

OFFICE AT START

ANNUAL REPORT 2023

ABOUT THE THEME

Off to a Fast Start

The new leadership at the Philippine Competition Commission (PCC) hit the ground running in 2023. Amid rising food prices, the PCC pitched in to the whole-of-government approach to combat inflation as it conducted its first-ever dawn raid against an alleged onion cartel. To cover more ground, it established new investigation stations and laid down novel measures to regulate competition in the digital era. The agency also ramped up merger reviews as the economic recovery fueled dealmaking among businesses. With the recovery from the pandemic slowdown opening up new avenues for strategic partnership, the PCC kicked off its champions program, as well as policy dialogues with key regulators amid the rollout of the National Competition Policy.

As new challenges emerge alongside continuous efforts to address market inefficiencies, the PCC stands ready to promote and protect fair market competition.

© 2024 by the Philippine Competition Commission

All rights reserved. Any part of this publication may be used and reproduced, provided proper acknowledgment is made.

2023 PCC Annual Report: Off to a Fast Start

Published by:

Philippine Competition Commission
25/F Vertis North Corporate Center 1
North Avenue, Quezon City 1105
Philippines

queries@phcc.gov.ph
www.facebook.com/competitionph
www.x.com/competitionph
www.linkedin.com/company/competitionph
www.phcc.gov.ph

Printed in the Philippines

OFF TO

AHEAD

START

TABLE OF CONTENTS

2	Message from the Chairperson
4	The Commission
6	2023 at a Glance
8	Competition Enforcement
12	Merger Review
18	Policy and Economic Research
26	Advocacy and Capacitating Stakeholders
40	Building Institutional Capacities
54	Looking Ahead
58	Financial Statements
63	Office Directory

OUR ROLE

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 competition law in the country.

The enactment of the PCA and the creation of the PCC aim to promote economic efficiency and ensure fair and healthy market competition where everyone in the country can contribute to and benefit from economic development.

The PCC fosters a regulatory environment for market competition to:

- **Protect consumer welfare** by giving consumers access to a wider choice of goods and services at affordable prices; and
- **Promote a competitive business environment** and encourage market players to be more efficient and innovative.

VISION

The PCC aims to be a well-respected world-class authority in promoting fair market competition to enhance consumer welfare, advance trade, and foster inclusive and sustainable economic growth.

MISSION

The PCC shall promote economic development and enhance public welfare through free and fair market competition by prohibiting anti-competitive agreements, abuses of dominant position, and anti-competitive mergers and acquisitions, and by advocating for pro-competition policies.

The PCC has original and primary jurisdiction over the enforcement and implementation of the PCA and its Implementing Rules and Regulations. It is mandated to, among others:

- Review mergers and acquisitions;
- Investigate and adjudicate antitrust cases;
- Impose sanctions and penalties;
- Monitor competition-relevant interventions;
- Conduct, publish, and disseminate studies and reports on competition-related matters;
- Issue advisory opinions;
- Promote capacity building and the sharing of best practices with other competition-related bodies; and
- Advocate a pro-competition culture in government and among businesses.

MESSAGE FROM THE CHAIRPERSON



The road to a level playing field in business is not an easy one, but we at the Philippine Competition Commission (PCC) strive to pave the way for efficiency in our markets for the benefit of consumers. Last year, our organization set milestones in the implementation of Republic Act No. 10667 or the Philippine Competition Act (PCA), demonstrating our commitment to uphold the principles of fair market competition.

Conduct of first dawn raid

The PCC flexed its enforcement muscle amid allegations of collusive behavior behind higher inflation, particularly in agricultural markets. Through our Competition Enforcement Office, we conducted our very first dawn raid pursuant to the Supreme Court's Rules on Administrative Search and Inspection, which operationalized a key provision of the PCA for stronger enforcement of the law. The dawn raid was useful in our investigation and allowed us to deploy state-of-the-art digital forensic extraction and processing tools and software.

We also launched our instrument for detecting bid rigging called BiRST or Bid Rigging Screening Tool. This is an important step in addressing the public's long-standing clamor to eradicate irregularities in government procurement activities. The BiRST will help investigators identify potential bid rigging activities and create a comprehensive and reliable database of public procurement projects to ensure accountability and transparency in government bidding. The launch of the BiRST involved key government agencies in what will become a whole-of-government effort to address the scourge of bid rigging.

To expand PCC's enforcement reach, we opened new investigation and collaboration stations, or i-Stations, in Davao and Cebu. These new i-Stations enhance our existing network in Baguio and Legazpi. With its presence in major hubs of the country, the PCC can coordinate better with regional offices of partner government agencies in our efforts to understand market behavior and enforce the law.

Expedited merger reviews

As the Philippine economy's recovery encouraged businesses to enter into merger agreements, our Mergers and Acquisitions Office reviewed 24 notifications worth over ₱609 billion in 2023. We also initiated a *motu proprio* review of a transaction that has not breached the notification threshold but poses potential competition concerns. To expedite the merger review process, we acted

on 46 requests for letters of non-coverage from compulsory notification and 29 pre-notification consultations. The Commission approved 24 transactions spanning industries such as financial and insurance activities, information and communication, real estate, manufacturing, and administrative and support services.

In keeping up with the challenge of enforcing the PCA in the digital era, we released the Guidelines for the *Motu Proprio* Review of Mergers and Acquisitions in Digital Markets. This document helps businesses prevent potential competition issues that may arise from mergers or acquisitions in digital markets.

Affecting the policy environment

Recognizing that competition law enforcement can only go so far when the policy environment is weighed down by decades-old market-distorting rules and regulations, the PCC sustained its engagement with other government agencies in the implementation of the National Competition Policy (NCP). The NCP—which entered its second year of rollout in 2023—provides the framework for aligning disparate government rules and regulations with competition principles, thereby facilitating the enforcement of competition law. As part of the NCP implementation, we conducted competition impact assessments or CIAs on the animal feeds industry, and on government memoranda on unlocking mobile phones to allow for switching between networks.

A milestone in our efforts to implement the NCP was the start of meaningful discussions with regulatory bodies such as the Department of Information and Communications Technology and the National Telecommunications Commission. Through our partnership with the National Economic and Development Authority, we had a better understanding of market-distorting rules and regulations in the telecommunications sector—a crucial industry in the era of digitalization—and how to address them. This is an important signal not only to regulators in other equally important sectors, but also to the business community, that competition law and policy is relevant to pursuing a sustainable and inclusive economy.

But we cannot make the policy environment competition-friendly if we stop at administrative rules and regulations. On the legislative front, the PCC made its voice heard in the 38 position papers submitted to the Senate and House of Representatives, and in the 89 congressional hearings that our Legislative Liaison Office attended. Furthermore, since rigorous research is the bedrock of sound policy, our Economics Office completed six market studies in the television, e-commerce, advertising, education, health, and pharmaceutical sectors.

Last but not least, on policy advocacy, we sustained our initiatives on the demand side by organizing and conducting 47 advocacy and capacity-building activities for stakeholders, ranging from

trade associations to the academe. Through our Communications and Knowledge Management Office, we kicked off our Champions of Competition Program, harnessing our network of partners in the business and academic communities to push the competition agenda and lay the groundwork for further reform of the policy environment.

Institutionalizing excellence

All of our efforts would not have been possible if we did not continue to invest in building the institutional ramparts of the PCC. In pursuit of our vision to become a world-class competition agency, we took steps to improve our human capital infrastructure. As a result, the PCC was conferred the Program to Institutionalize Meritocracy and Excellence in Human Resource Management (PRIME-HRM) Bronze Award by the Civil Service Commission for substantially meeting Maturity Level 2 or the status of having process-defined human resource management. Likewise, we sustained the credibility of our office operations through the maintenance of our ISO certification.

Enhancing enforcement and advocacy efforts for inclusive economic growth

The old adage, “hard work will be rewarded by more work,” fuels our desire to serve our country further and better in 2024. For the following year, we are working towards strengthening our detection, investigation, and prosecution activities. We aim to scale up our merger review activities following an adjustment in the merger notification thresholds. We also plan to increase our stakeholders’ understanding, appreciation, and competence on competition law and policy through the Strategic Policy Dialogue with sector regulators, the Champions of Competition Program for market players, and the release of the toolkit on competition compliance programs. These initiatives are part of our commitments under the new Philippine Development Plan.

We remain steadfast in upholding our core values of professionalism, excellence, integrity, and independence in our quest to promote and protect fair market competition. We are one with the nation in putting in the work for sustainable and inclusive growth by ensuring businesses compete and consumers benefit. ■

MICHAEL G. AGUINALDO

THE COMMISSION



CHAIRPERSON MICHAEL G. AGUINALDO

Chairperson Aguinaldo is a lawyer with extensive legal, governance, and administrative expertise from decades of professional experience as a private law practitioner, government official, and law professor.

Prior to his appointment to the PCC in 2023, Aguinaldo was the Chairperson of the Commission on Audit (COA) from 2015 to 2022. Concurrent as COA chairperson, he was an elected member of the Governing Board of the Asian Organization of Supreme Audit Institutions (ASOSAI), chairperson of the Working Group on Public Debt of the International Organization of Supreme Audit Institutions, vice chairperson of the Training Committee of the ASEAN Supreme Audit Institutions, and board member of editors of the ASOSAI Asian Journal of Government Audit. He also served as Deputy Executive Secretary for Legal Affairs in the Office of the President from 2011 to 2015.

In the private sector, Aguinaldo was a partner and member of the Executive Committee of the Romulo Mabanta Buenaventura Sayoc & de los Angeles law firm. He also worked at the De Borja Medialdea Ata Bello Guevara and Serapio Law Office and was a faculty member of the Ateneo de Manila University School of Law.

Aguinaldo obtained his Juris Doctor degree from the Ateneo de Manila Law School in 1992 and ranked 7th in the 1992 Philippine Bar Examinations. He earned his master's degree with special concentration in International Economic Law from the University of Michigan in 1997. ■



COMMISSIONER MARAH VICTORIA S. QUEROL

Prior to joining the PCC in 2022, Commissioner Querol was Senior Deputy Executive Secretary, with rank of Secretary, at the Office of the President. As a technocrat, she rose through the ranks—as a technical assistant in 2010 to Undersecretary in 2016-2022. Having served under two Presidents, Querol played an instrumental role in crafting key policies of the past two administrations.

In 2022, Querol was conferred the Order of Lapu-Lapu with the rank of Magalong for her invaluable contributions to the public.

She is backed by experience in the public sector, economics, business, and law. She obtained her Juris Doctor and Master of Business Administration degrees at the Ateneo de Manila University, and her Economics degree at the University of the Philippines Diliman. ■



COMMISSIONER MICHAEL B. PELOTON

Prior to joining the PCC in 2022, Commissioner Peloton had 17 years of experience in private law practice. He was a Constitutional Law professor at the Ateneo de Davao University and an Information Technology professor at the University of Immaculate Conception.

He previously served the government in various capacities as board director of a government-owned or -controlled corporation (GOCC), technical assistant, and consultant at the Office of the President. He was also an overseer of the Insurance Commission.

Peloton earned his Bachelor of Laws and Bachelor of Science in Computer Science degrees at the Ateneo de Davao University. ■



COMMISSIONER LOLIBETH RAMIT-MEDRANO

Commissioner Ramit-Medrano, who joined the PCC in 2023, has extensive experience in government service with expertise on intellectual property (IP), public policy and administration, international trade negotiations, international cooperation, and legislative affairs. Her 24-year public service record spans different technical and leadership roles, previously as Undersecretary of the Office of the President. Prior to that, she was the director of the Bureau of Patents at the Intellectual Property Office of the Philippines (IPOPHL), where she received the 2020 Presidential Gawad Career Executive Service (CES) Award for her exemplary performance in government service.

Medrano graduated cum laude with a degree in Public Administration from the University of the Philippines Diliman and obtained her Juris Doctor degree from San Beda University College of Law. She earned her Master's Degree in Politics and Public Policy as an Australian Development Scholar at Macquarie University in Sydney, and Master of Laws specializing in Intellectual Property at the Ateneo de Manila University School of Law.

Medrano completed advanced courses and programs on IP and trade offered by the World Intellectual Property Organization (WIPO) and the World Trade Organization (WTO) in Geneva, Switzerland. She served as the first chairperson of the ASEAN Industrial Design Task Force. She was also a member of the Supreme Court Sub-Committee for the Revision of the Rules of Procedure for the Intellectual Property Rights Cases. She is a law professor of IP courses at the Ateneo de Manila Law School, San Beda Alabang College of Law, and UP Open University. ■



COMMISSIONER FERDINAND M. NEGRE

Commissioner Negre is backed by expertise in law and business, being a legal educator, intellectual property (IP) law expert, and certified public accountant.

Before joining PCC, he was the dean at the Manuel L. Quezon University School of Law and the chairperson of the Commercial Law and IP Department of the Ateneo de Manila University School of Law. He remains as an active professor and faculty member at the Ateneo Law School. He is a founding partner of Bengzon-Negre-Untalan Law where he handled IP cases, was a member of the Supreme Court Sub-Committee on Special Rules in IP Cases, and served as an examiner for Mercantile Law in the 2014 Philippine Bar Examinations. He was also the president of the Licensing Executives Society of the Philippines, corporate secretary of the Philippine Franchise Association, and corporate counsel of the Philippine Retailers Association.

Negre obtained his Bachelor of Science Degree in Commerce, Major in Accounting from the University of Sto. Tomas, a Juris Doctor degree from the Ateneo de Manila University School of Law, and a Master of Intellectual Property from Pierce University in New Hampshire, USA. He attended a Post-Graduate Scholarship Program on Intellectual Property jointly offered by the Munich Intellectual Property Law Center in Germany and the Queen Mary Intellectual Property Research Institute in London. He recently completed a Post Graduate Diploma Program on Economics for Competition Law at King's College London. ■

2023 AT A GLANCE



Enforcement

- 3** full administrative investigations (FAIs) commenced; **3** FAIs completed
 - 2** verified complaints received and processed
 - 6** *motu proprio* preliminary inquiries (PIs) commenced; **3** PIs completed
 - 8** initial assessments completed
 - 11** non-adversarial proceedings commenced
 - 1** statement of objections filed
 - 711** queries and complaints addressed
-



Merger Review

- 24** notifications received
- Over ₱609 billion** combined worth of transactions received
- 24** transactions approved
- 1** *motu proprio* case initiated
- 46** requests for letters of non-coverage acted upon
- 29** pre-notification consultations conducted



Policy Advocacy

6 market studies completed

2 competition impact assessments (CIA) and full-scale policy reviews concluded

89 Congressional hearings attended

39 position papers submitted to the Senate and House of Representatives

47 advocacy and capacity-building activities conducted



Institution Building

200 out of 244 plantilla positions filled

113 learning and development events attended

2 i-Stations established



Bronze award received for Program to Institutionalize Meritocracy and Excellence in Human Resource Management (PRIME-HRM) from the Civil Service Commission (CSC)

COMPETITION ENFORCEMENT

Competition law enforcement marked new milestones in 2023 to contribute to the country's path to post-pandemic economic recovery.

In 2023, the Competition Enforcement Office (CEO) filed a statement of objections (SO) against entities in the glass industry; issued 19 show cause orders against entities whose conduct raised competition concerns; launched three preliminary inquiries that proceeded to full administrative investigations (FAIs); and acted on 711 queries and complaints from various stakeholders. It also initiated non-adversarial remedies (NARs) to 11 entities to address problematic conduct.

The CEO probed possible collusive conduct behind the sudden increase in prices of agricultural products. Part of these efforts included the conduct of the PCC's first dawn raid against onion traders suspected of collusive supply and price manipulation. Using digital tools, the PCC uncovered information crucial for its case build-up.

