

# UPHOLDING MARKET COMPETITION AMID THE PANDEMIC

2020 Annual Report



**PHILIPPINE  
COMPETITION  
COMMISSION**

*Ensuring businesses compete and consumers benefit*

## ABOUT THE THEME

The COVID-19 pandemic has not only disrupted businesses, but also heightened the risk of anti-competitive behavior that could further distort the level playing field for businesses and harm consumer welfare. Bearing this in mind, the PCC has remained vigilant in upholding its competition mandate amid the pandemic. It intensified competition enforcement by establishing an online consumer complaints system, investigating cartels, and reviewing all received merger transactions within the prescribed timelines. It ramped up advocacy and capacity-building initiatives for various stakeholders and strengthened partnerships with entities within and outside the country, including the business sector. It also completed market studies and policy research on select industries and sectors.

# UPHOLDING MARKET COMPETITION AMID THE PANDEMIC

2020 Annual Report

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**2020 Annual Report: Upholding market competition amid the pandemic**

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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

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

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 businesses

# Message from the CHAIRPERSON

In 2020, the country faced an unprecedented disruption because of the COVID-19 crisis. The pandemic has adversely affected consumer demand, business operations, employment, and the government's fiscal position. Yet, despite the tumultuous past months, we have steadfastly carried on with our mandate. We have remained proactive and vigilant in protecting market competition, achieving significant goals in the process.

## Milestones in competition law and policy

Three "firsts" top the list of our milestones in 2020. One, we filed an antitrust case against a cartel in the insurance industry, marking our first cartel case. The PCC issued a Statement of Objection against a pool of insurance companies for its alleged anti-competitive exclusive arrangement that effectively deprived housing loan borrowers from getting mortgage redemption insurance coverage from other providers, which may offer better terms and conditions at lower premium rates. The insurance pool had enjoyed lack of competition for almost 40 years.

Two, the PCC played a pivotal role in a ruling of the Supreme Court (SC) concerning the construction sector. Citing PCC's *amicus curiae* brief, the SC decision affirmed the tenets of competition by voiding the nationality-based licensing restrictions implemented by the Philippine Contractors Accreditation Board. This is monumental for the PCC because the SC decision levels the playing field for local and foreign construction firms in the Philippines.

Three, we worked closely with the National Economic and Development Authority in developing the National Competition Policy (NCP), which we issued through a joint memorandum circular, and in revisiting the strategies and targets of Chapter 16 (Leveling the Playing Field through NCP) of the Philippine Development Plan 2017-2022. The NCP serves as a framework to steer all policies, rules, regulations, and interventions by national government agencies, government-owned or -controlled corporations, and local government units toward the promotion of fair market competition. It complements the Philippine Competition Act in guiding the design of government interventions, especially those relating to recovery.

## Dynamic and responsive competition policy

We have pushed for policy responses to the pandemic to remain pro-competitive for a smooth and sustainable post-recovery development. However, a provision in the Bayanihan to Recover as One Act (Bayanihan II), legislated in September, effectively limited PCC's power to review mergers and acquisitions (M&A).

Despite the challenges, we continued to exercise due diligence in our M&A reviews. In 2020, the PCC received 26 M&A transactions amounting to PHP 909 billion. Despite the community quarantine-induced limitations, we completed all reviews within the statutory periods. With fewer merger notifications expected and *motu proprio* review suspended, our Mergers and Acquisitions Office (MAO) focused on capacity-building and market monitoring to gear up for the resumption of its *motu*

*proprio* review in September 2021. We also continued to encourage firms to voluntarily notify the PCC of their M&A transactions to avoid their possible unwinding if later found anti-competitive. Further, we deployed many of our staff from the MAO to the Competition Enforcement Office (CEO) to work on abuse of dominance cases.

At the onset of the crisis, we set up a dedicated online channel for receiving COVID-19-related complaints. We received a total of 167 queries and complaints during the year, resulting in the commencement of nine preliminary and five full administrative investigations. Immediately following Bayanihan II's passage, we restructured the CEO to have distinct divisions dedicated to cartel and abuse of dominance cases. This will enable us to step up detection and investigation when consumers and micro, small, and medium enterprises are at risk from such anti-competitive behavior. In December, we launched the Bid-Rigging Intelligence Gathering and Detection for Enforcement (BRIGADE) Project in partnership with the South Korean government.

We remain committed to evidence-based policy. To inform PCC's decisions on cases and guide enforcement and advocacy prioritization strategies, we commenced work on several issues papers, awareness surveys, and policy notes. This year, the Economics Office completed issues papers on five sectors: sugar, corn, cargo services, refined petroleum, and agro-chemicals.

## Proactive competition mainstreaming and advocacy

We have always said that without mainstreaming competition policy, what can be done is very limited. As such, we continued being proactive in popularizing competition principles throughout the year. We believe we can do more with less by encouraging voluntary compliance of key stakeholders and by collaborating with fellow government actors. In 2020, we successfully organized 32 advocacy and capacity-building activities tailored to the judiciary, the legislature, government agencies, and business groups, among others. We established the Government Staff Development Program for Competition Law and Policy (GSDPC). Funded out of the USD 23.3 million, six-year project loan granted by the Asian Development Bank, the GSDPC forms part of a broad range of initiatives to strengthen the institutional capacity of PCC and other government agencies with a competition mandate, as well as to establish an academic center of excellence on competition in the country.

The PCC also actively participated in the crafting of various stimulus legislation addressing the current crisis to ensure their pro-competitiveness. These include the Financial Institutions Strategic Transfer (FIST) Bill, the Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) Bill, and the recently passed Bayanihan II Act. We have seen how past misguided interventions have caused market distortions and an uneven playing field. Hence, we have consistently advocated the use of the competition lens in legislation to ensure that policies and

state subsidies enhance economic efficiency by properly allocating scarce resources to critical sectors to stimulate production and innovation.

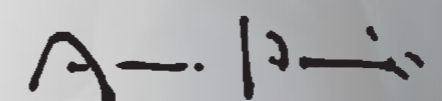
Recognizing the many significant benefits of collaboration, the PCC executed two formal partnership agreements in 2020. We signed a memorandum of understanding with the Philippine Chamber of Commerce and Industry in November and the Hong Kong Competition Commission in December.

## Recovering from the pandemic-induced recession with competition policy

In 2021, we will focus our competition analyses and enforcement on e-commerce, health and pharmaceuticals, insurance, logistics and shipping, energy and electricity, water supply and distribution, real estate, and food. The pandemic has spotlighted the importance of these sectors.

The difficulties we all experienced in 2020 have made the PCC stronger and wiser. We have realized even more the relevance of competition policy in protecting consumer welfare, especially in times of economic crisis such as the one we are going through. In the midst of the pandemic's challenges, the PCC has remained alert and prepared to fight anti-competitive forces threatening to exacerbate the already harrowing situation of Filipino businesses and consumers.

The benefits of competition policy to consumers, especially the poor, are undisputable. Thus, we will continue to work tirelessly for policy and institutional reforms required to have a pro-competitive environment in the country. Whether the country is in a crisis or not, the PCC will always be an unwavering champion for the protection of competition in our markets and the advancement of consumer welfare and shared prosperity.



Arsenio M. Balisacan, PhD  
Chairperson

# THE COMMISSION

Under the Philippine Competition Act, 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.



## ARSENIO M. BALISACAN, PHD

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

Prior to this appointment, he was the Socioeconomic Planning Secretary and concurrent Director-General of the National Economic and Development Authority (NEDA) in 2012-2016. In his capacity as NEDA Director-General, he served as the first chairperson of the boards of the Philippine Statistics Authority and the Public-Private Partnership Center of the Philippines.

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

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

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

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



## ATTY. JOHANNES BENJAMIN R. BERNABE

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

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 Philippine Competition Act.

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



## ATTY. AMABELLE C. ASUNCION

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

In the private sector, Commissioner Asuncion worked with 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 for the European Chamber of Commerce of the Philippines.

Commissioner Asuncion received her law degree from the University of the Philippines (UP) and Master of Laws (with distinction) in international legal studies from Georgetown University Law Center in Washington, DC. She is admitted to the New York Bar. She finished her bachelor's degree in English studies (magna cum laude) from UP also. She served as editor of the *Philippine Law Journal* and has published works locally and internationally.



