About the theme

The persistence of anti-competitive policies and business practices poses a risk to the sustainability and inclusivity of economic growth. Effective enforcement of competition law and policy is thus essential to the country’s long-term development agenda. To instill discipline in the markets, PCC has flexed its enforcement muscle: it decided on its first abuse of dominance case, issued its first merger prohibition, and imposed hefty fines on competition law violators. As it matures as a competition authority, PCC has sustained its momentum in delivering stronger competition enforcement and in pursuing its mandate to prohibit anti-competitive agreements, abuses of market dominance, and anti-competitive mergers and acquisitions.
The Philippine Competition Commission (PCC) is an independent quasi-judicial body mandated to implement the national competition policy and enforce Republic Act No. 10667 or the Philippine Competition Act (PCA), which serves as the primary law in the Philippines for promoting and protecting market competition.

The country has made significant strides in economic growth over the past few years. Amid this positive momentum, the challenge of attaining sustained and inclusive development, where no one is left behind, remains. The PCA enactment and the creation of PCC aim to ensure fair market competition, a vital element in the government’s overall objective of achieving inclusive development.

PCC institutes a regulatory environment for market competition for two purposes:

- Protect consumer welfare by giving consumers access to a wider choice of goods and services at lower prices.
- Promote a competitive business environment by enforcing the rules of fair market competition, thereby encouraging market players to be more efficient and innovative.

PCC aims to be a world-class authority in promoting fair market competition to help achieve a vibrant and inclusive economy and to advance consumer welfare.

PCC shall prohibit anti-competitive agreements, abuses of dominant position, and anti-competitive mergers and acquisitions. Sound market regulation will help foster business innovation, increase global competitiveness, and expand consumer choice to improve public welfare.

PCC has original and primary jurisdiction over the enforcement and implementation of the provisions of the PCA and its Implementing Rules and Regulations. Its mandate includes:

- Review of mergers and acquisitions
- Investigation and adjudication of antitrust cases
- Imposition of sanctions and penalties
- Conduct of economic and legal research on competition-related matters
- Issuance of advisory opinions
- Advocating pro-competition culture in government and businesses
The year 2019 was another banner year for us at the Philippine Competition Commission (PCC), particularly in terms of competition law and policy enforcement. During the year, we issued decisions on two landmark cases: an abuse of dominance case and a merger prohibition.

To uphold the rules of the country’s competition policy regime and instill discipline in the markets, the Commission also imposed hefty fines, collectively worth PHP 114.6 million, on competition law violators. Fairness underscores PCC’s initiatives as it strives to help ensure that the country’s robust economic growth is sustained and made inclusive to Filipino consumers.

Milestones for Philippine antitrust

Two “firsts” top PCC’s achievements in 2019. One was the decision on the country’s first abuse of dominance case and the other was the Commission’s first merger prohibition.

The abuse of dominance case involved Urban Deca Homes (UDH), a property developer that imposed a sole internet service provider (ISP) on its residents, preventing them from availing themselves of better and cheaper ISPs. We ordered UDH to cease its admitted misconduct, pay a fine of PHP 27 million, and comply with the terms of settlement, which included inviting other ISPs to offer services to the residents.

On the other hand, PCC blocked Universal Robina Corporation’s proposed acquisition of Central Azucarera Don Pedro, Inc., as the merger-to-monopoly deal would substantially lessen competition in the sugarcane milling services market in Southern Luzon.

Scaling up and ensuring fairness

Ramping up our enforcement activities, we commenced three full administrative investigations and two motu proprio preliminary inquiries. We continued to investigate the other sectors already under our enforcement radar, including the rice and energy markets.

Under the merger and acquisition regime, PCC received 46 notifications in 2019, altogether worth PHP 812 billion. Of these, 30 were approved and one was prohibited.

The Commission also stood fast in monitoring Grab’s compliance with PCC’s Commitment Decision, which subjected Grab’s acquisition of Uber in 2018 to pricing and quality standards. We approved a new set of voluntary commitments by Grab as a continuing condition for our clearance of its acquisition of Uber.

A strong and efficient competition regime

In early 2019, we launched a Leniency Program, a whistleblower-type feature of many competition jurisdictions. In September, the Supreme Court issued the Rule on Administrative Search and Inspection, which governs PCC’s conduct of dawn raids on entities suspected of violating the competition law. These tools are expected to significantly improve our case-building and increase the number of cartel prosecutions in the coming years.

To further simplify the merger review process, we initiated several reforms. First, we launched the Expedited Merger Review Rules, shortening the review of qualified transactions to 15 working days from 30 calendar days. Second, we issued the Rules for Solicited Public-Private Partnership (PPP) Projects to facilitate faster rollout of priority infrastructure projects. And third, we adjusted our merger notification thresholds by increasing the Size of Party threshold from PHP 5 billion to PHP 5.6 billion and the Size of Transaction threshold from PHP 2 billion to PHP 2.2 billion.

Pursuing evidence-based policy

We have commenced several issues papers in sectors that fall under our priority areas for 2019, specifically on sugar, agrochemicals, corn, and cargo services. The issues papers serve to deepen our understanding of these sectors and how the competition landscape may be improved.

The Commission also published two policy notes on the National Food Authority’s policy on rice importation and potential competition concerns in the rice sector. A PCC technical working group regularly coordinates with other government agencies and provides insights to our ongoing investigation on the alleged rice cartel.

Proactive competition advocacy

To facilitate voluntary compliance by entities and to mainstream competition within government, we organized 26 advocacy and capacity-building activities for the judiciary, legal community, government agencies, and business groups.

The Commission signed two memoranda of understanding and six memoranda of agreement—four of which are with sector regulators—to bolster efforts to mainstream competition policy, facilitate better coordination, and fast-track investigations of cases.

We championed and submitted critical inputs to the legislature to advocate pro-competitive policies in priority bills, including amendments to the Foreign Investments Act, Public Services Act, and Retail Trade Liberalization Act.

Competition policy for sustained and inclusive development

For 2020, PCC will focus enforcement and advocacy initiatives on telecommunications, energy, retail, construction, transportation, food, and health and pharmaceuticals—key sectors that are critical to the lives of Filipino consumers.

The past three years have strengthened the Commission’s confidence in engaging various stakeholders, vigorously enforcing its rules, and making landmark decisions. We look forward to further improving the quality of our operations by streamlining and strengthening our processes.

Having established its systems and leveraging on the significant experience and insights it has gained these past years, PCC renews its mandate of protecting competitive processes to advance consumer welfare and help achieve sustained and inclusive development.

Arsenio M. Balisacan, PhD
Chairperson
Chairperson Arsenio M. Balisacan is an economist with extensive high-level policymaking practice and a well-recognized expert in Asia on economic development, inequality and poverty, antitrust (competition policy), and political economy of policy reforms.

On secondment from the University of the Philippines (UP) where he is a professor of economics, he has the distinction of being the first PCC Chairperson. Prior to this appointment, he was Socioeconomic Planning Secretary and concurrent Director-General of the National Economic and Development Authority (NEDA) in 2012-2016. In his capacity as NEDA Director-General, he served as the first Chairperson of the boards of the Philippine Statistics Authority and the Public-Private Partnership Center of the Philippines.

Before his Cabinet appointment, he was Dean of the UP School of Economics, Director of the Southeast Asian Regional Center for Graduate Study and Research in Agriculture, and Undersecretary for Policy and Planning of the Department of Agriculture. Before joining the UP faculty in 1987, he was a research fellow at the East-West Center in Honolulu and economist at the World Bank in Washington, D.C.

He has authored and co-edited seven books and published close to 100 academic papers and book chapters on various development issues, particularly on the Philippines and East Asia. He founded the Asian Journal of Agriculture and Development and served as its editor in 2004-2016.

He is a lifetime member-academician of the National Academy of Science and Technology, the country’s peer-elected group of select individuals who have made outstanding contributions to science and technology.

Chairperson Balisacan holds a PhD in economics from the University of Hawaii and an MSc degree in agricultural economics from the University of the Philippines Los Baños.

Commissioner Johannes Benjamin R. Bernabe served as a Senior Fellow at the Geneva-based International Centre for Trade and Sustainable Development, where he contributed in formulating and analyzing policy reforms to the international trade system. He was also an Of Counsel at Ocampo Manalo Law Office.

His breadth of experience in trade regulation and economic law includes serving as a trade negotiator for the Philippines at the World Trade Organization from 1999 to 2005. He specialized in competition law and trade facilitation, among other economic policies, as a Research Fellow at the Center for the Advancement of Trade Integration and Facilitation.

During the 16th Congress, he served as the lead adviser to the Philippine Senate and House of Representatives on key economic legislation, which includes the PCA.

Commissioner Bernabe graduated cum laude, earning a degree in Economics from the University of the Philippines, where he also subsequently finished his law degree. He pursued further studies as a Chevening Fellow at the University of London, and at the International Development Law Institute in Sydney, Australia.

Commissioner Macario R. De Claro, Jr. is a CPA lawyer and has worked in companies in the fields of manufacturing, mining, telecommunications, real estate, and banking and finance prior to his appointment to the PCC.