To further strengthen its enforcement capacity, the PCC launched its Bid Rigging Screening Tool (BiRST), a program designed to detect possible collusion in government procurement projects by analyzing bid data for suspicious patterns. The launch brought together several government agencies mandated to monitor public procurement, including the Commission on Audit (COA), Office of the Ombudsman (OMB), National Bureau of Investigation (NBI), Department of Justice (DOJ), Philippine Government Electronic Procurement System (PhilGEPS), Government Procurement Policy Board (GPPB), and Procurement Service-Department of Budget and Management (PS-DBM). Slated for pilot testing among select government agencies in 2024, the BiRST is a valuable addition to PCC's investigation arsenal, which also includes a digital forensic laboratory that proved useful in the investigation of an alleged onion cartel. ■

First dawn raid conducted in onion cartel probe

The Competition Enforcement Office (CEO) conducted a dawn raid in September in line with an investigation of entities linked to the surge in onion prices last year.

A dawn raid, which is also called an administrative search and inspection, is an investigative tool that allows the PCC to search and copy information from a suspected violator of the Philippine Competition Act (PCA) or other competition laws. This marks the first time that the PCC exercised this enforcement tool since the Supreme Court approved in 2019 the Rules on Administrative Search and Inspection, which operationalized a key provision of the PCA.

The CEO has been looking into the alleged onion cartel since November 2022, or before the price of the farm product peaked at around ₱600 a kilo a month later. As the competition watchdog, the PCC was subsequently tapped by the House of Representatives to participate in the months-long Congressional probe of onion market players. With the additional information gathered during its investigation, the PCC found sufficient basis to conduct the dawn raid. Information gathered from the dawn raid may be used as evidence to file a case before the Commission.

Under Admin. Matter. No. 19-08-06-SC, the PCC must apply for an inspection order before special commercial courts to conduct a dawn raid. For the inspection order to be signed, the judge must first examine the basis of the application, which may be the PCC or its witnesses, or facts based on 1) applicants' or witnesses' training and/or experience; 2) authentic records; 3) verifiable data; or 4) economic analysis.

The PCC deployed its digital forensics capability during the dawn raid. While other law enforcement agencies perform offsite digital forensic examination, the PCC was able to execute onsite examination, extraction, and copying of digital files. Agents from the National Bureau of Investigation were deputized to assist in the execution of the raid. ■





PCC Competition Enforcement Office Director IV Christian Loren B. De Los Santos (leftmost) with representatives from the COA, NBI, DOJ, OMB, PS-DBM, and PhilGEPS.

Bid rigging detection tool launched

The PCC launched its in-house bid screening mechanism called Bid Rigging Screening Tool (BiRST) to proactively detect bid manipulation.

The BiRST is a program that processes bid data to uncover patterns and red flags that indicate possible bid rigging. Using procurement data, the program will assess a procurement project based on a number of criteria, such as number of participating bidders, bid outliers, bid price similarities, and mode of procurement, among others. These criteria were adopted based on the experiences and best practices of competition agencies abroad. Suspicious tenders will then undergo further scrutiny by the PCC.

The PCC held the launch alongside a seminar-workshop on detecting and prosecuting bid rigging. Representatives from the Competition and Consumer Commission of Singapore, the Hong Kong Competition Commission, and the World Bank tackled various forms of bid rigging and ways of detecting them. Workshop participants received first-hand experience and practical, hands-on learning exercises in using the BiRST.

The seminar gathered participants from different government agencies, namely the Commission on Audit (COA), National Bureau of Investigation (NBI), Department of Justice (DOJ), Office of the Ombudsman (OMB), Procurement Service-Department of Budget and Management (PS-DBM), and Philippine Government Electronic Procurement System (PhilGEPS). ■



PCC Competition Enforcement Office Director III Genevieve E. Jusi

US FTC shares insights on interim measures and other best practices

Investigators and case handlers from the PCC have received gainful trainings on competition law enforcement and case management from their US counterparts.

On April 3, United States Federal Trade Commission (US FTC) Senior Lawyer Eric Edmondson and Counsel for Southeast Asia and Middle East Timothy Hughes shared their expertise with PCC case managers on the application of antitrust interim measures. Interim measures are temporary sanctions that may be imposed while investigations are ongoing. In the US, preliminary injunction is the primary interim measure that plaintiffs use pending a trial. This prevents antitrust defendants from causing irreparable harm to competition during litigation.

Navigating the similarities and differences in competition laws between the Philippines and the US, Edmondson and Hughes shared with PCC their broad experience on how the FTC has used preliminary injunctions.

On September 6-8, the PCC, in partnership with the US FTC and the US Agency for International Development (USAID) Manila, conducted the ASEAN Regional Workshop on Unilateral Exclusionary Conduct to equip competition

investigators with the framework to determine possible exclusionary practices.

In the workshop, speakers from US FTC and US Department of Justice gave lectures on how exclusionary practices are identified and discussed, and how they applied different tools in their own cases. The event gathered attendees from the PCC and its counterparts in Malaysia, Vietnam, Thailand, Singapore, and Indonesia, and the ASEAN Secretariat. They participated in learning-by-doing exercises regarding the application of the method in actual cases.

Then, a dialogue on December 1 between PCC case handlers and Markus Meier, Acting Director of the US FTC's Bureau of Competition, further enriched the exchange of best practices. Meier shared insights from the US FTC's investigation into anti-competitive practices within the healthcare industry, particularly concerning anesthesia providers in Texas, where high prices stemming from a multi-year price-fixing scheme adversely affected patients.

By leveraging international expertise and exchanging knowledge, the PCC aims to strengthen its enforcement capabilities and promote fair competition across sectors. ■





MERGER REVIEW

With the rebound from the economic slowdown in full swing, more companies sought to adopt strategies to grow their businesses—mergers and acquisitions (M&As) included. This translated to an increase in notifications subject to PCC review.

The Mergers and Acquisitions Office (MAO) of the PCC received 24 M&A notifications, altogether worth over ₱609 billion, in 2023. The sectors with the most transactions were real estate activities, followed by information and communication, electricity, gas, steam, and air-conditioning supply, administrative and support services, manufacturing, finance and insurance activities, mining and quarrying, and wholesale and retail trade.

Last year, M&As that breached a size of party (SoP) of ₱7 billion and a size of transaction (SoT) of ₱2.9 billion were required to be notified to the PCC for merger review. The Commission's merger review thresholds are reviewed annually and adjusted, if needed, to keep pace with the changes in the markets and to reflect the businesses' real value over time, relative to the size of the economy.

Despite the notification thresholds, the PCC is mandated to undertake *motu proprio* review of transactions that fall below the prevailing thresholds if the agency finds reasonable grounds that these will likely substantially prevent, restrict, or lessen competition in the market. In 2023, three transactions proceeded to Phase II review, one of which was subjected to *motu proprio* review, while the other two were notified to the Commission.









As part of efforts to streamline the merger review process, a major government infrastructure project became the pilot for the PCC's procedure exempting solicited projects undertaken through a public-private partnership (PPP) from compulsory merger notification. In 2023, the Department of Transportation, in coordination with the Asian Development Bank and Manila International Airport Authority, sought the help of the PCC in securing a certificate of project exemption (CPE) for the rehabilitation, operation, expansion, and transfer of the Ninoy Aquino International Airport. This reflects PCC's commitment to fostering a more efficient and conducive environment for public-private collaborations, with a view to streamline processes and minimize bureaucratic barriers when reviewing transactions.

Besides transactions that involve solicited PPP projects, the MAO also acts upon requests for confirmation of transactions which are exempt from compulsory notification. In 2023, the MAO acted upon 46 letters of non-coverage (LNCs) from compulsory notification. These LNCs pertain to transactions that do not meet the notification thresholds or involve internal restructuring, consolidation of ownership, or land acquisitions pursued not to obtain control.

To expedite planned M&As, the PCC also holds pre-notification consultations (PNCs), allowing merging parties to better understand the regulatory landscape, identify potential issues early on, and collaborate with the competition authority to address concerns. These ultimately facilitate a smoother and more efficient merger review process. In all, the MAO conducted 29 PNCs last year.

Acknowledging the shifting paradigm in regulating markets in the digital era, the PCC issued the Guidelines for the *Motu Proprio* Review of Mergers and Acquisitions in Digital Markets in August of last year. These guidelines serve as a crucial framework, enabling the PCC to navigate the complexities of digital transactions, while upholding the principles of competition and consumer welfare. ■

2023 total transaction value per sector and number of notifications received

Sector	No. of Notifications	Sum of Transaction Value (in ₱)
 Real estate activities	7	270,168,273,632
 Manufacturing	2	105,267,043,000
 Electricity, gas, steam, and air-conditioning supply	5	72,544,909,506
 Information and communication	5	64,497,748,447
 Administrative and support services	2	36,750,331,110
 Financial and insurance activities	1	35,391,400,082
 Wholesale and retail trade	1	14,850,387,729
 Mining and quarrying	1	10,474,310,517
TOTAL	24	609,944,404,023

List of transactions decided in 2023

Transaction No.	Notifying Parties
M-2022-002	Phil-Tower Consortium Inc.; Globe Telecom, Inc.
M-2023-001	Bank of the Philippine Islands; Robinsons Bank Corporation
M-2023-002	Bank of Ayudhya Public Company Limited and MUFG Bank, Limited; HC Consumer Finance Philippines, Inc.
M-2023-005	Unity Digital Infrastructure, Inc.; Smart Communications, Inc. and Digitel Mobile Philippines, Inc.

Cumulative transaction value per sector and number of notifications (as of 31 December 2023)

Sector	No. of Notifications	Sum of Transaction Value (in ₱)
Manufacturing	57	1,708,033,419,660.81
Financial and insurance activities	46	1,028,310,368,936.49
Real estate activities	44	928,480,237,734.02
Electricity, gas, steam, and air-conditioning supply	37	888,010,471,896.03
Transportation and storage	24	301,413,150,810.31
Wholesale and retail trade; repair of motor vehicles and motorcycles	23	203,584,994,460.64
Administrative and support services	13	166,647,211,518.48
Information and communication	13	173,583,018,447
Human health and social work activities	6	100,286,971,114
Accommodation and food service activities	5	9,680,265,080
Water supply, sewerage, waste management and remediation activities	5	154,737,297,873
Agriculture, forestry and fishing	5	9,452,108,205
Education	4	15,603,035,949.68
Mining and quarrying	4	111,560,711,689.20
Construction	3	57,545,013,784
GRAND TOTAL	289	5,856,928,277,158.66

Call for comments: tapping into the wisdom of crowds

Recognizing the importance of consumer welfare in evaluating competition concerns, the PCC has issued calls for comments to tap into the wisdom of crowds, thereby ensuring a thorough analysis of merger transactions.

This approach proved instrumental last year in the review of transactions, such as the proposed merger of BancNet, Inc. (Bancnet) and Philippine Clearing House Corporation (PCHC), the proposed acquisition by Robinsons Retail Holdings, Inc. (RRHI) of Rose Pharmacy, Inc., and the proposed acquisition by PLDT of Sky Cable—all instances of which stakeholder feedback helped shed light on potential competition concerns.

As an example, the PCC Mergers and Acquisitions Office (MAO) sought the public's opinion through a call for comments during the Phase II review of the Bancnet-PCHC transaction, which initially came under the agency's radar following the parties' submission of a letter of non-coverage (LNC) from compulsory notification. The MAO considers information gathered from the call as a significant source of insight into the determination of relevant markets, contributing to a more robust merger assessment.

As a result, the transacting parties were compelled to offer commitments to address competition concerns, ultimately leading to the merger's clearance. This proactive engagement with stakeholders underscores the PCC's commitment to foster transparency and create more efficient and competitive markets. ■

New guidelines for *motu proprio* review of digital market M&As

Given the unique challenges posed by the emerging digital landscape, the PCC published the Guidelines for the *Motu Proprio* Review of Mergers and Acquisitions in Digital Markets in August of last year.

This issuance intends to guide companies on potential competition issues arising from mergers and acquisitions (M&As) in the digital market. Its provisions include:

1. **Transparency and Engagement:** The guidelines emphasize the importance of transparency and encourage stakeholders to engage with the PCC throughout the review process. By fostering open dialogue and collaboration, the PCC aims to ensure that its decisions are informed by a comprehensive understanding of market dynamics.
2. **Assessment Criteria:** The guidelines provide detailed criteria for assessing the potential effects of M&As in digital markets. These criteria consider factors such as market concentration, barriers to entry, and the impact on consumer choice and innovation.
3. **Market Definition:** Given the dynamic nature of digital markets, the guidelines recognize the need for flexible and nuanced approaches to market definition. The PCC will consider a range of factors, including the substitutability of products or services, the presence of network effects, and the role of data and intellectual property rights.
4. **Remedies and Mitigation Measures:** In cases where a merger or acquisition is found to restrict competition, the guidelines outline the types of remedies and mitigation measures that may be imposed. These measures are designed to address the specific harms identified by the PCC while minimizing the adverse effects on market efficiency and innovation.

Moving forward, the PCC will continue to monitor developments in the digital economy and update its regulatory framework to ensure that it remains effective in addressing emerging competition challenges. ■

Best practices in PH merger review feted in international conference

The PCC shared its expertise on merger control in the Concurrences conference themed “Antitrust in Asia: One Size Fits All?” held last October 26 in Hong Kong.

Mergers and Acquisitions Office Assistant Director Michael Kris Ben Herrera served as a panelist in the session titled “Merger Control: New Challenges Across Asia-Pacific,” joining Yan Yu of economics consultancy RBB Economics and Emanuela Lecchi of University of Dundee, with Dayu Man of Clifford Chance law firm as moderator.

Discussing Philippine merger control trends, Herrera said notification thresholds serve as an important screening tool to determine which transactions will require the intervention of competition agencies.

Herrera also shared that conglomerates in the Philippines are often family-owned businesses that expand in different sectors. Thus, in merger reviews, the PCC considers the level of control and influence that top executives exert over subsidiaries of merging parties as well as entities in other related industries.

He likewise shed light on the agency’s approaches in competition and merger concerns, particularly in keeping an open line of communication with parties in transactions and through the recent publication of guidelines on the *motu proprio* review for mergers and acquisitions in the digital sector. ■



PCC Mergers and Acquisitions Office Director III
Michael Kris Ben T. Herrera

Promoting efficient restructuring in healthcare markets

Even as the COVID-19 pandemic recedes into Filipinos' memories, the PCC has maintained its vigilance amid ongoing restructuring in the health markets, especially given the high cost of healthcare solutions in the country.

Last October, the PCC terminated its *motu proprio* review of Robinsons Retail Holdings, Inc.'s acquisition of Rose Pharmacy, Inc. The review was aimed at assessing potential competition concerns in various markets, including retail pharmaceuticals in specific areas. While uncertainties as to the competitive impact of the transaction on retail of pharmaceutical products in certain catchment areas persisted due to insufficient data, the PCC was constrained to terminate its assessment of the transaction upon the lapse of the reglementary period for review.

In another case, the PCC approved the proposed acquisition by AIA Philippines Life and General Insurance Company Inc. of MediCard Philippines

Inc. Despite previous concerns about potential market dominance, the PCC determined that the takeover would not substantially lessen competition in the markets for individual and group health or medical coverage. This decision was based on the continued presence of other health plan companies offering similar services, which effectively constrained the merged firms' competitive position. Customers' ability to switch easily between providers and their significant bargaining power further contributed to maintaining market efficiency.

