



***MAKING* COMPETITION POLICY
WORK FOR ECONOMIC RECOVERY**

About the theme

In 2021, the COVID-19 vaccine provided countries an opportunity to gradually restart their economies. However, the road to recovery has been hampered by various challenges, among them, the emergence of new COVID-19 variants and the occurrence of natural disasters.

In response to the rapidly evolving threats to health and economic recovery, the Philippine Competition Commission recalibrated its strategies to ensure that it remained responsive to pressing needs while fulfilling its mandate of protecting and promoting market competition. It significantly allotted more resources to competition enforcement, creating specialized divisions to handle cases of cartels and abuses of dominance. The agency intensified its monitoring of priority markets and provided competition-related inputs to economic relief bills, among others. It continued mainstreaming competition through strategic partnerships and through an advocacy and capacity-building program that harnesses the power of digital technologies to reach, educate, and engage more stakeholders.



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2021 Annual Report: Making Competition Policy Work for Economic Recovery

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queries@phcc.gov.ph
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www.phcc.gov.ph

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OUR ROLE

The PCC is an independent quasi-judicial body mandated to implement the National Competition Policy and enforce Republic Act No. 10667 or the Philippine Competition Act (PCA), which serves as the primary law in the country for promoting and protecting market competition.

Before the COVID-19 pandemic, the country had made significant strides in economic growth. However, the challenge of attaining sustained and inclusive development, where no one is left behind, remains. The enactment of the PCA and the creation of the PCC aim to ensure fair market competition, a vital element in the government's overall objective of achieving inclusive development.

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

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

VISION

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

MISSION

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

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



Review of mergers and acquisitions



Investigation and adjudication of antitrust cases



Imposition of sanctions and penalties



Conduct of economic and legal research on competition-related matters



Issuance of advisory opinions



Advocating pro-competition culture in government and business



Message from the **CHAIRPERSON**

In 2021, pandemic-related disruptions continued to impact the economy. While the COVID-19 vaccine rollout provided a window to jumpstart the economy, the country faced setbacks due to two significant COVID-19 waves and the emergence of more infectious variants of the virus.

Throughout the year, we at the PCC have remained faithful to our mandate and sought ways to adapt to these extraordinary times, ensuring that recovery will be supported by markets that are competitive, efficient, and fair.

Maintained focus on enforcement, market monitoring

The PCC has prioritized enforcement efforts since early 2020. In 2021, the Competition Enforcement Office (CEO) opened 10 full administrative investigations involving firms in the energy,

health, telecommunications, and water sectors. It filed two Statements of Objections against alleged price-fixing cartels in the tourism and healthcare sectors. These two cases have proceeded to adjudication.

The Internet Service Provider (ISP) Task Force, convened in March, has received and processed more than 100 ISP-related complaints. This is significant as the pandemic has shown the value of reliable internet access for business and personal transactions, especially those related to education and health. Subsequently, three show cause orders were issued to a major real property developer and its property manager for limiting homeowners' choices for ISPs.

With the PHP 50 billion threshold for notifications under Bayanihan II still in effect, the Mergers and Acquisitions Office (MAO) received only four M&A notifications in 2021. In September, the PCC

regained its power to conduct motu proprio review for non-notifiable transactions, after a yearlong moratorium. In response, the MAO has carried on with monitoring transactions that may reduce competition in markets.

Complementing its proactive market monitoring, the PCC continued to undertake research in priority sectors and important areas of competition policy. It completed competition impact assessments (CIA) on crop seeds, land transportation, water, and health maintenance organizations (HMOs). It published the results of five commissioned studies on industries in the agriculture, fuel, energy, and cargo services sectors.

Sustaining competition advocacy

Mainstreaming a culture of competition requires a whole-of-government effort. A milestone toward this end was the public sector rollout of the National Competition Policy (NCP) through the Palace's issuance of Administrative Order (AO) No. 44 in October. Through this AO, government entities are called to adopt and implement the NCP in their respective jurisdictions. We welcome this move as it signifies the importance of competition policy in improving market efficiency and stimulating economic recovery.

As part of its continuing advocacy campaign, the Commission held 37 capacity-building and advocacy activities for major stakeholders, all in virtual format. These include the flagship Manila Forum for Competition in Developing Countries in February, regional roadshows, and campus tours. We also launched the iCLP: Online Learning Hub on Competition Law and Policy in August, allowing interested parties, including those from the academe, business sector (especially micro, small, and medium enterprises), government, and students, to take advantage of on-demand or self-paced learning materials on competition law and policy.

As in previous years, the PCC, through its Legislative Liaison Office (LLO), continued to proactively participate in policymaking through representation in legislative hearings, meetings, and technical working groups, and the conduct of Capacity Improvement on Competition Advocacy for Legislative Staff (CICALS).

Building institutional partnerships has always been one of PCC's main thrusts toward fostering a culture of competition, enabling a more streamlined mode of cooperation and communication with partner agencies and institutions. In 2021, we signed partnership agreements with the Development Academy of the Philippines for the competition impact assessment course; with the Bangko Sentral ng Pilipinas, Securities and Exchange Commission, Cooperative Development Authority, and Philippine Deposit Insurance Corporation

on streamlining the process for mergers, consolidations, and acquisitions among banks; and with the Anti-Red Tape Authority and Department of Information and Communications Technology on streamlining procedures concerning telco infrastructure permits.

The Commission also collaborated with other competition authorities to gain other perspectives and share competition know-how. In December, we signed a memorandum of understanding with the Competition and Consumer Commission of Singapore. We held a training in merger control for the Malaysia Competition Commission and Cambodia's Consumer Protection, Competition and Fraud Repression Directorate-General. In recognition of its advocacy efforts, the PCC was selected to co-chair the Advocacy Working Group of the International Competition Network. This offers opportunities for the agency to build more linkages and strengthen international cooperation.

Toward resilient, efficient, and dynamic markets

In 2022, the PCC will continue to focus on sectors considered essential in the recovery period, namely, e-commerce, health and pharmaceuticals, food and agriculture, energy and electricity, insurance, construction, water, and telecommunications.

Risks of anticompetitive behavior persist, including anticompetitive mergers and acquisitions, cartel activities, and abuses of dominance. Hence, competition policy remains a critical complementary and strategic lever for recovering economies. As the country continues to face the challenges of the pandemic and rebuild, the PCC commits to the removal of anticompetitive practices that derail the recovery process. Moreover, it will continue to lay the necessary foundations for markets to remain structurally resilient, efficient, and dynamic despite economic shocks.


Arsenio M. Balisacan, PhD
Chairperson

The Commission

Under the PCA, the Commission shall be composed of a chairperson and four commissioners. The chairperson and the commissioners have the rank equivalent of cabinet secretary and undersecretary, respectively. They are appointed by the President for a term of seven years without reappointment.



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

A member of the regular faculty of the University of the Philippines School of Economics for over three decades, Professor Balisacan is serving as the first Chairperson of the PCC. Before this appointment, he was Socioeconomic Planning Secretary and concurrent Director-General of the National Economic and Development Authority (NEDA) in 2012-2016. As NEDA Director-General, he served as Board Chairperson of the Philippine Institute for Development Studies and as the first Board Chairperson of the Philippine Statistics Authority and the Public-Private Partnership Center of the Philippines.

Previous to his Cabinet appointment, he was Dean of the UP School of Economics, Director-

Chief Executive of the Southeast Asian Regional Center for Graduate Study and Research in Agriculture, and Undersecretary for Policy and Planning of the Department of Agriculture. Before joining the UP faculty in 1987, he was a Research Fellow at the East-West Center in Honolulu and Economist at the World Bank in Washington, D.C.

He has authored and co-edited seven books and published, both locally and internationally, close to 100 academic papers and book chapters on various development issues, particularly in the Philippines and East Asia. His papers have appeared in various journals, among them, *Economics Letters*, *World Development*, *Review of World Economics*, and *Economic Development and Cultural Change*. He founded the *Asian Journal of Agriculture and Development*, and served as its editor in 2004-2016.

He is a lifetime Member-Academician of the National Academy of Science and Technology, the country's top peer-elected body serving as principal adviser to the nation on science, technology, and innovation for national development.

Chairperson Balisacan obtained his PhD in economics from the University of Hawaii, MS in agricultural economics from the University of the Philippines Los Baños, and BS in agriculture (magna cum laude) from the Mariano Marcos State University.

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

During the 16th Congress, he served as the lead adviser to the Philippine Senate and House of Representatives on key economic legislation, which included the PCA. Commissioner Bernabe graduated cum laude, earning a degree in economics, from the University of the Philippines, where he also subsequently finished his law degree. He pursued further studies at the University of London as a Chevening Fellow and at the International Development Law Institute in Sydney, Australia.



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



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

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

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

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



Commissioner Emerson B. Aquende joined the PCC on March 5, 2020. Before that, he headed the Legal Education Board, the government agency regulating legal education in the country. He had gained experience in insurance and finance as board director of the United Coconut Planters Life Assurance Corp., UCPB General Insurance Co., Inc., and its various subsidiaries.

He practiced law as a litigation attorney, and has more than 22 years of experience in the academe, 14 years of which was spent as dean of the University of Santo Tomas-Legazpi (Aquinas University) law school. He also currently teaches law in the University of the Philippines College of Law.

Commissioner Aquende earned his Bachelor of Laws degree from the University of the Philippines, after receiving his Bachelor of Science degree in commerce (legal management) from De La Salle University.



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

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

Commissioner Asuncion received her law degree from the University of the Philippines and Master of Laws (with distinction) in international legal studies from Georgetown University Law Center in Washington, D.C. She was admitted to the New York Bar. She finished her BA English Studies (magna cum laude) from the University of the Philippines. She was editor of the *Philippine Law Journal* and has published works locally and internationally, including in the *European Journal of International Law*.

** Her term ended on June 30, 2021*



2021 AT A GLANCE



ECONOMIC AND POLICY RESEARCH

- 4** competition impact assessments on policies related to seeds certification, truck-for-hire, provincial water utilities, and health maintenance organizations (HMOs) completed
- 7** market studies on telecommunications (retail segment), construction, coconut, fuel, pork, HMOs, and air transport carriers completed
- 4** working papers on vertical agreements and abuse of dominance conducted
- 5** issues papers and **1** discussion paper published



COMPETITION ENFORCEMENT

- 10** full administrative investigations commenced
- 2** Statements of Objections filed
- Internet Service Provider Task Force constituted in March; **11** enforcement advisory letters and **3** show cause orders issued



REVIEW OF MERGERS AND ACQUISITIONS

- 4** notifications received for transactions with an aggregate transaction value of PHP 470 billion
- 4** transactions with decisions reached
- Motu proprio review power resumed in September after a one-year moratorium



CAPACITY BUILDING AND ADVOCACY ACTIVITIES

- 19** position papers and comments submitted to Congress and executive agencies
- 37** advocacy and capacity-building activities conducted
- 4** partnerships executed



INSTITUTION BUILDING

- 188 of 244** plantilla positions filled
- Creation of the Office of the General Counsel (OGC) and Economics Office (EO) and establishment of a Procurement Section approved
- First investigation and collaboration station (i-Station) established in Baguio City in November
- International Organization for Standardization (ISO) 9001:2015 re-certification obtained

COMPETITION ENFORCEMENT

The PCC seeks to protect vulnerable consumers and businesses from anticompetitive agreements and conduct, even during times of economic hardship and uncertainty.

During the pandemic, the PCC, through the Competition Enforcement Office (CEO), remained proactive in monitoring and investigating industries, sectors, and markets. Since 2020, it has focused its enforcement initiatives on the following priority sectors: food and agriculture, e-commerce, health and pharmaceuticals, energy and electricity, insurance, water, real estate, and logistics and shipping.