He started his career as a senior accountant in a mining company and later as a budget systems analyst at San Miguel Corporation. After passing the bar exams, he worked as a litigation and corporate lawyer in various companies before he was tapped by the Philippine National Bank (PNB) as technical assistant to the President and CEO in 1995.

After his retirement from PNB in 2003, he resumed his legal and accounting profession as a consultant to real estate companies and various startup companies; and at one time served as a legal consultant to the Department of Environment and Natural Resources (DENR).

Commissioner De Claro, Jr. earned a Bachelor of Laws degree (magna cum laude) from the Ateneo De Davao Law School. Prior to that, he graduated magna cum laude from the De La Salle College with a Bachelor of Science in Commerce, Major in Accounting.

Commissioner Amabelle C. Asuncion boasts of a diverse experience that spans the public and private sectors. In the public sector, she has served as Executive Director for the Senate Oversight Committee on Climate Change, Senate legislative officer; and adjudication chief of the National Water Resources Board. She also served as law and policy reform consultant for the Asian Development Bank.

In the private sector, Commissioner Asuncion has extensive experience in commercial and corporate practice. She advised top local and foreign businesses in various capacities, including as chief legal counsel and as a corporate partner of a law firm.

Immediately prior to joining the PCC, she was advocacy adviser for the European Chamber of Commerce of the Philippines.

Commissioner Asuncion received her law degree from the University of the Philippines and pursued her Master of Laws (with distinction) in International Legal Studies from Georgetown University Law Center in Washington, D.C. She is also admitted to the New York bar. She finished her BA English Studies from the University of the Philippines where she graduated magna cum laude. She was editor of the Philippine Law Journal and has published works locally and internationally, including in the European Journal of International Law.

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2019 by the Numbers

The Commission boosted its enforcement efforts by deciding on landmark cases and by imposing stiff fines on noncompliant entities. This strong stance showed PCC’s diligence in making markets efficient and advancing consumer welfare.

The total amount of fines imposed in 2019 reached PHP 114.6 million—four times greater than in 2018. A total of PHP 40.9 million of these fines had been collected.

Since its establishment in 2016, PCC has imposed fines totaling PHP 162.3 million and collected a total of PHP 72.6 million.

As it matures as a competition authority, PCC has sustained its momentum in delivering stronger competition enforcement and in pursuing its mandate to prohibit anti-competitive agreements, abuses of market dominance, and anti-competitive mergers and acquisitions.

Arsenio M. Balisacan, PhD
Chairperson

Review of Mergers and Acquisitions

- 46 notifications received
- PHP 812 billion combined worth of transactions received
- 30 cases approved and one prohibited
- 2 rules issued
  - Expedited Merger Review Rules
  - Rules for Solicited Public-Private Partnership Projects
- Adjusted notification thresholds
  - PHP 5.6 billion for Size of Party
  - PHP 2.2 billion for Size of Transaction

Case Investigations

- 2 verified complaints received
- 2 motu proprio cases started
- 3 full administrative investigations commenced

Capacity Building and Advocacy Activities

- 26 advocacy and capacity building activities
  - 12 activities conducted for trade associations, consumer groups, and specific industries
  - 9 activities facilitated for the academe
  - 4 activities participated by the judiciary
  - 2 activities organized for sector regulators and government agencies

Market Studies and Policy Advocacy

- 2 policy notes on rice importation and other potential competition concerns in the rice sector
- 4 issues papers commenced (sugar, agrochemicals, corn, and cargo services)
- 6 memoranda of agreement and 2 memoranda of understanding signed with sector regulators, government agencies, and international institutions

Institution Building

- 170 plantilla positions filled
  - 64 lawyer plantilla positions
  - 18 economist plantilla positions
- 28 new positions approved by the Office of the President for PCC’s Office of the General Counsel and the Economics Office
- International Organization for Standardization (ISO) 9001:2015 certification achieved

1 Plantilla of positions is a list of positions which were approved by the Department of Budget and Management and the Office of the President for agencies of the national government.
Despite being a relatively young agency, PCC has been recognized by global peers and practitioners for its active and advanced merger control regime. In 2019, it pushed for a more robust and streamlined merger notification and review.

In March, the Commission adjusted its notification thresholds for the second time to keep in step with prevailing economic conditions. Based on the nominal GDP growth of 2018, it raised the value of Size of Party threshold from PHP 2 billion to PHP 2.2 billion, and the value of Size of Transaction threshold from PHP 5 billion to PHP 5.6 billion, and the value of Size of Party threshold from PHP 3.5 billion to PHP 3.3 trillion. It had approved 188 of these transactions and prohibited one. Moreover, as of year-end 2019, four were under the sufficiency determination stage, three under Phase One review, one under the more in-depth Phase Two review, and one under the courts, while six had not been refiled.

In sum, from 2016 to 2019, the Commission had received a total of 204 M&A transactions, cumulatively worth PHP 3.3 trillion. It had approved 188 of these transactions and prohibited one. Moreover, as of year-end 2019, four were under the sufficiency determination stage, three under Phase One review, one under the more in-depth Phase Two review, and one pending with the courts, while six had not been refiled.

PCC received 46 merger and acquisition (M&A) transactions in 2019, altogether worth PHP 812 billion. Of these, it approved 30 and prohibited one transaction. The number of notified M&As was 22% higher than in 2018, but the total transaction value had almost doubled. The sectors with the most number of notified transactions in 2019 were manufacturing (11), electricity and gas (9), real estate (8), and finance and insurance (5).

In review.

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The Commission completed all merger reviews well within the statutory periods. In 2019, it averaged 21 calendar days for the 30-day Phase One review and 52 calendar days for the 60-day Phase Two review. These indicate that as PCC commits to fulfilling its merger review mandate, it also keeps in mind considerations related to ease of doing business.

Through its Mergers and Acquisitions Office, PCC has sought ways to simplify the merger review process. In June, it launched the Expedited Merger Review Rules, which fast-tracks the review of qualified transactions to just 15 working days instead of the statutory period of 30 calendar days. It also issued its Rules for Solicited Public-Private Partnership (PPP) Projects in July. This streamlines the merger review process for these transactions, paving the way for a faster rollout of priority infrastructure projects.

The Commission likewise undertook several notable decisions and actions regarding mergers and acquisitions. These include the prohibition of Universal Robina Corporation’s proposed acquisition of Central Azucarera Don Pedro, Inc. and the approval of a new set of voluntary commitments by Grab regarding its acquisition of Uber.
EXPEDITED MERGER REVIEW
FOR QUALIFIED TRANSACTIONS

In line with the Philippine government’s efforts to improve ease of doing business in the country, PCC launched an expedited review process for mergers and acquisitions (M&As).

Under the new rules, which took effect on July 2, expedited review for qualified M&A transactions will take only 15 working days at most, instead of the 30 calendar days prescribed for regular Phase One review by the Philippine Competition Act.

PCC’s experience in merger review in the past years shows that certain transactions are less likely to substantially prevent, restrict, or lessen competition in their relevant markets. As such, expedited review are now available to four types of transactions that involve the following:

- Parties with no actual or potential overlapping business relationships;
- Foreign entities whose subsidiaries in the Philippines only act as manufacturers or assemblers of products, at least 95% of which are exported;
- Parties with a global scale but with negligible or limited presence in the Philippines; and
- Joint ventures formed purely for the construction and development of residential and/or commercial real estate projects.

Merging parties may apply for the expedited review within 30 days after signing the definitive agreement on the deal, but prior to any acts of consummation.

Prior to the issuance of the rules, M&As in Phase One review were already efficiently processed, with a turnaround time well below the 30-day period. Phase One review of M&A transactions averaged 23 calendar days in 2018 and 21 days in 2019. The expedited process for non-problematic mergers allows PCC to more efficiently use its resources in effectively implementing a holistic merger control regime.

MERGER REVIEW FOR SOLICITED PPP PROJECTS

PCC has issued rules to streamline its merger review process for joint ventures formed for solicited public-private partnership (PPP) projects. PCC Memorandum Circular No. 19-001 dated July 2, 2019 details the procedure in securing a Certificate of Project Exemption, which effectively allows prospective bidders to meet the requirements of both the Philippine Competition Act and the Build-Operate-Transfer Law in the streamlined process. The circular took effect on August 16.

Under the circular, agencies may seek exemption from PCC’s compulsory notification in behalf of their solicited project’s prospective bidders by filing an application for a Certificate of Project Exemption, which effectively allows prospective bidders to meet the requirements of both the Philippine Competition Act and the Build-Operate-Transfer Law in the streamlined process. The circular took effect on August 16.

Before the circular’s issuance, joint ventures formed by prospective bidders that meet the thresholds had to notify PCC and undergo its full merger review after getting the nod of the implementing agency or PPP Center.
SUGAR MILLING MERGER-TO-MONOPOLY DEAL BLOCKED

PCC blocked the merger of two sugar mills in Southern Luzon—Universal Robina Corporation (URC) and Central Azucarera Don Pedro, Inc. (CADPI)-Roxas Holdings, Inc. (RHI). In a Commission decision issued in January, PCC found that URC’s buyout of its only competitor in the sugarcane milling services market leads to a monopoly in Southern Luzon.