These merger reviews underscore the PCC's pivotal role in ensuring the orderly structuring of markets in the health sector. By diligently assessing competition concerns and soliciting public input through mechanisms like calls for comments, the PCC contributes to creating more efficient and competitive markets that ultimately benefit consumers and promote economic growth. ■

POLICY AND ECONOMIC RESEARCH

Undertaking research to understand markets strengthens the agency's enforcement and policy reform initiatives. Research likewise provides the insights used in educating the public and advising other government agencies on the competitive implications of their actions, policies, and programs.

In 2023, the PCC, through its Economics Office (EO), conducted six market studies focusing on the television, e-commerce, pharmaceutical, health, and education sectors. Additionally, seven staff research projects were completed covering various industries. On policy review, the EO also carried out two competition impact assessments (CIAs) to evaluate the repercussions of government policies and actions on market competition, specifically in the areas of mobile phone unlocking, and livestock and poultry feeds.

The EO also launched the Strategic Policy Dialogue (SPD), which is an initiative to establish an institutional mechanism for engaging sector regulators in discussions regarding PCC market study findings and recommendations for competition policy reform. This leverages PCC's knowledge products in support of the National Competition Policy. In 2023, the EO organized SPDs with the National Economic and Development Authority (NEDA) in October, and with the Bureau of Animal Industry (BAI) and the Department of Trade and Industry (DTI) in December. ■

Meeting of the minds on digital markets policy reform

On October 6, the PCC, National Economic and Development Authority (NEDA), Department of Information and Communications Technology (DICT), and National Telecommunications Commission (NTC) convened to discuss actions and recommendations for well-crafted policies that encourage healthy competition in the digital sector as part of the Fostering Digitalization through the National Competition Policy (NCP) Project. The project, co-led by NEDA and PCC, aims to enable digitalization as an instrument for cultivating a culture of competition in markets.

The meeting delved into recommendations for leveraging digitalization to create a more competitive environment. Discussions also centered on refining policies for conducting competition impact assessments (CIAs), which are crucial tools that allow sector regulators to evaluate the impact of their policies and actions on market competition, such as impediments to trade, potential anti-competitive behavior, and limitations on consumers' right to information and choice. By employing CIAs, the PCC and NEDA can effectively identify and amend policies and regulations that hinder competition.

As part of this initiative, the DICT and NTC conducted CIAs on policies that affect competition in digital terrestrial television broadcasts, in the construction of common telecommunication towers, in cloud services, and in value-added services. Both agencies presented the results of these CIAs and their recommendations during the project's culminating activity on November 6. ■



Images courtesy of NEDA.



PCC Executive Director Kenneth V. Tanate (eighth from right) joins current NEDA Undersecretary Krystal Lyn T. Uy (ninth from right), and other representatives of the PCC and NEDA in the meeting.



PCC Chairperson Michael G. Aguinaldo (second from left) and PCC Economist Edgardo Manuel M. Jopson (rightmost) with speakers from the United States Agency for International Development (USAID).

Rethinking spectrum management for competition

The PCC and the United States Agency for International Development (USAID), through the Better Access and Connectivity (BEACON) Project, jointly organized a seminar titled “Unlocking the Power of Spectrum: An Introduction to Spectrum Management” on April 14. Key officials from relevant government agencies, such as the Department of Information and Communications Technology (DICT) and the National Telecommunications Commission (NTC), as well as members of the academe, attended the forum.

The seminar was aimed at introducing the importance of spectrum management policy and global best practices, and provided an overview of the existing regulatory framework for the management of spectrum in the Philippines. Spectrum management is the process of regulating radio frequencies to promote their efficient use and to maximize net social gains. It plays a crucial role in providing various wireless communication services to consumers, especially social media, e-commerce, and ride-hailing facilities. However, present rules on spectrum management in the country continue to be governed by the Radio Control Law, a 1931 Commonwealth Act that did not yet contemplate the rise of wireless communication. In the Philippines, the NTC is tasked with maintaining a responsive regulatory environment for an effective information and communication technology (ICT) sector.

The highlight of the forum was the presentation of a market study on spectrum management produced by the PCC’s Economics Office. The study assessed the wireless spectrum market through analysis of relevant laws and issuances, such as the Public Telecommunications Act of 1995 (Republic Act No. 7925) and the NTC Memorandum Circular 03-03-1996, complemented by interviews with key

stakeholders. The study revealed potential issues with previous and current spectrum allocation practices in the Philippines, such as duopoly concerns, fragmented spectrum, scattered policies, and limited market entry, among others.

Based on the study, there is an opportunity to improve spectrum management in the country by contributing to the development of competition criteria for spectrum assignment; monitoring of merger control, anti-competitive agreements, and abuse of dominance, if any; monitoring of movements in spectrum rights; and the provision of policy advice to relevant government agencies. The key recommendation was for NTC to adopt a market-based approach to spectrum assignment, and the charging of spectrum license fees.

Other recommendations included the crafting of a spectrum management framework with clear and measurable standards for the use of spectrum, encouraging network investment through transparent and predictable license renewals, and institutionalizing competitive assessment of movements in spectrum rights, in a way that harmonizes existing socioeconomic development goals with the National Broadband Plan.

Addressing the attendees, PCC Chairperson Michael G. Aguinaldo said that there is a need for effective collaboration with key organizations toward a competitive spectrum industry: “One of the thrusts of the seminar is to reiterate the PCC’s request for a role in crafting a new spectrum management regime—as this would aid the technical expertise of our colleagues from the NTC, the DICT, and the Anti-Red Tape Authority with economic and antitrust expertise. This balance of knowledge would undoubtedly serve the best interests of both our government and consumers.” ■

Partnering for a level playing field: policy dialogue with sector regulators

On December 4, the PCC's Economics Office (EO) conducted a strategic policy dialogue (SPD) and a market study validation meeting with the Department of Trade and Industry (DTI) in Makati. PCC Commissioner Marah Victoria S. Querol presided over the SPD, while Undersecretary Mary Jean Pacheco led the DTI contingent. The meeting was aimed at discussing the results and findings of the PCC's market study on e-commerce and explore possible collaboration between the two agencies in crafting guidelines, rules, and regulations affecting competition in the digital economy.

The PCC's e-commerce market study, which focused on the relationship between platforms and third-party online sellers, can be summarized as follows:

- Competition in the sector, particularly among major players, remains aggressive despite the presence of dominant players in segments like food delivery and general online retail.
- There are no compelling indications of anti-competitive practices by online platforms or third-party sellers. Pricing is primarily influenced by input and operational

costs rather than unilateral impositions by platforms. However, further inquiry should be made to assess the presence and degree of brand exclusivity agreements and price parity clauses.

- Barriers to successful entry and expansion contribute to the Philippines' low level of e-commerce readiness compared to neighboring countries, stemming from factors such as regulatory deficiencies, and limited knowledge among micro, small, and medium enterprises (MSMEs) regarding starting an online business, accessing loans and other assistance, and growing their online presence.

The EO recommended expediting the passage of crucial bills like the Internet Transactions Act (ITA), which aims to establish the E-Commerce Bureau, and the Open Access in Data Transmission Act.

For its part, the DTI validated most of the findings and offered valuable feedback, especially concerning the policies governing the e-commerce sector. They recommended adopting the definitions and concepts outlined in the ITA which was enacted into law on December 4. ■



PCC Economics Office Acting Director IV Kirsten J. Dela Cruz (third from left) with representatives from the Bureau of Animal Industry and PCC.



PCC Commissioner Marah Victoria S. Querol (7th from left) with representatives from DTI and PCC.



Market Studies

E-commerce Market Study: The Relationship between Platforms and Third-Party Sellers



The study on the Philippine e-commerce sector has three key findings: intense competition among major players, presence of barriers to entry and expansion, and lack of evidence to support claims of anti-competitive practices. The nature of digital technology requires an updating of the regulatory environment; thus, to adapt to rapid changes in digital technology, the study team recommends expediting the passage of crucial bills like the Internet Transactions Act (ITA) and the Open Access in Data Transmission Act, as well as establishing the E-Commerce Bureau once the ITA is enacted.

Sector Brief on Digital Platforms and Online Advertising: A Guide for Competition Policy



This sector brief aims to augment the existing literature and stimulate policy debates on whether a country needs to enact separate laws specific to anti-competitive practices in digital markets—with special emphasis on online advertising. More advanced jurisdictions are at the forefront of going after erring Big Tech companies in a number of competition cases abroad, ranging from abuse of dominance in online shopping to manipulation of bids in ad space auctions. Developing countries continue to keep an eye on these best antitrust practices, hoping to replicate them in their domestic markets.

Sector Brief on Block Timing Practices in the Philippine Free TV Industry



This sector brief tackles the competition impacts of two main issues: 1) the non-renewal of the ABS-CBN franchise, and 2) the National Telecommunications Commission (NTC) memorandum that limits the allowed leasable block time. The study establishes that these competition issues are mitigated by various factors, including the availability of free TV substitutes such as over-the-top (OTT) platforms, which is brought about by the shift in viewers' preference towards internet-based content. Moreover, it is unlikely that dominant market players would engage in foreclosure as this would restrict the range of aired television content and decrease audience reach, affecting potential advertisers and revenue opportunities. The brief concludes by promoting open access to airtime, preventing discriminatory practices, and encouraging diversity and innovation in the industry through effective regulatory oversight with consumer choice always in mind.

Health Maintenance Organization (HMO) Rapid Market Study



This market study offers a comprehensive overview of the HMO industry, expanding on insights from an earlier industry brief. It highlights competition concerns, particularly on potential anti-competitive practices and policies within the industry. For possible anti-competitive conduct, this study examines rate-setting agreements by associations of HMOs, which are based on Philippine Health Insurance Corporation's (PhilHealth) 2009 Relative Value Scale (RVS); and the alleged below-cost pricing by dominant market players, which was later found to be less likely due to existing prudential controls of the Insurance Commission (IC). For possible anti-competitive policies, the study highlights the regulatory distinction of HMO-like insurance, which creates an uneven playing field for HMO players; and the minimum

capitalization requirement for new entrants, which acts as a barrier to entry. Considering these findings, the market study advocates further assessment of professional fee rates set by PhilHealth and rate-setting agreements within the industry. Additionally, it calls for clear product distinctions and enforcement between HMOs and insurance companies by the IC.

Pharmaceutical Sector Market Study: Evergreening and Pay-for-Delays



This market study explores the nature and extent of evergreening (or the practice of extending the exclusivity of a drug through various means such as modification in patent or formulation) and pay-for-delays (where a brand-name drug manufacturer pays a generic competitor to delay the release of their generic version), which are used by pharmaceutical companies to prolong market exclusivity and maximize profits. According to the study, stricter patentability criteria under the Universally Accessible Cheaper and Quality Medicines Act of 2008 in the Philippines have helped prevent evergreening, fostering competition and lowering drug prices. While there is limited evidence on prevalence of pay-for-delay deals in the Philippines, the study recommends for PCC to remain vigilant and to work with other competition authorities on such cases.

Sector Brief on Competitive Neutrality Issues in the Philippine Education Sector



This sector brief highlights a competitive neutrality issue in the Philippine education sector: the salary gap between public and private schoolteachers. The research reports that public schoolteachers receive higher salaries and benefits, creating challenges for private schools in attracting and retaining qualified educators.

Staff Research



2022 Firm Awareness Survey Report

The report provides the detailed results of the PCC/PCA awareness survey among private firms. The results are reported in compliance with the targets set in the Philippine Development Plan (PDP) 2017-2022 and General Appropriations Act (GAA) of 2022.



Enforcement Recommendation on the Pharmaceutical Sector

The memorandum details recommendations for a possible investigation of pharmaceutical players allegedly engaging in anti-competitive conduct.



Report on Macroeconomic Trends and Concentration Measures

The report compiles recent macroeconomic trends and simplified discussions of measures of concentration, which include the four-firm concentration ratio (CR4), Herfindahl-Hirschman Index (HHI), and price-cost margin (PCM). The report notes that the manufacturing sector is characterized as having a moderate to high degree of concentration, while a decreasing concentration trend is observed in the services sector. Such information may be used in enforcement and merger cases.



Market Power in Philippine Agricultural Markets

This paper aims to estimate market power in agricultural markets at the national scale using the production function method. It finds that the average markups range from 8% to 14%, which are consistent with constant or modest returns to scale. Overall, the research presents the use of the production function method to assess market power-related inefficiencies; using the function in other parts of the supply chain may address knowledge gaps.



Balancing Competition Policy and Sustainability

The paper tackles the integration of sustainability into the welfare analysis of PCC and other competition authorities. This includes discussions on the current constraints faced by PCC and recommendations employed by other jurisdictions in welfare analysis.



Consolidated Telecommunications Market Study

The paper is a consolidated and updated version of three telecommunications (telco) studies (on spectrum, retail, and wholesale markets) commissioned by the PCC, which were presented in 2022. This paper identifies competition issues in the Philippine telco sector, categorizing them into three key areas: 1) digital infrastructure, 2) retail markets, and 3) spectrum management.



Policy Note on the Education Sector

This policy note summarizes the recently concluded and presented sector brief on competitive neutrality issues in salary disparities between public and private schoolteachers. It provides a brief overview of the current state of the sector and discusses 1) the issue of salary disparities, 2) the pandemic and its effects on the education sector, and 3) government's assistance to the sector. The policy note also provided recommendations on possible remedies to give adequate support to the private education sector.

Competition Impact Assessments (CIAs)

Mobile Phone Unlocking



The CIA aims to determine whether the Department of Information and Communications Technology (DICT) Memorandum Order No. 004-2018 (Mandatory Unlocking of Mobile Phones and Devices After Lock-in Period and Compliance with Terms and Conditions Contained in Subscription Agreements), and the National Telecommunications Commission (NTC) Memorandum Circular No. 01-05-2019 (Rules and Regulations of Unlocking of Mobile Phones and Devices) have facilitated or impeded the unlocking of mobile phones, which allows consumers to switch from one network to another compatible network. Findings indicate that the mandatory unlocking regime in the Philippines, detailed in the subject issuances and enforced by telecom companies, does not effectively benefit consumers or enhance market competition. Specifically, the existing subject issuances restrict consumer mobility among different providers and reduce the accessibility of information for consumers.

Livestock and Poultry Feeds



This CIA investigates the impact of Republic Act (RA) No. 1556 (Registration, Labelling, and Advertising Regulations) and other relevant issuances within the animal feeds sector. The report finds that the feeds industry demonstrates significant competition with many players competing in terms of price, quality, product segments, and regional distribution. The biggest challenge to market growth and expansion that market players face is access to cheap raw materials linked to trade policies on corn, soybean, and similar commodities, as well as rising operational costs (e.g., electricity, logistics). According to the assessment, the provisions of RA No.1556 and its Implementing Rules and Regulations on registration, labelling, and laboratory testing can be streamlined to reduce market players' regulatory burden.

ADVOCACY AND CAPACITATING STAKEHOLDERS

Competition advocacy work started on a high note in 2023, as the PCC's new leadership engaged all three branches of government, as well as key stakeholders from business, the legal community, and the academe through various dialogues on the prospects of competition law and policy.

The agency's initiatives coincided with the new administration retaining competition policy as a key pillar of its medium-term socioeconomic blueprint, the Philippine Development Plan (PDP) 2023-2028. Chapter 10 of the plan weaves the task of fostering fair market competition into that of enhancing regulatory efficiency, thus laying down a holistic approach to addressing policy-induced market distortions and bureaucratic red tape.

More pertinent to the PCC, the PDP identified the full implementation of the National Competition Policy (NCP) and the promotion of competition compliance programs among businesses as key strategies on the advocacy front.

In laying the ground for these strategies, the PCC, through its Communications and Knowledge Management Office (CKMO), kicked off its Champions of Competition (CoC) Program. The CoC is a multi-component program aimed at identifying force multipliers among the agency's key stakeholders who can help spread awareness of competition law and policy.

