

## **Press Conference of the Philippine Competition Commission**

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**Chairman, Philippine Competition Commission**

PCC Board Room, Vertis North, Quezon City  
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Commissioners Johannes Bernabe, Amabelle Asuncion, and Macario De Claro, Jr.,

Our friends from the media,

Colleagues from the Philippine Competition Commission,

Ladies and gentlemen,

Good morning!

Thank you for joining our first press briefing this year.

Last year, the Commission steadily built its competition policy architecture by establishing rules and frameworks to guide us in implementing PCC's core functions and processes. At the same time, the PCC gathered momentum as it expanded the portfolio of merger review and enforcement cases under its belt.

This year, we take up the continuing challenge of sustaining this momentum.

We would like to update you on what the PCC has done to fulfill its mandate of protecting free and fair market competition.

### **A. PCC Priority Sectors**

To begin, allow me to briefly mention the Commission's priority sectors for 2019. From our market scoping of the manufacturing sector, we have identified several industries to add to our existing list of priority sectors for competition analysis and enforcement. These new sectors include the logistics supply chain, corn milling and trading, refined petroleum manufacturing and trading, sugar, and pesticides. The sectors we have identified remain consistent with the priorities laid down in the 2017-2022 Philippine Development Plan.

We chose these industries based on a careful and strategic assessment of their impact on consumers and the probability of enforcement success, among other considerations. The issues papers and studies we have conducted and are presently conducting serve as our springboard to more specific enforcement and advocacy work.

### **B. Merger Review and Monitoring of Voluntary Commitments**

Let me now share important developments with respect to the transactions we have been reviewing and monitoring under the Commission's merger control regime.

The appetite for mergers and acquisitions within our rapidly growing economy remains high. To date, we have received a total of 172 transactions with a combined value of PHP 2.8 trillion. Of these, 160 transactions or 93 percent have been approved. The majority of transactions are in the sectors of manufacturing, financial and insurance activities, real estate, electricity and gas, and transportation and storage.

On the transactions requiring voluntary commitments and monitoring:

First, on the recently concluded Chelsea-TransAsia-2Go transaction, the Commission has accepted the voluntary commitments proposed by the parties to correct the potential harm posed to the market for passenger and cargo shipping services. Essentially, these commitments serve to provide checks on service quality and prices offered by the company to ensure that consumer welfare will not be reduced by the transaction.

Second, the Commission imposed last Tuesday a fine of PHP 6.5 million on Grab Philippines for submitting deficient, inconsistent, and incorrect data for the monitoring of its compliance with its voluntary commitments.

To recall, when Grab acquired Uber—its biggest competitor, it offered to adhere to a set of price and service-quality commitments through quarterly monitoring conducted by an independent monitoring trustee. These commitments were designed to address the Commission’s concerns regarding Grab’s pricing behavior, as well as its incentives to maintain service quality, in the absence of a significant competitive pressure in the market. However, the Commission cannot effectively enforce these commitments without the submission of correct, sufficient, consistent, and timely data by Grab. We remain steadfast in binding Grab to its commitments, as these are meant to address the concerns of market competition and the ride-hailing public.

Lastly, with respect to Universal Robina Corporation’s acquisition of Central Azucarera Don Pedro, the Mergers & Acquisitions Office has issued a Statement of Concerns finding that the transaction will likely result in a substantial lessening of

competition in the market for sugarcane milling services in Batangas, Cavite, Laguna, and Quezon. After careful deliberation and consultation with the affected stakeholders, the Commission decided last Tuesday to reject the voluntary commitments offered by the parties, as these do not sufficiently address the anticompetitive effects arising from the transaction. Thus, the PCC will now proceed with the review track of this merger-to-monopoly transaction.

### **C. Enforcement Action**

On the enforcement front, the Commission started the year strong with the launch of the Leniency Program, whose rules became effective last January 19. This whistleblower-type program offers immunity from suit to the first qualified applicant and reduction in fines to the second applicant. It is expected to boost the Commission's enforcement capacity by significantly improving our ability to detect cartels and increasing the number of cartel investigations in the coming years.

With this program in place, we urge current and former cartel members to turn their backs on anticompetitive agreements such as price-fixing and bid-rigging. The PCC will not hesitate to carry out its mandate under the Philippine Competition Act and bear down on those suspected of participating in cartel conduct. We strongly urge cartel members to come clean and disclose information to the PCC before the law's long arm catches them.

There is more than enough reason to come forward, as the Commission has ramped up its enforcement actions in the last year. To date, our Enforcement Office has received a total of 162 queries and informal complaints on possible anticompetitive agreements and conduct. We have opened 12 preliminary inquiries: 4 based on

verified complaints and 8 initiated *motu proprio* by the Commission. Presently, 8 full administrative investigations are underway.

In fact, the Commission authorized the commencement of a preliminary inquiry into a possible bid-rigging of a government project awarded in 2017, involving hundreds of millions of pesos. This action is in line with the PCC's priority of investigating bid-rigging cases with the support of the Office of the Ombudsman and the Commission on Audit.

The PCC recognizes the urgency and significance of ensuring fairness in the competitive process of bidding, as the Build, Build, Build Program—the flagship socioeconomic project of the government—has taken off.

Let this be a fair warning to all: taking turns to win projects or manipulating bids is an offense punishable by fines that may reach as high as PHP 250 million, as well as imprisonment of up to 7 years. Together with our fellow enforcers and partners in government, we in the PCC are committed to ensuring that Filipino taxpayers receive the full value and worth of every peso they pay.

Lastly, the Commission intends to strengthen and complete its enforcement framework by the end of March 2019. To use our enforcement resources more efficiently, we will be issuing the Rules on Forbearance, which will allow an entity or group of entities to be exempted from certain provisions of the PCA under very specific circumstances and stringent conditions. We have also recently endorsed to the Supreme Court our proposed Rules on Inspection Orders or dawn raids to add to our arsenal of investigative tools.

The Commission is celebrating its third anniversary next week. Much has happened in the past three years: the conditions of dynamic market competition have rapidly changed within this short period of time. This provides an impetus for the PCC to remain constant in its commitment to prohibit anticompetitive agreements, abuses of market dominance, and anticompetitive mergers and acquisitions.

We call on all businesses, large and small, as well as consumers, members of the media, and colleagues in government to join us in creating and advocating for markets that are truly free and fair—one where businesses compete and consumers benefit.

Thank you once again for sharing your time with us. We welcome any questions you may have.

A pleasant morning to all.

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