PCC’s Mergers and Acquisitions Office earlier raised competition concerns on URC’s proposed acquisition of CADPI and RHI assets. In response, the merging parties submitted their proposed voluntary commitments, but failed to sufficiently address competition concerns raised by PCC. URC’s sugar mill is in Balayan while CADPI-RHI’s milling facilities are in Nasugbu. While both mill operators are in Batangas, the monopoly to be created by the merger will substantially lessen competition in the sugar milling services market not only in Batangas, but also in Cavite, Laguna, and Quezon.

PCC’s market investigation earlier showed that farmers stand to lose the benefits of competition due to the merger, especially in terms of planters’ cut in sharing agreements, sugar recovery rates, and incentives.

Specifically, the Mergers and Acquisitions Office raised the following competition concerns:

- The transaction is a merger-to-monopoly and will eliminate the only competitor of URC in the relevant market.
- The transaction will create market power for URC, and allow it to unilaterally reduce the planters’ share in the planter-miller sharing agreement, the theoretical recovery rates quoted to planters, and the incentives provided to planters.
- Sugar mills outside Batangas are too far (Pampanga, Tarlac, Camarines Sur), thus are not sufficient to constrain URC from exercising market power.
- Barriers to entry are high and the possibility of a new entrant seems remote and, if at all possible, may not be immediately forthcoming as to constrain URC from exercising market power after the transaction.

URC is engaged in a wide range of food-related businesses, including the production of packed foods and beverages, sugar, agro-industrial products, and bioethanol. Its mills are located in Batangas, Iloilo, Negros Oriental, Negros Occidental, and Cagayan. These mills produce raw sugar, refined sugar, and molasses for supply to other URC business segments and third parties. On the other hand, RHI owns 100% of the shares of CADPI, which operates an integrated sugarcane milling and refining plant in Batangas. RHI is also engaged in the trading of raw and refined sugar and molasses.

GRAB FINED PHP 16.15M FOR VIOLATING COMMITMENTS IN MAY-AUGUST 2019 RIDES

PCC imposed a fine of PHP 16.15 million on Grab Philippines for violating its price and service quality commitments during the fourth quarter of the initial undertaking, which marked the completion of PCC’s first year of monitoring Grab on its voluntary commitments.

The Commission order, released in December, came on the heels of the audit report submitted by Smith & Williamson, an independent monitoring trustee tasked to examine Grab’s compliance with its voluntary commitments on price, service quality, and non-exclusivity for one year or until August 10.

The fine was the latest in a string of penalties faced by Grab for violating its commitments. Each violation incurred an administrative penalty ranging from PHP 50,000 to PHP 2 million as provided by the Philippine Competition Act.

For the fourth quarter of the initial undertaking, PCC imposed a fine of PHP 14.15 million for Grab’s extraordinary deviation from its pricing commitment and PHP 2 million for exceeding driver cancellations at 7.76% instead of the committed five percent. Grab was earlier fined PHP 11.3 million in the first quarter; PHP 7.1 million in the second quarter; and PHP 5.05 million in the third quarter, for violating its pricing commitments to PCC. Since opening a motu proprio review of the transaction, PCC has exacted fines on Grab totaling PHP 39.60 million, of which PHP 19.2 million shall be refunded to affected Grab riders. Passengers who availed themselves of Grab’s services between May and August 2019 should expect a rebate within 60 days through GrabPay credits.

As Grab’s initial undertaking has lapsed, the Commission approved in October a new set of voluntary commitments by Grab as a continuing condition for PCC’s clearance of Grab’s acquisition of Uber. Considering the continued lack of viable competition and the lingering competition concerns in the ride-hailing market, the Commission has found it necessary to continue to bind Grab to non-exclusivity, service quality, and pricing commitments for the benefit of the riding public.
The Commission had considerably intensified its enforcement activities across a broad range of industries in 2019. As a result of its greater public visibility, it has received a total of 309 queries to date, 135 of which were informal complaints on possible cartels and abuses of dominance. One of these queries led to PCC’s first abuse of dominance case. This underscores the importance of the public’s support to the agency’s enforcement actions.

During the year, the Commission received two verified complaints, opened two motu proprio cases, and commenced three full administrative investigations (FAIs). To date (2016-2019), it has opened 15 preliminary inquiries (PIs): six based on verified complaints and nine motu proprio by the Commission. Thirteen of the 15 PIs led to FAIs: nine are ongoing, two are closed, and two are under adjudication.

The past year also saw the Commission deciding on the country’s first abuse of dominance case—a significant milestone in Philippine competition enforcement. This landmark case involved Urban Deca Homes (UDH), a property developer that limited access of its residents to a sole internet service provider, preventing them from availing themselves of alternative and cheaper internet service. Given this, PCC’s Enforcement Office filed a case against UDH for engaging in an exclusive internet service tie-up on its property in Tondo, Manila.

Moreover, recognizing that price increases in basic goods disproportionately harm the poor, the Enforcement Office has continued to investigate the rice and energy markets, in addition to other sectors already under its enforcement radar in previous years. PCC has continued also to closely look into the logistics supply chain because of its effects on the prices of final goods.

Most of the inquiries PCC opened have been progressing to more targeted investigations. Hence, it put in place new enforcement tools to expand its capacity to detect, investigate, and prosecute cartels and abuses of dominance.

The Leniency Program is foremost of these tools. This whistleblower-type program, a staple in most jurisdictions, offers immunity from suit or reduction of fines to former or current cartel participants in exchange for voluntary disclosure of information regarding the cartel. It aims to discourage the creation of cartels and assist in the investigation and prosecution of existing ones.

Likewise, the Commission got a boost from the Supreme Court through its issuance of the Rule on Administrative Search and Inspection. The rule governs the application, issuance, and enforcement of inspection orders, reinforcing PCC’s ability to carry out dawn raids on entities suspected of violating the country’s antitrust law.

These tools are expected to significantly improve PCC’s case-building and increase the number of cartel prosecutions in the coming years.

PCC BREAKS CONDO-INTERNET EXCLUSIVITY DEAL IN LANDMARK ABUSE OF DOMINANCE CASE

In a Statement of Objections filed in March, the PCC Enforcement Office charged Urban Deca Homes (UDH) Manila Condominium Corporation and 8990 Holdings, Inc. with abuse of dominance. This was due to UDH’s imposition of a sole internet service provider (ISP) on its residents, preventing them from availing themselves of alternative fixed-line ISPs. The exclusive deal between UDH Manila and Itech Rar Solutions, Inc., as ISP, marks the first abuse of market dominance case filed before PCC, in violation of Section 15 of the Philippine Competition Act, which prohibits abuses of dominant position.

The Enforcement Office, PCC’s investigative and prosecutorial arm, found that UDH Manila’s property manager blocked other ISPs from installing fixed-line internet on units and from marketing their services to interested residents.

The probe was triggered by numerous complaints posted by unit owners and tenants of UDH Manila in PCC’s Facebook account. The complainants claimed they were prevented from getting other ISPs even if the in-house Fiber to Deca Homes service was slow, expensive, and unreliable. Residents complained that Fiber to Deca Homes charged PHP 1,349 for 2Mbps, which was almost equivalent to a 5Mbps plan by other service providers, while its 5Mbps monthly plan of PHP 2,599 only cost PHP 1,299 in other ISPs. Fiber to Deca Homes’ 6Mbps service cost PHP 2,949, which was equivalent to 50Mbps in one ISP and 100Mbps for almost the same price in another ISP.

Instead of contesting the complaint, UDH proposed to correct its anti-competitive conduct through a settlement. In October, the Commission approved the settlement, ordering UDH to cease its admitted misconduct, pay a fine of PHP 27 million, and comply with the terms of settlement, which included inviting other ISPs to offer their services to its residents. UDH is being monitored for compliance and will be subjected to further fines and penalties for any breach. Further, the terms of settlement apply to all UDH projects, which are located in Tondo, Mandaluyong, Muntinlupa, Bulacan, Cavite, Iloilo, and Cebu.
SUPREME COURT APPROVES 'DAWN RAID' RULES TO BOLSTER CARTEL INVESTIGATIONS

In September, the Supreme Court issued the rules governing PCC’s conduct of searches and inspections, firming up the Commission’s capacity to conduct dawn raids on entities alleged to have violated the country’s antitrust law.

The Rule on Administrative Search and Inspection under the Philippine Competition Act took effect on November 16. The Rule enables the implementation of Section 12(g) of the PCA, which gives PCC the power to conduct dawn raids upon order of the court. The Rule governs the application, issuance, and enforcement of inspection orders for administrative investigations of alleged violations of the PCA. Inspection orders will allow PCC and its deputized agents to enter, search, and inspect business premises, offices, land, and vehicles to examine, copy, photograph, record, or print information in order to prevent their removal, concealment, tampering with, or destruction.

Dawn raids or unannounced on-site inspections are widely used by competition authorities around the world to uncover evidence in aid of investigation and prosecution of anti-competitive agreements and conduct, such as cartels and abuses of dominance. Information subject to inspection include books, tax records, documents, papers, accounts, letters, photographs, as well as databases, means of accessing information contained in such databases, and electronically stored information. Any person or entity who fails or refuses to comply with an inspection order may be cited for contempt of court, which may result in fines, imprisonment, or both.