Under the CoC-Competition Local Advocacy Network (CLAN) Project, the CKMO enlisted the support of 10 state universities from different parts of the country in the propagation of competition law and policy in their respective localities. In November, these schools sent representatives from their extension offices to undergo a trainer's training course.

Also launched last year was the CoC-Competition Advocacy Pledge, attracting pledgees from four of the biggest business organizations in the country, namely the Philippine Chamber of Commerce and Industry, the Philippine Retailers Association, the Pharmaceutical and Healthcare Association of the Philippines, and the Financial Executives Institute of the Philippines.

Pandemic partnerships continue to bear fruit

Last year also witnessed the consummation of relationships built during the pandemic with key partners in government. The partnership with the Legal Education Board (LEB), which was forged in 2022, blossomed last year with the pilot run of the country's first Moot Court Competition on Competition Law. The maiden run attracted participants from some of the leading law schools in the country. Before the year ended, PCC and LEB also began work on the development of a post-Juris Doctor program.

Another pandemic partnership that continued to bear fruit was PCC's tie-up with the Department of the Interior and Local Government's Local Government Academy (LGA). Taking a leaf from the PCC's earlier collaboration with the Development Academy of the Philippines, the CKMO initially tapped the LGA as a partner for the rollout of the NCP by including a competition law and policy module in the Local Economic Development for Local Government Units (LED4LGUs) course.

In 2023, the LGA again delivered on its promise to feature competition law and policy in its Newly Elected Officials (NEO) Program Executive Session, wherein more than a hundred newly-elected local chief executives from across the country were introduced to the Philippine Competition Act and the NCP.

The PCC's efforts to introduce the NCP to LGUs last year branched out to collaborative activities with one of the biggest organizations of mayors, the League of Cities of the Philippines (LCP).

Media initiatives keep competition top-of-mind

Besides micro-engagements with key stakeholder groups, the PCC also reinvigorated its media initiatives to raise awareness of competition law among the general public.

The CKMO organized press conferences during the launch of investigation stations (i-Stations) in the cities of Cebu and Davao. While in Cebu, the PCC also engaged media practitioners through in-depth discussions of competition law and policy.



(Left to right) PCC Commissioner Michael B. Peloton, Chairperson Michael G. Aguinaldo, and Executive Director Kenneth V. Tanate answered questions from the press at the launch of the Davao i-Station.

List of advocacy and communications activities in 2023

EVENT	DATE
Campus Tour on Competition Law and Policy – University of St. La Salle, Bacolod	January 9
Press Meet: Congress Beat Reporters on Onion Issue	February 14
PCC First Quarter Press Conference	February 27
Launch of iCLP (Online Learning Hub on Competition Law and Policy)	February 28
Course on Competition Economics	
Campus Tour on Competition Law and Policy – Bukidnon State University	February 28
Champions of Competition–Competition Local Advocacy Network (CoC-CLAN)	March 16
Orientation for State Universities and Colleges (SUCs) – Palawan State University	
Econ No-Mix 2023 Students' Convention: Philippine Competition Act (PCA) and Its Relevance to the Agricultural Sector	March 25
PCC-UP Women Lawyers' Circle (WILOCI) Forum on the PCA	March 27
Orientation on the PCA for Cavite Cooperatives	April 27
Development Academy of the Philippines (DAP) Advanced Regulatory Impact Analysis (RIA) Course Training Batch 10	May 2
DAP Advanced RIA Course Training Batch 11	May 16
CoC-CLAN Orientation for SUCs – Bulacan State University	May 18
CoC-CLAN Orientation for SUCs – Batangas State University	May 19
Brown Bag Session with the League of Cities of the Philippines Secretariat	May 22
Orientation on the PCA and its Implementing Rules and Regulations (IRR) for Corporate Governance-Institutional Training Providers (CG-ITPs)	May 26
Joint PCC-NEDA Workshop on the National Competition Policy (NCP) for Digitalization	June 7
Online Regional Roadshow on CLP – Western Visayas	June 10
MLex Interview with PCC Chairperson Michael G. Aguinaldo	June 20
Online Regional Roadshow on Competition Law and Policy – Central Visayas	June 27
Launch of the CoC-Competition Advocacy Guild (CAG) Campaign	June 30
General Rounds of the First Philippine Moot Court Competition on Competition Law	July 5-6
Online Regional Roadshow on Competition Law and Policy – Northern Mindanao	July 6
Semifinal Rounds of the First Philippine Moot Court Competition on Competition Law	July 20
Final Round of the First Philippine Moot Court Competition on Competition Law	July 21
Seminar-Workshop on Detecting and Prosecuting Bid Rigging	July 26-27
Online Multisectoral Forum on the PCA and NCP – Davao Region	August 14
Forum for Business: Promoting Competition in Philippine Industries with the Financial Executives Institute of the Philippines (FINEX)	August 18
Roundtable Discussion with Trade Associations for the CoC-Competition Advocacy Pledge Project	September 12
Forum for Business: Promoting Competition in Philippine Industries with the Philippine Exporters Confederation, Inc. (PHILEXPORT)	September 13
Competition Law and Policy for Local Chief Executives Webinar Executive Session under the Program for Newly Elected Officials of the Department of the Interior and Local Government-Local Government Academy	September 14
Press Conference for the Launching of PCC's i-Station in Davao City	September 20
i-Station Conference for the Tourism Sector in Davao City	September 20
Executive Session with Philippine Chamber of Commerce and Industry (PCCI) Leaders	September 28
Best Advocates of Competition Network (BACON) Engagement with the House of Representatives (HOR) Committee on Energy Secretariat	October 11
Orientation on the iCLP: Online Learning Hub for NCP Focal Persons	October 11-
	November 23
BACON Engagement with PhilRECA Partylist	October 25
Press Conference for the Launching of PCC's i-Station in Cebu City	November 15
Media Rounds with Bombo Radyo	November 16
Media Rounds with DYHP	November 16
Media Rounds with DYLA	November 16
CoC-CLAN Training of Trainers	November 20-24
BACON Engagement with the HOR Library and Archives	November 21
BACON Engagement with the Office of Sen. Raffy T. Tulfo and ClientEarth	November 28
10th ASEAN Competition Conference	November 29-30
CoC-Competition Advocacy Pledge Launch	November 30
BACON Engagement with the Local Economic Investment Promotion Office of Quezon City	December 12
City Government of Pasig's Business Economy and Investment Forum	December 18

Inroads in legislation

Through its Legislative Liaison Office (LLO), the PCC has provided valuable inputs to key legislation, such as amendments to the Consumer Act, the Motorcycles-for-Hire Act, Revised Government Procurement Reform Act, Philippine Downstream Natural Gas Industry Development Act, Anti-Agricultural Economic Sabotage Act, Tatak Pinoy, Open Access in Data Transmission Act, Internet Transactions Act, National Water Code, and measures amending the Revised Cooperative Code of the Philippines.

Aside from pending measures in both houses, the LLO has likewise provided inputs in matters concerning priority sectors, ranging from transportation to health, taxation, and energy. Through the LLO, the PCC actively participated in congressional investigations such as the inquiry into the rising prices of onion, the implementation of the pilot study on motorcycle taxis, and the Trusted Operator Program-Container Registry and Monitoring System, among many others.

Meanwhile, the PCC's Competition Enforcement Office (CEO) contributed to competition-related initiatives of the national government, such as the implementation of Executive Order No. 39, which imposed a ceiling on the price of rice in the country, and the drafting of amendments to the Anti-Agricultural Smuggling Law and the Procurement Act.

Last year also saw the NCP rollout enter its second year, with 27 priority national agencies, sector regulators and government-owned or -controlled corporations complying with the requirements for eligibility to the performance-based bonus. This translates to 27 sets of government policies potentially subjected to competition impact assessments, an important first step to realigning rules and regulations along competition principles.

In addition to these initiatives, the PCC's new leadership effectively engaged both the Senate and the House of Representatives during deliberations on the agency's proposed budget for fiscal year 2024. ■



PCC Legislative Liaison Office Chief Ramon Jeriel S. Sawit (second from left) attends the House Committee on Food and Agriculture meeting on agricultural smuggling.

List of position papers and comments on proposed key legislation and policies in 2023

Anti-Agricultural Smuggling Act (House)
Anti-Agricultural Smuggling Act (Senate)
Anti-Agricultural Smuggling Act, as Amended
Bagong Pilipinas
Comprehensive Review of the MFN Tariff Schedule
Consumer Act
Consumer Act (Supplemental) (A)
Consumer Act (Supplemental) (B)
Downstream Oil Deregulation
Ease of Paying Taxes Act
E-Governance Act of 2022 and Other Related Bill
Energy Storage Systems
Faster Internet Services Act
<i>Gawang Pilipino, Para sa Pilipino</i> Act of 2022
Giving Preference to Domestic Bidders Participating in Government Procurement Projects
Grab-Movelt Acquisition
Grab-Movelt Acquisition (Supplemental) (A)
Grab-Movelt Acquisition (Supplemental) (B)
Grab-Movelt Acquisition (Supplemental) (C)
House Resolution No. 632 on the untimely increase in catastrophe insurance and its impact to businesses and the general public
House Resolution No. 724 on the Bureau of Fire Protection's restrictive and questionable bidding process for the procurement of firetrucks
House Resolution No. 724 on the Bureau of Fire Protection's restrictive and questionable bidding process for the procurement of firetrucks (Supplemental)
Implementing Rules and Regulations of the Public Services Act, as Amended
Internet Transactions Act
Motorcycles-for-Hire (House)
Motorcycles-for-Hire (House) (Supplemental)
Motorcycles-for-Hire (Senate)
National Water Act
Open Access in Data Transmission
Philippine Health Facility Development Plan
Proposed Language on Philippine Downstream Natural Gas Industry
Revised Cooperative Code
Revised Government Procurement Act
<i>Tatak Pinoy</i> (House)
<i>Tatak Pinoy</i> (Senate)
<i>Tatak Pinoy</i> (Senate) (Supplemental)
The Handbook on Rules and Regulations Governing Licensing and Accreditation of Constructors in the Philippines
Trusted Operator Program-Container Registry and Monitoring System



PCC Chairperson Michael G. Aguinaldo administering the pledge to business sector representatives.

Champions of Competition Program kicks off

In 2023, the PCC's advocacy efforts entered a new phase, with the launch of the Champions of Competition (CoC) Program. A Commission-approved strategic initiative of the agency's Communications and Knowledge Management Office (CKMO), the CoC levels up the awareness-raising engagements conducted throughout the PCC's first seven years.

Taking off from the reboot of the PCC's Advocacy Framework shortly before the pandemic, the CoC leverages on influencers established in key stakeholder communities, tapping them as partners who will spread competition law and policy awareness. This program comprises three key initiatives: the Competition Advocacy Guild (CAG), the Competition Local Advocacy Network (CLAN), and the Competition Advocacy Pledge (CAP).

First to be rolled out was the CAG, wherein the PCC took in as partner the Junior Philippine Economics Society (JPES) for the development and deployment of videos in digital platforms like Facebook and TikTok that featured the benefits of fair market competition, prohibitions under the Philippine Competition Act, and the PCC's role in stamping out anti-competitive conduct in markets. As an organization of students in the field of economics, JPES was able to reach out to their peers and plant the seeds of fair market competition in the minds of future economists.

The CLAN Project involves harnessing the extension service units of state universities and colleges (SUCs) in the PCC's campaign to spread competition law and policy awareness outside the National Capital Region. In the past, the Commission undertook this task by organizing regional roadshows in partnership with the regional offices of the National Economic and Development Authority and the Department of Trade and Industry.

Following a call for collaboration, the Commission enlisted the help of the following 10 SUCs:

1. Batangas State University,
2. Bukidnon State University,
3. Bulacan State University,
4. Mariano Marcos State University,
5. Mindanao State University,
6. Negros Oriental State University,
7. Palawan State University,
8. Sultan Kudarat State University,
9. University of Eastern Philippines, and
10. West Visayas State University.

In November, the 10 SUCs nominated their respective training teams for a Training of Trainers (ToT) that the PCC conducted in Quezon City. Organized by CKMO's Capacity Building and Advocacy Division, the ToT equipped participants with the knowledge and techniques necessary for them to serve as local resource persons in awareness-raising activities that will be programmed under the CLAN starting in 2024.

Last but not least, the CAP Project was launched in November on the sidelines of the PCC's hosting of the 10th ASEAN Competition Conference. The project launch was the culmination of a series of dialogues held with some of the country's largest trade associations that had collaborated with the PCC through its Forums for Business in the past.

The project launch witnessed representatives of four of the country's biggest business groups pledge to promote fair market competition. Represented among the first batch of pledgees were the Philippine Chamber of Commerce and Industry (PCCI), the Philippine Retailers Association (PRA), the Pharmaceutical and Healthcare Association of the Philippines (PHAP), and the Financial Executives Institute of the Philippines (FINEX).

As the PCC recruits more champions from the business community, these pledgees will be the Commission's partners in promoting competition compliance programs among their peers—a key strategy in the Philippine Development Plan 2023-2028 for raising competition law awareness among business chambers and trade associations. ■



PCC Communications and Knowledge Management Office Officer-in-Charge Director III Ferdinand L. Paguia (left photo) and PCC Attorney III Jose Manuel S. Santos (right photo) provide an overview of the PCA and PCC for participants of the CLAN Project. PCC Chairperson Michael G. Aguinaldo (center, bottom photo) joins the attendees.



NCP-PBB rollout enters 2nd year

The Inter-agency Task Force on the Harmonization of National Government Performance Monitoring, Information, and Reporting Systems released in August last year Memorandum Circular No. 2023-1, outlining the criteria for the grant of performance-based bonus (PBB) for fiscal year 2023. For a second year, the circular included the National Competition Policy (NCP) as a good governance condition for government agencies seeking the incentive.

The circular is based on Administrative Order (AO) No. 44-2021, which directs government agencies to adopt and comply with the NCP and its key elements. Section 2 of AO No. 44 states that compliance with the NCP shall be considered in the awarding of PBB to government personnel and in conferring the seal of good local governance (SGLG) on cities and municipalities.

Annex 5 of the circular enumerated the requirements for the 27 government offices covered in fiscal year 2023. Covered agencies are required to appoint their NCP focal committees who will undergo training provided by the PCC through its Online Learning Hub on Competition

Law and Policy (iCLP). The iCLP is an on-demand learning platform developed by the agency's Communications and Knowledge Management Office (CKMO) to address the learning requirements of stakeholders during the pandemic. It has since been deployed as the main compliance mechanism for the NCP training requirement.

Besides capacitating their NCP focal committees on competition law and policy, covered agencies are required to review at least one policy, issuance, rule, or regulation using the competition impact assessment (CIA) checklist developed by the PCC's Economics Office. In doing so, covered agencies can identify existing rules or regulations that may harm competition for future revision.

Using the PBB, the government incentivizes covered agencies to comply with the NCP good governance condition, thereby facilitating the promotion of fair competition in the markets that these agencies oversee. As such, NCP implementation helps correct market-distorting rules and regulations that encourage anti-competitive conduct among businesses. ■

List of agencies covered for FY 2023 NCP implementation cycle

Departments

Department of Agrarian Reform
Department of Agriculture
Department of Budget and Management
Department of Education
Department of Environment and Natural Resources
Department of Finance
Department of Foreign Affairs
Department of Human Settlements and Urban Development
Department of Information and Communications Technology
Department of the Interior and Local Government
Department of Justice
Department of Migrant Workers
Department of National Defense
Department of Science and Technology
Department of Social Welfare and Development
Department of Tourism
Department of Transportation
Department of Public Works and Highways

Other Government Agencies

Intellectual Property Office of the Philippines
Land Transportation Franchising and Regulatory Board
Land Transportation Office
National Food Authority
National Irrigation Administration
National Meat Inspection Service
National Nutrition Council
National Privacy Commission
National Tobacco Administration

Laying the ground for NCP rollout among LGUs

As the rollout of the National Competition Policy (NCP) among national government agencies entered its second year, the PCC has begun efforts to break in NCP compliance among local government units (LGUs).