In 2021, 10 cases proceeded to full administrative investigations (FAI). These involved complaints in the telecommunications, water, energy, and health sectors. In sum, the CEO has one ongoing preliminary inquiry and 18 FAIs.

As a result of its investigations, the CEO filed two Statements of Objections (SO) or formal complaints before the PCC. Both complaints involved price-fixing cartels in the tourism and healthcare industries. Both cases proceeded to adjudication.

As of 2021, the CEO has addressed a total of 869 enforcement inquiries and complaints. These include informal complaints on alleged cartels and abuses of dominance, as well as clarifications of the law and the PCC's jurisdiction over certain cases.

The transition to remote work arrangements, rise of remote methods in delivering healthcare and education, and the increasing use of digital platforms for everyday transactions have underscored the need to safeguard competition in sectors that support such activities. In response to this pressing need, the CEO constituted the Internet Service Provider (ISP) Task Force in March 2021 to handle cases and complaints involving access and provision of internet services. The ISP Task Force has received and processed over a hundred ISP-related complaints and queries.

To improve its capacity to handle bid-rigging cases, the PCC coordinated with the Commission on Audit (COA), the Government Procurement Policy Board (GPPB), and the Governance Commission for Government-Owned or -Controlled Corporations (GCG) to develop and test a bid-rigging screening tool. As it processes bid data, the screening tool will enable the PCC and its partner agencies to detect bid-rigging cartels, identify red flags in public procurement, and facilitate the processing of bid data to assist in prioritizing investigations, thereby optimizing the use of fiscal resources and time. Furthermore, the CEO plans to test the screening tool using procurement data from partner agencies.

Lastly, the PCC became a regular member of the National Law Enforcement Coordinating Committee (Sub-Committee on Intelligence Coordination), which coordinates information among its member-law enforcement agencies. As a regular member of the Sub-Committee on Intelligence Coordination, the PCC has access to intelligence and information from other agencies. This also greatly improves PCC's coordination with other law enforcement agencies, which are invaluable partners of the PCC in the performance of its mandate.

2

Statements of Objections (SO) filed

869

Enforcement inquiries and complaints addressed

10

Full administrative investigations (FAI)



ISP TASK FORCE ORGANIZED TO ADDRESS INTERNET-RELATED COMPLAINTS

Since the successful adjudication of its first abuse of dominance case involving an internet service provider (ISP) and property developer, the PCC has been receiving numerous complaints and allegations involving similar conduct. With the influx of queries and complaints on said sector, the PCC, through the Competition Enforcement Office (CEO), constituted an ISP Task Force in March 2021 to handle cases and complaints involving access to and provision of internet services.

The ISP Task Force monitors and addresses complaints received on attempts by condominiums, subdivisions, and other property developers to limit access to a single or its in-house ISP.

More than a hundred ISP-related complaints and queries were received and processed. Through this initiative, the CEO utilized non-adversarial remedies allowed under the Philippine Competition Act and the Rules of Procedure, as follows:

- Issuance of 11 enforcement advisory letters, resulting in voluntary compliance by firms; and
- Issuance of three show cause orders against a major real property developer and its property manager in May 2021. The show cause orders were in response to complaints by homeowners that only one ISP was allowed to operate inside the subdivisions of the property developer, hence, limiting competition and consumer choice.

These interventions are expected to result in greater consumer empowerment, lower prices, and better service quality as ISPs compete more vigorously for customers.

PRO-COMPETITION MEASURES ADOPTED IN INTER-AGENCY STREAMLINING OF TELCO INFRA PERMITS

In October 2021, the Anti-Red Tape Authority (ARTA) and the Department of Information and Communications Technology (DICT) issued Joint Memorandum Circular (JMC) No. 1, series of 2021 together with the PCC, Department of Interior and Local Government, Department of Public Works and Highways, Department of Human Settlements and Urban Development, Civil Aviation Authority of the Philippines, National Telecommunications Commission, Energy Regulatory Commission, and National Electrification Administration.

The JMC streamlines the processing of permits and allows infrastructure sharing to expedite the rollout of telecommunications and internet infrastructure.

Consistent with competition principles, it requires owners to provide other market players access to such infrastructures on a non-discriminatory basis and prohibits them from giving preferential access to related firms. Refusal to grant access should be based on objective, transparent, and proportionate criteria (e.g., lack of technical suitability, unavailability of space).

As one of the oversight agencies, the PCC is mandated to prohibit anticompetitive acts in relation to the JMC, and to adopt rules detailing the procedure for access requests and transparency of information concerning poles and other physical infrastructures.

“To achieve a truly inclusive connectivity for Filipinos, competition should be present in the different aspects of operations in the telecommunications sector. Through the JMC, the increase of market players at the network level is now complemented by the accelerated rollout of infrastructure on the ground,” PCC Chairperson Arsenio M. Balisacan said.

Recognizing the huge impact of the anticompetitive conduct in the telecommunications sector, the PCC has been proactive in fostering competition not only at the policy level, but also at the market level, thereby regulating the market holistically.

MERGERS AND ACQUISITIONS

The merger notification threshold of PHP 50 billion for the Size of Person (SoP) and Size of Transaction (SoT) remains in force, pursuant to Section 4 (eee) of Republic Act No. 11494 or Bayanihan to Recover As One Act. As part of the government's economic recovery measures, Section 4 (eee) has the stated purpose of "promoting business continuity and capacity-building". The said section exempts from compulsory notification all M&As with transaction values below PHP 50 billion, if entered within two years from the effectivity of the law in 2020.

Consequently, the PCC received only four M&A notifications in 2021. It approved two of these, while two transactions were withdrawn because they were exempt from compulsory notification. These four transactions, with a total transaction value of PHP 470 billion, involved real estate (2), finance and insurance (1), and transportation and storage (1).

There were also three spillover cases from 2020. These cases were notified in the latter part of 2020 and their review was concluded in the early part of 2021. The PCC approved two of these, while the remaining one was withdrawn by the notifying parties. These three transactions, with a total transaction value of PHP 229 billion, involved transportation and storage, electricity supply, and manufacturing.

In September 2021, the PCC regained its power to conduct motu proprio review of non-notifiable transactions. As part of the Commission's market surveillance function, a motu proprio review allows the PCC to investigate any M&A transaction that it believes is likely to substantially lessen competition in the market, even if the transaction does not meet the thresholds for compulsory notification.

As of December 31, 2021, the PCC had received a total of 225 M&A transactions with a combined transaction value of PHP 4.56 trillion. Since its establishment in 2016, the PCC has diligently monitored transactions that may have caused a substantial lessening of competition in the market. It reiterates that transactions that may significantly increase market concentration lead to the creation of monopolies, erect barriers to entry, or encourage anticompetitive conduct, and as such must undergo competition review to ensure the protection of consumer welfare.

Transactions with PCC Decisions in 2021

Transaction No.	Notifying Parties
M-2021-002	SN Power AS and Scatec Solar ASA
M-2021-003	Maxim Integrated Products, Inc. and Magneto Corp.
M-2021-004	Manila Waterfront City Development Project; Waterfront Manila Premier Development, Inc.; and City Government of Manila
M-2021-005	Manila Horizon Reclamation Project; JBros Construction Corporation; and City Government of Manila

Transaction Value by Sector, 2021

Sector	Transaction Value (in billion PHP)
Real estate	110.00
Electricity, gas, steam and air-conditioning supply	94.89
Manufacturing	8.56

Number of Notifications by Sector, 2021

Sector	Number of Transactions
Real estate	2
Electricity, gas, steam and air-conditioning supply	1
Manufacturing	1

Total Transaction Value by Sector (as of December 2021)

Sector	Frequency of Transactions	Sum of Transaction Value (in million PHP)
Manufacturing	50	1,513,898.80
Financial and insurance activities	37	719,243.47
Real estate	33	607,540.37
Electricity, gas, steam and air-conditioning supply	27	695,043.84
Transportation and storage	18	264,058.98
Wholesale and retail trade; repair of motor vehicles and motorcycles	17	151,727.44
Administrative and support services	11	129,896.88
Water supply, sewerage, waste management and remediation activities	5	154,737.30
Human health and social work	5	91,364.72
Accommodation and food service	5	9,680.27
Agriculture, forestry and fishing	5	9,452.11
Education	4	15,603.04
Construction	3	57,545.01
Information and communication	3	76,564.06
Mining and quarrying	2	60,069.70
Grand Total	225	4,556,425.99

As part of its capacity-building efforts, the Mergers and Acquisitions Office (MAO) set up initiatives to build its capacity in handling future cases, wherein voluntary commitments, including structural remedies such as divestitures, will be offered by merging parties.

Last May, the MAO conducted a workshop on best practices for negotiating, implementing, and monitoring voluntary commitments. The workshop sought to equip the MAO staff and other members of the agency with knowledge to understand financial models and tools that will allow them to assess the suitability of commitment packages and related matters. It also involved focus group discussions and consultations with resource speakers. This

workshop was tailored for PCC staff who are involved in merger reviews, whether notified to PCC by merging parties or subjected to motu proprio assessment. The participants included lawyers and economists who work on merger reviews, adjudication officers, and technical staff of the Commissioners.

Moreover, a divestiture manual was developed by the MAO to aid its lawyers and staff in determining and assessing the completeness and appropriateness of divestiture packages proposed by merging parties in their voluntary undertakings or commitments. Similarly, the MAO facilitated a series of training sessions in June 2021 to familiarize end users on the application of said manual.

MULTI-AGENCY MCA AGREEMENT SIMPLIFIES BANK MERGER APPROVALS



The PCC and banking and financial sector regulators signed a multi-agency agreement that aims to streamline the merger, consolidation, and acquisition (MCA) process among banks.

The Memorandum of Agreement on the Procedures for Applications for Mergers, Consolidations, and Acquisition of Banks was signed in a virtual ceremony held on November 5, 2021. Signatories were PCC Chairperson Arsenio M. Balisacan, Chairperson Joseph B. Encabo of the Cooperative Development Authority, Governor Benjamin E. Diokno of the Bangko Sentral ng Pilipinas, President and Chief Executive Officer Roberto B. Tan of the Philippine Deposit Insurance Corporation, and Chairperson Emilio B. Aquino of the Securities and Exchange Commission.

A first-of-its-kind among financial regulators, the MCA agreement aims to harmonize

the requirements for bank MCA proposals. The regulators agreed on harmonizing requirements for proposals, reducing the number of documentary requirements from 58 to only 30. The synchronized timelines and elimination of duplicate functions among the concerned agencies will also reduce to a third the average total processing time (from 160 to 55 business days). The implementing guidelines on the procedures for MCA applications will subsequently be issued via a joint circular by the agencies.

The agreement is the culmination of the MCA Project, a collaboration among the financial regulators involved in the processing of MCA proposals of banks. It was commended by the Anti-Red Tape Authority as supportive of the government's thrust of promoting ease of doing business.



ECONOMIC AND POLICY RESEARCH

The PCC's research efforts equip the Commission in rolling out effective enforcement and advocacy activities that address the Filipino consumers' pressing concerns. In 2021, complementary to its intensified market monitoring, the PCC continued to undertake various studies in priority sectors and important areas of competition policy.



In September, the Pharmaceutical Technical Advisory Group (PTAG) was convened, recognizing the critical role of the health and pharmaceutical industry in ensuring that Filipinos are protected from future risks of adverse health events. The PTAG is composed of sectoral experts in economics, medicine, regulatory policy, and competition policy. It advises and assists the PCC and its partner agencies in initiating more pro-competitive strategic interventions in the sector.

The PCC also published the results of its commissioned studies in five issues papers and a discussion paper. These papers studied industries within the agriculture sector, fuel, energy, and cargo services.