The Rule was drafted by a special committee, with Supreme Court Justice (now Chief Justice) Diosdado Peralta as chair; Justice Alexander Gesmundo as vice chair; and Court Administrator Midas Marquez, PCC Commissioners Amabelle Asuncion, Johannes Bernabe, and Macario De Claro, Jr., and Attys. Rigor Pascual, Genevieve Jusi and Gifany Tongohan as members.
Launched in January, PCC’s Leniency Program offers either immunity from suit or reduction of administrative fines to an entity that was or is a participant in a price fixing, bid rigging, market allocation, or output restriction agreement, in exchange for the entity’s voluntary disclosure of information regarding such agreement. Under the rules, an entity applying for leniency may be granted immunity from administrative and criminal liability, as well as immunity from civil actions initiated by PCC on behalf of affected parties and third parties.

Immunity from suit comes with the program’s leniency marker. A leniency marker secures an applicant’s position in the queue for leniency. It is important to secure a marker as soon as possible since such immunity is only available to the applicant who comes forward and first qualifies. Once the immunity from suit is granted to an applicant, subsequent applicants may only be eligible for exemption, waiver, or reduction of fines.

In June 2018, PCC signed a memorandum of agreement with the Philippine Department of Justice to harmonize and streamline the implementation of the agencies’ respective Leniency Programs. The agreement provides for mutual recognition of immunity granted by the agencies.

The Leniency Program comes just over three years since the landmark enactment of the Philippine Competition Act. It is expected to benefit PCC in exacting penalty and expediting the resolution of cartel-related cases.

“Cartels operate on clandestine arrangements or so-called gentlemen’s agreements that ultimately affect prices and hurt consumer welfare. With the rules on dawn raids now in place, this will intensify PCC’s case-building, uncover anti-competitive behavior, and pin down such white-collar crimes covered by the Philippine Competition Act.”

Arsenio M. Balisacan, PhD
Chairperson
In 2019, PCC published two policy notes on the National Food Authority’s (NFA) policy on rice importation and potential competition concerns in the rice sector. Upon reviewing NFA’s quantitative restriction (QR) policy, the Commission noted that NFA stifles foreign competition in the rice sector, resulting in Filipino consumers having to pay higher prices for rice compared with their ASEAN neighbors. Consequently, it welcomed the amendment of Republic Act No. 8178 that removed the QR policy and the passage of the Rice Trade Liberalization Act. Both policy reforms are expected to facilitate more competition in the rice sector through a freer trade regime.

Moreover, PCC highlighted that the Philippine Development Plan 2017-2022 includes the amendment of the NFA’s charter (Presidential Decree No. 4 of 1972) as part of the government’s legislative agenda. The removal of the QR policy is expected to unburden NFA from predicting market conditions and allocating import permits, enabling it to focus on its regulatory functions and be reorganized toward maintaining domestic buffer stocks. The efficient operation of the rice sector depends on free and fair competition throughout the value chain. Hence, assessing existing and upcoming government policies and regulations to determine whether or not these hamper competition is crucial.

The Commission also constituted a technical working group to conduct a series of studies on the rice sector to help focus its ongoing investigation on the alleged rice cartel. In collaboration with external consultants, PCC aims to identify market power along the rice supply chain and to coordinate with other rice-related working groups in other agencies as well as research institutes to ensure the complementarity of research efforts.

Advancing competition through policy research

Ensuring healthy market competition in strategic sectors can help usher in a period of increased economic growth. In 2019, the Commission submitted several critical inputs to the executive and legislative branches to advocate pro-competitive government policies in priority sectors.

Passive telecommunications infrastructure sharing policy. PCC continued to promote reforms that improve the country’s information and communications technology, advocating pro-competitive regulations. It supported the passive telecommunications infrastructure sharing policy as this would unlock market efficiencies, providing relief to millions of subscribers through improved services and better network coverage. For the sharing of passive infrastructure to be successful and pro-competition, access should be granted by providers on fair, reasonable, and non-discriminatory terms.

Implementation of the Maximum Drug Retail Price. The Commission expressed its support in ensuring greater access to affordable and quality medicines through the Maximum Drug Retail Price (MDRP). However, it recommended that MDRP’s implementation be timebound or subject to periodic review, and that other pro-competitive policy options to complement MDRP’s objectives be considered.

The Commission also commenced work on several market studies and policy notes in 2019. These studies aim to analyze priority sectors, particularly rice, sugar, agrochemicals, corn, and cargo services, and to identify potential competition issues along the value chain. Their outcomes will not only inform the Commission when it weighs in and decides on cases brought before it, but will also guide it in prioritizing enforcement and advocacy activities.

Furthermore, to support its merger review, competition enforcement, and advocacy initiatives, the Commission launched the PCC Long-term Research Program during the year. This initiative is expected to help the Commission assess the impact of its interventions and encourage knowledge creation in the field of competition law and economics.

NEA’S ROLE IN RICE IMPORTATION QUESTIONED

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Building stronger partnerships to mainstream competition policy

An informed public is an indispensable partner in enforcing the competition law. As such, an advocacy campaign that can reach and inform as many people as possible is a necessary investment toward making the public recognize anti-competitive conduct and engaging them as partners in implementing the law.

In line with its long-term mission of building a culture of competition in the country, the Commission continued with its advocacy campaign in 2019. It conducted 26 advocacy and capacity-building activities for various stakeholders in the public sector and the business community.

In addition to the regional roadshows on the Philippine Competition Act, campus tours, and public seminars, PCC organized new campaigns in 2019, particularly the Leniency Program roadshows and Capacity Improvement on Competition Advocacy for Legislative Staff (CICALS).

COMPETITION ADVOCACY FOR LEGISLATIVE STAFF

PCC, through its Legislative Liaison Office (LLO), launched in December the Capacity Improvement on Competition Advocacy for Legislative Staff (CICALS) program, which provides policy drafters a deeper look into competition law and policy. This activity was done in partnership with the Presidential Legislative Liaison Office of the Senate.

The CICALS in the Senate was the first of a series of capacity-building seminars tailored for legislative personnel. It forms part of PCC’s broader aim to foster a culture of competition in the public sector. The Commission is slated to conduct CICALS for the House of Representatives and local government units in 2020.

To date, PCC has actively participated in different hearings, technical working groups, and fora as part of its goal to advance the competition agenda in the drafting of bills or amendment of laws in Congress. In 2018, it studied and provided expert inputs to over 25 different bills to promote competition in different sectors. For 2020, PCC’s priority areas for legislative advocacy and reforms include telecommunications, energy, retail, construction, transportation, food, and health and pharmaceuticals.

ENSURING BETTER POLICY COORDINATION WITHIN GOVERNMENT

PCC continued to build partnerships with government agencies in 2019 to ensure better policy coordination and fast-track investigation where competition cases may arise in the priority sectors of energy, agriculture, trade, and infrastructure.

University of Philippines (UP) | January

In line with its long-term goal of building and sustaining a local stream of competition experts, PCC signed a memorandum of agreement (MOA) with UP through its College of Law, in January to institutionalize the Program on Competition Law and Policy (CLP). The UP Law Center established this program as a multidisciplinary platform to support the legal and institutional framework for CLP in the country through research and extension activities involving various stakeholders.

Department of Trade and Industry (DTI) | February

Recognizing that PCC and DTI have common interests in protecting consumer welfare and advancing domestic and international trade, the two agencies signed a MOA in February to institutionalize mechanisms for information sharing and coordination. In particular, the agreement aims to facilitate enforcement support and investigation assistance, as well as information sharing on operational matters through a notification process.

Department of Energy (DOE) | June

Energy Regulatory Commission (ERC) | August

To promote market competition and coordinate investigations in the power sector, PCC signed separate MOAs with DOE in June and ERC in August. Aside from information sharing, the MOAs set the stage for the agencies involved to establish collaborative mechanisms on investigation support, technical audits, joint task forces, and continued capacity building and consultations. The agreements also paved the way for the creation of a technical working group to coordinate investigation efforts on alleged collusions or abuses of dominance in the power sector.

Department of Agriculture (DA) | October

Bases Conversion and Development Authority (BCDA) | September

DA and PCC signed a MOA in October to establish a partnership for ensuring a fair and level playing field in the agriculture sector. The MOA binds them in facilitating the exchange of information and knowledge between the two agencies on competition matters in the agriculture sector, as well as provision of investigative and enforcement support.
RAISING PUBLIC AWARENESS ON COMPETITION LAW

The Commission has continued to advocate the development of an informed community of consumers, businesses, and partners in government. It optimized efforts to expand its reach through various approaches and tapped different media platforms to bring its advocacy to a wider audience.

In 2019, the agency sustained the conduct of its awareness campaigns, which produced engaging content for below-the-line placements such as social media and billboard spots. These materials served as a key driver in generating a reach of 6,230,879 impressions.

PCC also continuously engaged the media via press briefings on cases and conducted roundtables with reporters, columnists, and media outlets.

ADVOCACY ROADSHOWS

PCC organized a forum on competition law and policy in Iloilo City on August 28. This forum marked the first leg of PCC’s 2019 regional roadshows to raise awareness of the antitrust watchdog’s function in keeping mergers and acquisitions competitive, cracking down on cartels, and fanning monopolies or oligopolies. It was conducted in partnership with the Region VI offices of the National Economic and Development Authority and the Department of Trade and Industry.