Under Administrative Order (AO) No. 44-2021, the conferment of the seal of good local governance (SGLG) is envisioned as the main anchor for incentivizing NCP compliance among LGUs. Institutionalized by law with the passage of Republic Act No. 11292 in 2018, the SGLG has been a tool for encouraging continuous improvement in governance among LGUs.

While the inclusion of the NCP as a good governance condition in the grant of the SGLG has yet to happen, the PCC, through its Communications and Knowledge Management Office (CKMO), is already laying the ground for bringing LGUs into the NCP fold.

One such effort involves a partnership forged during the pandemic with the Department of the Interior and Local Government's Local Government Academy (LGA), which is mandated with training the country's LGUs. This began with the inclusion of competition law and policy as a module in the LGA's popular Local Economic Development for LGUs (LED4LGUs) course and was capped in 2022 with the ceremonial signing of a memorandum of agreement (MOA) with the PCC.

In 2023, both agencies expanded their collaboration with the inclusion of the NCP in another popular LGA course, the Newly Elected Officials (NEO) Program, to be offered to new local chief executives sworn into office after the 2022 elections. Last year saw the conduct of the NEO Executive Webinar Session, showcasing the NCP to an audience of more than a hundred newly-elected local chief executives.

Parallel to its collaboration with the LGA, the PCC last year also started engaging directly with the League of Cities of the Philippines (LCP). Through CKMO, the PCC organized an orientation session



PCC Commissioner Ferdinand M. Negre speaks before local chief executives at the League of Cities of the Philippines 3rd Convergence and 75th National Executive Board Meeting on July 26.

for the LCP secretariat, and thereafter successfully negotiated for the inclusion of the NCP among the topics for discussion during the conference of the country's city mayors in Clark, Pampanga. During the LCP's 3rd Convergence and 75th National Executive Board Meeting held on July 26, PCC Commissioner Ferdinand M. Negre introduced the NCP and the competition impact assessment (CIA) tool for policy evaluation.

Even as it leverages its partnerships in the LGU sector, the PCC continued to mount Multi-Sectoral Forums (MSF), its first advocacy activity for the rollout of the NCP in areas outside the National Capital Region. Last August 14, the CKMO partnered with the regional office of the National Economic and Development Authority (NEDA) to organize an Online MSF for the Davao Region.

During the event, PCC Commissioner Michael B. Peloton and NEDA Region XI Director Maria Lourdes D. Lim underscored the role of competition law and policy in driving regional economic growth. ■



Davao i-Station conference tackles tourism competition concerns

The September 20 launch last year of PCC's investigation station (i-Station) in Davao City was headlined by the second installment of the i-Station Conference on Market Competition, an initiative of PCC Commissioner Marah Victoria S. Querol.

First conducted in 2022 for the PCC's first satellite office in Baguio City, the Davao iteration of the i-Station conference focused on the tourism sector, bringing together stakeholders from government and the private sector who delved into competition concerns that hounded the industry.

PCC Chairperson Michael G. Aguinaldo set the tone for the conference by highlighting the importance of improving Filipino consumers' access to more and affordable yet quality products and services, while Commissioner Lolibeth Ramit-Medrano gave an overview of the Philippine Competition Act and explained the mandate of the PCC. Commissioner Michael B. Peloton provided the closing remarks.

Joining the PCC event were representatives from the Departments of Tourism, of Trade and Industry, and of the Interior and Local Government, who presented their programs and projects in the tourism industry.

To view the recordings of the i-Station conference, visit <https://www.facebook.com/CompetitionPH/videos>. ■



PCC Chairperson Michael G. Aguinaldo (sixth from left), Commissioner Marah Victoria S. Querol (fifth from left), Commissioner Lolibeth Ramit-Medrano (fourth from left), Commissioner Ferdinand N. Negre (third from left), Commissioner Michael B. Peloton (fourth from right) and other PCC officials join representatives from DOT and DILG in the Davao i-Station conference.



Capacity building, cooperation in focus in PCC, SC dialogue



PCC Chairperson Michael G. Aguinaldo (seventh from right) and SC Chief Justice Alexander G. Gesmundo (eighth from left) and other officials from the SC and PCC meet on capacity building for judges on competition law.

On April 4, Chairperson Michael G. Aguinaldo led a PCC delegation in a meeting with the Supreme Court (SC) to discuss ways of enhancing cooperation in enforcing competition law. Joining Aguinaldo were Commissioners Marah Victoria S. Querol, Lolibeth Ramit-Medrano, and Ferdinand M. Negre, as well as Executive Director Kenneth V. Tanate.

Chief Justice Alexander G. Gesmundo led the SC contingent, which included Associate Justice Ramon Paul L. Hernando, Philippine Judicial Academy (PHILJA) Chancellor Rosmari D. Carandang, Chief of Office for Academic Affairs Dean Emerito I. Enginco, and Deputy Clerk of Court and Chief Technology Officer Jed Sherwin G. Uy.

During the dialogue, the Chief Justice discussed the SC's Strategic Plan for Judicial Innovations 2022-2027, focusing on capacity building for judges on competition law through the PHILJA. Carandang mentioned PHILJA's role in educating judges on the Philippine Competition Act (PCA) and its rules, including tailored seminars for commercial court judges.

The High Court's proactive approach to competition issues was also a discussion point. Noteworthy were the issuance of the Rules on Administrative Search and Inspection (RASI) and the landmark ruling on the case involving the Philippine Contractors Accreditation Board (PCAB) and Manila Water Co. Inc. over the cost of licensing in the construction industry.

The SC decision in that case upheld the importance of competition principles, which the PCC had communicated to the High Court by way of an *amicus curiae* brief. The decision aims to promote competition and reduce licensing costs in the construction industry. The RASI, which the SC issued in 2019, operationalized a key enforcement provision in the PCA.

The dialogue represents the new PCC leadership's proactive approach to engaging the SC, laying the groundwork for a mutually beneficial partnership built on collaboration and cooperation. Through shared objectives, both seek to ensure a level playing field for aiding businesses, fostering innovation, pursuing justice, and protecting consumer welfare. ■



PCC Chairperson Michael G. Aguinaldo (third from left) and the panel of judges award the winning team from the San Sebastian College-Recoletos with the championship title at the First Philippine Moot Court Competition on Competition Law.

Maiden PH Competition Law Moot Court draws top law schools

Stemming from a partnership established during the pandemic, the PCC and the Legal Education Board (LEB) mounted the Philippines' first competition law moot court, which attracted 16 teams from prestigious law schools across the country.

This joint undertaking by the PCC and LEB crystallizes their commitment to fostering legal excellence and promoting specialized knowledge in competition law among aspiring legal professionals in the country.

Law students from the San Sebastian College-Recoletos emerged victorious in the inaugural Philippine Moot Court Competition on Competition Law, clinching the top spot in a showdown of legal prowess held on July 21 in Quezon City.

The winning team, comprised of Haidee Amabel Uy, Darius Vien Darunday, Abram Andrew Lumpang, and Chrysill Ariza Valencia, under the guidance

of coach lawyer Gerlyn Fe Oyos, showcased their expertise in dissecting a hypothetical case in the renewable energy sector. Uy also emerged as the best speaker.

San Beda College-Alabang finished as first runner-up, while Aurora State College of Technology was the second runner up, rounding off an intense competition.

PCC Chairperson Michael G. Aguinaldo led the final round's panel of judges, and was joined by LEB Chairperson Anna Marie Melanie B. Trinidad, former PCC Commissioner and former LEB Chairperson Emerson B. Aquende, former Governance Commission for GOCCs Chairperson and former Ateneo de Manila School of Law Dean Cesar L. Villanueva, and international competition law experts Eric Edmondson of the US Federal Trade Commission and Marc Waha of the Norton Rose Fulbright law firm. ■

iCLP offers new course on competition economics

A new course on competition economics was the latest offering of the PCC's Online Learning Hub on Competition Law and Policy (iCLP) starting February 28.

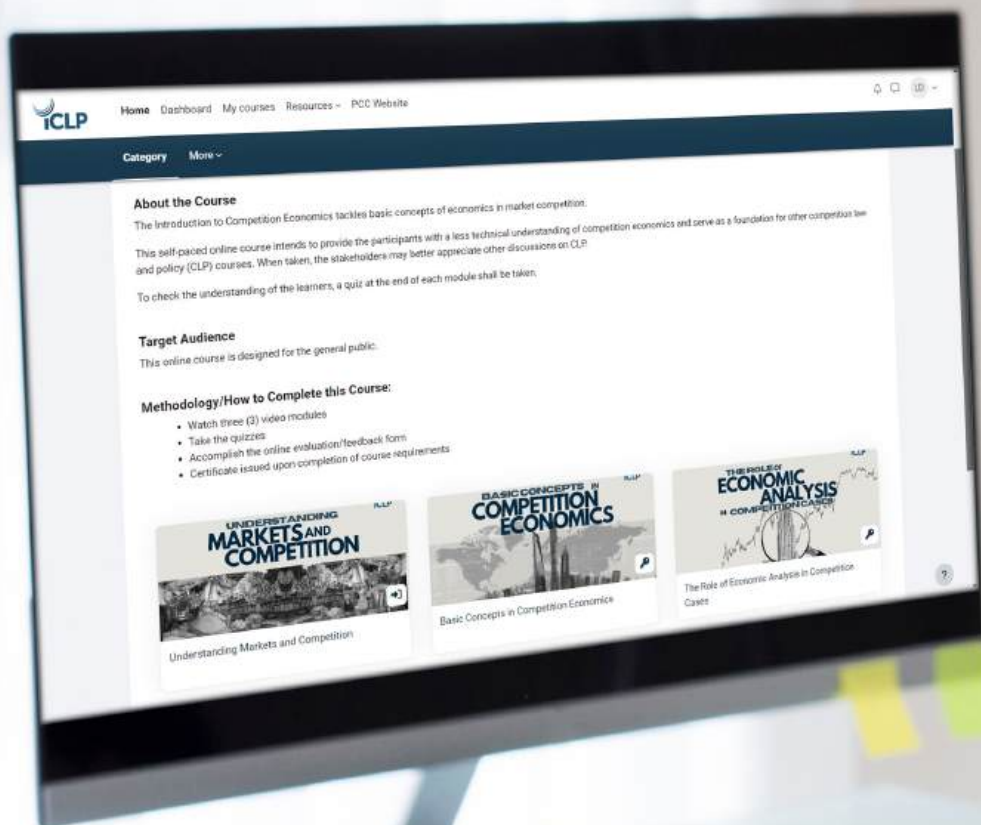
"Introduction to Economics" was the latest addition to the iCLP's lineup of free courses for self-paced learning on competition law and policy. The course consists of three modules, namely, Understanding Markets and Competition, Basic Concepts in Competition Economics, and The Role of Economic Analysis in Competition Cases.

The new online course sheds light on economic concepts relevant to market competition. The course also features tools for competition analysis in sample merger and non-merger cases. Emmanuel M. Garcia, Carlos L. Tolentino II, and Roxanne B. Ballo, all from the PCC's Economics Office, serve as the lecturers in the modules.

By the end of 2023, over 400 enrollees had completed the course and received certificates from the PCC. Interested enrollees may sign up for the course at iclp.phcc.gov.ph.

The PCC's Communications and Knowledge Management Office (CKMO) manages the iCLP, which was established in 2021 to provide stakeholders an on-demand online platform where they can continue to learn about competition law and policy despite the mobility restrictions brought about by the pandemic.

With the rollout of the National Competition Policy in 2022, the iCLP became the main vehicle for training government personnel in order for their agencies to become eligible for the performance-based bonus (PBB) as provided under Administrative Order No. 44-2021. ■

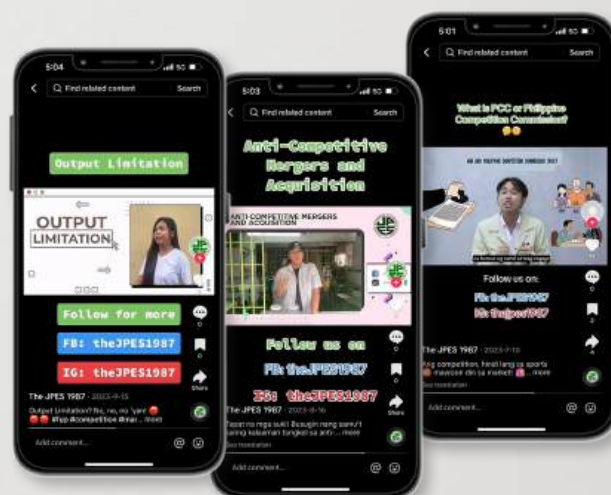


Advocacy Snapshots



PCC visits schools. The PCC spearheaded a series of bar review sessions on competition law and policy. Commissioner Ferdinand M. Negre (leftmost, top left photo; bottom left photo; first row, fourth from right, top right photo); led the review sessions at the De La Salle University School of Law (November 7) and Manuel L. Quezon University School of Law (November 25) with lawyers from the PCC.

School visits PCC. Students and faculty of the Department of Business Economics of University of St. La Salle (USLS) in Bacolod City went to the PCC's office in Quezon City on January 9 for an orientation on the Philippine Competition Act. PCC officials, led by Executive Director Kenneth V. Tanate (seated, center), provided them information on the role and intervention of the PCC in the areas of business and market competition.



Young economists fete PCC. The Junior Philippine Economics Society put a fun twist to PCC advocacy by producing and posting a series of TikTok videos on the benefits of competition and key prohibitions of the Philippine Competition Act to orient younger audiences on competition law and policy. Part of the Champions of Competition Program, the campaign ran from June 30 to October 27.

BUILDING INSTITUTIONAL CAPACITIES

The PCC places paramount importance on the efficient use of its resources, especially its human capital, and on improving its institutional capacity to harness those resources.

Last year saw the beginning of a new era of leadership in the PCC with the assumption of lawyer Michael G. Aguinaldo as chairperson, as well as lawyers Lolibeth Ramit-Medrano and Ferdinand M. Negre as commissioners. They joined Commissioners Marah Victoria S. Querol and Michael B. Peloton, both of whom assumed office in 2022.

Two additional investigation and collaboration stations (i-Stations) in Cebu and Davao were established in 2023. Along with the i-Stations previously launched in the cities of Baguio and Legazpi, the PCC has expanded its presence in the country's major hubs of Northern and Southern Luzon, Visayas, and Mindanao.

By the end of last year, the PCC had filled up 82% of its approved plantilla positions. Including job-order hires, the PCC had a total of 303 personnel, of which 65 were lawyers and 40 were economists.

L&D opportunities

To enable personnel to effectively discharge their official functions, staff were provided with learning and development (L&D) opportunities to boost their capacity in competition law enforcement, policy research and advocacy, and other competencies needed to run a well-oiled organization.

In 2023, a total of 113 L&D opportunities were attended by 298 staff members. Of the total number of L&D opportunities, 52 were local events comprising courses (77%), workshops and seminars (17.31%), and conferences and meetings (5.76%). The topics of the activities ranged from competition economics to strategic planning, internal audit, public finance, knowledge management, records management, government accounting, and public procurement.