## ATTY. MACARIO R. DE CLARO, JR.

Commissioner Macario R. De Claro, Jr. is a certified public accountant and a lawyer. Prior to his appointment to the PCC, he worked with private companies in the fields of manufacturing, mining, telecommunications, real estate, and banking and finance.

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

After retirement from PNB in 2003, he resumed his legal and accounting profession, serving 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 law 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.



## ATTY. EMERSON B. AQUENDE

Commissioner Emerson B. Aquende is the newest member of the Commission. Before joining the PCC on March 5, 2020, he headed the Legal Education Board, the government agency regulating legal education in the country. He has 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 accumulated more than 22 years in the academe, 14 years of which as the law dean of the University of Santo Tomas-Legazpi (Aquinas University). He also currently teaches law in the University of the Philippines (UP) College of Law.

Commissioner Aquende earned his law degree from UP, after receiving his Bachelor of science degree in commerce (legal management) from De La Salle University.

# 2020 AT A GLANCE



## REVIEW OF MERGERS AND ACQUISITIONS

- 26 notifications received for transactions with an aggregate transaction value of PHP 909 billion
- 20 transactions approved
- 2 *motu proprio* cases initiated
- 3 rules issued
  - PCC Memorandum Circular 20-001: Process for Exemption from Compulsory Notification of Joint Venture (JV) Agreements entered into pursuant to "Guidelines and Procedures for Entering into JV Agreements between Government and Private Entities" issued by the National Economic and Development Authority
  - PCC Memorandum Circular 20-002: Process for Exemption from Compulsory Notification of Unsolicited Public-Private Partnership (PPP) Projects
  - Rules for the Implementation of Section 4 (eee) of Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act relating to the Review of Mergers and Acquisitions
- Adjusted notification thresholds pursuant to Commission Resolution No. 02-2020 effective March 1, 2020
  - PHP 6.0 billion for Size of Party (SoP)
  - PHP 2.4 billion for Size of Transaction (SoT)
- Adjusted notification thresholds pursuant to Bayanihan II, effective September 15, 2020
  - PHP 50 billion for SoP
  - PHP 50 billion for SoT



## ENFORCEMENT CASE INVESTIGATIONS

- 3 verified complaints received
- 24 initial assessments commenced
- 9 preliminary investigations commenced
- 5 full administrative investigations commenced
- 2 Statements of Objections filed



## ECONOMIC AND POLICY RESEARCH

- 3 policy notes issued on shipping, pharmaceutical, and sugar
- 5 issues papers published on air transport, pharmaceutical, digital commerce, sugar, and manufacturing
- 5 studies completed on sugar, corn, cargo services, refined petroleum, and agro-chemicals



## CAPACITY-BUILDING AND ADVOCACY ACTIVITIES

- 14 position papers for legislative inputs submitted
- 32 advocacy and capacity-building activities conducted
  - 10 for business groups
  - 8 for sector regulators and other government agencies
  - 3 for the general public
  - 3 for the academe
  - 3 for the media
  - 2 for development practitioners
  - 2 for the judiciary
  - 1 for the legislature
- 2 partnerships executed
  - 1 with the Hong Kong Competition Commission
  - 1 with the Philippine Chamber of Commerce and Industry



## INSTITUTION BUILDING

- 194 plantilla positions filled, which include:
  - 53 lawyers
  - 29 economists
- International Organization for Standardization (ISO) 9001:2015 certification renewed

# REVIEWING MERGERS AND ACQUISITIONS

In previous years, the PCC sought to streamline and make more robust its review of transactions involving mergers and acquisitions (M&A) in support of the government's push for ease of doing business in the country.

It adjusted its notification thresholds in February 2020. Based on the nominal gross domestic product growth of 2019, it raised the values of the Size of Party (SoP) threshold from PHP 5.6 billion to PHP 6.0 billion and the Size of Transaction (SoT) threshold from PHP 2.2 billion to PHP 2.4 billion.

In September 2020, the SoP and SoT threshold values were further adjusted to PHP 50 billion, pursuant to Section 4 (eee) of Republic Act No. 11494 or Bayanihan II. 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 M&As with transaction values below PHP 50 billion if entered into within two years from the effectivity of the law on September 15, 2020. Additionally, it suspends PCC's exercise of *motu proprio* review of these transactions for one year or until September 16, 2021.

In October 2020, the PCC issued the Rules for the Implementation of Section 4 (eee) of Bayanihan II. Under the rules, the following M&As are still subject to compulsory notification:

- Transaction value is at least PHP 50 billion; or
- Entered into before the effectivity of Bayanihan II and exceed the applicable thresholds when the definitive agreement was signed.

The PCC received 26 notifications with an aggregate transaction value of PHP 909 billion. Twenty transactions were approved by the Commission, one notification was withdrawn, two were returned, and three are in different review stages. The sectors with the most number of notifications in 2020 were electricity and gas (6), transportation and storage (5), financial and insurance activities (3), real estate activities (3), and manufacturing (3). Despite the constraints posed by the community quarantine restrictions, the PCC completed all reviews well within the statutory periods.

In sum, from 2016 to 2020, the PCC received a total of 221 M&A transactions, with a cumulative transaction value of PHP 4.079 trillion. It approved 208 of these transactions and prohibited one.

## Total M&A Transaction Value Per Sector in 2020

Sector	Number of Transactions	Sum of Transaction Value (in PHP)
Electricity, gas, steam, and air-conditioning supply	6	384,483,525,175.00
Transportation and storage	5	164,750,165,158.34
Financial and insurance activities	3	52,818,739,474.73
Real estate activities	3	48,067,003,178.94
Manufacturing	3	25,517,308,552.00
Mining and quarrying	2	88,212,941,586.00
Wholesale and retail trade, repair of motor vehicles and motorcycles	2	10,396,894,972.00
Administrative and support services	1	12,271,014,000.00
Water supply, sewerage, and waste management and remediation activities	1	122,533,317,000.00
<b>Grand Total</b>	<b>26</b>	<b>909,050,909,097.01</b>

## M&A Transactions Decided in 2020

Transaction No.	Notifying Parties
M-2019-029	City Savings Bank; UPB Investments Corporation
M-2019-030	AC Energy Philippines, Inc.; Philippine Wind Holdings Corp.
M-2020-001	MM Air Limited (Marubeni Corp.), MM Air Limited (Mizuho Corp.); Aircastle Limited
M-2020-002	UC Malampaya Philippines Pte Ltd; Chevron Malampaya LLC
M-2020-003	AC Energy Philippines, Inc.; Negros Island Solar Power, Inc.
M-2020-004	AC Energy Philippines, Inc.; San Carlos Solar Energy, Inc.
M-2020-005	Synergy Grid and Development Phils., Inc.; Pacifica21 Holdings, Inc; One Taipan Holdings, Inc.
M-2020-006	Lotte Chilsung Beverage Co. Ltd; Pepsi-Cola Products Philippines, Inc.
M-2020-007	Aéroports de Paris SA; GMR Airports Limited
M-2020-008	Asia Seal Pte. Limited; Fastcargo Logistics Corporation
M-2020-009	Century Properties Group, Inc.; Century City Development II Corporation
M-2020-010	Universal Robina Corporation; Central Azucarera De La Carlota, Inc.; Roxol Bioenergy Corporation; Najalin Agri-Ventures, Inc.
M-2020-011	Trident Water Company Holdings, Inc.; Manila Water Company, Inc.
M-2020-012	Victor Lim Jr. and Vittorio P. Lim; BDO Leasing and Finance, Inc.
M-2020-013	DMC Urban Property Developers, Inc.; PLDT, Inc.
M-2020-014	Bank of Ayudhya Public Company Limited; SB Finance Company, Inc.
M-2020-015	GT Capital Auto Dealership Holdings, Inc.; Toyota Corolla Sapporo Philippines Holdings, Inc.; Toyota Santa Rosa, Laguna, Inc.
M-2020-016	Rockwell Land Corporation; Nepwell Property Management, Inc.; TGN Realty Corporation; Hilda Valdes, Patrick Valdes, and Theresa Valdes
M-2020-017	AC Energy Philippines, Inc.; Axia Power Holdings Philippines Corporation; Ingrid Power Holdings, Inc.

In 2020, the greater financial burden of many companies due to the pandemic has increased businesses' appetite for mergers. Given this, the PCC pushed for policy responses to remain pro-competitive for a smooth and sustainable recovery. While global best practices and lessons learned from past economic crises underscore the need for in-depth review of M&As, the Commission recognizes the need to provide some degree of regulatory relief during these times. Despite the challenges, it has continued to exercise due diligence in its M&A reviews.