Corn Industry in the Philippines (January 2021)

In this paper, Artemio M. Salazar, Cenon D. Elca, Geny F. Lapiña, and Francis Joshua D. Salazar looked into possible competition issues in the supply chain and reviewed policies and regulations relevant to these issues. The authors recommended that "given the consolidation of the significant players in genetically modified seeds at the global level and other inputs (i.e., Monsanto and Bayer), there is a need for closer market monitoring especially in determining input prices, sales volume, and market shares. This will ensure that the mergers do not translate to market dominance unfavorable to farmers as primary consumers of their products and other end-consumers, such as the feeds and livestock industries."



The Philippine Fertilizer Industry (January 2021)

Written by Roehlano M. Briones, with contribution from Peter S. Turingan, the paper examines the competitive landscape of the fertilizer industry in the country. Briones found that policies and regulations do not pose significant barriers to entry in the industry. Rather, "the key barrier to entry of small players is the ability to mobilize large amounts of working capital and achieve high volume of sales so as to earn enough despite low margins," he noted.

The PCC completed the following:

4

Competition impact assessments on seeds certification, truck-for-hire, provincial water utilities, and health maintenance organizations (HMOs).

7

Market studies on telecommunications (retail segment), construction, coconut, fuel, pork, HMOs, and air transport carriers.

4

Working papers on vertical agreements and abuse of dominance.



The Philippine Milk Products Industry (March 2021)

In this paper, Francis Mark A. Quimba and Kirsten J. Dela Cruz used the structure-conduct-performance (SCP) paradigm to provide a detailed description of the industry, covering the variety of products available in the market, the manufacturers and suppliers, and the production value chains. The study found that small dairy farms and manufacturers provided limited competition to large, established milk manufacturers. To increase sources of competition, the authors recommended that “small dairy farms and manufacturers are given assistance. The PCC should alert the Department of Agriculture and the National Dairy Authority on the critical role of small dairy farmers in supplying milk in their respective markets.”



Competition Policy Issues in Cargo Services (March 2021)

The cargo services study, conducted by Gilberto M. Llanto and Francis Mark A. Quimba, shows that the transport and logistics sector is highly concentrated. “There is a lack of competition in the transport and logistics industry, particularly in the cargo services sector, which is a critical segment of the industry. Innovations and new technologies and the regulatory framework impact firm behavior and market structure. Inadequate and inefficient infrastructure is a significant factor behind poor cargo services performance. These factors tend to give rise to competition issues in the cargo services sector,” the authors noted.



Market Study on the Refined Petroleum Industry (April 2021)

The study, conducted by a research team led by Peter L. U, looked into the dynamics of the Philippine downstream petroleum industry, specifically gasoline, diesel, and kerosene markets, as well as into issues impacting competition. The authors noted that “pricing remains the most prominent competition issue,” and that “competition in the industry also takes on other forms,” such as customer loyalty programs and better facilities and amenities. Apart from describing the industry’s demand and supply structures and identifying actual and potential competition issues, the study also presents a case study on the Baguio City market.



What Fuel Prices Can Tell Us: DOE Price Monitoring Data in Competition Enforcement and Consumer Welfare (April 2021)

In this discussion paper, Gabriel B. Domingo and Tea C. Ty of the PCC Economics Office explored the role of the price monitoring scheme of the Department of Energy in the antitrust work of the PCC by applying Metro Manila price data in a preliminary cartel screen.

The PCC Issues Papers examine the structure, conduct, and performance of industries to better inform and guide the Commission’s advocacy and enforcement initiatives. On the other hand, the PCC Discussion Papers report preliminary results of original studies. From 2019 to 2021, 11 issues papers have been published.

The published papers can be downloaded, along with other information, education, and communication materials on competition, from the resources section at <https://phcc.gov.ph>.

OECD FLAGS COMPETITION ISSUES IN PHILIPPINE LOGISTICS SECTOR



Antonio F. Gomes, PhD of the OECD delivers his opening message during the OECD Reports Launch in the Philippines.

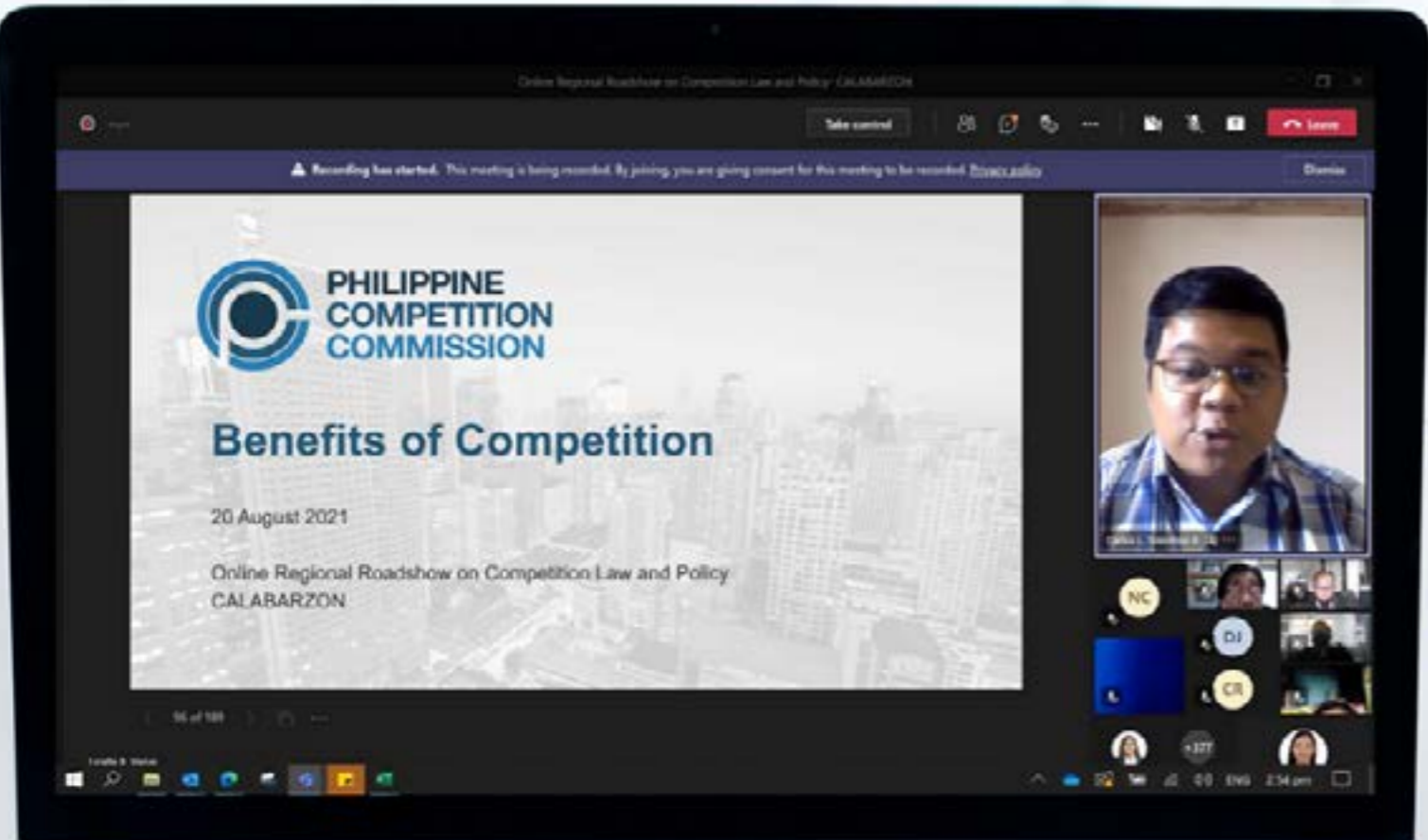


The PCC and the Organisation for Economic Co-operation and Development (OECD) launched in January 2021 two reports on OECD’s key findings and recommendations in boosting the country’s logistics sector and leveling the playing field between private and state-owned firms in this industry.

The reports studied 96 relevant laws and regulations and presented pro-competition recommendations to help firms, regulators, and stakeholders in the Philippine logistics sector operate more efficiently, productively, and competitively. The reviews were conducted under OECD’s Fostering Competition in ASEAN Project, which assesses regulatory constraints on competition in the logistics sector in all 10 ASEAN member countries. The project identified regulations that hinder the efficient functioning of markets and create unfair competition among businesses.

The first report, *OECD Competition Assessment Review of the Logistics Sector in the Philippines*, examines regulatory constraints on competition in road and maritime freight transport, freight forwarding, and value-added services. The second report, *Competitive Neutrality Reviews: Small-Package Delivery Services in the Philippines*, focuses on small-package delivery services to demonstrate the application of competitive neutrality in the case between private firms and the state-owned Philippine Postal Corporation (PHLPost). The reports recognize the crucial role in Philippine economic development of the logistics sector, with its market size of USD 11 billion, accounting for approximately four percent of the country’s gross domestic product (GDP).

According to the reports, the cost of logistics to sales remains high in the Philippines, at approximately 27 percent more than in other ASEAN countries. The country ranked 60th in the World Bank’s Logistics Performance Index (LPI) in 2018, with timeliness and customs being the two most challenging areas. Low scores were likewise received for infrastructure and logistics competence—areas which the Build! Build! Build! (BBB) program is expected to improve. Three competition issues in the logistics sector were flagged by the reports: 1) rules that may limit market entry; 2) exemptions from competition law; and 3) rules granting preferential treatment to certain companies, resulting in uneven competition in the market.



CAPACITY BUILDING AND ADVOCACY

Competition advocacy is a critical tool in fostering a culture of competition. In times of crisis, it is an even more crucial instrument for ensuring that competition guides the adoption of measures for economic recovery.

In 2021, the PCC continued mainstreaming competition through strategic partnerships and through its advocacy and capacity-building program, maximizing virtual platforms to reach, inform, and engage more stakeholders.

Public sector rollout of the NCP

A milestone for competition policy in 2021 was the issuance of Administrative Order (AO) No. 44 titled "Directing the Adoption and Implementation of the National Competition Policy," signed by President Rodrigo Duterte in October. To recall, the National Competition Policy (NCP) is contained in the Joint Memorandum Circular (JMC) 2020-01 of the National Economic and Development Authority (NEDA) and the PCC. It promotes the enforcement of antitrust policies and practices to mitigate anticompetitive behavior that threatens economic growth and recovery from losses incurred during the pandemic. AO No. 44 enjoins national government agencies (NGAs), government-owned or -controlled corporations (GOCCs), and local government units (LGUs) to comply with and implement the NCP in their respective jurisdictions.

Bringing competition awareness online

The shift to online modes of communication has not hindered the PCC from vigorously fulfilling its mandate as the country's competition advocacy champion. In 2021, it organized 37 virtual capacity-building and advocacy activities for external stakeholders, including government agencies, businesses, the academe, and the general public.

In February, the Manila Forum on Competition in Developing Countries, PCC's flagship advocacy event, was held virtually for the first time. The 2021 Manila Forum discussed the challenges that developing countries face in the new normal and the role of dynamic competition policy in designing resilient supply chains.

The iCLP: Online Learning Hub on Competition Law and Policy was launched in August as part of the year's National Micro, Small, and Medium Enterprises (MSME) Week, in partnership with the Department of Trade and Industry (DTI) - MSME Development Council. The iCLP is a digital platform offering self-paced, on-demand courses on understanding competition and its benefits, overview of the Philippine Competition Act (PCA) and the PCC, competition enforcement, and understanding mergers and acquisitions. All these courses are especially tailored for MSMEs.

The PCC Regional Roadshows, which aim to improve the public's understanding of competition law and policy, were also conducted in virtual format. Through PCC's partnership with the regional offices of NEDA and DTI, this advocacy series was able to engage stakeholders in six regions during the year.

The PCC also held PCA seminars for 21 LGUs, in collaboration with the Local Government Academy of the Department of Interior and Local Government.