PCC staff also participated in 61 overseas L&D opportunities on competition law and economics, digital and cartel investigations, digital mergers, and competition policy and advocacy. These were organized across Asia (i.e., Cambodia, Hong Kong, Indonesia, Malaysia, Singapore, South Korea, Thailand, and Vietnam), Europe (i.e., Belgium, France, Germany, Greece, Italy, Norway, Spain, Switzerland, and United Kingdom), Australia, and the United States.

Capacitating key agencies

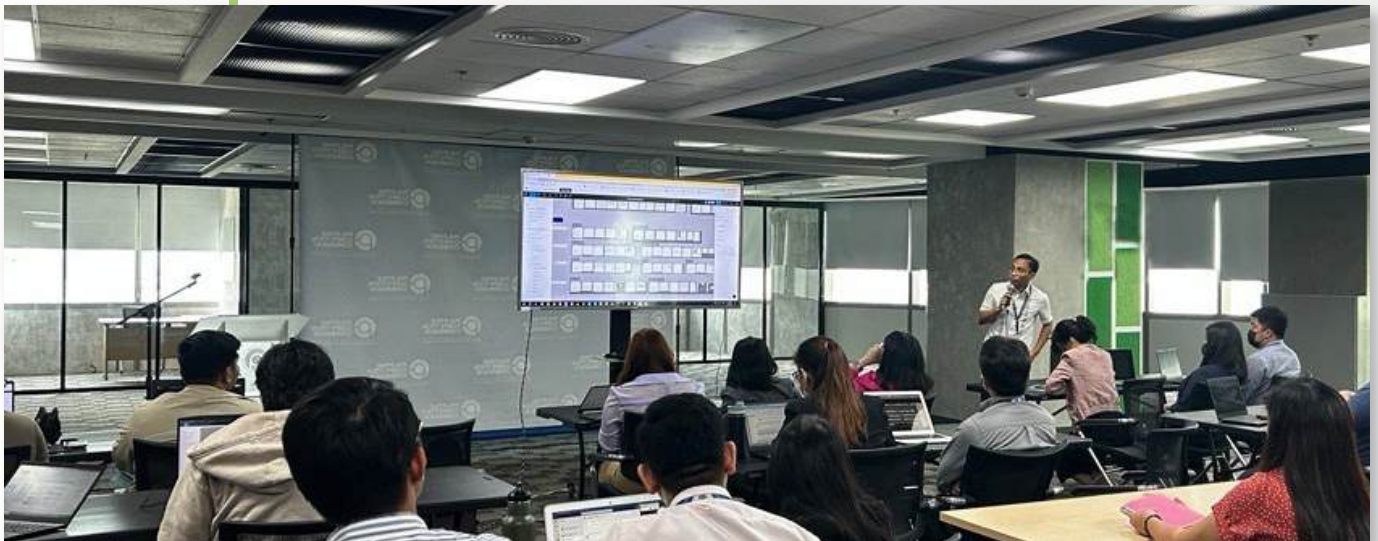
Building up the competition law and policy competencies of the Philippine government requires capacitating personnel of key agencies with competition mandates as well. Under the Asian Development Bank-funded Government Staff Development Program for Competition Law and Policy (GSDPC), 11 staff members from the PCC, National Economic and Development Authority, Department of Trade and Industry, and Office of the Solicitor General were awarded scholarship grants to pursue graduate studies on law, economics, data science, public administration, and international development in various universities abroad.

Part of the PCC's efforts to improve its operations is subjecting its core and other internal processes to rigorous external audit for the seventh year (third cycle), which resulted in an ISO recertification. Within two years from its establishment, the PCC obtained its first ISO 9001:2015 certification and maintained such by continually complying with international standards and best practices.

New KM system

Last year also witnessed the start of work on a new knowledge management system called the Knowledge Hub that intends to boost the PCC's institutional memory by allowing for a more systematic capture and deployment of critical knowledge, especially in five pre-identified domains: competition law and economics, legal and investigative process, Philippine industry and market context, discipline-based lens and skills, and soft and organizational skills.

The Knowledge Hub initiative was borne out of the Commission's concern over the skills gap created by the high turnover rate of highly-trained personnel. The new knowledge management system is expected to put in place a mechanism for institutionalizing knowledge gained from personnel's training and experience on the job.



PCC Knowledge Management Division OIC Chief Paul Andrew F. Lucena (standing) presents the prototype of the Knowledge Hub to other PCC employees.

International linkages

Establishing linkages with counterpart competition agencies in other jurisdictions and participating in global competition networks are crucial for a competition authority striving to fulfill its vision of becoming a well-respected world-class authority. Since 2017, the PCC has been joining the annual conference of the International Competition Network (ICN), which gathers competition authorities and non-governmental advisors worldwide to discuss trends and developments in competition law and practice. The Philippines took a more active role in the ICN when it was selected as co-chair of the ICN Advocacy Working Group (AWG) in 2021. One of its biggest projects was spearheading the creation of a toolkit on cross-border competition enforcement. Through active engagement in the ICN, the PCC contributes to the promotion of harmonized competition standards and cross-border collaborations.

International linkages also allowed the PCC to receive technical assistance to support its operations. It invited several international experts to provide workshops for PCC staff on topics such as competition and spectrum management, detecting and prosecuting bid rigging, competition in digital markets, and unilateral agreements. Some of these trainings were also attended by other relevant government agencies and colleagues from the ASEAN region.

Apart from capacity-building activities, the PCC also welcomed technical support in the form of a resident advisor from the US Federal Trade Commission. Atty. Eric Edmondson took a four-month residency with the PCC Competition Enforcement Office (CEO), where he provided expert support to several activities and ongoing cases.

Recognizing the need for enhanced policies in the digital sector, the PCC joined the rest of the Philippine government in the first Digital Transformation Development Policy Loan with the World Bank. As part of the loan agreement, the PCC issued the Guidelines on Abuse of Dominance and Guidelines for the *Motu Proprio* Review of Mergers and Acquisitions in Digital Markets.

In 2023, many top officials of the PCC served as resource speakers in conferences on competition law and policy abroad. The agency also hosted opportunities for information-sharing, such as conferences and meetings. It likewise hosted study visits for the competition authorities of Cambodia and Malaysia.



PCC Commissioner Lolibeth Ramit-Medrano (center) converses with other attendees of the Asia-Pacific Economic Cooperation (APEC) First Senior Officials Meeting.

By forging partnerships with competition authorities and development partners around the world, the PCC gains access to a wealth of knowledge, best practices, and expertise in promoting fair market competition, which guides and enhances enforcement and advocacy at home. ■

Manager's course on running a competition agency

A high-level delegation from the PCC attended the “Management Level Capacity Building Course” sponsored by the Korea International Cooperation Agency (KOICA) and organized by the Korea Fair Competition Federation (KFCF) in South Korea last April 16-29.

Chairperson Michael G. Aguinaldo led the PCC delegation, which also included Commissioners Marah Victoria S. Querol, Lolibeth Ramit-Medrano, and Ferdinand M. Negre; Executive Director Kenneth V. Tanate; Office of the Commission Clerk and Sheriff Director III Sheryl Fortune V. Supapo-Sandigan, Competition Enforcement Office Director III Genevieve E. Jusi, Mergers and Acquisitions Office Director III Michael Kris Ben T. Herrera, Economics Office OIC-Director III Emmanuel M. Garcia, and Legal Services Division Chief Michelle Diana P. Maniwang-Basa.

Subject matter experts from the Korea Fair Trade Commission (KFTC) discussed modules on reviewing mergers and acquisitions, procedures for competition law enforcement, and regulation and investigation techniques on abuse of market dominance.

The course also included discussions on tools and methods in regulating market competition, such as the leniency program, bid rigging detection system, case handling system, knowledge management, and administrative support. ■



Investigation, collaboration stations established in Davao, Cebu

Two new investigation and collaboration stations (i-Stations) were launched in 2023, doubling the count of the PCC's satellite offices since the first was opened in 2021. The two new i-Stations were opened in the cities of Davao and Cebu, bringing PCC's services closer to stakeholders in the central and southern parts of the country.

On September 20, Chairperson Michael G. Aguinaldo and Commissioners Marah Victoria S. Querol, Michael B. Peloton, Lolibeth Ramit-Medrano, and Ferdinand M. Negre led the inauguration and ribbon-cutting ceremony of the i-Station in Davao City.

"The opening of an i-Station here strengthens our presence in Mindanao and reaffirms our commitment to fostering economic growth and consumer welfare in areas outside the National Capital Region," Aguinaldo said.

Two months later, Aguinaldo, Peloton, and Negre, together with Executive Director Kenneth V. Tanate, led the inauguration of the i-Station in Cebu City on November 15.

"The establishment of the Cebu i-Station is a response to the increasing demand for enhanced competition law enforcement and advocacy in the Visayas, the most vibrant economy in central Philippines," Aguinaldo said. "Expanding the PCC's presence throughout the country is crucial in fulfilling our mandate of safeguarding a competitive market landscape," he added.

The establishment of the Cebu and Davao i-Stations completed the pre-positioning of PCC satellite offices in all major island groups of the Philippines. The first i-Station was launched in November 2021 in Baguio City to cover Northern Luzon, while the second opened its doors in June 2022 in Legazpi City for the Southern Luzon area. ■



Designing a data-driven, evidence-based Knowledge Hub

The PCC, through its Communications and Knowledge Management Office (CKMO), has kickstarted the development of a new knowledge management (KM) system as part of its efforts to institutionalize knowledge acquired by PCC staff from its various learning and development opportunities.

Fleshing out the features of the envisioned PCC Knowledge Hub began last October through the

conduct of a design sprint, a series of design-thinking activities involving representatives from PCC's different units. The design sprint sessions were aimed at identifying knowledge gaps in the agency and developing solutions to be lodged in the Knowledge Hub.

After validation of the wireframes that resulted from the design sprint sessions, CKMO will proceed to develop the system platform in 2024. ■



CSC confers Bronze Award for PRIME-HRM Maturity Level 2

By virtue of Resolution No. 2301068 issued on November 17, the Civil Service Commission (CSC) conferred upon the PCC the Bronze Award for achieving Maturity Level 2 in its Program to Institutionalize Meritocracy and Excellence in Human Resource Management (PRIME-HRM).

PRIME-HRM is an assessment of an agency's HRM competencies based on global standards, set on a scale of four maturity levels. The CSC recognized PCC's Level 2 Maturity on HR systems, practices, and competencies in four areas: 1) recruitment, selection, and placement; 2) performance management; 3) learning and development; and 4) rewards and recognition.

Achieving Maturity Level 2 indicates that the management of HR is considered process-defined through a set of documented standard operating procedures and is characterized by goal-oriented decision making. As a PRIME-HRM bronze awardee,

the PCC now has authority for appointment approvals and can enjoy benefits like discounts in CSC training, among others. ■



PCC Administrative Office Director IV Jeson Q. de la Torre (leftmost) and Finance, Planning, and Management Office Director IV Joseph Melvin B. Basas (rightmost) receive the bronze award from CSC.



Sustaining ISO certification

The PCC implemented an effective management system which complies with standard requirements according to the International Organization for Standardization (ISO), ensuring that the agency's service delivery is responsive to the needs and satisfaction of its clientele.

Last October, TÜV Rheinland, through a surveillance audit, evaluated the delivery of mandated processes. These processes cover competition policy formulation, regulatory, and enforcement services; competition policy research, advocacy, and capacity building services; and information and communication technology services. TÜV Rheinland's audit report revealed 11 positive findings and no major non-conformities. Additionally, the report praised PCC's commitment to providing quality service to its stakeholders, as evidenced by the following practices observed among the agency's units:

- In performing the PCC's advocacy mandate, the Communications and Knowledge Management Office (CKMO) consistently implemented the dissemination of information, education, and communication materials among different government agencies and local government units. This maintained and enhanced the PCC's visibility to clients even outside the National Capital Region. The Capacity Building and Advocacy Division (CBAD) of the CKMO was also identified by the Civil Service Commission (CSC) as one of its Recognized Learning and Development Institutions—showing PCC's competitive edge in this field.
- The Administrative Office (AO) showed exemplary performance in human resources management through the CSC's Maturity

Level 2 recognition under the Enhanced Program to Institutionalize Meritocracy and Excellence in Human Resource Management (PRIME-HRM). In addition, the AO also developed seven automated programs and two newly-developed systems, showing PCC's competence in providing cost-saving IT solutions.

- The Office of the Commission Clerk and Sheriff (OCCS) adapted to its new role through systemic approaches by developing work instructions and checklists, as well as attending paralegal training. The OCCS likewise initiated the issuance of certifications of clearance in lieu of Commission decisions to serve as legal basis for consummating mergers, showing intent to provide quality service to parties.
- The Office of the General Counsel developed a structured method of gathering requested information, which allows for reliable means of monitoring the timeliness of the activities.
- The Competition Enforcement Office (CEO) initiated the implementation of a learning and development intervention to improve handling critical information—showing adherence to professional ethics and credibility in securing information. The CEO also collaborated with AO to develop a case management system.

Since its initial certification in 2018, the PCC has maintained its status as ISO 9001:2015-certified, demonstrating the agency's commitment to deliver world-class services to its stakeholders. ■



Building the antitrust workforce of today and the future

Building up the capacities of competition law enforcers is necessary to strengthen antitrust regulation in the Philippines.

Through the Asian Development Bank-funded Government Staff Development Program for Competition Law and Policy (GSDPC), employees of targeted government agencies with competition-related mandates may pursue

post-graduate degrees in law, economics, and related fields, as well as non-degree programs both in the Philippines and abroad. Last year, 11 employees from the PCC, National Economic and Development Authority, Department of Trade and Industry, and Office of the Solicitor General were granted scholarship programs to pursue advanced degrees related to competition.

	Program	School	Name
Philippine Competition Commission	<i>Master in Public Administration in International Development</i>	John F. Kennedy School of Government, Harvard University	Emmanuel M. Garcia
	<i>Master of Laws in International Business and Economic Law</i>	Georgetown University	Franzine F. Foronda
	<i>Master's Degree in Data Science Methodology</i>	Barcelona School of Economics	Roxanne B. Ballo
National Economic and Development Authority	<i>Master of Public Administration</i>	Australian National University	Esther O. Kinuta
	<i>Master of Science in Economic Policy for International Development</i>	London School of Economics and Political Science	Rachelle Angela C. Ramos
	<i>Master of Public Administration</i>	Harvard University	Charlene Chris R. Morales
Department of Trade and Industry	<i>Master of Science in Data Science</i>	Asian Institute of Management	Andro N. Cabico
	<i>Master of Laws</i>	University of Melbourne	Coco Chanel G. Garcia
	<i>Master in Specialized Economic Analysis</i>	Barcelona School of Economics	Jayquel S. Peñaloga
Office of the Solicitor General	<i>Master of Laws</i>	King's College London	Frodina Mafoxci J. Rafanan
	<i>Interuniversity Certificate in Competition Law (LL.M.)</i>	Brussels School of Competition	Michael Angelo Escudero

Aside from the GSDPC, the PCC also taps other local and international scholarship programs for its employees, such as the Australia Awards, Japan International Cooperation Center, National Defense College of the Philippines, and the Development Academy of the Philippines.

On use of AI in competition investigation

PCC Competition Enforcement Office (CEO) lawyer Alyssa Carmelli P. Castillo belonged to the second batch (2021 intake) of the GSDPC. She completed her Master of Laws in Commercial and Corporate Law at the Queen Mary University of London in January. Upon return, she held a seminar on “Ethical Issues of Artificial Intelligence (AI) in Competition Enforcement,” which aims to equip PCC staff with the considerations in applying AI tools during investigations.