With fewer merger notifications expected and the *motu proprio* review suspended, PCC's Mergers and Acquisitions Office (MAO) has focused its resources on

capacity-building and market monitoring to gear up for the return of its *motu proprio* review powers in September 2021. The PCC also continued to encourage firms to voluntarily notify the Commission of their M&A transactions to avoid their possible unwinding should these transactions be found anti-competitive after *motu proprio* review.

Further, in light of Bayanihan II and given the heightened risk of anti-competitive behavior amid the crisis, the PCC deployed many of its staff from MAO to the Competition Enforcement Office to work on abuse of dominance cases.

### Top 5 Sectors Based on Transaction Value



### Top 5 Sectors Based on Number of Transactions



## PCC EXPEDITES PROCEDURE FOR PUBLIC-PRIVATE, UNSOLICITED PPP JVs

Approval of joint venture (JV) projects may be fast-tracked as JVs between private entities and the government, as well as unsolicited public-private partnership (PPP) projects, may apply for exemption from compulsory merger notification, following the PCC's issuance of two memorandum circulars in June 2020.

"The PCC has been continuously streamlining its processes in support of the government's push to ease doing business. Significantly, PCC's issuance of these rules is aligned with the government's relief, recovery, and resiliency efforts, which direct the speedy roll-out of critical infrastructure projects in response to the current crisis," PCC Chairperson Arsenio M. Balisacan explained.

The PCC issued Memorandum Circular (MC) No. 2020-001 providing the guidelines on application for exemption from compulsory merger notification of JVs pursued under the framework of the National Economic and Development Authority (NEDA) JV Guidelines. The MC covers JV agreements undertaken by government agencies with private sector entities.

Subsequently, the PCC issued MC No. 2020-002, which provides the guidelines on applying for exemption from compulsory notification of unsolicited PPP projects undertaken by agencies and instrumentalities of the national government pursuant to the Build-Operate-Transfer (BOT) Law.

"Unsolicited PPP projects are critical in the government's strategy to accelerate needed infrastructure development. This circular ensures that the implementing agency, the PCC, and the PPP Center conduct their processes in parallel to fast-track the rollout of these projects," Balisacan said.

Under the two MCs, PCC will conduct a competitive assessment of the JV project in parallel with the approval process of the implementing agency or NEDA's Investment Coordination Committee for public-private JVs, or PPP Center for JVs involving unsolicited PPP projects.

Prior to these MCs, JV projects that meet the compulsory notification thresholds have to undergo full review by the PCC only after the implementing agency awards the project. In effect, these MCs exempt the government agency and the private entity from notifying the PCC of the JV upon signing of a definitive agreement.

Under the procedures, the government agency may apply for a Certificate of Project Exemption on behalf of the prospective bidders or proponents. In its review, PCC shall provide inputs on the project documents and assess how the project may affect competition in the relevant markets. Should competition concerns arise in the review, PCC may require the prospective bidders to undertake specific commitments to address them.

If the government agency adopts PCC's inputs in the final project documents, PCC shall issue a Certificate of Project Exemption in favor of the prospective winning private sector participant. In case of failure to follow the requirements under the circular, the government agency and the winning private sector participant are required to file their notifications under the regular merger review process. To ensure that competition safeguards are followed, the PCC shall monitor the winning private sector participant's compliance with specific commitments and may launch a *motu proprio* merger review if it violates any of its undertakings with the PCC.

## RULES ISSUED ON MERGER REVIEWS UNDER BAYANIHAN II

The PCC issued rules to implement Section 4 (eee) of the Bayanihan to Recover as One Act (Bayanihan II) relating to the review of mergers and acquisitions (M&A).

In sum, Section 4 (eee) exempts from compulsory notification M&As with transaction values below PHP 50 billion if entered into within two years from the effectivity of the law on September 15, 2020. Additionally, it suspends PCC's exercise of *motu proprio* review of these transactions for one year.

Published and effective October 5, 2020, the PCC rules detail the exemptions from compulsory notification and *motu proprio* review, computation of new thresholds, and the option for voluntary notification of M&A transactions while Section 4 (eee) of Bayanihan II is in effect. Moreover, the following M&As are still subject to compulsory notification:

- Transaction value is at least PHP 50 billion; or
- Entered into before the effectivity of Bayanihan II and exceed the applicable thresholds when the definitive agreement was signed.

In determining the transaction value, the rules apply PHP 50 billion as the new Size of Party (SoP) and Size of Transaction (SoT) thresholds for compulsory notification. Prior to this, the thresholds, which are adjusted annually, were set at PHP 2.4 billion for SoT and PHP 6.0 billion for SoP in 2020.

In terms of *motu proprio* review, the following M&As are not covered by Bayanihan II's exemption:

- Entered into before the effectivity of Bayanihan II, but not yet a subject of PCC review; or
- Pending review by the PCC before the effectivity of Bayanihan II.

M&As that are likely to substantially lessen competition may be reviewed *motu proprio* one year after Bayanihan II's effectivity.

Parties to M&As below the PHP 50 billion threshold may voluntarily opt to notify the PCC of their transaction so that it may be reviewed. By its discretion, the PCC may give due course to the voluntary notification, to be reviewed within 45 days under Phase 1 and 90 days under Phase 2.



## COMPETITION CONCERNS FLAGGED IN SMC-HOLCIM CEMENT DEAL

PCC's Mergers and Acquisitions Office (MAO) raised competition concerns in a proposed takeover of cement manufacturer Holcim Philippines, Inc. (HPI) by First Stronghold Cement Industries, citing monopoly, increased market power, and potential collusion arising from the merger.

Acquirer First Stronghold struck the deal with HPI in 2019, amid the divestments in Southeast Asia, including the Philippines, of Union Cement Holdings Corporation, HPI's parent company. First Stronghold was poised to acquire 85.7% or 5,531,566,062 common shares of HPI.

HPI manufactures, sells, and distributes cement and related aggregates. It has eight cement facilities in the Philippines and is a subsidiary of global cement giant LafargeHolcim Ltd.

First Stronghold, a holding company created for this transaction, is wholly owned by San Miguel Equity Investments, Inc., which in turn is a subsidiary of San Miguel Corporation (SMC)—all under Top Frontier Investment Holdings, Inc.

In its review, MAO determined that First Stronghold's buyout of HPI would result in a substantial lessening of competition in the market for grey cement in four key areas in the Philippines: northwest Luzon, northeast Luzon, Central Luzon, and Greater Metro Manila. It flagged the following antitrust concerns:

- In northwest Luzon, the merger eliminates Top Frontier's only competitor in the area, resulting in market monopoly for grey cement.
- In Greater Metro Manila, Central Luzon, and northeast Luzon, the transaction results in high combined market shares, allowing Top Frontier to control the majority of supply in these areas.
- In Greater Metro Manila, Central Luzon, and northeast Luzon, the transaction increases the likelihood of firms engaging in coordinated behavior.
- Post-transaction, imports in the relevant markets are insufficient to constrain the merged parties.
- Post-transaction, no new players are likely to or can counteract in a timely manner the parties' market power in northwest Luzon.
- Post-transaction, any entrant has little to no ability to constrain the exercise of market power of the parties in Greater Metro Manila, Central Luzon, and northeast Luzon.

Top Frontier has two cement plants slated to begin commercial operations within the next two years: Northern Cement Corporation and Oro Cemento Industries Corporation. In terms of control, MAO's review included Northern Cement, Eagle Cement Corporation, and Oro Cemento in the Top Frontier group, as part of PCC's market definition and competitive assessment.

According to MAO, Top Frontier exercises control and influence over Northern Cement's policies and operations even if the former only has a 35 percent minority stake in the latter. MAO also looked into the interlocking officers and directors between Northern Cement and Eagle Cement, and between Eagle Cement and Top Frontier. In addition, the following factors were considered in assessing the existence of control and influence:

- Top Frontier and Northern Cement were reported to have coordinated marketing strategies and exerted influence on each other's board of directors.
- Top Frontier has access to sensitive corporate information of Northern Cement.
- Sellers, distributors, and hardware store owners in the relevant markets viewed Eagle Cement and Northern Cement as "sister companies" and part of the Top Frontier group.

Following the review results, Top Frontier and HPI have proposed to the PCC a set of voluntary commitments. Under the merger rules of procedure, voluntary commitments are evaluated by the Commission to determine whether or not they sufficiently address the competition concerns identified by MAO. However, in May 2020, Top Frontier and HPI notified the PCC that they were formally withdrawing their merger notification.