It had Mayor Jerry Treñas of Iloilo City as guest speaker. PCC acknowledged Mayor Treñas as one of the authors of the Philippine Competition Act during his term as congressman of the 16th Congress.

The forum also discussed the competition chapter of the Philippine Development Plan in the context of the region’s strengths and contribution to the national economy. It also talked about the benefits of competition, different types of violations of the competition law, and the merger notification requirements of PCC.

Moreover, the forum encouraged businesses and trade organizations to examine their operations for compliance with the law and contribute to the culture of competition at the regional level, especially in major cities across the country.

In previous years, PCC conducted the advocacy roadshows on competition law, policy and relevant programs in Metro Manila, Cebu, Davao, Cagayan de Oro, La Union, Baguio, and Tactasan, among others.

CAMPUS TOURS

PCC visited senior high schools, colleges and universities as a continuing initiative to introduce competition concepts to students of economics, business, accountancy, and marketing. One such visit was at Ramon Magsaysay High School (RMHS) Manila. It involved various activities highlighting the benefits of competition and the Philippine Competition Act. This activity, co-organized by PCC’s Communications and Knowledge Management Office and RMHS Manila Social Studies Department, was in line with the celebration of Economic and Financial Literacy Week, whose theme was: Our Planet’s Health, the Future’s Wealth.
PCC conducted the 2019 Forum on Competition in Developing Countries (FCDC) on February 1 in Quezon City. This forum, which coincided with PCC’s third anniversary, was directed toward ensuring that Philippine competition policy is aligned with the government’s strategy of making technology and innovation an effective vehicle for equitable and inclusive growth.

Designed as a more intimate platform to discuss emerging issues in market competition, the 2019 FCDC took off from the inaugural 2018 Manila Forum session on disruptive innovations and competition policy. The increased adoption of so-called disruptive technologies is one of the most significant challenges affecting economies, owing to their effects on the market and competition landscape. With the theme “Technological Disruption: Market Competition Issues and Challenges,” the 2019 forum localized the discussion to Philippine and regional contexts. It featured renowned industry leaders, policymakers, and academics from Southeast Asia.

2019 MANILA FORUM ON COMPETITION IN DEVELOPING COUNTRIES

PCC conducted a series of seminars on the fundamentals of competition policy for members of the judiciary and the legal community. One such seminar was carried out in April at the Supreme Court of the Philippines in Manila. It featured talks by former Chairperson William E. Kovacic of the US Federal Trade Commission and PCC Commissioner Amabelle Asuncion.

Then Supreme Court Chief Justice Lucas P. Bersamin gave the closing address.

Prior to this, the Commission partnered with the Philippine Judicial Academy (PhilJA) in organizing similar seminars across the country, including roundtable discussions and workshops participated in by justices and lawyers of the Court of Appeals.

DIALOGUES AND FORA WITH MULTINATIONAL COMPANIES AND SMES

In May, PCC facilitated the conduct of public fora and dialogues on competition law and policy among representatives of multinational companies (MNCs) and small and medium enterprises (SMEs).

With the economic conditions creating a high appetite for mergers and acquisitions, the dialogues with MNCs focused on the rules on buyouts and exemptions. Topics included merger notification and review processes, special rules on joint ventures and land acquisitions, qualification for exemptions and noncoverage of compulsory notification, and PCC’s motu proprio powers. On the other hand, the public fora conducted with SMEs advocated the cultivation of a culture of competition among SMEs and trade cooperatives. They discussed ways on how competition law may help groups achieve or protect a level playing field in business.

The dialogues were complemented by a special session on PCC’s Leniency Program to invite stakeholders on the drive against cartels and other anti-competitive conduct.

REGIONAL WORKSHOPS WITH THE JUDICIARY

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STRENGTHENING INTERNATIONAL LINKAGES

Development partners and counterpart competition agencies continue to be instrumental in developing PCC’s institutional and staff capacity. PCC embarked on strengthening these linkages in 2019, recognizing that international cooperation is essential in safeguarding today’s increasingly dynamic markets.

In May, the Commission hosted officials and representatives of the Myanmar Competition Commission (MmCC) for a study tour, sharing lessons from its growing pains and early challenges. Established in 2018, MmCC is the youngest competition authority in Southeast Asia. The study tour was organized by PCC, in partnership with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in the Philippines and the Friedrich Naumann Foundation.

In November, PCC and the State Administration for Market Regulation (SAMR) of the People’s Republic of China signed a Memorandum of Understanding on technical cooperation to strengthen bilateral ties on competition law enforcement. SAMR is China’s consolidated state agency exercising market supervision responsibilities spanning competition, intellectual property, business registration, and product safety and standards, among others.

In a similar vein, PCC participated in international meetings, competition fora, and technical workshops sponsored by the International Competition Network, the Organisation for Economic Co-operation and Development, and various partners through the ASEAN Experts Group on Competition. These intergovernmental functions allow PCC to bolster its enforcement network and technical capacity as it strives to achieve its vision of becoming a world-class competition authority.

Furthermore, the Commission reviewed and negotiated the competition chapters of the country’s modern trade agreements. These include the Philippines-Japan Economic Partnership Agreement (PJ EPA), the Regional Comprehensive Economic Partnership (RCEP), and the Philippines-Korea Free Trade Agreement. PCC provided inputs that introduce the competition lens to these agreements.

ADB TO FUND ‘CAPACITY BUILDING TO FOSTER COMPETITION’ PROJECT

The Department of Finance (DOF) and the Asian Development Bank (ADB) signed three loan packages totaling USD 623 million, which includes a USD 23.3 million assistance for the “Capacity Building to Foster Competition” Project under the Philippine Competition Commission.

PCC Chairperson Arsenio M. Balisacan said the loan assistance will enable PCC and other government agencies to build up the human and institutional capacity needed to effectively enforce market competition and create a climate of expertise in the country. PCC secured the funding early in December, signaling the start of a six-year project to scale up its institutional capacity, while furthering the development of competition law and policy as a discipline in the academic, and fostering a culture of competition in government.

ADB Vice President Ahmed M. Saheed noted that the USD 623 million loan is targeted to support important elements of the government’s reform agenda in critical areas, including cultivating a healthy domestic market and generating jobs for young Filipinos.

Finance Secretary Carlos G. Dominguez III said ADB’s increase in its loan assistance underscores its strong support to the government as it translates its development objectives into significant investments in line with the Philippines’ development agenda.
PCC joined its global counterparts from over 110 jurisdictions at the Organisation for Economic Co-operation and Development’s (OECD) Global Forum on Competition held in France last December. The forum tackled some of the latest trends, learnings, and updates in the world of antitrust policy and law.

A total of 450 high-level competition officials attended the forum to discuss its theme, “Competition Under Fire,” as well as competition provisions in trade agreements, merger control in dynamic markets, competition for the market, and digital markets. Antitrust experts and leaders took on policy debates to the fore, testing competition law’s effectiveness in recent times and examining its impact on broader interests such as consumer welfare, international trade, and industrial policy.

In one of the sessions, PCC Chairperson Arsenio M. Balisacan presented Grab’s acquisition of Uber in Southeast Asia as an interesting case study that offers competition authorities many lessons in dealing with dynamic markets such as the market for ride-hailing services. He shared that several key factors in the ride-hailing market introduced difficulties in the competition landscape, including the importance of network effects on both sides of the platform and Grab’s increasing dominance as a technology platform. He stressed that effective coordination between competition authorities and sector regulators is crucial to address overlaps—and even conflicts—in the outcomes of their enforcement actions.

Commissioner Johannes R. Bernabe represented PCC at the Intergovernmental Group of Experts on Competition Law and Policy, an annual meeting organized by the United Nations Conference on Trade and Development (UNCTAD) at the Palais des Nations in Geneva, Switzerland in July. Commissioner Bernabe joined fellow competition experts in the panel session on competition issues in the digital economy, which discussed the application of a competition lens in enforcement, merger review, and monitoring of big technology companies, as well as the rise of start-ups. The discussion also reflected on how antitrust agencies adapt to and deal with the challenges in addressing market power and dominant digital platforms, their features, and business models to balance prevention of abuse of dominance and promotion of innovation.

PCC welcomed Dr. Pierre Horna of the United Nations Conference on Trade and Development (UNCTAD) who delivered a lecture on international cooperation among competition agencies. Dr. Horna mapped out potential avenues for cooperation among member-states with competition agencies, especially in bringing young and more developed jurisdictions together for collaboration, and opening doors for dialogues among intergovernmental experts on competition law.

With international cooperation agreements in place, PCC hopes to work with its counterparts from different parts of the world against cross-border cartels and anti-competitive cases within the existing legal and regulatory frameworks of various jurisdictions.
PCC recognizes that human capital is its most important asset in achieving its vision of becoming a world-class competition authority. Thus, it continues to implement measures to attract and retain highly competent staff to serve as frontline enforcers of the competition law and policy in the country.

As of 31 December, it has filled up 75% of its approved plantilla positions, a five-percentage point increase from the previous year.