Castillo noted that some competition authorities use AI tools to analyze data in detecting antitrust violations such as price-fixing, bid rigging, abuse of market power, and cartels. In the PCC, she said that the use of algorithms and other potential AI tools will be considered in the bid rigging screening tool of the CEO.

AI is generally characterized as a collection of technologies that combine data, algorithms, and computing power. It is a subfield of computer science and considered as an interdisciplinary enterprise that incorporates ideas, techniques, and research from multiple fields, including statistics, linguistics, robotics, electrical engineering, mathematics, neuroscience, economics, logic, and philosophy.



Atty. Alyssa Carmelli P. Castillo
Competition Enforcement Office

On “green” competition law

Lawyer Akemi B. Aida of the Mergers and Acquisitions Office obtained her Master of Laws degree from the University of Melbourne in 2023 under the Australia Awards Scholarship Program.

She imparted her key takeaways on the intersection of competition law and policy and sustainability programs, through the conduct of a knowledge sharing session. Aida said that green competition law is an emerging field in other competition jurisdictions.

To include sustainability as a goal of competition enforcement, it must be designed such that consumer welfare is the ultimate goal. But incorporating sustainability makes it difficult to quantify that effect on consumer welfare. For Aida, the relationship between competition and sustainability may be seen as positive and negative. Partnering for sustainability agreements may be framed positively; but colluding with other businesses is anti-competitive. As such, the goals of both fields may be maintained, and their legal domains may be considered as separate areas of law or as complements to one another. Competition can serve as the complementary domestic response to climate change. However, there is a need to establish policy guidelines to determine what can and cannot be done for sustainability.

While the problem lies in the dearth of information on green competition law, Aida believes that it is important to balance competition principles and sustainability goals. The role of businesses in such pursuits must be recognized, but equally important is to keep their business practices in check. ■



Atty. Akemi B. Aida
Mergers and Acquisitions Office

Spearheading development of a toolkit on cross-border competition law enforcement

The PCC, in its capacity as co-chair of the Advocacy Working Group (AWG) of the International Competition Network (ICN), produced a toolkit titled “Optimizing Advocacy to Enhance International Cooperation Towards More Effective Enforcement,” as a reliable reference material for competition agencies worldwide.

The toolkit is envisioned to support the efforts of competition authorities in cross-border knowledge-sharing and coordination. Advocacy is seen as a potential tool for addressing cooperation issues and can complement the implementation of cooperation agreements among competition agencies around the world.

The toolkit tackles the different barriers to effective international cooperation in competition enforcement, such as legal limitations in information sharing, low awareness on the impact of competition policies on cases with cross-border dimensions, and a lack of resources. It points

to advocacy initiatives as an intervention for case investigations.

Further, the document outlines best practices and shared experience from different competition agencies around the world. Formal agreements with competition agencies, data analytics tools, capacity-building activities, and social media and conference platforms are among the tools used to address such barriers.

The ICN is a global network composed of national and multinational competition enforcement authorities that discuss and recommend sound competition principles and practices. The AWG is co-chaired by the PCC, the Competition Authority of Kenya, the Egyptian Competition Authority and the Japan Fair Trade Commission, with the Competition Commission of Singapore as Special Project Lead. The PCC was selected to co-chair the AWG of the ICN in 2021. ■

Philippines chairs ASEAN Experts Group on Competition

The Philippines hosted the 30th and 31st ASEAN Experts Group on Competition (AEGC) Meeting and Related Meetings as chair of the ASEAN sectoral working group. This marks the first time, since its establishment in 2016, that the PCC chaired the AEGC.

On March 13 to 17, the 30th AEGC Meeting and Related Meetings, alongside the ASEAN Heads of Competition Agencies (AHCA) Meeting, were held in Puerto Princesa, Palawan. The meeting tackled key deliverables under the ASEAN Competition Action Plan (ACAP) 2016-2025 and other cooperation activities.

On October 9 to 13, the PCC gathered ASEAN competition officials once more at the 31st AEGC Meeting and Related Meetings in Cebu. The group discussed strategic goals achieved under ACAP

2016-2025, which include the establishment of competition regimes and cooperation agreements among member states, conduct of capacity-building activities, and the completion of advocacy activities to raise awareness on market competition.

During the meeting, PCC Chairperson Michael G. Aguinaldo emphasized the importance of implementing policies that are responsive to stakeholders' needs. He noted that competition authorities must "carefully assess future trends and emerging issues and identify initiatives in response."

Founded in 2007, the AEGC brings together competition authorities and government agencies in the ASEAN to establish effective institutional mechanisms for competition law and policy enforcement and advocacy in the region. ■



PCC Chairperson Michael G. Aguinaldo (inset, left) and PCC Commissioner Lolibeth Ramit-Medrano (inset, right) attend the 31st AEGC Meeting and Related Meetings, along with Commissioners Michael B. Peloton (first row, fifth from left), Marah Victoria S. Querol (first row, sixth from left), Ferdinand M. Negre (first row, sixth from right), Executive Director Kenneth V. Tanate (first row, fifth from right), and delegates from competition agencies of the ASEAN (main photo).



PCC officials tapped to share expertise at international competition fora

Top officials from the PCC represented the country in several engagements in international competition law and policy events in 2023.

Chairperson Michael G. Aguinaldo joined other antitrust agency heads at the 18th East Asia Top Level Officials' Meeting on Competition Policy in Thailand on July 25-26. He shared the agency's experience and programs in pursuing bid rigging cases at the 2023 Competition Enforcers and Academics Summit hosted by the Hong Kong Competition Commission on August 10-11. On August 29-30, Aguinaldo also participated in the ASEAN Enforcers Roundtable at the Global Competition Review Live: Law Leaders Asia-Pacific 2023 Conference in Singapore to discuss with other antitrust chiefs the developments in competition law and enforcement in the region.

Commissioner Lolibeth Ramit-Medrano, Executive Director Kenneth V. Tanate, and then Economics Office Director IV Benjamin E. Radoc, Jr. represented the PCC at the Asia-Pacific Economic Cooperation (APEC) First Senior Officials Meeting in the US on February 21-22. The delegates shared the agency's experience in competition litigation and regulatory advocacy across various key meetings led by the APEC Competition Policy and Law Group.

Commissioner Michael B. Peloton served as resource speaker at the first ASEAN-CIS-KFTC Enforcers Summit held in South Korea on

September 4. The session focused on best practices to address pressing market competition issues.

Commissioner Marah Victoria S. Querol represented the PCC in a series of events hosted by the Organisation for Economic Co-operation and Development, namely, Meeting of the Working Party 2 on Competition and Regulation, the 137th Meeting of the Working Party 3 on Cooperation and Enforcement; and the 140th Meeting of the Competition Committee—all of which happened in in France on June 12-16.

The Philippines' experience in merger reviews and procedures was discussed by officials of the Mergers and Acquisitions Office: then Director IV Krystal Lyn T. Uy at the Malaysia Competition Commission's Internal Roundtable Discussion with Experts and Professor Richard Whish's second Lecture Series (January 9-13); Director IV Lianne Ivy P. Medina and then Division Chief Juan Antonio E. Arcilla at the 2nd EU-ASEAN Competition Week in Thailand on May 8-9; and Director III Michael Kris Ben T. Herrera at the Antitrust in Asia: "One Size Fits All?" Conference in Hong Kong on October 26.

Radoc also spoke on the interaction between competition law and industrial policies at the 21st Session of the UNCTAD Intergovernmental Group of Experts on Competition Law and Policy in Switzerland on July 5-7. ■



(Left to right) Former Economics Office Director IV Benjamin E. Radoc, Jr., Commissioner Lolibeth Ramit-Medrano, and Executive Director Kenneth V. Tanate at the APEC First Senior Officials Meeting.



IP rights, competition law in spotlight at 10th ASEAN Competition Conference

The PCC, the ASEAN Experts Group on Competition, and the ASEAN Secretariat co-hosted the 10th ASEAN Competition Conference (ACC) on November 29-30 in Pasay City, with a focus on the intersection of intellectual property (IP) rights and competition law and policy. With the theme “From Innovation to Impact: Synergizing Antitrust and IP Regulation for a Stronger ASEAN,” the conference featured panel discussions on the digital landscape, the pharmaceutical industry, technology transfers, and biotechnology.

PCC Chairperson Michael G. Aguinaldo welcomed the esteemed speakers and guests and emphasized the significance of ASEAN coming together for sound competition law and policy, solid intellectual property protection, and continuing innovation.

Supreme Court Chief Justice Alexander G. Gesmundo delivered the keynote address for the event, where he discussed local jurisprudence

regarding IP and competition law. Other speakers were top officials from Philippine and foreign government offices, private law firms, members of the academe, and representatives from competition agencies in Indonesia, Malaysia, Thailand, Vietnam, Singapore, Japan, Australia, the US, the EU, and the UK.

PCC Commissioners Lolibeth Ramit-Medrano, Ferdinand M. Negre, and Marah Victoria S. Querol served as moderators in panel discussions. Commissioner Michael B. Peloton opened the second day with a recap of the discussions from the previous day.

Video recordings of the conference may be viewed on the PCC's official Facebook page and the ASEAN Secretariat's official YouTube page at facebook.com/competitionph and youtube.com/@aseansecretariatofficial, respectively. ■



PCC hosts benchmarking visit, study tour for ASEAN counterparts

In an effort to strengthen regional collaboration and develop competencies in competition regulation, the PCC organized two knowledge sharing events with its counterparts from Cambodia and Malaysia.

From March 23 to 24, the PCC hosted delegates from the Cambodia Competition Commission (CCC) for a comprehensive study tour at the former's office in Quezon City. During the visit, the PCC shared its operating framework, such as advocacy activities, enforcement techniques, and merger review processes. The activity sought to assist the CCC as it establishes itself as a competition regulator following the enactment of Cambodia's competition law in 2021.

On August 24, the PCC hosted a benchmarking visit for the Malaysia Competition Commission (MyCC) to

strengthen cooperation between the two agencies and enhance Malaysia's competition regime. MyCC was particularly interested in the introduction of a merger control regime in its jurisdiction. During the visit, discussion points ranged from core functions and historical growth to management structures and operational processes. MyCC delegates engaged with PCC officers responsible for corporate matters, mergers, and investigations into cartels and abuses of dominant position.

These engagements marked significant steps in regional collaboration, reinforcing the commitment of competition authorities to foster a competitive market environment in the region. Through the sharing of experiences and best practices, such initiatives help in advancing the regulatory landscape across Southeast Asia. ■



PCC Chairperson Michael G. Aguinaldo (11th from left) welcomes the group from MyCC for their benchmarking visit at the PCC office.



PCC Commissioner Marah Victoria S. Querol (fifth from left), Executive Director Kenneth V. Tanate (fourth from left), and Mergers and Acquisitions Office Director IV Lianne Ivy P. Medina (second from right) receive the representatives of CCC for their study tour.

LOOKING AHEAD



As the Philippines continues to recover from the global pandemic, the PCC maintains its vigilance against market distortions that predate the pandemic, while keeping a watchful eye on those that may entrench themselves in the economy, including those brought about by digitalization.

Enforcement

For 2024, enforcement action will focus on the following priority sectors: transportation, food and agriculture, public procurement, the labor market, digital markets, professional associations, and health and pharmaceuticals.

Advanced detection and investigation methods will be employed, among them the PCC's state-of-the-art digital forensic tools and its newly launched Bid Rigging Screening Tool or BiRST, a pilot test of which will be conducted among a select group of government agencies.

To improve institutional design and capacity, the agency is moving ahead with the codification of its different rules and issuances. The Codification Project seeks to streamline and harmonize PCC's existing rules of procedure and other regulatory issuances, thereby ensuring consistency and clarity in the Commission's regulatory framework, while also incorporating updates and enhancements in line with developments in jurisprudence.

Merger review

Amid the surge in transactions brought about by the economy's rebound, the PCC will sustain efforts to streamline its merger review procedures, ensuring market efficiency without hampering businesses' recovery from the pandemic.

The market restructuring that ensues from a crisis like the pandemic requires intensifying advocacy to remind stakeholders of the virtues of fair competition. In this regard, the agency will build upon the success of its online video training modules on merger review, with the next phase delving deeper into key concepts outlined in the PCC Merger Review Guidelines. Further, the PCC plans to continue providing guidance on the conduct of meetings during Phases I and II of the review process.

The Commission is developing several guidelines aimed at providing clarity and additional guidance to stakeholders while addressing any policy or procedural gaps in its operations. These guidelines will serve as valuable resources for the Commission and external parties involved in merger transactions, ensuring a more streamlined and transparent review process.

Recognizing the importance of continuous learning and development, the PCC is committed to increasing the foundational and substantive knowledge of its staff in conducting merger reviews. This will include attendance to foreign and local training initiatives, and partnerships with counterparts in other jurisdictions.

Policy research

The PCC has outlined a strategic agenda for 2024 focused on key industries, including agriculture, e-commerce, pharmaceuticals, water, and energy. Its long-term research program will look into the labor market and electricity generation, to deepen understanding and inform policy decisions in these areas.

Additionally, the agency is organizing staff research studies on a range of topics, including suggested retail price regulations and fuel prices, as well as issues pertinent to the education and construction sectors. The Commission is committed to fostering collaboration and knowledge-sharing by conducting more strategic policy dialogues with other government agencies to disseminate the findings of completed and ongoing market studies.

Moreover, the agency will enhance the capacity of its personnel through specialized training sessions on advanced regression analysis, and refresher courses on competition impact assessments (CIAs) and market studies. The PCC intends to integrate CIAs into pro-competitive government policies and interventions, with support from the National Economic and Development Authority and the Asian Development Bank.

Advocacy

In line with the strategic objective of fostering a culture of competition, the PCC will sustain the engagement of competition champions from the private sector and mainstream compliance programs among businesses, as part of its commitments under the government's Philippine Development Plan 2023-2028.

The Champions of Competition Program will leverage "force multipliers" to heighten advocacy campaigns in terms of geographical reach and sectors covered. Even as the PCC taps champions from the business community, including in areas outside the National Capital Region, the agency will continue to forge partnerships with other government agencies, through memoranda of agreement (MOAs) with regulators in the housing and public procurement sectors. Likewise, plans are in place to establish a network of colleagues from executive agencies, legislative committees, regulatory bodies, local government units, and the academe that will serve as strong allies in advocating for fair market competition across various industries.

As part of its commitment to professional development by becoming a Mandatory Continuing Legal Education (MCLE)-accredited provider, the PCC seeks to offer specialized MCLE units focusing on competition law. By providing opportunities for ongoing education and skills enhancement, the Commission aims to cultivate a core of legal professionals well-versed in competition law principles and practices.

Building institutional capacities

With enhanced efficiency and better service delivery in mind, the PCC will be working on revising its organizational structure and staffing pattern. This effort also aims to optimize talent and improve collaboration, as a well-designed structure fosters better communication among units and promotes synergy and teamwork across the organization.

Dividends from organizational redesign are expected to multiply once reorganization is paired with enhancements in knowledge management. The proposed PCC Knowledge Hub will enter its development phase in 2024, with an eye to launch the following year. The Hub will be an information technology platform that houses critical knowledge and information assets intended to strengthen the agency's individual and institutional capabilities in support of its operations.

The PCC also remains dedicated to investing in the continuous learning and development of its employees, recognizing the critical role of a well-equipped workforce in achieving its mission of fostering fair competition in the Philippines.

As it is still a small, young agency in the international competition community, the PCC has much to gain from both learning opportunities and networking efforts outside the country. Collaboration enables the pooling of resources, knowledge exchange, and coordinated efforts which lead to more effective solutions to complex challenges. As such, the PCC aims to close in on partnerships with counterpart competition agencies in Southeast Asia and Australia.

