educate trade associations towards compliance with the competition law and in preventing them from facilitating price-fixing and other anti-competitive agreements.

As an advocacy outreach, the PCC encourages retailers and companies to clarify or seek non-binding advice on current business practices affecting competition at queries@phcc.gov.ph.

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