Since its establishment in 2016, the Commission has put in place systems and policies aimed at improving its quality of service and organizational processes. These efforts have started to bear fruit. PCC received recognition from external agencies in 2019 for the quality of its services. On October 23, the Government Quality Management Committee recognized PCC’s efforts in obtaining an International Organization for Standardization (ISO) 9001:2015 certification. It also received the highest audit rating from the Commission on Audit (COA), and its Accounting Office was cited as one of the Most Outstanding Accounting Offices in the bureaucracy.

The Commission continues to strengthen its institutional capacity. By end of 2019, it was composed of 215 personnel. Of this, 170 occupy plantilla positions, including 44 lawyer and 18 economist posts. Non-plantilla staff members, composing 26% of the total staff complement, were hired to fill existing gaps in personnel requirement.

Moreover, the Office of the President had approved the creation of 28 new positions for PCC’s Office of the General Counsel and the Economics Office. These new positions will enable PCC to be more productive as it expands its portfolio of enforcement and advocacy work.

**BUDGET ALLOCATION**

PCC’s total budget allocation for fiscal year 2019 was PHP 441,089,293.00. Maintenance and other operating expenses (MOOE) had the biggest share at 51%, followed by personnel services (PS) at 44% and capital outlay (CO) at 5%.
The Friedrich Naumann Foundation (FNF) Philippines bestowed its Freedom Flame Award on PCC in 2019. The Commission was honored for promoting free markets and competitive enterprise in the Philippines, particularly its efforts in crafting policies that promote a competitive market for business owners and consumers.

This award is given annually to personalities and institutions that have played significant roles in achieving remarkable milestones, allowing Filipinos to better experience freedom in the country. The other FNF awardees in 2019 included former Senator Wigberto Tanada, the Philippine Educational Theater Association (PETA), and Mr. John Nery, a newspaper columnist.

FNF is a German nongovernment organization that promotes liberal democracy, economic freedom, respect for human rights, and rule of law.

**PCC AWARDED MOST OUTSTANDING ACCOUNTING OFFICE**

The Association of Government Accountants of the Philippines, Inc. (AGAP) conferred the Most Outstanding Accounting Office Award on PCC during the 2019 AGAP Annual Convention-Seminar in Atrium Limketkai Center, Cagayan de Oro City in October. PCC was recognized for having exemplarily met the criteria of accuracy, timeliness, reliability, and compliance with accounting rules and regulations set by the AGAP Committee on Awards.

**GOVERNMENT QUALITY MANAGEMENT COMMITTEE RECOGNIZES PCC**

The Government Quality Management Committee (GQMC) recognized in October PCC’s efforts on quality and productivity improvement to better frontline services, improve customer satisfaction, and promote continual improvement by obtaining an International Organization for Standardization (ISO) 9001:2015 certification.

PCC’s ISO certification covers the review processes in mergers and acquisitions, competition enforcement, competition policy formulation and research, capacity building, and advocacy.

The ISO 9001:2015 certification is the latest version of the ISO 9001 standard, which is widely known and internationally accepted for quality management. It is considered a seal of recognition for organizations that provide effective customer and regulatory services.

**FNF PHILIPPINES CONFEWS FREEDOM FLAME AWARD TO PCC**

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The field of competition law and policy is relatively new in the country. As such, while PCC hires personnel based on merit and qualifications, it recognizes the need for continual development of its staff. Hence, it ensures that its personnel are capacitated with the principles, concepts, and analytical tools in competition law enforcement and economic analysis.

The Commission has been sending its staff to learning and development (L&D) events abroad (e.g., staff secondments, study visits, staff exchanges, and internship) to learn the best practices and technical expertise in the conduct of enforcement activities, merger review, economic analysis and big data analytics, and competition advocacy.

In 2019, PCC staff attended 76 L&D activities, both locally and overseas, with topics covering digital economy, big data, cartels, enforcement, mergers, remedies, and competition economics and analytical tools.
Secondments
- Secondments at Australian Competition and Consumer Commission (ACCC) and at New Zealand Commerce Commission (NZCC)
- ASEAN-Australia New Zealand Free Trade Agreement (AANZFTA) Consumer Protection Scoping Project (ICPS) Study Visit
- Hong Kong Competition Commission (HKCC) Training Attachment
- Korea Fair Trade Commission (KFTC) 3rd Internship Program

Courses
- International Law Enforcement Agency’s Anti-Competition Seminar, Financial Investigations Course
- CRESEE 2019 Lawyer’s Course “The Role of Economics in Competition Law and Practice” and CRESEE Summer School on Competition Law and Policy
- European Union (EU) Competition Summer School
- Global Antitrust Institute (GAI) Economics Institute on Platforms, Empirical Methods and Due Process for Competition Enforcement Officials and GAI Economics Institute for Competition Enforcers
- Japan-ASEAN Integration Fund (IAF) Training Course on Strategic Planning and Management of Enforcement Activities and Japan International Cooperation Agency (JICA) Knowledge Co-Creation Program on Competition Law and Policy

Workshops/Seminars
- 1st European Union (EU)-ASEAN Competition Week 2019 International Competition Network (ICN) Cartel Workshop and ICN Advocacy Workshop
- AANZFTA CLIP Module 5 Workshop on Remedies for Competition Law Infringements and AANZFTA CLIP Competition and Regulation Policy and Workshop
- Asia-Pacific Economic Cooperation (APEC) Economic Analysis in Horizontal and Non-Horizontal Mergers Workshop
- Bilateral Seminar for Thai Competition Commission on Cartel Investigations
- OECD-KPC Competition Law Workshop on Competition Issues of Digitalisation, Competition Rules in the Transport Sector, Vertical Restraints, and Investigative Techniques
- Free Trade Area of the Asia-Pacific (FTAAP) Capacity Building Workshop on Competition Policy
- OECD Workshop on Recent Challenges in Competition and IP in Pharmaceutical Markets, and Workshop on Competition in Publicly Funded Markets and OECD Competition Open Day
- Regional Antitrust Seminar on Market Definition and Enforcement in the Digital Economy
- APEC Workshop on Competition Policy for Regulating Online Platforms in the APEC Region

Conferences and Meetings
- 11th AANZFTA Joint Committee and Related Meetings and 11th Meeting of the AANZFTA Committee on Competition
- 15th Annual International Bar Association (IBA) Competition Mid-Year Conference
- 15th Asian Law and Economics Association Conference 2019
- East Asia Top Level Officials’ Meeting on Competition Policy (EATOP) and 12th East Asia Conference on Competition Law and Policy (EAC)
- 15th International Conference of the Western Economic Association International
- 1st Round of Negotiations for the Philippines-Republic of Korea (ROK) Free Trade Agreement (FTA)
- 2019 AANZFTA Experts Group on Competition (AEGC) and Related Meetings
- 2019 ICA Annual Conference
- 3rd High-Level Representatives of Asia-Pacific Competition Authorities Meeting, 18th Global Forum on Competition, and OECD Competition Committee and its Working Parties Meeting
- 2nd Round of Negotiations for the Philippine-ROK FTA
- 67th American Bar Association (ABA) Section of Antitrust Law Spring Meeting
- 6th AGRICOM Competition Conference: Attaining Milestones and Addressing Challenges
- AEGC Brainstorming Meeting on the Development of Peer Review Guidance Document
- Bundeskartellamt 19th International Conference on Competition and pre-event Workshop for Young Competition Authorities
- Global Competition Review (GCR) Live at Singapore: 18th Annual Asia-Pacific Law Leaders’ Forum
- Conferences Review 5th Annual Antitrust in Asia Conference
- 44th Conference of the Federation of ASEAN Economic Countries
- 4th Session of the Intergovernmental Group of Experts on Consumer Protection Law and Policy and the 18th Session of the IQS on Competition Law and Policy
- New York School of Law and Conferences Antitrust and Developing and Emerging Economies (New Issues in Cartels and Corruption, Big Data, and the Public Interest)
- Hong Kong Competition Commission 2019 Competition Enforcers and Academics Summit
- AANZFTA CLIP Commissioners’ Retreat
- Young Scholars Initiative (YSI) North America Convening

Scholarships
- Australia Awards – Master of Laws at the University of Melbourne
- Australia Awards – Master of Strategic Communications Management at the Monash University
- Fulbright – MA in Economics at the University of Wisconsin-Milwaukee – Center for International Education
- Online Master of Laws in Global Antitrust Law and Economics at the Antonin Scalia Law School, George Mason University
- 15th International Conference of the Western Economic Association International
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Workshops/Seminars
- Competition Law Enforcement & Investigation Workshop
- Evidence Gathering and Statement Taking
- Financial Planning and Forecasting Seminar
- Legal Writing Workshop
- Public Consultation on Expedited Merger Review
- Re-Orientation on Merger Review
- Japan-ASEAN Integration Fund (IAF) Regional Workshop on the Interface between Competition Law and Intellectual Property Rights
- Seminar: Workshop on Joint Ventures and Competition Collaboration
- WESM 101: The Wholesale Electricity Spot Market and Interplay with Competition
- Workshop on Advocacy and the Competitive Analysis of Legislation
- AANZFTA CLIP Module 6: Market Studies by Competition Agencies Workshop
- Tax Seminars: Principles of Taxation in the Philippines
- Regional Consultations on the Philippine Development Plan (PDP) 2017-2022
- People-Centric Leadership
- Mandatory Continuing Legal Education (MCLE)