Moreover, as a member of the International Competition Network (ICN), the PCC is set to take on a significant role in the coming years. Serving as co-chair of the ICN Advocacy Working Group (AWG), the agency will be organizing lead sessions at the ICN Annual Conference 2024, showcasing its expertise and leadership within the organization. Also, the PCC endeavors to produce another working product, which aims to assess the effectiveness of advocacy initiatives conducted by various competition agencies. Recognized for its leadership, the PCC has been invited to contribute actively to initiatives like the ICN Special Project on Food and Agriculture and the Agency Effectiveness Working Group, boosting the Philippine agency's status as a key player in shaping competition policy worldwide. ■

COMPETITIONARY

Acquisition refers to the purchase of securities or assets, through contract or other means, for the purpose of obtaining control by: 1) one entity of the whole or part of another; 2) two or more entities over another; or 3) one or more entities over one or more entities.

Agreement refers to any type or form of contract, arrangement, understanding, collective recommendation, or concerted action, whether formal or informal, explicit or tacit, written or oral.

Bid rigging refers to fixing prices at an auction or any form of collusive tendering, including cover bidding, bid suppression, bid rotation, and market allocation, among others. It usually occurs when parties participating in a tender coordinate their bids rather than submit independent proposals.

Conduct refers to any type or form of undertaking, collective recommendation, independent or concerted action or practice, whether formal or informal.

Competition impact assessment (CIA) involves the evaluation of the potential competition effects of a proposed or existing policy and enables a competition agency or government body to identify regulations that potentially restrict or harm competition, and thus to develop alternative regulations.

Dawn raid is an unannounced on-site inspection used to uncover evidence in aid of investigation and prosecution of anti-competitive agreements and conduct such as cartels and abuses of dominance.

Entity refers to any person, natural or juridical, sole proprietorship, partnership, combination or association in any form, whether incorporated or not, domestic or foreign, including those owned or controlled by the government, engaged directly or indirectly in any economic activity.

Full administrative investigation (FAI) is carried out to determine if there is enough evidence to formally lodge a complaint, called a statement of objections (SO), against an entity for violating the Philippine Competition Act, its implementing rules, or other competition laws.

Initial assessment is a process where the PCC investigator determines whether a matter shall be recommended for the conduct of preliminary inquiry (PI).

Letter of non-coverage (LNC) from compulsory notification is a request lodged by merging entities with the PCC, seeking to exempt their transaction from notification. The LNC covers transactions that do not breach the notification thresholds, or those that involve internal restructuring, consolidation of ownership, or land acquisitions where no change in control ensues.

Market study is research conducted to gain in-depth understanding of a market or industry and the practices therein. This study determines whether competition in the market is working efficiently. It may also uncover concerns on firm behavior, market structure, information failure, consumer conduct, public sector intervention in markets, and other factors that may harm consumers. The study also recommends measures to address any issues that are identified.

Merger refers to the joining of two or more entities into an existing entity or to form a new entity.

Motu proprio is Latin for “on his own impulse.” *Motu proprio* reviews or investigations are initiated and issued by the competition agency of their own accord if it deems that there are potential competition concerns that need to be looked into.

National Competition Policy (NCP) lays down a whole-of-government approach to promote competition in the market through pro-competitive government policies, rules, regulations, issuances and actions. The NCP is anchored on three principles: pro-competitive policies and government interventions; competitive neutrality or fair competition between government entities and private entities in a market; and the primacy of the PCC in the enforcement of competition-related laws and issuances.

Non-adversarial remedy is a resolution or corrective action taken by the PCC to address anti-competitive behavior without resorting to administrative, civil or criminal action.

Phase I review of a proposed merger determines if the transaction may give rise to competition concerns. During Phase I review, the PCC's Mergers and Acquisitions Office (MAO) may gather supplementary information from the merger parties in addition to those contained in their initial submissions, as well as information from third parties. If during the Phase I review the merger review team finds competition concerns, or cannot rule out the likelihood of a substantial lessening of competition, then the transaction will proceed to the Phase II review. Otherwise, the transaction may be cleared for consummation.

Phase II review of a proposed merger involves reviewing a transaction further, which after Phase I review indicates competition concerns or despite the Phase I review the merger review team still cannot rule out the likelihood of a substantial lessening of competition in the relevant market. During Phase II review, the PCC gathers information which may either be supplied by the parties or be requested from third parties. This activity may lead to the issuance of a statement of concerns (SoC) if the merger is found to give rise to competition concerns, or to the clearance of the merger barring such concerns.

Philippine Competition Act (PCA) or Republic Act No. 10667 is the primary competition law of the Philippines that was passed in 2015 for promoting fair competition in the marketplace and protecting the well-being of consumers in the process.

Preliminary inquiry (PI) is conducted to determine if sufficient grounds exist to warrant a full administrative investigation (FAI) regarding an alleged violation of the Philippine Competition Act. A PI evaluates the potential adverse effects on consumer welfare or competition in the sector, alongside public interest concerns.

Pre-notification consultation (PNC) allows parties in a proposed merger or acquisition to seek non-binding advice from the PCC on the specific information needed for the notification before filing such.

Price-fixing refers to restricting competition as to price, or components thereof, or other terms of trade. This usually happens when competitors collude with one another, rather than allow demand and supply conditions to determine the price.

Relevant market refers to the group of goods or services that are sufficiently interchangeable or substitutable and the object of competition, and the geographic area where said goods or services are offered.

Size of party (SoP) refers to the value of assets or revenues of the ultimate parent entity (the juridical entity that, directly or indirectly, controls a party to the transaction, and is not controlled by any other entity) of either transacting entity in a merger. For 2023, the SoP was set at ₱7 billion.

Size of transaction (SoT) refers to the value of assets or revenues of the acquired party and the entities it controls. For 2023, the SoT was set at ₱2.9 billion.

Statement of concerns (SoC) is a document issued by the PCC's Mergers and Acquisitions Office, detailing its findings from a Phase II review of the likelihood of a transaction giving rise to a substantial lessening of competition in the relevant market. The SoC may also include any recommendations or remedial actions that the PCC proposes to apply in order to address those findings.

Statement of objections (SO) is similar to a charge sheet in court cases and contains the details of an entity's alleged violations of the Philippine Competition Act, its implementing rules, or other competition laws. The PCC's Competition Enforcement Office issues the SO after conducting a preliminary inquiry or full administrative investigation.

FINANCIAL STATEMENTS



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
COMMONWEALTH AVENUE, QUEZON CITY

INDEPENDENT AUDITOR'S REPORT

The Chairperson

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

Opinion

We have audited the financial statements of the Philippine Competition Commission (PhCC), which comprise the statement of financial position as at December 31, 2023, 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 financial statements including summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the PhCC as at December 31, 2023, and its financial performance, cash flows and changes in net assets/equity for the year then ended and notes to financial statements in accordance with International Public Sector Accounting Standards (IPSASs).

Basis for Unmodified Opinion

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are described in the Auditor's Responsibilities 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 the Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified 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 PhCC 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 IPSAS 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 ISSAIs, 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:

(printed copy signed)

AMADO N. ABLAO
OIC - Supervising Auditor
Audit Group F – OEO VI
April 1, 2024

PHILIPPINE COMPETITION COMMISSION STATEMENT OF FINANCIAL POSITION ALL FUNDS As at December 31, 2023 (In Philippine Peso)

	<u>Note</u>	<u>2023</u>	<u>2022</u> <u>(As Restated)</u>
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	67,950,811.42	30,195,350.66
Receivables	6	2,240,004.15	2,356,640.26
Inventories	7	670,050.05	588,450.82
Other Current Assets	8	18,701,015.42	16,133,516.71
Total Current Assets		89,561,881.04	49,273,958.45
NON-CURRENT ASSETS			
Property, Plant and Equipment	9	59,036,848.01	48,514,521.56
Intangible Assets	10	972,255.91	1,071,840.19
Other Non-Current Assets	8	26,770,393.04	17,207,880.61
Total Non-Current Assets		86,779,496.96	66,794,242.36
TOTAL ASSETS		176,341,378.00	116,068,200.81
LIABILITIES			

CURRENT LIABILITIES			
Financial Liabilities	11	24,661,209.79	50,509,848.80
Inter-Agency Payables	12	4,168,604.54	668,301.99
Due to Other Funds	13	3,576.57	75,576.87
Trust Liabilities	14	3,451,381.54	3,996,125.32
Pension Benefits Payable	15	820,344.93	2,506,724.80
Total Current Liabilities		33,105,117.37	57,756,577.78
TOTAL LIABILITIES		33,105,117.37	57,756,577.78
TOTAL ASSETS LESS TOTAL LIABILITIES		143,236,260.63	58,311,623.03
NET ASSETS/EQUITY			
Accumulated Surplus/(Deficit)		143,236,260.63	58,311,623.03
TOTAL NET ASSETS / EQUITY		143,236,260.63	58,311,623.03

PHILIPPINE COMPETITION COMMISSION
STATEMENT OF FINANCIAL PERFORMANCE
ALL FUNDS
For the Year Ended December 31, 2023
(In Philippine Peso)

	<u>Note</u>	<u>2023</u>	<u>2022</u> (As Restated)
REVENUE			
Service and Business Income		23,013,855.00	1,246,225.00
Total Revenue	16	23,013,855.00	1,246,225.00
EXPENSES			
Current Operating Expenses			
Personnel Services	17	243,413,518.70	242,405,764.32
Maintenance and Other Operating Expenses	18	316,785,667.82	275,716,910.31
Non-Cash Expenses	19	16,429,427.33	41,417,771.21
Total Current Operating Expenses		576,628,613.85	559,540,445.84
Surplus (Deficit) from Current Operations		(553,614,758.85)	(558,294,220.84)
Financial Assistance/Subsidy from NGAs, LGUs, GOCCs	20	662,818,592.37	482,992,442.08
Other Non-Operating Income	21	17,201.36	3,795,758.47
SURPLUS (DEFICIT) FOR THE PERIOD		109,221,034.88	(71,506,020.29)

PHILIPPINE COMPETITION COMMISSION
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
ALL FUNDS
For the Year Ended December 31, 2023
(In Philippine Peso)

	<u>Note</u>	<u>2023</u>	<u>2022</u> (As restated)
Balance at January 1		58,311,623.03	139,219,753.80
Add/(Deduct):			
Prior period Adjustments/Unrecorded Income and Expenses	4	-	(448,776.90)
Restated balance		58,311,623.03	138,770,976.90
Add/(Deduct):			
Changes in Net Assets/Equity for the Calendar Year			
Surplus/(Deficit) for the period		109,221,034.88	(71,506,020.29)
Adjustment of net revenue recognized directly in net assets/equity	41	(24,296,397.28)	(8,953,333.58)
Total Changes in Net/Assets/Equity for the Calendar Year		84,924,637.60	(80,459,353.87)
Balance at December 31		143,236,260.63	58,311,623.03

PHILIPPINE COMPETITION COMMISSION
STATEMENT OF CASH FLOW
ALL FUNDS
For the Year Ended December 31, 2023
(In Philippine Pesos)

	<u>Note</u>	<u>2023</u>	<u>2022</u> (As restated)
Cash Flows From Operating Activities			
Cash Inflows			
Receipt of Notice of Cash Allocation	22	769,431,144.11	644,208,892.15
Collection of Income/Revenues	23	23,013,855.00	1,261,225.00
Collection of Receivables	24	74,216.55	-
Receipt of Intra-Agency Fund Transfers	25	16,767.76	-
Trust Receipts	26	569,807.83	1,181,611.54
Other Receipts	27	1,476,613.58	4,690,719.40
Adjustments	28	68,122.69	3,544,328.89
Total Cash Inflows		794,650,527.52	654,886,776.98
Cash Outflows			
Remittance to National Treasury	29	24,299,952.90	8,960,758.58
Payment of Expenses	30	394,545,625.22	352,304,163.42
Grant of Cash Advances	31	16,270,971.02	4,735,138.55
Prepayments	32	71,468,552.53	52,850,587.23
Refund of Deposits	33	615,762.23	-
Payment of prior years' accounts payables for operating expenses	34	24,119,638.80	11,516,666.16
Payment of tax refunds payable	35	185,221.47	216,363.20
Remittance of Personnel Benefit Contributions and Mandatory Deduction	36	84,811,545.39	87,599,784.52
Grant of Financial Assistance/Subsidy		-	738,397.95
Release of Inter-Agency Fund Transfers	37	7,605,820.79	5,429,569.23
Other Disbursements	38	3,152,359.89	4,574,741.78
Reversal of Unutilized NCA		104,988,732.13	161,176,726.42
Adjustments		64,747.07	590,998.07
Total Cash Outflows		732,128,929.44	690,693,895.11
Net Cash Provided by (Used in) Operating Activities	40	62,521,598.08	(35,807,118.13)
Cash Flow from Investing Activities			
Cash Outflows			
Purchase/Construction of Property, Plant and Equipment	39	24,766,137.32	27,353,270.66
Total Cash Outflows		24,766,137.32	27,353,270.66
Net Cash Provided By (Used In) Investing Activities		(24,766,137.32)	(27,353,270.66)
Increase (Decrease) in Cash and Cash Equivalents		37,755,460.76	(63,160,388.79)
Cash and Cash Equivalents, January 1		30,195,350.66	93,355,739.45
Cash and Cash Equivalents, December 31		67,950,811.42	30,195,350.66

PHILIPPINE COMPETITION COMMISSION
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT
For the Year Ended December 31, 2023
(In Philippine Pesos)

Particulars	ALL FUNDS			
	Budgeted Amount		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
	Original	Final		
RECEIPTS				
Services and Business Income	-	-	23,013,855.00	(23,013,855.00)
	-	-	23,013,855.00	(23,013,855.00)
PAYMENTS				
Personnel Services	297,570,000.00	313,208,290.49	236,958,771.92	76,249,518.57
Maintenance and Other Operating Expense	655,561,264.08	930,159,946.59	287,285,169.99	642,874,776.60
Capital Outlay	32,197,044.00	32,197,044.00	8,829,264.12	23,367,779.88
	985,328,308.08	1,275,565,281.08	533,073,206.03	742,492,075.05
NET RECEIPTS/PAYMENT	(985,328,308.08)	(1,275,565,281.08)	(510,059,351.03)	(765,505,930.05)



OFFICE DIRECTORY

Office of the Chairperson

+632 87719-722 local 103
otc@phcc.gov.ph

Office of the Commissioners

+632 87719-722 local 142
+632 87719-722 local 122
+632 87719-722 local 112
+632 87719-722 local 132
commissioners@phcc.gov.ph

Office of the Executive Director

+632 87719-722 local 152
oed@phcc.gov.ph

Office of the Commission Clerk and Sheriff

+632 87719-722 local 222
occs@phcc.gov.ph

Mergers and Acquisition Office

+632 87719-722 local 252
mergers@phcc.gov.ph

Competition Enforcement Office

+632 87719-722 local 232
enforcement@phcc.gov.ph

Economics Office

+632 87719-722 local 262
economics@phcc.gov.ph

Communications and Knowledge Management Office

+632 87719-722 local 242
ckmo@phcc.gov.ph

Administrative Office

+632 87719-722 local 202
ao@phcc.gov.ph

Finance, Planning and Management Office

+632 87719-722 local 212
fpmo@phcc.gov.ph



Ensuring businesses compete and consumers benefit

The Philippine Competition Commission is open Mondays through Fridays from 8:00 a.m. to 5:00 p.m. Submission of notifications and complaints are accepted during these hours.

📍 25/F Vertis North Corporate Center 1
North Avenue, Quezon City 1105
Philippines

☎️ (+632) 8771-9PCC (722)

🌐 www.phcc.gov.ph

✉️ queries@phcc.gov.ph