The withdrawal happened during the final stage of the Phase 2 review, at a time when the proceedings were suspended in compliance with the Bayanihan to Heal as One Act (Bayanihan I) and Administrative Order No. 30 directing government agencies to formulate and issue guidelines for the interruption of periods, issued subsequent to the community quarantine imposed due to the COVID-19 health crisis.

## URC ACQUISITION OF CENTRAL AZUCARERA CARLOTA-ROXOL MILLS, NAJALIN AGRI-VENTURES APPROVED

The PCC approved the acquisition by Universal Robina Corporation (URC) of the sugar milling and bioethanol distillery plants and parcels of land of Central Azucarera de la Carlota, Inc. (CA-Carlota) and Roxol Bioenergy Corp. (Roxol), and of the shares held by Roxas Holdings, Inc. (RHI) in Najalin Agri-Ventures, Inc. (NAVI). CA-Carlota, Roxol, and NAVI are located in Negros Occidental.

The transaction was approved a year after a similar transaction by some of the same parties was blocked because of merger-to-monopoly concerns in Batangas.

Upon its review, the PCC approved the transaction despite the overlaps in the market where both sugar millers operate. Although URC and CA-Carlota are among the big players in the area, PCC's review found that the transaction would not lead to substantial lessening of competition in the sugarcane milling and tolling markets in Negros Island, as well as the national markets for bioethanol, wholesale raw sugar, and molasses.

PCC's approval of the URC-CA Carlota deal was based on the following findings:

- On the Negros regional market for sugarcane milling services: (1) sufficient competitive constraints remain from other sugarcane millers; (2) planters have a strong buyer power and are able to switch easily among the different competing mills; and (3) the transaction will not increase the likelihood of, or strengthen existing, coordination among market players.
- On the Negros regional market for tolling services: (1) the merging parties have a small combined market share in tolling services; (2) sufficient competitive constraints remain from other market participants; and (3) joint parties have neither increased ability nor incentive to foreclose customers.
- On the national market for wholesale raw sugar: (1) when compared with the whole country's raw sugar output, the parties have a small combined market share; (2) sufficient competitive constraints remain from other market participants; and (3) there is neither increased ability nor incentive to engage in input foreclosure.

- On the national market for molasses: (1) the parties have a small combined market share in the national sale of molasses; (2) sufficient competitive constraints remain from other market participants; and (3) there is neither increased ability nor incentive to engage in customer foreclosure.
- On the national market for bioethanol: (1) the parties' combined production after the merger will have a small combined market share compared with the national output for bioethanol; (2) sufficient competitive constraints remain from other market participants; and (3) existing government regulations will constrain attempts to increase the price, lower its quality, and decrease its production.

In 2019, the PCC blocked URC's attempt to take over its sole rival in Batangas—Central Azucarera Don Pedro, Inc. and RHI—after market investigation revealed that the proposed merger would lead to a monopoly in sugar milling services and restrict the ability of farmer-planters to negotiate the sharing agreements, sugar recovery rates, and incentives in the Southern Tagalog region.

The acquisition by some of the same parties of the assets in Negros, however, presented a different market environment considering the number of market players, planters' strength in numbers which translates to bargaining power, and competitive constraints throughout Negros, the country's sugar production capital.

PCC's merger review also found that, unlike in the Batangas deal where sugar planters have to choose between two players, and thus would lose the benefit of competition in the players' merger, the majority of Negros sugarcane farmers work in associations with strong bargaining powers. Planters can choose among several options where to get the best price for their produce, and competing millers in the area respond accordingly via prices and incentives to draw in the farmers' haul and deal.

# INVESTIGATING CARTELS AND ABUSES OF DOMINANCE

Committed to its goal of implementing a more robust competition regime, the PCC intensified its enforcement activities in 2020, resulting in the filing of two Statements of Objections. Moreover, it charged an insurance pool with entering into anti-competitive agreements, marking its first cartel case under adjudication.

The PCC also enhanced its visibility and accessibility to the public despite the pandemic, by setting up a dedicated online channel for receiving COVID-19-related complaints at the onset of the crisis. Specifically, it established the Enforcement Resource Portal in its website, containing the "COVID-19 Complaint Portal."

Through these initiatives, the Competition Enforcement Office received a total of 167 queries and complaints, which resulted in nine preliminary investigations and five full administrative investigations, covering water utilities, internet services, retail associations, and poultry industries.

**167** QUERIES AND COMPLAINTS

**5** FULL ADMINISTRATIVE INVESTIGATIONS

**24** INITIAL ASSESSMENTS

**2** STATEMENTS OF OBJECTIONS

**9** PRELIMINARY INVESTIGATIONS

- Competition Enforcement Office vs. Greenfield Development Corporation and Leopard Connectivity Business Solutions, Inc. (PCC Case No. E-2020-003)
- Competition Enforcement Office vs. Philippine Taekwondo Association (PCC Case No. E-2020-004)

## CASE FILED AGAINST ALLEGED FOUR DECADE-OLD CARTEL IN INSURANCE INDUSTRY

The PCC has filed a competition case against several insurance companies for violating the prohibition on anti-competitive agreements.

The Competition Enforcement Office (CEO), the investigative and prosecutorial arm of the PCC, issued a Statement of Objections<sup>1</sup> against a pool of insurance companies and the state-run National Home Mortgage Finance Corporation (NHMFC) for executing an exclusive provision of mortgage redemption insurance (MRI) to its account holders for almost four decades. The insurance companies are:

- ▶ Beneficial Life Insurance Company, Inc. (BenLife)
- ▶ Country Bankers Life Insurance Corporation (Country Bankers Life)
- ▶ First Life Financial Co., Inc. (First Life)
- ▶ Fortune Life Insurance Company, Inc. (Fortune Life)
- ▶ Manila Bankers Life Insurance Corporation (Manila Bankers Life)
- ▶ Philippines International Life Insurance Co., Inc. (Phil Int'l Life)
- ▶ The Manufacturers Life Insurance Company (Phils), Inc. (ManuLife)
- ▶ United Life Assurance Corporation (United Life)

The CEO alleges that the companies entered into agreements that allowed the insurance pool to provide MRI exclusively and indefinitely to borrowers whose loans have been assumed by the NHMFC. As secondary mortgagor, the NHMFC manages different mortgage loan portfolios originated by banks, housing developers, and other primary lending institutions that offer loans for socialized and low-cost housing. Mortgagor-borrowers of lending institutions, whose housing loans had been assumed by the NHMFC, need to obtain an MRI as a form of security. The MRI ensures that outstanding loans will be settled in the event of the borrower's premature death.

The PCC initiated the investigation when the NHMFC approached the Commission in 2016 to review its agreements with the insurance pool during the two-year transitory period provided by the Philippine Competition Act (PCA). Before the PCA enactment, the NHMFC had already attempted to terminate the agreements; however, the insurance pool presented legal obstacles to such terminations.

This exclusive arrangement effectively deprived the NHMFC and the housing loan borrowers of choosing MRI coverage by other providers which may offer better terms and conditions at lower premium rates. With the agreements in place, facilitated by the pool's executive committee, the insurance pool has enjoyed the lack of any competitive constraints for almost 40 years. This has resulted in poor service, unfavorable premium rates, and lack of options—to the detriment of thousands of account holders, including low-cost and socialized housing borrowers.

As this case is under adjudication, the PCC commits to ensure proper and careful examination, given its implication on financial services.

<sup>1</sup> A Statement of Objections refers to a document charging the entity under investigation for any violation of the PCA, its implementing rules, or other existing competition laws. It is the official complaint of the CEO as the complainant for administrative cases filed before the PCC. The PCC, acting as a quasi-judicial body, makes a final determination on the complaint.



## BID-RIGGING DETECTION SYSTEM DEVELOPED

In December 2020, the PCC launched the Bid-Rigging Intelligence Gathering and Detection for Enforcement (BRIGADE) Project in partnership with the government of South Korea. The Korean government has committed to undertake policy research and cascade to the PCC its learnings and experience in successfully managing its bid-rigging detection system, called the Bid-Rigging Indicator Analysis System (BRIAS).