To stimulate interest in competition law among students, the PCC hosted virtual Campus Tours for the following schools: San Beda University-College of Law, University of Asia and the Pacific-Institute of Law, San Sebastian College Recoletos Manila-College of Law, University of Cebu-School of Law, and Southern Luzon State University-College of Administration, Business, Hospitality, and Accountancy.

Advancing pro-competitive legislation

The Commission also actively engaged with policymakers through its Legislative Liaison Office (LLO). The LLO represented the PCC in 75 legislative hearings and meetings, in both the Congress and executive agencies, including meetings of technical working groups. It submitted 19 position papers and comments



to forward a competition perspective to Congress and executive agencies. It also hosted three webinars on Capacity Improvement on Competition Advocacy for Legislative Staff (CICALS).

The PCC welcomed hard-won reforms for consumers this year, among them the approval by Congress of amendments to the Public Service Act, Foreign Investments Act, and Retail Trade Liberalization Act.

Advocacy and Communication Activities, 2021

Event	Date
OECD Philippine Reports Launch	January 29
Webinar on Digitalization and Competition Law	February 5
2021 Manila Forum on Competition in Developing Countries	February 22–23
Online Forum on the PCA for Women Entrepreneurs and for MSMEs and Cooperatives	March 24
Online Lecture Series on Industrial Organization and Competition Economics	October 26, 2020–April 23, 2021
Introductory Course on Competition Law and Policy for LGUs	April 27–May 3
Seminar on Strengthening Partnerships with Other Government Agencies (SPOGA) with the Department of Trade and Industry (DTI)	May 28
Webinar for the Economic Journalists Association of the Philippines (EJAP) on Abuse of Dominance	July 17
iCLP: Online Learning Hub on Competition Law and Policy Virtual Launch	August 6
DTI Consumer Care Webinar Series: Understanding the Philippine Competition Act	November 4
59th Philippine Economic Society Annual Meeting and Conference	November 11
Press Meet and Conference	
PCC-OECD Reports Launch	January 29
2021 Manila Forum	February 22
PCC-ECCP-JFC Forum on Competition Law and Case Updates	June 11
GCR Connect - Leaders Asia-Pacific	August 26
13th East Asia Conference on Competition Law and Policy	September 29
Capacity Improvement on Competition Advocacy for Legislative Staff (CICALS)	
Senate (Competition in the Digital Economy)	March 25
House Committee on Trade and Industry	December 14
House Committee on Banks and Financial Intermediaries	December 14
Virtual Campus Tour on Competition Law and Policy	
San Beda University College of Law	May 21
University of Asia & the Pacific Institute of Law	June 11
San Sebastian College-Recoletos Manila College of Law	September 18
University of Cebu - School of Law	October 23
Southern Luzon State University College of Administration, Business, Hospitality, and Accountancy	November 5
Webinar on the PCA and the PCC	
Toyo Ink Philippines, Inc.	June 7
EDS Manufacturing, Inc.	June 18
Independent Electricity Market Operators of the Philippines	July 7
Online Regional Roadshows	
Cordillera Administrative Region (CAR)	July 22
Cagayan Valley Region (Region II)	August 11
CALABARZON Region (Region IV-A)	August 20
Central Luzon Region (Region III)	September 1
Eastern Visayas Region (Region VIII)	September 8
Zamboanga Peninsula Region (Region IX) & Public Briefing: Kapihan na Zamboanga on Competition Law and Policy	September 22

Online PCA 101 for Consumers	
First Run	October 13
Second Run	October 26
DAP Advanced Regulatory Impact Assessment Training (with Competition Impact Assessment)	
Batch 6	November 16–19
Batch 7	November 22–26

Position Papers and Comments on Proposed Key Legislation and Policies, 2021

Subject	Requesting Party	Date Released
Midstream Natural Gas Industry Development Act	Senate Committee on Energy	January 22
PCA Amendments	House Committee on Economic Affairs	February 15
Midstream Natural Gas Industry Development Act (Supplemental Position Paper)	Senate Committee on Energy	February 16
Energy Advocate Act	House Committee on Energy	February 16
CREATE Bill	Office of the President	March 5
Franchise Bills (Telecommunications: DITO and Instant Data)	Senate Committee on Public Services	March 12
Proposed Imposition of Safeguard Measure on Importations of Motor Vehicles	Tariff Commission	March 15
Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE)	Senate Committees on Banks, Financial Institutions and Currencies; Government Corporations and Public Enterprises; Ways and Means; Finance	March 17
Downstream Natural Gas Industry Development Act	House Committee on Energy	March 26
Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) Act (Supplemental Position Paper)	Senate Committee on Banks, Financial Institutions and Currencies	April 21
Creating the Energy Counsel Office	House Committee on Energy	May 3
PCC Comments on Section 9 of HB5906: Adding a New Section 18 to Republic Act No. 10667, Otherwise Known as the Philippine Competition Act	House Committee on Economic Affairs	May 5
Standardization of International Shipping Local Charges Act and Fair and Transparent Destination and Other Shipping Charges Act	House Committee on Transportation	May 7
New Intellectual Property Act	House Committee on Trade and Industry	June 17
Proposed Draft Joint Memorandum Circular for the Construction of Poles, Excavation of Underground Fiber Ducts, and the Installation of Aerial Underground Broadband Cables on Physical Infrastructure	Anti-Red Tape Authority	July 29
Language Amendment to R.A. No. 10667 or the Philippine Competition Act Providing for the Establishment of PCC Regional Offices	House Committee on Economic Affairs	August 22
A Resolution Urging the Committee on Energy to Conduct an Inquiry, in Aid of Legislation, into the Efforts of the Department of Energy to Amend the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreements to Allow Unsolicited Proposals to the Detriment of Electricity Consumers and Genuine Open Competition in the Power Sector	House Committee on Energy	September 13
Grant of Legislative Franchise to Lucky 8 Star Quest Inc. for Online Sabong	House Committee on Legislative Franchises	September 13
Proposing Amendments to the Downstream Oil Industry Deregulation Law of 1998	House Committee on Energy	November 25



The PCC had provided technical inputs and comments to Congress on these amendments as well as to other laws that essentially regulate the entry of foreign competition in domestic markets. These key reforms for greater market dynamism are crucial in the country's goal of attracting investments in industries that will support a strong economic rebound, generate higher quality jobs for Filipinos, encourage technology transfer, and increase competitive pressure to lower prices and improve the quality of goods and services.

The PCC is also part of the Technical Committee of the Fiscal Incentives Review Board for the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, allowing the Commission to uphold principles of competitive neutrality and to ensure that competition indicators are accounted for when reviewing fiscal incentives under the law.

Building more partnerships

The PCC established new partnerships in 2021, enabling a more streamlined mode of cooperation and communication with partner agencies and institutions.

In October, the PCC signed a memorandum of agreement (MOA) with the Department of Information and Communications Technology (DICT) to facilitate coordination and cooperation between the two agencies, aid in the promotion of competition among the agencies' stakeholders, and efficiently address competition law violations involving the information and communications technology sector.

Further, processing time for procedures involved in deploying internet infrastructure is shortened through a joint memorandum circular (JMC) that the PCC signed with the Anti-Red Tape Authority, DICT, and other national government agencies.

The JMC also prohibits anticompetitive acts in dealing with the telco sector, such as giving preferential access to suppliers or prevention of access restrictions.

In November, through a partnership with the Development Academy of the Philippines (DAP), competition impact assessment (CIA) was integrated in the DAP's Advanced Regulatory Impact Assessment Course. The CIA evaluates the potential competitive effects of a proposed or existing policy, enabling a competition agency or a government body to identify regulations that potentially restrict or harm competition, and thus develop alternative regulations.

A MOA was also signed jointly with the Bangko Sentral ng Pilipinas, Securities and Exchange Commission, Cooperative Development Authority, and Philippine Deposit Insurance Corporation in November to streamline processes for mergers, consolidations, and acquisitions among banks,

thereby reducing the turnaround time for such.

On the international front, a memorandum of understanding for the establishment of a framework for international cooperation, focusing on effective and efficient coordination for cross-border transactions, was inked with the Competition and Consumer Commission of Singapore in November.

Also in November, the PCC was chosen to serve as Co-Chair of the Advocacy Working Group of the International Competition Network, alongside the Superintendence of Industry and Commerce of Colombia and the Hong Kong Competition Commission. A milestone in the PCC's history, the co-chair assignment demonstrates the Commission's leadership abilities in the international antitrust landscape and keenness to provide unique perspectives in advocating a culture of competition.

NATIONAL COMPETITION POLICY: A WHOLE-OF-GOVERNMENT APPROACH TO ANTITRUST ENFORCEMENT

Government entities in the executive branch are now mandated to incorporate competition principles in the formulation and execution of policies and regulations. This came about after the Office of the President issued Administrative Order (AO) No. 44 on October 20, 2021, instructing agencies to implement the National Competition Policy (NCP).

The NCP complements the Philippine Competition Act (PCA) and the Philippine Development Plan 2017-2022 in guiding the design of government interventions, especially those relating to the economic recovery of vulnerable sectors like micro, small, and medium enterprises. It recognizes the need for competition policy to guide decisions and strategies that would help restore market efficiency, as the country deals with economic challenges brought about by the COVID-19 pandemic.

“By ensuring that government responses and interventions follow competition principles, we can prevent policies that may exacerbate

market failures and distortions. As the country tackles the economic consequences of the pandemic, the NCP is an important policy tool in improving market efficiency and stimulating economic recovery that is not only robust but also inclusive,” PCC Chairperson Arsenio M. Balisacan said.

Another PCC initiative for promoting competition in the public sector is the development of the competition impact assessment (CIA) course. Through PCC’s partnership with the Development Academy of the Philippines (DAP), CIA now forms part of DAP’s Advanced Course on Regulatory Impact Assessment (RIA). RIA is a systematic approach that measures the expected effects of proposed and existing regulations through a rigorous, well-defined, and evidence-based analysis. On the other hand, the CIA developed by the PCC guides regulation authorities in reviewing government policies through the lens of competition policy. Policies are screened if they are compliant with the competition law or have the potential to restrict competition.

Key Principles of the NCP



Pro-competitive policies and government interventions

All policies, rules and regulations, issuances, and other interventions shall promote market efficiency and enhancement of consumer welfare, and shall not distort competition by creating barriers to entry, promoting collusive market outcomes (e.g., cartels), or restricting trade, except when the restrictions are proven consistent with the promotion of consumer welfare, or when the benefits to the community outweigh the costs, or when the objectives of the policies and government interventions can only be achieved by restricting competition.



Competitive neutrality

Government-owned or -controlled corporations (GOCCs) shall not enjoy net competitive advantages over or be subjected to disadvantages vis-à-vis private sector businesses simply because they are publicly owned, unless it can be clearly demonstrated that the greater public interest will be served and there is lack of commercial viability.



Enforcement of competition-related laws and issuances

All government agencies shall uphold the original and primary jurisdiction of the PCC over the enforcement and implementation of the PCA provisions.

RESILIENT SUPPLY CHAINS, ECONOMIC RECOVERY VIA COMPETITION POLICY TACKLED IN 2021 MANILA FORUM



The PCC held the 2021 Manila Forum on Competition in Developing Countries on February 22-23. With the theme “Enabling Resilient Supply Chains and Innovation Spaces in Southeast Asia’s New Normal,” the Manila Forum was conducted through a virtual platform with 300 participants.

PCC Chairperson Arsenio M. Balisacan highlighted the advantages of digital innovation to the resiliency of supply chains. He urged lawmakers to implement carefully crafted policies to address anticompetitive behaviors that arise during times of market losses. Secretary Ramon Lopez of the Department of Trade and Industry expressed the agency’s continuing support to competition through pro-market initiatives, especially for the e-commerce and micro, small, and medium enterprise sectors.