Courses
- 5 (5) Day Certificate program in Transfer Pricing
- Fostering Competition in the Philippines: The Challenge of Restrictive Regulations
- Training Course on Regulatory Compliance Cost Assessment Training on Financial, Legal and Economic Aspects of Liquidated Material Projects
- University of the Philippines (UP) Law Center Paralegal Training
- 12th Advanced Leadership and Management Course Accounting for Non-Accountants
- Analytics for Business: Discovering Insights from Data
- Anti-Money Laundering Act Training
- ISO 9001:2015 Quality Management Systems Foundation Course
- ISO 9001:2015 Quality Management Systems Internal Audit Course
- Laws and Rules of Government Expenditures Knowledge Management Practitioner Certification Course
- Short Course on Policy Research and Development

Conferences and Meetings
- 2019 Manila Forum on Competition in Developing Countries
- 2019 Python Conference Asia-Pacific (PyCon APAC)
- Association of Government Accountants of the Philippines, Inc. (AGAP) Annual National Convention
- International Conference on Public Sector Productivity (ICPSP)
- 27th Annual Meeting and Conference of the Philippine Economic Society
- Philippine Institute for Development Studies’ 5th Annual Public Policy Conference
The Commission has gained significant ground and has built its confidence as a competition enforcer from its experience in the past years. Yet many challenges still need to be overcome.

In 2020, the agency will focus its competition analysis and enforcement on the following:

- **Telecommunications**
- **Retail**
- **Energy and Electricity**
- **Transportation**
- **Construction**
- **Health and Pharmaceuticals**
- **Food**

Its initiatives in these sectors are intended to unlock the economic potential of these industries that have long been protected by regulations.

**Enforcement**

The PCC’s topmost priority is to effectively investigate anti-competitive agreements and conduct, bearing in mind that effective deterrence requires not only the threat of penalties but also effective detection and prosecution of infringements. With leniency and dawn raids added to the agency’s armory of enforcement tools, the Commission is now more equipped to exercise its full investigative powers.

As prescribed by the PCA, the Commission will be adjusting its schedule of administrative fines in August 2020 to maintain their real value from the time the law was enacted in 2015. Furthermore, to cater to the growing appetite for expansion across our country’s major economic centers, the PCC will ramp up preparations for the establishment of regional offices in Cebu and Davao by 2021.

**Mergers and Acquisitions**

The PCC will further streamline its merger review process by issuing a circular on the process for exemption from compulsory notification of unsolicited PPP projects and of joint ventures (JV) under the NEDA JV guidelines. The PCC will likewise issue its guidelines on remedies. The agency also plans to institutionalize its own monitoring division.

**Policy Research**

Moreover, the Commission will undertake in-depth research to support merger reviews and competition enforcement, and to provide inputs for advocacy initiatives. These include analyses of sector regulations and market conditions, and an impact evaluation of PCC’s decisions. The Commission also intends to conduct research on vertical restraints and the impact of government subsidies and subsidy-like measures on the competition landscape.

**Advocacy**

The agency intends to establish and reinforce ties with other institutions to further expand its enforcement network. On the local front, the PCC looks forward to solidifying and formalizing inter-agency ties with other sector regulators, particularly the Land Transportation Franchising and Regulatory Board (LTFRB), the Intellectual Property Office (IPOPHL), and the Department of Information and Communications Technology (DICT).

The Commission also looks to having possible MOUs with peers in the Asia-Pacific, including the Competition and Consumer Commission of Singapore (CCCS) and the Hong Kong Competition Commission (HKCC). With the continued rise of populist sentiments and trade frictions, the need for international cooperation and the exchange of knowledge and expertise has become even more urgent. The Commission will also be tapping the assistance of the OECD for a third-party peer review of its processes and outputs. This will allow PCC to benchmark itself with more developed jurisdictions.

**Institution Building**

Following global trends, the PCC will also explore expanding its mandate to include consumer protection, recognizing the complementarity between competition and consumer protection work. The Commission plans to formally propose to Congress amendments to the PCA to address significant issues that have emerged during its first three years of operationalization. The amendments are aimed at strengthening PCC’s mandate and operations, keeping in mind that actions in its early years spell the basis for future enforcement actions. The proposed amendments will include raising the amount of pecuniary penalties, and reinforcing its primary and original jurisdiction over all competition cases.
INDEPENDENT AUDITOR’S REPORT

The Chairperson
Philippine Competition Commission
25F, Vertis North Corporate Center 1, North Avenue
Quezon City

Opinion

We have audited the financial statements of the Philippine Competition Commission (PCC), which comprise the statement of financial position as at December 31, 2019, the statement of financial performance, statement of cash flows, statement of changes in net assets/equity, statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Philippine Competition Commission as at December 31, 2019, and its financial performance, statement of cash flows, statement of changes in net assets/equity, statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies in accordance with the Philippine Public Sector Accounting Standards (PPSAS).

Basis for Opinion

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are described in the Auditor’s Responsibility for the Audit of the Financial Statements section of our report. We are independent of the agency in accordance with the Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor’s report is included in the Annual Report of PCC but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the Philippine Public Sector Accounting Standards and for such internal control as management determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the agency’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with ISSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit observations, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

COMMISSION ON AUDIT

By:

NENITA C. RENDON
Supervising Auditor
Audit Group NGS-ECEO V

March 2, 2020
### Republic of the Philippines
#### PHILIPPINE COMPETITION COMMISSION
#### STATEMENT OF FINANCIAL POSITION - DETAILED
#### Fund 01
#### (In Philippine Peso)
#### As of December 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>As Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Value</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture, Fixtures and Books</td>
<td>10,260,830.53</td>
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</tr>
<tr>
<td>Furniture and Fixtures</td>
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<td>Accumulated Depreciation - Furniture and Fixtures</td>
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<td>3,377,600.00</td>
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</tr>
<tr>
<td><strong>Net Value</strong></td>
<td>10,260,830.53</td>
<td>13,412,926.53</td>
<td></td>
</tr>
<tr>
<td>Books</td>
<td>1,845,570.25</td>
<td>1,845,570.25</td>
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<tr>
<td>Accumulated Depreciation - Books</td>
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<td>437,645.00</td>
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<tr>
<td><strong>Net Value</strong></td>
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<td>1,845,570.25</td>
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<tr>
<td>Leased Assets - Improvements</td>
<td>48,939,896.62</td>
<td>61,244,928.47</td>
<td></td>
</tr>
<tr>
<td>Leased Assets Improvements, Buildings</td>
<td>48,939,896.62</td>
<td>61,244,928.47</td>
<td></td>
</tr>
<tr>
<td>Accumulated Depreciation - Leased Assets Improvements, Buildings</td>
<td>48,939,896.62</td>
<td>61,244,928.47</td>
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</tr>
<tr>
<td><strong>Intangible Assets</strong></td>
<td>1,547,221.46</td>
<td>1,474,826.35</td>
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<tr>
<td>Computer Software</td>
<td>3,293,195.67</td>
<td>2,737,335.39</td>
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<tr>
<td>Accumulated Amortization - Computer Software</td>
<td>2,443,069.21</td>
<td>1,739,604.04</td>
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<tr>
<td><strong>Net Value</strong></td>
<td>3,293,195.67</td>
<td>2,737,335.39</td>
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<tr>
<td>Development in Progress - Computer Software</td>
<td>777,711.35</td>
<td>777,711.35</td>
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<tr>
<td><strong>Other Non-Current Assets</strong></td>
<td>15,716,482.40</td>
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<tr>
<td>Prepayments</td>
<td>6,741,840.00</td>
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<tr>
<td>Prepaid Rent</td>
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<tr>
<td>Deposits</td>
<td>8,974,642.40</td>
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<tr>
<td>Guaranty Deposits</td>
<td>8,974,642.40</td>
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<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td>113,511,049.49</td>
<td>117,111,580.22</td>
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</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>122,608,899.39</td>
<td>140,443,925.87</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>As Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
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<tr>
<td>Financial Liabilities</td>
<td>4,572,625.28</td>
<td>2,735,464.19</td>
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<tr>
<td>Payables</td>
<td>4,572,625.28</td>
<td>2,735,464.19</td>
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<tr>
<td>Accounts Payable</td>
<td>2,035,281.59</td>
<td>2,043,653.70</td>
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<tr>
<td>Due to Officers and Employees</td>
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<td>579,073.09</td>
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<tr>
<td>Tax Refund Payable</td>
<td>2,487,644.61</td>
<td>579,073.09</td>
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<tr>
<td>Due to GSIS</td>
<td>2,972,660.33</td>
<td>2,021.64</td>
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<tr>
<td>Due to Pag-IBIG</td>
<td>1,600.00</td>
<td>0.00</td>
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<tr>
<td>Due to PhilHealth</td>
<td>597.60</td>
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<tr>
<td>Due to NGAs</td>
<td>960,377.40</td>
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<tr>
<td>Due to GOCCs</td>
<td>9,690.98</td>
<td>9,690.98</td>
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<tr>
<td>Trust Liabilities</td>
<td>111,971,219.99</td>
<td>128,594,794.42</td>
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</tr>
<tr>
<td>Trust Liabilities</td>
<td>111,971,219.99</td>
<td>128,594,794.42</td>
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</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>10,637,679.40</td>
<td>11,849,131.45</td>
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<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>10,637,679.40</td>
<td>11,849,131.45</td>
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</tr>
<tr>
<td><strong>TOTAL NET ASSETS / EQUITY</strong></td>
<td>111,971,219.99</td>
<td>128,594,794.42</td>
<td></td>
</tr>
</tbody>
</table>