BRIAS was developed by the Korea Fair Trade Commission in 2006 to supplement the traditional methods of cracking down on bid-riggers, such as reporting by cartel members or competing suppliers of bid-rigging activities in Korea. It draws information from the Korean government's e-procurement system to evaluate data such as bidding price, number of participants, and mode of procurement. The system generates a potential bid-rigging score. If the score is above a certain threshold, then the system will recommend further checking of, and data collection on said procurement contract. BRIAS was able to check more than 20,000 bids per year from 2006 to 2012. It generated 200 hits in 2012.

Through the BRIGADE Project, the Competition Enforcement Office (CEO) is developing a Bid-Rigging Screening Tool, a software designed to proactively detect potential bid-rigging activities. The PCC has already developed 15 red flags for potential bid-rigging. Anyone observing a combination of these potential signs of bid-rigging may report such to the PCC.

The BRIGADE Project is expected to significantly improve the case-building capabilities of CEO and aid in increasing the number of bid-rigging prosecutions in the coming years. By protecting competition in the public procurement process, the PCC ensures effective and quality relief and recovery programs, and guarantees that Filipinos get the best value for their taxes.

## COVID-19 ONLINE COMPLAINT PORTAL SET UP

In anticipation of the influx of competition-related queries and complaints during the pandemic, the PCC established an Enforcement Resource Portal in its website. Among others, it expected queries or complaints on potential anti-competitive practices involving basic goods and services, medical supplies, personal protective equipment, and other commodities. The resource portal also contains briefers on competition and its benefits, prohibited conducts, and guidance in the form of enforcement advisories, news and issuances, policy notes, and issues papers.

The COVID-19 Complaint Portal is one of its key features. This portal is an online reporting mechanism that allows anyone to report any business, company, or organization suspected of behaving in an anti-competitive manner. In 2020, a total of 21 complaints were received via the portal. The online complaint portal may be accessed at <https://www.phcc.gov.ph/covid19/>.



Source: <https://www.phcc.gov.ph/videos/ipinagbabawal-ng-pcc-ang-bid-rigging/>

# ANTI- BID-RIGGING RED FLAGS

Bid-riggers may be pretty sophisticated and calculating. But these are exactly their weaknesses. Bid-riggers' actions to conspire, to suppress competition, and to share the spoils require order—orderly discussion, orderly implementation, and orderly march away from what the public wants (best value-for-money) toward what they want (absolute certainty of profits).

One must be familiarized with the red flags of bid-rigging. Below are some odd things to look out for. When one sees a combination of these signs, the PCC must be informed to take care of the investigation.



**1. AWOL**  
Regular suppliers expected to bid fail to do so.



**2. CONSOLATION PRIZES**  
The winning bidder subcontracts work to losing bidders.



**3. DEJA VU**  
One company often wins, while others almost never win.



**4. JUMP SHOTS**  
Sudden and identical increases in prices by bidders that cannot be explained by cost increases.



**5. KILLJOYS**  
Bid prices drop whenever a new or infrequent bidder submits a bid.



**6. MGA LAGING HANDA**  
A company brings multiple bids to a bid opening and chooses which bid to submit after determining (or trying to determine) who else is bidding.



**7. LAST SUPPERS**  
Competitors regularly socialize or hold meetings shortly before tender deadline.



**8. MATCHES MADE IN HEAVEN**  
Several bidders submit documents containing a significant number of identical cost estimates of certain items.



**9. MERRY-GO-ROUNDS**  
The same bidders seem to take turns in winning.



**10. NOT FOLLOWING INSTRUCTIONS**  
A company submits a bid that obviously does not deliver on budget nor on quality as per the terms of the tender.



**11. PROMO ENDS**  
Anticipated discounts or rebates disappear unexpectedly.



**12. SAME DAY EDITS**  
Bid documents from different companies indicate numerous last-minute adjustments, such as erasures or other physical alterations.



**13. SPECIAL LOCAL PREMIUMS**  
Local suppliers are bidding higher prices for local delivery than for delivery to destinations farther away.



**14. TAMANG-TAMA**  
The winning bid is almost equal to the approved budget for the contract.



**15. TAMBAK**  
A large difference between the price of the winning bid and other bids.

One may report to PCC by calling +632 87719-PCC (87719-722) local 232, by sending an e-mail to [enforcement@phcc.gov.ph](mailto:enforcement@phcc.gov.ph), or by writing to or visiting the PCC's office at 25/F, Vertis North Corporate Center 1, North Avenue, Quezon City 1105.

PCC and the Supreme Court jointly organized the launch of the Rule on Administrative Search and Inspection under the PCA.



PCC Competition Enforcement Office held the PCC-Department of Justice Office for Competition Leniency Consultation.



# IMPROVING COMPETITION REGULATION THROUGH POLICY RESEARCH

Policy research is a vital pillar supporting PCC's effective enforcement of competition law and policy. Research studies underpin the Commission's decisions on cases, inform enforcement strategies and policies, and guide the agency's policy and advocacy initiatives. More importantly, these research efforts are aimed at addressing the Filipino consumers' most urgent concerns.

In 2020, the PCC published the results of five studies in the form of issues papers, which examine the structure, conduct, and performance of PCC's priority sectors and industries. Three policy notes were also published, two of which accompanied the issues papers.



**The State of Competition in the Air Transport Industry: A Scoping Exercise** (January 2020). This scoping study, conducted by Gilberto M. Llanto and Ma. Cherry Lyn S. Rodolfo, reviewed the state of competition in the domestic air transport industry, focusing on the airline passenger business. The report presents, in broad strokes, the current situation of the industry, including an assessment of the role of airports in air transport service delivery. It identifies potential anti-competitive issues and provides recommendations.



**On Potential Competition Concerns in the Granting of Pioneer Status in the Philippine Shipping Industry** (January 2020). This policy note examines the impact on competition of Executive Order No. 909 titled "Encouraging Investments in Newly Constructed Ships or Brand New Vessels in the Domestic Shipping Industry by Providing Incentives Therefor" and its implementing rules and regulations, as well as Maritime Industry Authority Circular 2015-04. This new set of policies promotes modernization of domestic fleet through the introduction of new vessels. However, it introduced incentives that have distorted the market and pose additional regulatory restrictions hindering entry and expansion activities. The PCC has provided recommendations on how this new set of policies can achieve its specific objectives while maintaining or improving the state of market competition in the industry.



**A Profile of the Philippine Pharmaceutical Industry** (June 2020). Written by Celia M. Reyes and Aubrey D. Tabuga, this issues paper, with its accompanying policy note, tackles the challenges in the industry, emphasizing the dimensions of competition, prices, and regulation. It reveals that although average prices of drugs have gone down, which can be attributed to the increased presence of branded generics, the prices of similar molecules vary widely, depending on the brand and the location where the drugs are sold. Moreover, local manufacturers/traders have difficulty in competing with bigger players due to economies of scale. That is, only a few products are manufactured locally, hence local production is more costly. The paper presents evidence of concentration, consolidation, and integration in the industry.



(from left) Dr. Gilberto M. Llanto (UP RESPOND), PCC Commissioner Macario R. De Claro, Jr., PCC Chairperson Arsenio M. Balisacan, UP Assoc. Prof. Dr. Cielo D. Magno, PCC Commissioner Johannes Benjamin R. Bernabe, and Dr. Mario B. Lamberte (UP RESPOND).



(from left) Dr. Gilberto M. Llanto (UPPAF), Dr. Enrico L. Basilio (UPPAF), PCC Chairperson Arsenio M. Balisacan, Usec. Claire Dennis S. Mapa (PSA), Dr. Mario B. Lamberte (UPPAF), Dr. Karl Robert L. Jandoc (UPPAF), and PCC Economics Office Director Benjamin E. Radoc Jr.



**The Philippine Digital Commerce Market** (July 2020). This paper, written by Ramonette B. Serafica, Marie Antoinette L. Rosete, Peter Jeff C. Camaro, and Arjan Paulo S. Salvanera, presents the policy, regulatory, and institutional framework for the development of e-commerce in the country. It also identifies key players and possible bottlenecks or constraints to competition in the market. It notes important issues for further analysis and action by the PCC.



**Sugar Industry in the Philippines** (September 2020). Written by Roehlano M. Briones, this issues paper, with its accompanying policy note, identifies potential areas of competition concerns in the industry, particularly (1) economies of scale in the sugarcane milling stage and (2) pervasive government intervention. In view of PCC's function, it recommends that pro-competitive government policies be advocated. Competition issues in the industry were highlighted when the PCC blocked a merger-to-monopoly deal between Universal Robina Corporation and Central Azucarera Don Pedro, Inc.