Mr. Tetsushi Sonobe, Dean and Chief Executive Officer of the Asian Development Bank Institute (ADBI), delivered the keynote presentation, centered on the ASEAN Regional Comprehensive Economic Partnership (RCEP) as a crucial

response to the supply chain woes caused by the COVID-19 pandemic. Mr. Sonobe also discussed the lessons from the pandemic and the long-lasting impacts of the pandemic on regional supply chains.

Three panel sessions were conducted over the course of two days. These focused on the role of competition policy in the face of globalization and trade protectionism, the health sector, and the future of ‘Big Tech’ companies. Experts on antitrust laws, financial policies, and economists served as speakers and panelists in the conference.

The PCC first organized the Manila Forum series in 2018. It is the Commission’s flagship advocacy event.

The key takeaways from the Manila Forum are available at <https://www.phcc.gov.ph/pcc-official-newsletter-issue-2021-02-special-edition-2021-manila-forum/>.



ONLINE LEARNING HUB ON COMPETITION LAW AND POLICY LAUNCHED

The PCC launched the iCLP: Online Learning Hub on Competition Law and Policy on August 6. This digital platform aims to address learning needs of micro, small, and medium enterprises (MSMEs) on competition law and policy through free and on-demand videos accessible at <https://iclp.phcc.gov.ph>.

The hub includes self-paced courses on understanding competition and its benefits, overview of the Philippine Competition Act (PCA) and the PCC, competition enforcement, and mergers and acquisitions.

PCC Chairperson Arsenio M. Balisacan encouraged MSMEs to take part in the courses offered in the online hub.

He stressed that awareness of the country's rules on competition will help MSMEs comply with the law and protect their operations from anticompetitive behavior.

The activation of the hub was part of the 2021 National MSME Week, in partnership with the MSME Development Council of the Department of Trade and Industry. The hub had 90 registered users by the end of 2021. It also offers courses for the benefit of PCC employees.

The PCC encourages stakeholders from the academe, business sector, and the government to enroll in the courses offered in the online learning hub.



PHILIPPINE
COMPETITION
COMMISSION



CCCS
COMPETITION
& CONSUMER
COMMISSION
SINGAPORE




Memorandum of Understanding

**Philippine Competition Commission and
Competition and Consumer Commission of Singapore**

29 November 2021

PH, SG COMPETITION AUTHORITIES INK MOU FOR CROSS-BORDER COOPERATION

The PCC and the Competition and Consumer Commission of Singapore (CCCS) signed a memorandum of understanding (MOU) last November during a virtual ceremony led by PCC Chairperson Arsenio M. Balisacan and CCCS Chief Executive Aik Kor Sia.

The MOU aims to strengthen the bilateral ties between the PCC and CCCS through the conduct of collaborative capacity-building exercises, staff training, market research, and other joint activities.

The MOU also provides a mechanism, as allowed by both countries' respective laws, for PCC and CCCS to notify each other of anticompetitive cases of mutual interest, exchange information, and coordinate in the conduct of enforcement activities affecting both agencies. "In the face of evolving challenges arising from the pandemic and the eventual road to recovery, we look at international cooperation as a critical leverage in pursuing effective cross-border competition enforcement and advocacy. This partnership is deemed most valuable as we foster fair

competition in our respective jurisdictions," said Balisacan.

Prior to the MOU, the PCC and CCCS had collaborated on dialogues and cases of common interest, including the Grab-Uber case in 2018 and the use of competition lens in digital markets. Both agencies also accommodated staff exchanges and participated in advocacy events, including the headlining of CCCS' executives at PCC's Manila Forum on Competition in Developing Countries and its competition panel at the recent Philippine Economics Society Conference.

Both agencies have actively pursued opportunities for international cooperation in the ASEAN Experts Group on Competition and the International Competition Network. As host for the 2021 East Asia Conference on Competition Law and Policy, Singapore turned over the hosting duties to the Philippines for 2022. The partnership is PCC's third with an international counterpart, although its ties with Singapore's competition authority started in 2016.

PCC HOLDS DIALOGUE ON MERGER CONTROL FOR MALAYSIAN, CAMBODIAN COUNTERPARTS

The PCC, through its Mergers and Acquisitions Office (MAO), held virtual dialogues on merger control with the Malaysian Competition Commission (MyCC) and the Cambodian Consumer Protection, Competition and Fraud Repression Directorate-General (CCF).

As part of its continuing collaboration following prior consultations with the PCC amid proposed amendments in the Malaysian Competition Act of 2010, the MyCC requested the PCC to conduct a workshop on the Philippine merger control regime, its rules and regulations, and practical applications. Given this, the PCC conducted a six-part online training from September 16 to October 1 to share its experiences and insights on merger reviews.

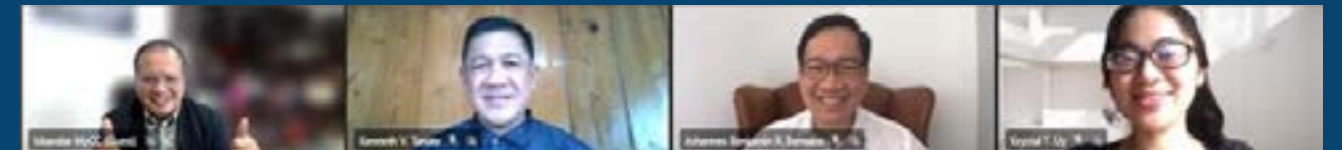
The PCC facilitated a workshop for MyCC Chief Executive Officer Iskandar Ismail and the MyCC Amendments Team which included the following topics:

- Overview of Philippine merger control
- Compulsory merger control
- Voluntary notification
- Motu proprio review
- Notification proper



- Phase 1 and Phase 2 merger review
- Competitive effects analysis
- Remedies
- Confidentiality

PCC Chairperson Arsenio M. Balisacan and Commissioner Johannes Benjamin R. Bernabe attended the event, which was facilitated by MAO Director Krystal Lyn T. Uy, Juan Antonio E. Arcilla, Oilie S. Haulo, Michael Kris Ben T. Herrera, Honorio G. Buccat, Jr, Akemi B. Aida, Maria Clara S. Busine, Katherine Ann C. Baldos, Jireh Joshua M. Salteras, and Emmanuel M. Garcia.



Following the successful series of capacity-building activities with MyCC, the PCC also conducted a two-session dialogue with the CCF on October 25 and November 3. The aim was to assess CCF's operations and procedures on merger review and gain better insight on merger control regimes drawing from the Philippine experience. Essentially, the insights gathered in this dialogue shall be used by the CCF in preparing for the enactment of the Cambodian Law on Competition. Part of the law is the Sub-Decree on Business Combinations, which would establish a merger control regime in Cambodia. The knowledge-sharing workshop included the following areas:

- Legal and enforcement framework governing merger control in the Philippines
- Scope of application
- Computation of merger notification thresholds
- Merger notification procedure (from notification to clearance)
- Merger assessment (including analysis tools)
- Competitive effects analysis in horizontal merger review

- Decision: sanctions, prohibitions, and remedies
- Challenges and recent developments

The Cambodian delegation was led by CCF Deputy Director General Pich Chan and Meng Songkheang, Director of Competition Department. Balisacan, Bernabe, and Uy represented the PCC. MAO Assistant Director Lianne Ivy P. Medina, Herrera, Anna Maria Cindy D. Perez, Christopher Jay F. Garbo, and Rose Ann G. Dugtong facilitated the event while Bernabe, Salteras, Haulo, Baldos, Busine, Aida, and Herrera provided their insights during the workshop.

Both initiatives emphasize the importance of international cooperation and illustrate a clear recognition by the Philippines' ASEAN peers that merger control must remain a central pillar of an effective competition policy that seeks to protect consumers from the risks of unchecked market concentration.

INTERNATIONAL COMPETITION BODY DESIGNATES PCC TO CO-LEAD WORKING GROUP



PCC Chairperson Arsenio M. Balisacan joined the 20th International Competition Network (ICN) Annual Conference as panelist for the session on international enforcement cooperation in October. Other panelists included Elizabeth Kraus of the US Federal Trade Commission, Michele Pacillo of the Italian Competition Authority, Teresa Moreira of the United Nations Conference on Trade and Development, and Antonio Capobianco of the Organisation for Economic Co-operation and Development.

The PCC joins the Hong Kong Competition Commission and the Superintendence of Industry and Commerce of Colombia in leading the Advocacy Working Group of the International Competition Network (ICN) beginning November 2021.

The ICN is an informal, virtual body composed of 141 national and multinational authorities on competition affairs. Its Advocacy Working Group is dedicated to the development of practical tools and resources for raising public awareness on competition and to the creation of platforms for experience-sharing among members.

PCC Chairperson Arsenio M. Balisacan expressed gratitude over the acknowledgment of PCC's

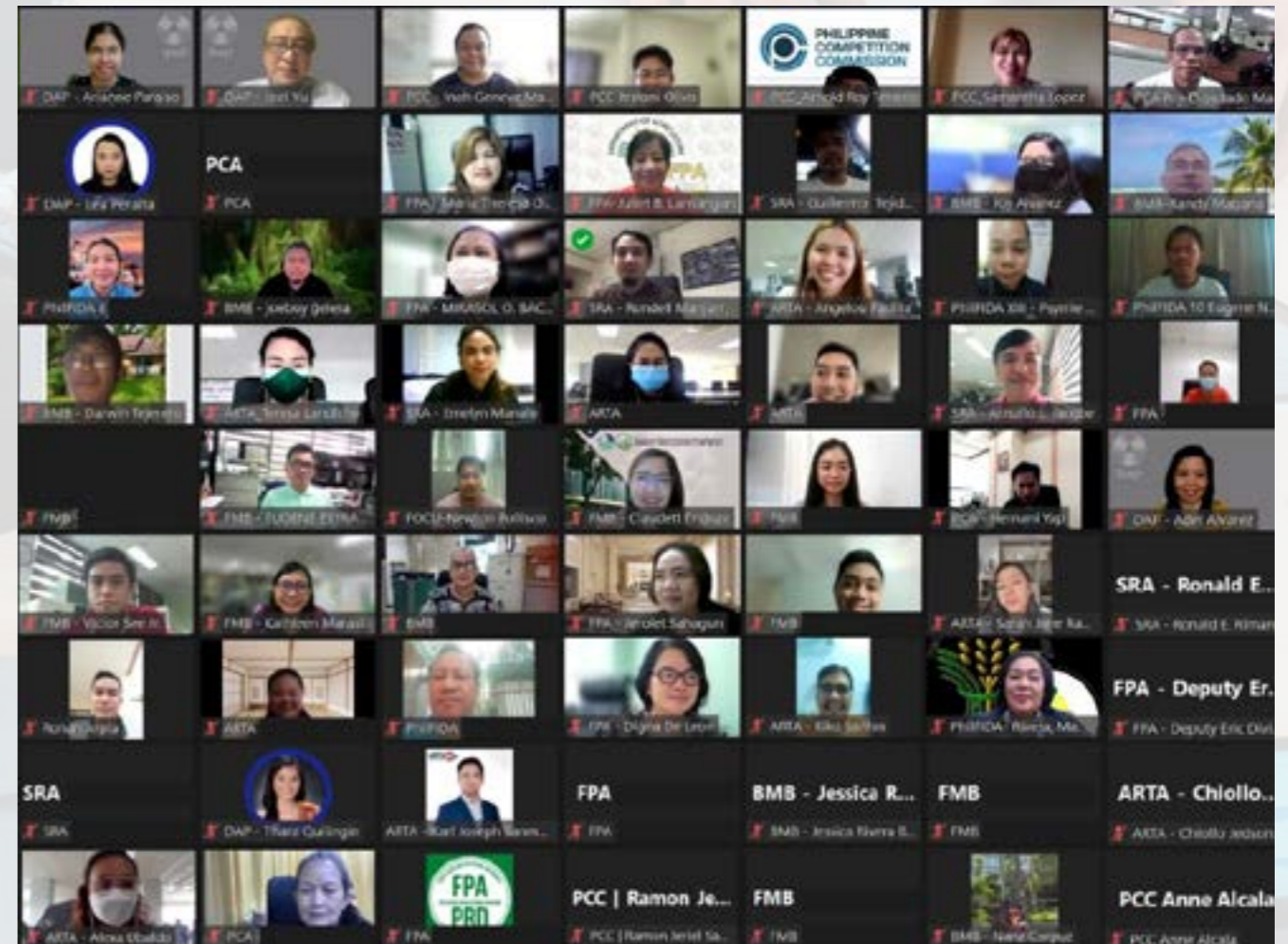
capabilities and saw the assignment as a testament to the progress of the institution. He also articulated the keenness of the PCC to collaborate with its peers in the ICN.