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**Note:** The data reflects financial statements as restated for the year 2019. The figures represent the financial position of the PHILIPPINE COMPETITION COMMISSION as of December 31, 2019.
### Statement of Financial Performance - Detailed

**PHILIPPINE COMPETITION COMMISSION**  
**Republic of the Philippines**  
**For the Year Ended December 31, 2019**  
**In Philippine Peso**

#### REVENUE

<table>
<thead>
<tr>
<th>description</th>
<th>2019</th>
<th>2018</th>
<th>As Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service and Business Income</td>
<td>79,912,834.86</td>
<td>43,721,816.71</td>
<td></td>
</tr>
<tr>
<td>Processing Fees</td>
<td>15,136,470.15</td>
<td>11,481,200.00</td>
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<tr>
<td>Fines and Penalties - Service Income</td>
<td>64,406,542.70</td>
<td>31,744,264.98</td>
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<tr>
<td>Other Service Income</td>
<td>3,100.00</td>
<td>300.45</td>
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<tr>
<td>Interest Income</td>
<td>191,822.01</td>
<td>92,747.28</td>
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<tr>
<td>Miscellaneous Income</td>
<td>2,100.00</td>
<td>300.45</td>
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</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>79,912,834.86</td>
<td>43,721,816.71</td>
<td></td>
</tr>
</tbody>
</table>

#### EXPENSES

<table>
<thead>
<tr>
<th>description</th>
<th>2019</th>
<th>2018</th>
<th>As Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>126,852,483.77</td>
<td>114,249,209.38</td>
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<tr>
<td>Salaries and Wages - Regular</td>
<td>126,852,483.77</td>
<td>114,249,209.38</td>
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</tr>
<tr>
<td><strong>Total Personnel Services</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Other Compensation</td>
<td>33,274,640.59</td>
<td>34,070,026.09</td>
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<tr>
<td>Personal Economic Relief Allowance (PERA)</td>
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<tr>
<td>Representation Allowance (RA)</td>
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<td>2,172,500.00</td>
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<tr>
<td>Transportation Allowance (TA)</td>
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<td>1,272,500.00</td>
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<tr>
<td>Clothing/Uniforms Allowance</td>
<td>942,000.00</td>
<td>908,000.00</td>
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<tr>
<td>Honoraria</td>
<td>746,300.00</td>
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<tr>
<td>Overtime and Night Pay</td>
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<tr>
<td>Year End Bonus</td>
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<tr>
<td>Cash Gift</td>
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<td><strong>Other Bonuses and Allowances</strong></td>
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<td><strong>Personnel Benefit Contributions</strong></td>
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<td>Retirement and Life Insurance Premiums</td>
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<td>Pag-IBIG Contributions</td>
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<td>PhilHealth Contributions</td>
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<td>Employees Compensation Insurance Premiums (ECIP)</td>
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<td><strong>Other Personnel Benefits</strong></td>
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<td>Terminal Leave Benefits</td>
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<td>Maintenance and Other Operating Expenses</td>
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<td>Traveling Expenses</td>
<td>13,729,173.76</td>
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<td>Traveling Expenses - Local</td>
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<tr>
<td>Traveling Expenses - Foreign</td>
<td>2,240,379.60</td>
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<td>Training and Scholarship Expenses</td>
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<tr>
<td>Training Expenses</td>
<td>10,256,157.57</td>
<td>7,999,959.30</td>
<td></td>
</tr>
<tr>
<td>Supplies and Materials Expenses</td>
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<td>Office Supplies Expenses</td>
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<td>Accountable Forms Expenses</td>
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<tr>
<td>Medical, Dental and Laboratory Supplies Expenses</td>
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<tr>
<td>Fuel, Oil and Lubricants Expenses</td>
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<td>Semi-Expendable Machinery and Equipment Expenses</td>
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<td>Semi-Expendable Furniture, Fixtures and Books Expenses</td>
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<td>Other Supplies and Materials Expenses</td>
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<td><strong>Total Maintenance and Operating Expenses</strong></td>
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<td>Non-Cash Expenses</td>
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<td>Depreciation - Machinery and Equipment</td>
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<tr>
<td>Depreciation - Transportation Equipment</td>
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<tr>
<td>Depreciation - Furniture, Fixtures and Books</td>
<td>706,076.41</td>
<td>498,198.91</td>
<td></td>
</tr>
<tr>
<td>Depreciation - Lease Assets</td>
<td>12,325,031.85</td>
<td>3,609,490.56</td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>781,604.84</td>
<td>1,661,464.35</td>
<td></td>
</tr>
<tr>
<td>Amortization - Intangible Assets</td>
<td>781,604.84</td>
<td>1,661,464.35</td>
<td></td>
</tr>
<tr>
<td><strong>Total Non-Cash Expenses</strong></td>
<td>25,163,001.87</td>
<td>12,309,932.31</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**
- Data as Restated for Fund 01.
- For the Year Ended December 31, 2019.
- Financial statements.
<table>
<thead>
<tr>
<th>Financial statements</th>
<th>Financial statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Republic of the Philippines</td>
<td>Republic of the Philippines</td>
</tr>
<tr>
<td>PHILIPPINE COMPETITION COMMISSION</td>
<td>PHILIPPINE COMPETITION COMMISSION</td>
</tr>
<tr>
<td>STATEMENT OF FINANCIAL PERFORMANCE - DETAILED</td>
<td>STATEMENT OF CASH FLOW</td>
</tr>
<tr>
<td>Fund 01</td>
<td>For the Year Ended December 31, 2019</td>
</tr>
<tr>
<td>(In Philippine Peso)</td>
<td>(In Philippine Peso)</td>
</tr>
<tr>
<td>For the Year Ended December 31, 2019</td>
<td>Fund 01</td>
</tr>
</tbody>
</table>

### Total Current Operating Expenses

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
<th>As Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>372,779,068.33</td>
<td>323,540,123.50</td>
<td></td>
</tr>
</tbody>
</table>

### Surplus (Deficit) from Current Operations

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
<th>As Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>(292,866,233.47)</td>
<td>(279,818,306.79)</td>
<td></td>
</tr>
</tbody>
</table>

### Financial Assistance/Subsidy from NGAa, LGUs, GOCCs, Assistance and Subsidy

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
<th>As Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>361,332,190.28</td>
<td>389,573,818.95</td>
<td></td>
</tr>
</tbody>
</table>

### Subsidy from National Government

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
<th>As Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>361,332,190.28</td>
<td>389,573,818.95</td>
<td></td>
</tr>
</tbody>
</table>

### SURPLUS (DEFICIT) FOR THE PERIOD

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
<th>As Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>68,465,856.81</td>
<td>109,755,512.16</td>
<td></td>
</tr>
</tbody>
</table>

## Cash Flows From Operating Activities

### Cash Inflows

- Receipt of Notice of Cash Allocation: 482,634,855.21
- Collection of Income/Revenues: 79,721,012.85
- Collection of Receivables: 35,962,63
- Trust Receipts: 905,328.28
- Other Receipts: 5,169,747.44
- Adjustments: 568,295.58

### Total Cash Inflows: 569,015,201.99

### Cash Outflows

- Replenishment of Negotiated MDS Checks (for BTr): -
- Remittance to National Treasury: 85,089,531.24
- Cash Remitted for Withholding Taxes through TRA: 35,636,851.21
- Payment of Expenses: 259,985,987.84
- Purchase of Inventories: 394,788.89
- Grant of Cash Advances: 13,122,959.60
- Prepayments: 4,433,782.00
- Refund of Deposits: 7,631,459.83
- Remittance of Personnel Benefit Contributions and Mandatory Deductions: 10,986,800.05
- Release of Inter-Agency Fund Transfers: 10,505,781.25
- Release of Intra-Agency Fund Transfers: 10,525,781.25
- Other Disbursements: 873,108.95
- Release of Unutilized NCA: 121,048,562.20
- Adjustments: 70,579.93

### Total Cash Outflows: 566,300,821.87

### Net Cash Provided by (Used in) Operating Activities: 2,714,380.12

## Cash Flow from Investing Activities

### Cash Inflows

- -

### Cash Outflows

- Purchase/Construction of Property, Plant and Equipment: 2,373,449.26
- Total Cash Outflows: 2,373,449.26

### Net Cash Provided By (Used In) Investing Activities: (2,373,449.26)

### Increase (Decrease) in Cash and Cash Equivalents: 340,930.86

### Cash and Cash Equivalents, January 1: 1,609,137.54

### Cash and Cash Equivalents, December 31: 1,950,068.40