**Competition in Philippine Markets: A Scoping Study of the Manufacturing Sector** (December 2020). Authored by Erlinda M. Medalla, Francis Mark A. Quimba, and Maureen Ane D. Rosellon, the paper assesses the state of competition in the sector, identifies problem areas, and presents a prioritization matrix to aid achievement of the objectives of competition law and policy. It recommends that the PCC support other agencies, particularly the Department of Trade and Industry-Board of Investments, in getting rid of unnecessary and harmful regulations. It notes that even if PCC's findings may only be recommendatory, its position on certain issues would bolster actions for regulatory reform.

In addition, commissioned and in-house studies on the corn industry, cargo services, refined petroleum, and agro-chemicals were also completed in 2020.

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

## COMPETITION CONCERNS IN DIGITAL COMMERCE MARKET IDENTIFIED

Electronic commerce or e-commerce generally refers to the buying and selling of goods or services using electronic systems. Examples of industries that have adopted digital commerce are consumer markets, financial services, travel and accommodation, and public transport.

With the emergence of digital technologies, e-commerce has expanded rapidly in recent years and this expansion is predicted to accelerate. It has become more accessible with the extensive use of smartphones and wide access to the internet. In 2020, the adoption of e-commerce surged as most people stayed home due to the pandemic's mobility restrictions.

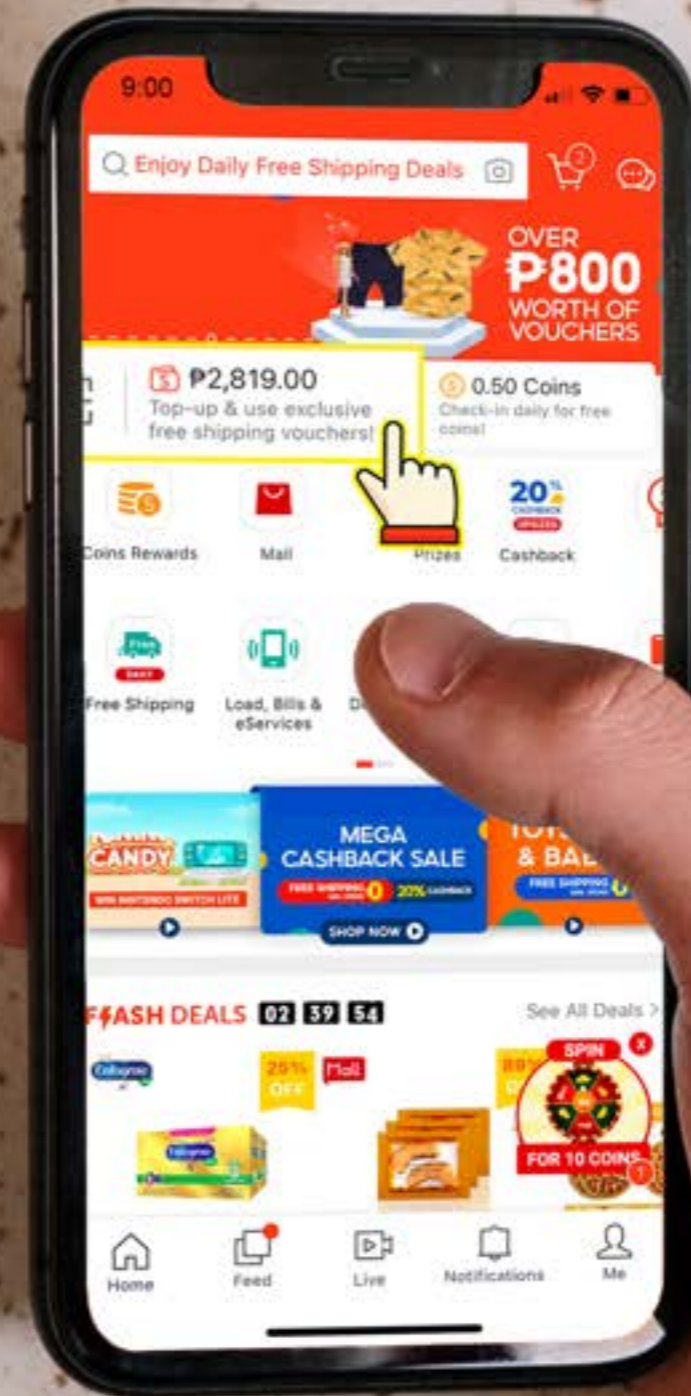
PCC's issues paper on the Philippine digital commerce market explores the policy, regulatory, and institutional framework for the development of e-commerce in the country. Businesses in the e-commerce sector generally face barriers to expansion and to entry.

- A barrier to expansion is defined as that which "prevents a firm already in the market from being able to quickly and cheaply increase its output." It includes restrictive forms of regulations or broad technological delays and quality of connectivity infrastructure. Such obstacles—faced by sellers and buyers—will need to be overcome for e-commerce transactions to replace brick-and-mortar transactions. Barriers to expansion affect the growth and development of all firms, including incumbents, in the e-commerce market.
- A barrier to entry is defined as "a cost of producing which must be borne by a firm that seeks to enter an industry but is not borne by firms already in the market." Barriers to entry limit the ability of potential entrants or small firms to enter and expand output in a given market. While this type of barrier can be present in both brick-and-mortar and online markets, the prevalence and magnitude of entry barriers between the two sales channels could be different.

The paper also presents areas of concern for further analysis and action by the PCC, which include the following:

- *Regulation of the last mile.* There is a need for more effective regulation of courier services to address the proliferation of unlicensed companies and/or messengers.
- *Industry classification and the applicable laws.* Conflicting ownership rules need to be resolved. As industries increasingly converge, the application of different regulations discourages entry, particularly of foreign investors.
- *Restrictive regulations.* While there is a move to amend the minimum capital requirement in retail trade to encourage additional foreign direct investment into the sector, other measures in the Retail Trade Liberalization Act need attention, as these could negate the liberalization intent of the amendments and diminish the gains from further market opening.
- *Dealing with affiliates.* Cross-ownership and vertical relationships must be examined further to determine possible anti-competitive conduct involving affiliated firms (e.g., in the digital commerce ecosystem, an e-commerce platform and a logistics service provider).
- *Telcos and over-the-top (OTT) applications.* An OTT application is an app or service that provides a product over the internet, bypassing traditional distribution. "Old" competition issues that need to be looked at are possible anti-competitive practice between telecommunication companies (telco) and internet service providers, as well as "new" concerns associated with the rise of OTT, such as competition between telco-affiliated vs. non-telco affiliated OTT, and OTT and affiliate companies of telcos.

The full paper can be accessed at <https://www.phcc.gov.ph/wp-content/uploads/2020/07/PCC-Issues-Paper-2020-03-Issues-Paper-on-the-Philippine-Digital-Commerce-Market.pdf>.



**PCC PARTNERED WITH THE PHILIPPINE STATISTICS AUTHORITY AND THE UNIV. OF THE PHILIPPINES PUBLIC ADMINISTRATION RESEARCH & EXTENSION SERVICES FOUNDATION (UPPAF) FOR THE USE OF BIG DATA ANALYTICS TO AID ITS COMPETITION POLICIES.**



**PCC ECONOMICS OFFICE TAPPED BIOSTATISTICIAN TO CONDUCT BIG DATA SEMINAR.**



**PCC ECONOMICS OFFICE SPEARHEADED A PUBLIC CONSULTATION ON THE PHARMACEUTICAL SECTOR.**



# MAINSTREAMING COMPETITION LAW AND POLICY THROUGH ADVOCACY

Advocacy is crucial for competition enforcement. International best practice shows that advocacy and enforcement mutually reinforce each other. Without mainstreaming competition policy, what can be done is very limited.

Amid the global health crisis, the PCC has continued to popularize competition principles to encourage voluntary compliance of key stakeholders and collaboration with fellow government actors. In 2020, it organized a total of 32 advocacy and capacity-building activities for the judiciary, the legislature, government agencies, and business groups, among others. These events included workshops for the House of Representatives, which were attended by the chairpersons of the Committees on Economic Affairs and Trade and 200 legislative staff members, as well as for the City Government of Pasig, the first of its kind for local government units.