The PCC has been an active member of the ICN since 2017. It has taken the cue from the ICN's guiding principles and recommendations on competition law and policy, making several of PCC's rules compliant with global best practices.

The other core working groups of the ICN are on Agency Effectiveness, Cartels, Unilateral Conduct, and Mergers. The network celebrated its 20th year in 2021.



The PCC introduced the Competition Impact Assessment Toolkit to staff of the House of Representatives through the Capacity Improvement on Competition Advocacy for Legislative Staff (CICALS) program on December 14, 2021.



Competition Impact Assessment has been integrated in the Advanced Course on Regulatory Impact Assessment (RIA) of the Development Academy of the Philippines' Modernizing Government Regulations Program.



The PCC joined the first Competition Clinic of the Competition Law Implementation Program launched in March 2021. PCC Commissioner Amabelle C. Asuncion (top right) is joined by (from top left, clockwise) Mr. Marcus Bezzi, Executive General Manager of the Australian Competition and Consumer Commission (ACCC); ACCC Director Aggie Marek; ACCC Director David Cranston; and Dr. Wan Khatina Nawawi, Director of the Malaysian Aviation Commission in the program's roster of experts.



The PCC sponsored a plenary session on competition law in digital markets at the 2021 Philippine Economic Society (PES) Annual Meeting and Conference held on November 21, 2021.



INSTITUTION BUILDING

The PCC continues to develop and invest in human capital, which has significantly contributed to the success of competition law and policy enforcement and advocacy in the country.

STAFF COMPLEMENT AND ORGANIZATIONAL REFORMS

At the end of 2021, the PCC was composed of 273 personnel, including 50 lawyers and 34 economists. Of the total, 188 occupy plantilla positions while 85 technical and administrative staff are engaged under individual and institutional contracts.



To handle the expansion of its portfolio of enforcement and advocacy work, 18 additional positions were created, including five investigation agent positions. Also, the Office of the President and the Department of Budget and Management approved the creation of the Office of the General Counsel and Economics Office, and the establishment of a Procurement Section.

In November, the PCC widened its enforcement reach by establishing its first investigation and collaboration station (i-Station) in Baguio City, a key business hub. The i-Station aims to address challenges encountered in the conduct of investigations on competition cases, as well as to facilitate coordination with regional government agencies and promote competition among firms and the general public in the area.

BUDGET ALLOCATION

The PCC had a total budget of PHP 534.85 million in 2021. Maintenance and other operating expenses had the highest share (51.5%), followed by personnel services (47.2%) and capital outlays (1.2%).



STAFF DEVELOPMENT AND INSTITUTIONAL CAPACITY

Capacity-building programs and activities, as well as scholarship grants, are available to the PCC staff through its funds and assistance from partner agencies. In 2021, the PCC administrative and technical staff attended a total of 125 learning and development activities.



Through PCC's six-year Capacity Building to Foster Competition Project funded by the Asian Development Bank, the PCC staff participated in various competition-related programs. These included merger workshops on divestitures and voluntary commitments, and training courses on industrial organization and competition economics, state aid and competitive neutrality, advanced investigation techniques for enforcement, competition policy and regulation, use of economic evidence in pleadings, and decision writing and case management.

Under the Government Staff Development Program for Competition Law and Policy, six scholarship programs in academic year 2021 were awarded to government employees, three of which were to PCC employees.

Furthermore, the PCC has strived to be a world-class competition authority by continuing to adhere to global best practices. First certified in 2018, the PCC received its ISO 9001:2015 re-certification for its quality management system covering all core and support services in November 2021.

LOCAL

Workshops/Seminars/Conferences

- 2021 Association of Government Internal Auditors (AGIA) National Annual Convention, Association of Government Internal Auditors*
- 2021 Manila Forum on Competition in Developing Countries, Philippine Competition Commission (PCC)*
- 2021 Public Sector HR Symposium, Civil Service Institute (CSI)*
- 2nd Online Mandatory Continuing Legal Education (MCLE) Seminar, San Beda University - College of Law*
- Building Business-Friendly and Competitive Local Government: Rebuilding Consumer and Business Confidence for New Normal, PCC
- Capacity Building Activity on Development of the Public Service Continuity Plan Checklist, National Disaster Risk Reduction and Management Council*
- Capacity Building on Business Principles and Market Competition, PCC, Trust Management Centre*
- Capacity Building Virtual Workshop on Competition Chapters in Free Trade Agreements, PCC*
- Capacity Improvement on Competition Advocacy for Legislative Staff in the Digital Economy, PCC*
- Competition and Regulation in the Digital Economy Webinar, University of the Philippines (UP) College of Law - Competition Law and Policy Program*
- Construction Industry Issues Paper Public Webinar, PCC*
- Decision Writing and Case Management Workshop, PCC*
- Digital Platforms: Implications for the Philippines and Developing Asia, Philippine Institute for Development Studies*
- Ensuring Competitive Balance: An Overview of Fiscal Incentives Programs, State Aid and Competitive Neutrality Seminar, PCC*
- Global Privacy Assembly Digital Citizen and Consumer Working Group (DCCWG) Webinar, National Privacy Commission*
- Introduction to Litigation and Legal Writing Workshop, PCC
- Introductory Course on Competition Law and Policy (CLP) for Local Government Units (LGUs), PCC*
- Mandatory Continuing Legal Education (MCLE) Online Program, ChanRobles LawNet, Inc.*
- Multi-Sectoral Workshop on Investigating Competition Cases in the Time of COVID-19, PCC*
- National Competitiveness Program Round Table, Department of Trade and Industry*
- Online Forum on the Philippine Competition Act and Philippine Competition Commission for Women Entrepreneurs, PCC*
- Online Lecture Series on Industrial Organization and Competition Economics, PCC*
- Online Mandatory Continuing Legal Education Lecture Series, Ateneo Law School*
- Orientation on ISO 22301: Business Continuity Management System, Office of Civil Defense*
- Overview of the Philippine Competition Act (PCA) and the Philippine Competition Commission (PCC) for the Independent Electricity Market Operator of the Philippines (IEMOP), PCC*
- Overview Training of the Wholesale Electricity Spot Market, Independent Market Operator of the WESM*
- PAEDA International Conference and National Convention: "A Conversation on a More Pro-Competition Philippine Agriculture", Philippine Agriculture and Economic Development Association*
- PhilGEPS Buyers Training, e-Blackboards Learning and Solutions, Inc.*
- Presentation of Final Report on Agro-Chemicals (Pesticides) Rapid Market Study, PCC*
- Seminar on Interface Between Competition and Regulation for PCC Employees, PCC*
- Seminar on the Process for Approval of Reclamation Applications by the Philippine Reclamation Authority (PRA), PRA, PCC*
- Training Workshop on the Development of Divestiture Manual, PCC, Reyes Tacandong & Co.*
- Virtual Training on Digital Records Management: Best Practices and Processes, Philippine Association of Records Officers and Archivists*
- Webinar on Digitalization and Competition Law, PCC*
- Webinar on Government Procurement Reform Act (RA 9184) and its Revised IRR and Updates, Association of Government Internal Auditors*
- Webinar on the Introduction to Abuse of Dominance in the Philippines for the Economic Journalists Association of the Philippines, PCC*
- Workshop on Effective Drafting of PCA Implementation Guidelines, PCC*
- Workshop on the Strategic Use of Economic Evidence in Pleadings, Briefs, and Position Papers, PCC*
- Workshop on Utilizing the Merged Trade Transactions and Establishment Surveys Using R, PCC, UPPAF-RESPOND*

* Online program

Courses

- 21st Foundation Course of Paralegal Training Program, UP Law Center*
- Certificate Course in Talent Management, Ateneo Center for Organization Research and Development*
- Coaching Skills for Leaders in the New Normal Online Program, Asian Institute of Management*
- Cost-Benefit Analysis Workshop, National Tax Research Center*
- EC-Council Computer Hacking Forensic Investigator (CHFI) Online Training, ActiveLearning, Inc.*
- Essentials of Human Resource Management Online Course, People Management Association of the Philippines*
- Facilitating Digital Learning Masterclass, Philippine Society for Talent Development*
- Introduction to After Effects: Motion Graphics and Animation Live Virtual Training, Philippine Center for Creative Imaging*
- ISO 9001:2015 Quality Management Systems Foundation Course, SGS Philippines, Inc.*
- ISO/IEC 27035: Lead Incident Manager Training, SAS Management, Inc.*
- Leadership in the Digital Era Online Course, CSI*
- Microsoft Excel Levels 2 and 3 Online Training, ActiveLearning, Inc.
- Online Course on Learning and Development for PRIME-HRM Level 2, CSI*
- Online Course on Manager's Role in Capacity Building, CSI*
- Online Course on Performance Management for PRIME-HRM Level 2, CSI*
- Online Course on Public Service Values in Times of Adversities, CSI*
- Online Course on Recruitment, Selection and Placement for PRIME-HRM Level 2, CSI*
- Online Course on Rewards & Recognition for PRIME-HRM Level 2, CSI*
- Online Leave Administration Course for Effectiveness, Civil Service Commission*
- Online Training on Cash Management and its Internal Control System, Association of Government Internal Auditors*
- Online Training on Designing e-Learning Course, Philippine Society for Talent Development*
- Survey Operations and Questionnaire Design Online Training, Philippine Statistical Research and Training Institute*
- The 4 Essential Roles of Leadership Live Public Workshop, Franklin Covey Philippines*
- Time Series and Forecasting In-depth Seminar Workshop, Strategic One Business Management Consultancy*
- Training on Scriptwriting for Audio-Video Materials, Asian Institute of Journalism and Communication*
- Virtual Training on Internal Control System for Property and Supply Management (Appraisal and Disposal), Association of Government Internal Auditors*

