

**Prioritization of Competition Actions:
The Case of the Philippine Competition Commission**

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Thank you for the opportunity to speak at this event. I have been asked to discuss how the Philippine Competition Commission (PCC) prioritizes its enforcement and advocacy efforts to ensure effective action. As the head of a competition authority that is relatively new, allow me to share our country's experience in this important exercise.

First, let me briefly provide some context to our experience. The Philippine economy has recently been riding on a growth trajectory that is relatively high in comparison to its regional neighbors in Southeast Asia and to major emerging economies of the world. Average gross domestic product (GDP) growth rate of over 6 percent in the current decade is the highest seven-year average recorded by the Philippine economy in the last 40 years.

However, a somewhat more sobering picture is depicted when one takes a look at how the Philippines has fared with respect to different global competitiveness rankings. In the Global Competitiveness Report prepared by the World Economic Forum and in the Doing Business Report prepared by the World Bank Group, the Philippines' performance vis-à-vis the performance of our regional neighbors in Southeast Asia leaves much to be desired. Various studies point to government policies and regulations that have contributed to these longstanding inefficiencies in the market that hinder competitiveness and which act as binding constraints to sustainable growth.

The central socioeconomic policy challenge of the country, therefore, is sustaining the growth and making it more inclusive.

Through the game-changing passage of a comprehensive competition law, the PCC was established to protect and promote market competition. It is important to note that the PCC, being a relatively new competition authority and government agency, has limited resources and technical capacity. It is also faced with challenges such as low awareness among stakeholders such as consumers, businesses, and fellow government agencies. In light of these many constraints, it is of paramount importance that the PCC determine its priorities in order to be effective in fulfilling its mandate. Essentially, how could we do more with less?

To this effect, the first order of business was for the PCC to conduct a comprehensive review of the Philippine competition landscape in aid of evidence-based policymaking. We organized an independent, high-level Experts Review Team composed of an economist, lawyer and entrepreneur who have assessed the state of market competition in different sectors. Their output included: (1) identification of key industries with serious competition challenges; (2) an assessment of the form and probable magnitude of sectoral market inefficiencies; (3) an identification of areas for competition enforcement with a potentially large impact on consumer welfare; and (4) an identification of products and sectors with political-economy challenges for competition enforcement.

In order to make the exercise more rigorous, the PCC tapped into other peer reviewers who vetted and sharpened the findings of the experts in the independent team. The entire process gave the PCC a preview of binding constraints hampering market efficiency and allowed it to understand where its efforts may bear significant results. The review produced a paper that served as a key document used by the PCC in drafting the National Competition Policy Chapter of the Philippine Development Plan (PDP) 2017-2022.

Let me emphasize how significant this achievement is. I am proud to say that this is the first development plan in the country's socioeconomic planning history to have adopted a dedicated chapter on competition policy. The inclusion of this chapter adds a dimension to our development story as a country. The PDP 2017-2022 serves

as the country’s development blueprint which determines priorities for resource allocation and the policy direction of government agencies for the medium term and we intend to add “competition” as part of the vocabulary of our country’s economic managers.

Through the National Competition Policy Review and the inputs of other government agencies, the PDP identifies five priority sectors for competition analysis and enforcement in the medium term: **agriculture, manufacturing, power/electricity, telecommunications, and transportation/logistics.**

Considering that the Philippines is a developing country with a lower-middle income status, addressing the market inefficiencies in these priority sectors is hoped to substantially reduce poverty and inequality by lowering prices of essential goods and services for poor consumers, facilitating the improvement of product quality by way of process innovation and encouraging robust and fair market competition among small and large businesses.

Of course, while a plan is useful to frame one’s set of feasible courses of action, it must be complemented by other mechanisms which offer more utility in a dynamic and ever-changing policy and political environment.

In enforcing its competition mandate, the PCC may commence an investigation in three ways. First, the PCC may conduct an inquiry, investigate, and hear and decide

on cases involving any violation of the competition law *motu proprio*, or on its own impulse. Second, the PCC may proceed upon the receipt of a verified complaint filed by any interested party who is concerned about anticompetitive conduct in the market. Lastly, a concerned regulatory agency can refer to the PCC a case where an anticompetitive practice is present in its jurisdiction. These three mechanisms are additional safeguards which allow the PCC to consider cases which may not necessarily fall under the priority areas it has identified.

However, given these additional mechanisms, the PCC recognizes that it still faces constraints on its manpower and administrative capacity. Hence, it exercises prudence in setting its priorities and allocating its resources.

First, it assesses whether the case falls under its jurisdiction. This judgment hinges on the agency's interpretation of the competition law and its relationship with other line-agencies and sectoral regulators. Second, the PCC considers whether the case may be one of public interest. Broadly conceived, this can include cases which may potentially harm large segments of the population due to the widespread consumption of the product or cases which are politically sensitive. Third, the PCC considers the likelihood of a successful outcome of the case. We recognize that as a relatively new government agency, there is little appreciation for the benefits that robust competition can bring. By focusing on the "low-hanging fruits," the PCC can capitalize on its successes and more easily demonstrate the benefits of market competition vis-à-vis the harm of anticompetitive conduct. Lastly, the PCC must, of

course, consider the limits imposed by its administrative capacities. Indeed, there is much to prove to be worthy of the trust placed in us as the competition authority. We want the consumers to turn to us when abuses in the market are committed and when anti-competitive agreements weaken the people's purchasing power.

The passage of a comprehensive competition law in the Philippines and the establishment of the PCC could not have come at a more opportune time. The Philippines is currently beset with market inefficiencies amid the brisk growth propelling the economy forward in the country's pursuit of development.

Faced with limited resources and different constraints, the PCC has ensured that it has taken the appropriate steps and put in place the proper guidelines to set priorities for competition enforcement and analysis. Ultimately, this exercise is crucial in determining how to move forward in the agency's pursuit of fair market competition, in aid of sustaining and attaining inclusive economic growth.

Once again, thank you for having me, and I look forward to learning from the discussions we have ahead of us.