## Regulation-legislation-competition policy nexus

Just before community quarantines were imposed across the Philippines, the PCC held the 2020 Manila Forum on Competition in Developing Countries (FCDC), which is the Commission's biennial flagship advocacy event. The forum discussed the complex interplay among regulation, legislation, and competition policy. Participants were local and foreign antitrust experts, development practitioners, business leaders, legislators, and sector regulators.

Moreover, in line with its commitments under the Philippine Development Plan 2017-2022, the PCC undertook initiatives aimed at instilling a culture of competition in the three major branches of the government: the executive, the legislature, and the judiciary.

For the executive branch, the PCC collaborated with the National Economic and Development Authority (NEDA) in the adoption of the National Competition Policy (NCP). In July, the NCP was issued as a joint NEDA-PCC Memorandum Circular. It serves as a policy framework for guiding the design of government interventions intended to ensure the economic recovery of small business players in the new normal. In addition, the PCC held multiple dialogues with the Department of Information and Communications Technology, which resulted in the issuance of the Common Tower Policy aimed at promoting competition in the telecommunications tower construction sector and improving access to the internet and mobile services.

For the legislature, the PCC reviewed bills, which included the Financial Institutions Strategic Transfer (FIST) Bill, the Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) Bill, and the Bayanihan II Act. It provided critical legislative inputs (including 14 position papers) to ensure that these were pro-competitive. The reason for PCC's proactive advocacy on legislation is that, time and again, history has shown that misguided interventions often cause market distortions and negative economic consequences that are difficult to reverse or undo.

## Position papers on proposed legislation, 2020

Subject	Requesting Party	Date of Release
Motorcycle Taxes	Senate Committee on Public Services	January 22
ABS-CBN Franchise Renewal	Senate Committee on Public Services; Office of the Executive Secretary	March 5
	House Committee on Legislative Franchises	March 9
COVID-19 Economic Stimulus Act	House Committee on Economic Affairs; Defeat COVID-19 Committee	May 1
	Senate Committees on Economic Affairs and Finance	June 2
Price Act Amendments	Senate Committee on Trade, Commerce, and Entrepreneurship	June 3
Liquified Petroleum Gas Act	Senate Committee on Energy	June 5
Consolidated Economic Stimulus Bills	Senate Committee on Finance	June 25
Bayanihan to Recover as One Act	Senate Committee on Finance	July 6
Internet Transactions Act	House Committee on Trade and Industry	July 9
	Senate Committee on Trade, Commerce, and Entrepreneurship	October 1
Financial Institutions Strategic Transfer Act (FIST)	Senate Committee on Banks and Financial Institutions	August 31
Minimum Internet Speed	House Committee on Information and Communication Technology	September 18
Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE)	Senate Committees on Trade, Commerce, and Entrepreneurship; Government Corporations and Public Enterprises; Banks, Financial Institutions, and Currencies; Ways and Means; and Finance	October 5

## Advocacy and Communication Activities, 2020

Event	Date
Seminar-Workshop for Supreme Court Lawyers on the Rule on Administrative Search and Inspection under the PCA	
Luzon	January 21-22
Visayas and Mindanao	January 23-24
2020 Manila Forum on Competition in Developing Countries (FCDC)	January 30-31
Press Meet and Conference	
FCDC 2020	January 30
Senate	February 24
Management Association of the Philippines	May 20
Ateneo de Manila University 2020 Career/Practicum Fair	March 5
Webinar on Introduction to Competition Analysis in Digital Economy Industries	May 22
Capacity Improvement on Competition Advocacy for Legislative Staff	
House of Representatives	May 28
City Government of Pasig	December 11
Webinar on PCA and its Implementing Rules and Regulations	
8990 Holdings, Inc.	June 25
Chamber of Customs Brokers, Inc.	July 30
Philippine Chamber of Food Manufacturers, Inc.	August 5
Pharmaceutical and Healthcare Association of the Philippines	August 7
Philippine LGBT Chamber of Commerce	September 10
Pilmico Food Corporation	December 3
Symposium on Merger Review	
Governance Commission for GOCCs	August 3, 5, 10, 12, 17
Philippine Reclamation Authority	September 4, 7, 9
Online Forum on the PCA for MSMEs and Cooperatives	August 25
Online PCA 101 for Consumers	
Batch 1	August 28
Batch 2	September 22
DTI Bohol Consumer Congress	October 21
Philippine Statistics Authority's Wiki and Knowledge Management Mapping Online Workshop	September 7
Online Lecturers' Training Program on Competition Law and Policy	September 14 - October 16
Organisation for Economic Co-operation and Development-Asian Development Bank Workshop on Competition Economics	October 6-9, 19, 21-23
Online Course on Industrial Organization and Competition Economics	October 26, 28, 30 November 9, 11, 18, December 7, 9, 11
58th Philippine Economic Society Annual Meeting and Conference	November 11
Capacity-Building and Briefing on PCA for the National Bureau of Investigation	November 20
PCC-PCCI Virtual Roundtable on Competition in the Recovering Economy	November 25
17th National Youth Congress	November 28-29
Virtual Roundtable Discussion on M&A Review Guidelines under the Bayanihan II Act for Aboitiz Equity Ventures, Inc.	December 2
CDA Koops e-Forum (Series 4: Competitive Markets and Consumer Protection)	December 16

For the judiciary, the PCC played a pivotal role in one of the rulings of the Supreme Court. The High Court extensively cited PCC's *amicus curiae* brief when it ruled in the case of *Philippine Contractors Accreditation Board (PCAB) vs. Manila Water* in March 2020. The Court's decision is monumental for the PCC because it levels the playing field for the licensing of local and foreign construction firms in the Philippines.

## Building partnerships

The PCC recognizes the importance of partnerships in fostering a culture of competition in the country. It formalized two partnership agreements in 2020. One was with the Philippine Chamber of Commerce and Industry on November 25 and the other was with the Hong Kong Competition Commission on December 14.



## 2020 MANILA FORUM TACKLES COMPETITION POLICY-REGULATION-LEGISLATION NEXUS



The PCC organized the 2020 Manila Forum on Competition in Developing Countries, its biennial international forum, on January 30-31 in Sofitel Philippine Plaza Manila in Pasay City.

With the theme "Towards Dynamic Competition Policy, Regulation, and Legislation in Rapidly Rising Asia," the 2020 Manila Forum discussed the complex interplay among the mandate of competition authorities and other government policies and legislation from a developing country perspective. According to the 2018 World Bank study *Fostering Competition in the Philippines: The Challenge of Restrictive Regulations*, the regulatory environment limits competition in key sectors of the economy. This was corroborated by PCC's sectoral studies and market research, revealing that existing regulatory restraints impact competition in various industries. In advocating pro-competitive policies, the PCC continued to forge partnerships with sector regulators, established the Legislative Liaison Office to imbue laws-in-the-making with a competition lens, and, together with development partners, undertook projects on competitive assessments of government agencies' regulations. These efforts dovetail with PCC's push to enact the National Competition Policy, a comprehensive framework to steer regulations and administrative procedures to promote free and fair market competition.

Distinguished competition and development experts, high-level government officials and lawmakers, and experts from professional societies and academic institutions joined the plenary and panel discussions during the two-day forum.

The key takeaways from the FCDC sessions are available at <https://www.phcc.gov.ph/pcc-official-newsletter-issue-2020-02-special-edition-2020-manila-forum/>.



## NCP DIRECTS GOVERNMENT UNITS TO DEVELOP STRATEGIES WITH COMPETITION ASPECT

The PCC and the National Economic and Development Authority (NEDA) jointly issued the National Competition Policy (NCP) to foster a culture of competition and to ensure the economic recovery of micro, small, and medium enterprises in the new normal.