Scholarship Program

- Middle Managers Class Batch 27, Development Academy of the Philippines*

* Online program

FOREIGN

Workshops/Seminars/Conferences

- 13th East Asia Conference on Competition Law and Policy: Impact of Advances in Technology on Competition Law and Policy, Japan Fair Trade Commission (JFTC), Competition and Consumer Commission of Singapore (CCCS), Asian Development Bank (ADB)*
- 2nd Cartels Workshop: An Advanced Seminar on Substantive and Procedural EU Developments, Concurrences*
- 7th BRICS International Competition Conference, State Administration for Market Regulation (SAMR, China); The People's Government of Sichuan Province of China*
- 9th Global Antitrust Hot Topics Conference, Concurrences*
- ASEAN Regional Policy Dialogue on Competition Policy and MSMEs, United Nations Economic and Social Commission for Asia and the Pacific, United Nations Conference on Trade and Development*
- Ashurst's Asia Antitrust Developments Webinar Series, Ashurt*
- Assessing Crisis Cartels at Times of COVID-19, International Competition Network (ICN)*
- Brainstorming Workshop for the ASEAN Capacity Building Roadmap for Competition (2021-2025), ICN
- Briefing on Market Definition in a Bidding Market, United States Federal Trade Commission*
- Competition Assessment Review of the Logistics Sector in the Philippines and Competitive Neutrality Review, Organisation for Economic Co-operation and Development (OECD), PCC*
- Competition Law Implementation Program (CLIP) Academy: Digital Markets Course, Australian Competition and Consumer Commission (ACCC)*
- CLIP: Media and Advocacy Workshop, ACCC*
- CLIP: Train-the-Trainer Program Course, ACCC, ASEAN Australia New Zealand Free Trade Area (AANZFTA) Economic Cooperation Support Program*
- Competition Law Stakeholders' Workshop on the ASEAN Competition Compliance Experience Survey-Study, ASEAN Experts Group on Competition (AEGC)*
- Compliance in Cartel Cases, ICN*
- Energy Community Competition Forum Webinar #1 Energy transition: Climate Policy, Security of Supply, Coal & Hydrogen Projects, Concurrences*
- Fostering Competition in ASEAN Project- Philippines Reports Launch, OECD, ASEAN Secretariat, PCC
- Implementing a National Competition Policy, World Bank Group, National Economic and Development Authority*
- ICN Bridging Project: Town Hall Meeting/Webinar, ICN*
- Investigation Techniques and Abuse of Dominance, JFTC*
- Is Competition Compliance Only for Big Businesses?, ICN*
- Leading Through Perilous Times Virtual Seminar, Oxford University - Blavatnik School of Government*
- Malaysia Competition Commission Market Review Launch, Malaysia Competition Commission*
- Market Studies - Economist Perspective, ICN*
- OECD Webinar on Competition Issues in Books and e-Books, OECD*
- Re-thinking the International Competition Network Advocacy Toolkit, ICN*
- Senior Leaders' Session on Design Thinking, Australia Awards*
- The Evolving Nature of Merger Control in Digital Markets, World Bank Group, Indonesia Competition Commission*
- Training Workshop on Best Practices for Negotiating, Implementing, and Monitoring Voluntary Commitments, Asian Development Bank, PCC*
- US-ASEAN Virtual Workshop on Digital Trade Standards and Conformance, United States-ASEAN Business Council*
- Virtual Workshop on New Economic Issues in Merger Enforcement, Japan-ASEAN Integration Fund Program*
- Webinar on Barriers to Entry in Digital Markets, ICN*
- Webinar Series on Transcending Boundaries - Competition Law in a Digital Era, CCCS*
- What Works in the Eyes of Businesses: Compliance Programmes from a User's Perspective, ICN*
- Workshop for Competition Officials on Methodologies to Measure Market Competition, OECD*
- Workshop on Competition and Digital Markets for ASEAN Competition Authorities, OECD, PCC*

* Online program

- Workshop on Competition and Public Procurement, OECD - Korea Policy Center*
- Workshop on Competitive Neutrality, OECD - Korea Policy Center*
- Workshop on Evaluating Regulatory Quality and Performance to Improve Public-sector Productivity, Asian Productivity Organization*
- Workshop on the ASEAN Competition Compliance Experience Survey-Study, ASEAN*
- Workshop on the OECD Competition Assessment Regional Report and Competitive Neutrality Regional Report in ASEAN, ASEAN, OECD*

Courses

- 15th CRESSE Summer School on Competition Policy and Regulation, Competition and Regulation European Summer School and Conference*
- 2021 Competition Summer School, College of Europe*
- 7th CRESSE Lawyers' Course on "The Role of Economics in Competition Law and Practice", Competition and Regulation European Summer School and Conference*
- Auditing Techniques Enhancement Training, British Standard Institution Group*
- Competition in Digital Markets Online Course, Barcelona School of Economics*
- Digital Transformation, Enterprise Architecture and Data Management Short Course, Carnegie Mellon University Australia*
- Gender Equity, Disability and Social Inclusion (GEDSI) Mainstreaming Short Course, Queensland University*
- ICN Virtual Promotion & Implementation Workshop Skills Series, ICN*
- ISO 9001:2015 Internal Auditor Training Course, British Standard Institution Group*
- Online Course on Merger Control: Recent Developments and Digital Markets, European University Institute*
- Online Knowledge Co-Creation Program on Competition Law and Policy - Laying the Foundation for Promoting Competition, Japan International Cooperation Agency*
- Online Monitoring and Evaluation in Human Resources Development Training, Australia Awards*
- Policy Research and Development Short Course, Carnegie Mellon University Australia*
- Postgraduate Diploma in EU Competition Law, King's College London*
- Public Sector Project Management Short Course, Queensland University*
- Virtual Training Course on Unilateral Conduct and Abuse of Dominance, Japan-ASEAN Integration Fund Program*

Scholarship Programs

- Master's Program in Data Science for Decision Making, Barcelona School of Economics
- Master of European and International Business, Competition and Regulatory Law, Freie Universitat Berlin

* Online program

CAPACITY BUILDING TO FOSTER COMPETITION PROJECT UPDATES

The PCC continually develops the competencies of its employees by empowering its human capital toward effective competition regulation, keeping it abreast with the dynamic business climate and market disruptions. Through the Government Staff Development Program for Competition Law and Policy (GSDPC) of the Capacity Building to Foster Competition Project, 24 PCC competition enforcers received training and scholarships on antitrust and related fields.

The PCC is fine-tuning its institutional knowledge and competence in competition regulation in the digital economy. With the advent of the information and technological age, new business models may render traditional antitrust tools useless or ineffective in promoting competition in markets. Through the knowledge gained from the capacity-building activities on merger regulations in the digital markets, as well as investigations using computer forensics, the PCC assures its stakeholders that its proactive regulations are responsive and agile; that is, they are marching with technological progress and changes in time.

Out of the 24 PCC employees, three received graduate scholarships to European universities to pursue competition-related fields:

- Castillo, Alyssa Carmelli P. (Competition Enforcement Office)
Master of Laws in Commercial and Corporate Law
Queen Mary University of London, United Kingdom

- Villanueva, Rigel A. (Legal Services Division)
Master of European and International Business, Competition, and Regulatory Law
Freie Universität Berlin, Germany
- Salas, Shereena S. (Economics Office)
Master's Program in Data Science for Decision Making
Barcelona Graduate School of Economics, Spain

Funded by the six-year project loan from the Asian Development Bank, the GSDPC aims to provide opportunities for highly qualified staff to take advanced degrees in law, as well as short courses on competition law and economics, digital investigation, and data science, among others. Aside from its own staff, the PCC offers the program to those of other government agencies who intend to take degrees in competition law and policy and related fields, including personnel from the National Economic and Development Authority (NEDA), Department of Trade and Industry (DTI), Department of Justice (DOJ), and Office of the Solicitor General (OSG). In doing so, the PCC promotes holistic sector regulation of markets by developing the competition lenses of its partner regulatory agencies.

The program was launched in 2020 with 10 scholars in the first batch. Three of them were PCC employees who have successfully completed their degrees: Mergers and Acquisitions Office (MAO) Director Krystal Lyn T. Uy, MAO lawyer Atty. Oilie S. Haulo, and economist Edgardo Manuel Miguel M. Jopson.

GSDPC-Funded Training Programs

Program	Service Provider	Location
Computer Hacking Forensic Investigator Training	ActiveLearning, Inc.	San Juan, Philippines
Merger Control: Recent Developments and Digital Markets	European University Institute	Florence, Italy
CRESSE Summer School	Center for Economic Research and Competition Strategy (KOPES)	Athens, Greece
CRESSE Lawyers' Course	Center for Economic Research and Competition Strategy (KOPES)	Athens, Greece
Postgraduate Diploma Program on EU Competition Law	King's College London	London, United Kingdom
Competition in Digital Markets	Barcelona School of Economics	Barcelona, Spain

FIRST COMPETITION INVESTIGATION STATION LAUNCHED IN BAGUIO



The PCC started to widen the reach of its advocacy and enforcement activities by opening its first investigation and collaboration station (i-Station), making PCC's services more accessible and closer to stakeholders outside Metro Manila. In November, the PCC launched the first i-Station at the University of the Philippines in Baguio City.

"The PCC is committed to leveling the playing field in businesses not only in the capital, but also in the various geographic markets across the country. The opening of i-Stations is aimed at strengthening enforcement against cartels and anticompetitive practices and fast-track recovery for local economies," said PCC Chairperson Arsenio M. Balisacan.

In September, the PCC approved the establishment of four i-Stations in North Luzon (Baguio City), South Luzon (Legazpi City), Visayas (Cebu City), and Mindanao (Davao City).

The i-Stations are meant to help the PCC in fulfilling its enforcement of the Philippine Competition Act by providing ease of access to regional government agencies and their stakeholders in their respective locations. They will primarily serve as PCC's temporary workstations to facilitate the conduct of investigation work, field missions, surveillance, interviews, and market monitoring, among others, until the launch of permanent regional offices in the future. They will also aid the PCC in collaborating with other government agencies and the private sector for activities such as competition-related research, advocacy, and capacity-building programs.

The i-Stations in South Luzon, Visayas, and Mindanao are set to open in 2022.

PCC RECEIVES ISO 9001:2015 RE-CERTIFICATION

PCC's certification on ISO 9001:2015 was renewed in November 2021, reflecting the agency's continued adherence to quality management standards and adapting to digitalization in its operations during the pandemic.

The PCC has maintained this standing since its first certification in 2018. The re-certification audit in 2021 also looked at the agency's consistency

and digital adaptation in its conduct of merger review, enforcement and market surveillance, competition policy research, advocacy, and other support services.

The three-year ISO 9001:2015 certificate awarded to the PCC is valid until November 2024, subject to periodic audit.



LOOKING AHEAD

2022: Regaining Momentum for Inclusive Growth and a More Resilient Economy

Two years since the pandemic started, much uncertainty still hangs over the global health and economic landscape.

As the country treads the path to recovery, there is no doubt, however, that healthy competition—one that leads to better prices, more choices, greater quality, and the emergence of innovative solutions to economic challenges—must be an integral component of our development strategy moving forward.

In 2022, the Commission will focus competition analysis and enforcement on sectors considered essential during the recovery period: e-commerce, health and pharmaceuticals, food and agriculture, energy and electricity, insurance, construction, water, and telecommunications.

Enforcement

The PCC will ramp up its enforcement activities to investigate markets in priority sectors, monitor complaints, and address consumer and stakeholder queries. It will further develop its bid-rigging screening tool in partnership with other agencies to enhance its ability to detect bid rigging in public procurement.

Merger review

The PCC will monitor markets and initiate motu proprio merger reviews of transactions that may have substantially lessened competition. Once the two-year period under the Bayanihan II Act expires in September 2022, review of M&As under lower and adjusted thresholds shall resume. The agency will develop online video training modules on merger notification processes (pre-notification consultation, accomplishment of notification form, filing of notification form, and sufficiency determination stage). Guidelines on the review of non-horizontal mergers will also be developed.

Competition research and advocacy

Market studies in the sectors of bus transport, telecommunications (e.g., internet service providers, wholesale broadband, and spectrum management), and water will be initiated. The PCC will also continue conducting competition impact assessments, focusing on the energy, food, and sports sectors.

The Manila Forum on Competition in Developing Countries, PCC's flagship advocacy activity, will be held in February 2022.

The PCC is also hosting back-to-back the 17th East Asia Top Level Officials' Meeting (EATOP) and the 14th East Asia Conference on Competition Law and Policy (EAC) in 2022. Conducted in cooperation with the Asian Development Bank Institute (ADBI) and the Japan Fair Trade Commission (JFTC), the annual gathering is one of the premier meetings by heads of competition authorities in the region for cooperation and coordination on cross-border advocacies and enforcement.

Apart from implementing the agency's regular advocacy activities (e.g., roadshows, campus tours, and forums with the private sector), the PCC will undertake further advocacy activities with stakeholders involved in the legislative process. These include the Committees on Energy, Trade, Economic Affairs, and Banks and Financial Intermediaries, as well as with regulators and industry group representatives. The Competition Compliance Toolkit is also targeted to be introduced to trade associations.

Institution building

The PCC will undertake several projects to enable greater internal and external effectiveness in fulfilling its mandate. Formal partnerships are

targeted to be executed with the Intellectual Property Office of the Philippines, Governance Commission for GOCCs, National Privacy Commission, as well as with counterpart competition authorities such as the JFTC, Korea Fair Trade Commission, and the Australian Competition and Consumer Commission.

To enhance institutional governance, the PCC will start a codification project to unify and harmonize its existing rules of procedure and other issuances into a codified set of rules.

PCC's investigation stations will expand in 2022 to cover South Luzon (Legazpi City), Visayas (Cebu City), and Mindanao (Davao City). These will enable greater efficiency in the conduct of field work and in initiating efforts to establish future regional offices in these areas.

Finally, the PCC will continue to engage in collaborative efforts with the broader competition community to improve its capacity and address competition concerns with international dimensions.

FINANCIAL STATEMENTS



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

**NATIONAL GOVERNMENT AUDIT SECTOR
CLUSTER 1 – EXECUTIVE OFFICES**

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 (PCC), which comprise the statement of financial position as at December 31, 2021, 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 PCC as at December 31, 2021, and its financial performance, statement of cash flows, statement of changes in net assets/equity, statement of comparison of budget and actual amounts for the year then ended, and notes to financial statements, including summary of significant accounting policies, 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 PCC but does not include the financial statements and our auditor's report thereon.

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

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

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

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

Management is responsible for the preparation of the financial statements in accordance with the 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:


JASMIN V. AMPUAN
 OIC - Supervising Auditor
 Audit Group E – OEO V

March 28, 2022

PHILIPPINE COMPETITION COMMISSION
STATEMENT OF FINANCIAL POSITION
ALL FUNDS
 As at December 31, 2021
 (In Philippine Peso)

	Note	2021	2020 (As Restated)
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	93,998,250.72	48,594,301.28
Receivables	6	3,426,390.72	3,275,504.10
Inventories	7	642,711.42	708,450.13
Other Current Assets	8	8,309,692.74	1,087,770.72
Total Current Assets		106,377,045.60	53,666,026.23
Non-Current Assets			
Property, Plant and Equipment	9	65,389,687.77	84,979,214.92
Intangible Assets	10	919,990.00	2,008,003.47
Other Non-Current Assets	8	15,876,297.48	15,716,482.40
Total Non-Current Assets		82,185,975.25	102,703,700.79
Total Assets		188,563,020.85	156,369,727.02
LIABILITIES			
Current Liabilities			
Financial Liabilities	11	19,259,463.32	43,862,679.62
Inter-Agency Payables	12	23,422.91	5,961,738.57
Trust Liabilities	13	4,246,985.75	2,956,047.53
Provisions	14	905,343.17	-
Total Current Liabilities		24,435,215.15	52,780,465.72
Total Liabilities		24,435,215.15	52,780,465.72
TOTAL ASSETS LESS TOTAL LIABILITIES		164,127,805.70	103,589,261.30
NET ASSETS/EQUITY			
Accumulated Surplus/(Deficit)		164,127,805.70	103,589,261.30
Total Net Assets / Equity		164,127,805.70	103,589,261.30

PHILIPPINE COMPETITION COMMISSION
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT
ALL FUNDS
 For the Year Ended December 31, 2021
 (In Philippine Pesos)

Particulars	Note	Budgeted Amount		Actual Amounts on Comparable Basis	Difference (Final Budget and Actual)
		Original	Final		
RECEIPTS					
Services and Business Income		-	-	6,716,938.66	(6,716,938.66)
		-	-	6,716,938.66	(6,716,938.66)
PAYMENTS					
Personnel Services	41	267,044,918.03	266,268,703.69	229,912,617.79	36,356,085.90
Maintenance and Other Operating Expenses		365,789,533.18	385,052,080.18	167,847,817.98	217,204,262.20
Capital Outlay		16,706,277.10	30,431,896.10	6,475,140.00	23,956,756.10
		649,540,728.31	681,752,679.97	404,235,575.77	277,517,104.20
NET RECEIPTS/PAYMENT		(649,540,728.31)	(681,752,679.97)	(397,518,637.11)	(284,234,042.86)

PHILIPPINE COMPETITION COMMISSION
STATEMENT OF FINANCIAL PERFORMANCE
ALL FUNDS
For the Year Ended December 31, 2021
(In Philippine Peso)

PHILIPPINE COMPETITION COMMISSION
STATEMENT OF CASH FLOW
ALL FUNDS
For the Year Ended December 31, 2021
(In Philippine Peso)

	Note	2021	2020 (As Restated)
Revenue			
Service and Business Income		2,420,475.00	9,848,019.51
Shares, Grants and Donations		-	7,504.00
Total Revenue	15	<u>2,420,475.00</u>	<u>9,855,523.51</u>
Less: Current Operating Expenses			
Personnel Services	16	235,282,300.20	205,249,389.34
Maintenance and Other Operating Expenses	17	228,886,999.20	175,159,686.35
Non-Cash Expenses	18	29,250,569.04	26,843,572.35
Total Current Operating Expenses		<u>493,419,868.44</u>	<u>407,252,648.04</u>
Surplus/(Deficit) from Current Operations		<u>(490,999,393.44)</u>	<u>(397,397,124.53)</u>
Net Financial Assistance/Subsidy	19	551,698,714.19	404,328,969.12
Other Non-Operating Income	20	4,296,463.66	7,498.37
Surplus/(Deficit) for the period		<u>64,995,784.41</u>	<u>6,939,342.96</u>

PHILIPPINE COMPETITION COMMISSION
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
ALL FUNDS
For the Year Ended December 31, 2021
(In Philippine Peso)

	Note	2021	2020 (As Restated)
Balance at January 1		122,288,145.35	111,971,219.99
Add/(Deduct):			
Prior Period Errors	4	(18,698,884.05)	(5,568,815.72)
Restated balance		<u>103,589,261.30</u>	<u>106,402,404.27</u>
Add/(Deduct):			
Changes in Net Assets/Equity for the Calendar Year			
Surplus/(Deficit) for the period		64,995,784.41	6,939,342.96
Adjustment of net revenue recognized directly in net assets/equity	39	(4,457,240.01)	(9,752,485.93)
Balance at December 31		<u>164,127,805.70</u>	<u>103,589,261.30</u>

	Note	2021	2020
Cash Flows From Operating Activities			
Cash Inflows			
Receipt of Notice of Cash Allocation	21	622,961,289.48	487,429,227.42
Collection of Income/Revenues	22	2,420,475.00	9,848,019.51
Collection of Receivables	23	10,701.73	139.28
Receipt of Intra-Agency Fund Transfers	24	16,063.80	-
Trust Receipts	25	2,023,327.15	813,198.12
Other Receipts	26	4,406,419.16	478,807.41
Adjustments	27	668,940.17	1,944,805.50
Total Cash Inflows		<u>632,507,216.49</u>	<u>500,514,197.24</u>
Cash Outflows			
Remittance to National Treasury	28	4,457,240.01	9,827,127.28
Payment of Expenses	29	361,945,273.97	273,383,659.50
Grant of Cash Advances	30	1,606,730.03	1,599,984.11
Prepayments	31	16,102,760.10	4,173,656.77
Refund of Deposits		-	52,967.24
Payment of prior years' accounts payables for operating expenses	32	19,729,501.45	-
Payment of tax refunds payable	33	216,136.95	-
Remittance of Personnel Benefit Contributions and Mandatory Deductions	34	94,995,890.67	67,304,585.06
Release of Inter-Agency Fund Transfers	35	7,252,752.12	4,186,504.53
Other Disbursements	36	874,934.05	149,562.27
Reversal of Unutilized NCA		71,262,575.29	82,779,222.90
Adjustments		-	1,870,164.15
Total Cash Outflows		<u>578,443,794.64</u>	<u>445,327,433.81</u>
Net Cash Provided by (Used in) Operating Activities	38	<u>54,063,421.85</u>	<u>55,186,763.43</u>
Cash Flow from Investing Activities			
Cash Inflows			
Proceed from Sale/Disposal of Property, Plant and Equipment		24,478.00	-
Total Cash Inflows		<u>24,478.00</u>	<u>-</u>
Cash Outflows			
Purchase/Construction of Property, Plant and Equipment	37	8,497,228.54	7,588,336.43
Purchase of Intangible Assets		186,721.87	954,194.12
Total Cash Outflows		<u>8,683,950.41</u>	<u>8,542,530.55</u>
Net Cash Provided By (Used In) Investing Activities		<u>(8,659,472.41)</u>	<u>(8,542,530.55)</u>
Increase (Decrease) in Cash and Cash Equivalents		<u>45,403,949.44</u>	<u>46,644,232.88</u>
Cash and Cash Equivalents, January 1		<u>48,594,301.28</u>	<u>1,950,068.40</u>
Cash and Cash Equivalents, December 31		<u>93,998,250.72</u>	<u>48,594,301.28</u>

DIRECTORY OF OFFICES

Office of the Chairperson
 ☎ +632 87719-722 local 103
 ✉ otc@phcc.gov.ph



Arsenio M. Balisacan, PhD
Chairperson
 ✉ ambalisacan@phcc.gov.ph

Mergers and Acquisitions Office
 ☎ +632 87719-722 local 252
 ✉ mergers@phcc.gov.ph



**Atty. Krystal
Lyn T. Uy**
Director
 ✉ ktuy@phcc.gov.ph



**Atty. Lianne Ivy
P. Medina**
Assistant Director
 ✉ lpmedina@phcc.gov.ph

Competition Enforcement Office
 ☎ +632 87719-722 local 232
 ✉ enforcement@phcc.gov.ph



**Atty. Orlando
P. Polinar**
Director
 ✉ oppolinar@phcc.gov.ph



**Atty. Ferdinand B.
Redulla**
Assistant Director
 ✉ fbredulla@phcc.gov.ph

Office of the Commissioners
 ✉ commissioners@phcc.gov.ph



**Atty. Johannes
Benjamin R. Bernabe**
Commissioner
 ☎ +632 87719-722 local 132
 ✉ jrbernabe@phcc.gov.ph



**Atty. Amabelle C.
Asuncion**
Commissioner
 ☎ +632 87719-722 local 142
 ✉ acasuncion@phcc.gov.ph



**Atty. Macario R. De
Claro Jr.**
Commissioner
 ☎ +632 87719-722 local 122
 ✉ mrdeclarojr@phcc.gov.ph



**Atty. Emerson B.
Aquende**
Commissioner
 ☎ +632 87719-722 local 112
 ✉ ebaquende@phcc.gov.ph

Economics Office
 ☎ +632 87719-722 local 262
 ✉ economics@phcc.gov.ph



**Benjamin E.
Radoc, Jr., PhD**
Director
 ✉ beradocjr@phcc.gov.ph

**Communications and
Knowledge Management Office**
 ☎ +632 87719-722 local 242
 ✉ ckmo@phcc.gov.ph



Arnold Roy D. Tenorio
Director
 ✉ adtenorio@phcc.gov.ph

Office of the Executive Director
 ☎ +632 87719-722 local 152
 ✉ oed@phcc.gov.ph



Kenneth V. Tanate, PhD
Executive Director
 ✉ kvtanate@phcc.gov.ph

Administrative Office
 ☎ +632 87719-722 local 202
 ✉ ao@phcc.gov.ph



Jeson Q. de la Torre
Director
 ✉ jqdelatorre@phcc.gov.ph

**Finance, Planning and
Management Office**
 ☎ +632 87719-722 local 212
 ✉ fpmo@phcc.gov.ph



**Atty. Joseph Melvin
B. Basas**
Director
 ✉ jbbasas@phcc.gov.ph



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