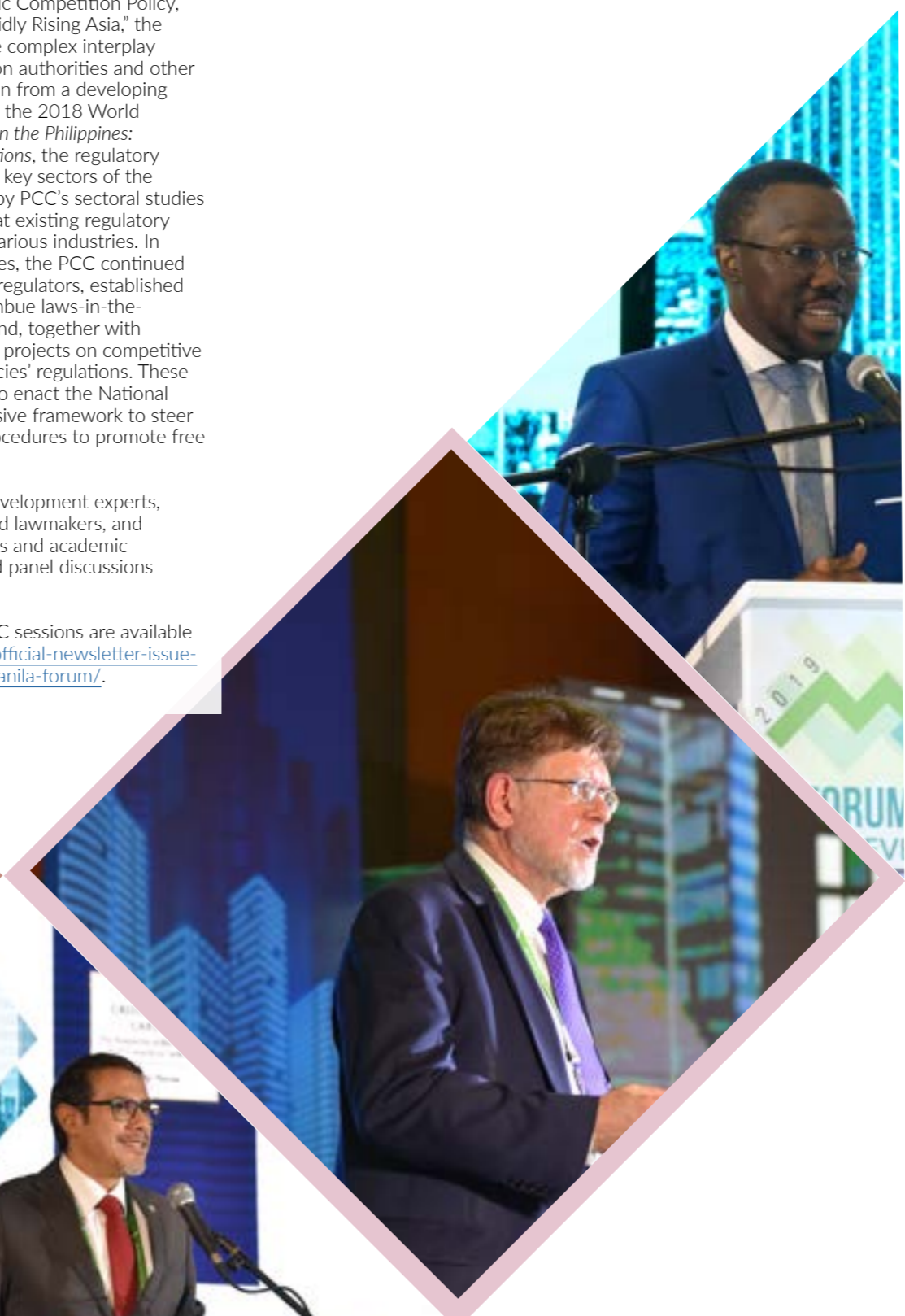
For this purpose, PCC Chairperson Arsenio M. Balisacan and NEDA Acting Director-General Karl Kendrick T. Chua signed Joint Memorandum Circular No. 01-2020 on July 30.

The NCP recognizes the need for competition policy to guide decisions and strategies in restoring market efficiency, as the country tackles the economic consequences of the COVID-19 pandemic. Government interventions such as grants, subsidies, bank guarantees, and other support must be studied to avoid competition distortions and an uneven playing field for businesses.

All national government agencies, government-owned or -controlled corporations (GOCCs), and local government units are covered by the NCP. In exercising their functions, they must adopt and be guided by the following principles:

- *Pro-competitive policies and government interventions* – All policies, laws, rules and regulations, issuances, and other interventions shall promote market efficiency and enhancement of consumer welfare. They 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, 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* – GOCCs shall not enjoy net competitive advantages or be subjected to disadvantages over private sector businesses simply by virtue of public sector ownership, 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 provisions of the Philippine Competition Act.

The NCP may be accessed at <https://www.phcc.gov.ph/jmc01-2020-ncp-pcc-neda/>.



## SUPREME COURT VOIDS NATIONALITY REQUIREMENT IN CONSTRUCTION LICENSING

The Supreme Court (SC) has declared unconstitutional some provisions of the rules implementing the Contractors' License Law.

Voting 14-1, the SC voided the nationality requirement in licensing rules set by the Philippine Contractors Accreditation Board (PCAB). It cited PCC's *amicus curiae* brief, which argues that the nationality-based restrictions bar the entry of foreign contractors and violate the state's constitutional policy against unfair competition. The SC decision partly reads: "As opined by the PCC, it would encourage healthy competition among local and foreign contractors and the market will have alternative options, depending on the needs of each construction project. This will also open opportunities for development and innovation that the foreign industry may introduce to our local contractors to make them more competitive in the world market."

PCC welcomed the SC ruling, which levels the playing field between local and foreign contractors. "This is a game-changing ruling that unlocks the benefits of competition through effective competition advocacy," PCC Chairperson Arsenio M. Balisacan said. "The country stands to significantly benefit from this development, especially amid the government's Build, Build, Build program. With fair competition in the construction industry, Filipinos obtain more value from taxpayers'

money through lower-priced and better-quality infrastructure projects," he added.

Prior to this ruling, only local firms were given regular licenses for multiple projects per year, while foreign contractors were granted only a special license per project. Based on PCC's study, a foreign contractor would have to spend 12 times more for license applications than a local firm in order to engage in the same level of activity. The SC decision is expected to encourage contractors to enter the market, produce and price their products competitively, provide consumers with more choices in carrying out infrastructure projects, and open the construction sector to new technologies and global best practices.

The ruling stemmed from a dispute between PCAB and Manila Water Company, Inc., where the PCC intervened as *amicus curiae* (friend of the court), given its mandate to issue advisory opinions on competition matters and advocate pro-competitive government policies.

Earlier, the PCC submitted a position paper to a congressional inquiry on competition in the construction sector, as well as issued a policy note. These can be accessed at <https://www.phcc.gov.ph/policy-note-no-1-anti-competitive-effects-regulatory-restrictions-case-construction-sector>.

## PCC, DICT COLLABORATE ON DEVELOPMENT OF COMMON TOWER POLICY

The PCC assisted in the formulation of the policy on co-location and sharing of passive telecommunication tower infrastructure (PTTI) in the Philippines, also known as Common Tower Policy. The policy was issued by the Department of Information and Communications Technology (DICT) in June 2020.

The COVID-19 pandemic has underscored the need to address internet connectivity issues in the country, given that more people are working from home and various businesses are operating online. In line with ongoing government efforts to enhance connectivity during the pandemic and under the "new normal," the Common Tower Policy aims to widen the base of tower providers to accelerate the deployment of shared PTTIs across the Philippines.

The PCC ensured that the policy reflects a pro-competition framework by prohibiting predatory or anti-competitive activities in the PTTI industry. The policy puts no limit on the number of independent tower companies that can participate. It also stipulates that all private sector agreements for co-locating in shared PTTI shall provide for fair, cost-based, reasonable, competitive, transparent, non-exclusive, and nondiscriminatory terms, conditions, fees, and charges.



## PH, HK COMPETITION AUTHORITIES FORGE TECHNICAL COOPERATION

The PCC and the Hong Kong Competition Commission (HKCC) signed a memorandum of understanding (MoU) on December 14, 2020 to deepen bilateral ties on competition issues of mutual interest.

PCC Chairperson Arsenio M. Balisacan and HKCC Chairperson Samuel K.Y. Chan led the signing at a virtual ceremony. Both agencies agreed to open avenues for staff exchange, research collaboration, capacity-building exercises, and other forms of technical cooperation.

“The PCC and HKCC are united in the goal to protect and advocate for a fair competition landscape in our respective jurisdictions, especially amid the pandemic. As more transactions turn borderless or go digital, international cooperation becomes a critical component in the enforcement of our respective competition laws,” Balisacan said.

“This strong relationship has grown organically, and based on this solid foundation, both of our agencies recognize the considerable benefits in formalizing and further strengthening this partnership,” Chan said. “The global lockdown has not stopped us, because we have long recognized the importance of international cooperation which requires ongoing efforts that should not be disrupted easily. The signing of this MoU is unequivocal evidence of the HKCC’s commitment to it,” he added.

The MoU also provides a mechanism, as allowed by law, for the PCC and the HKCC to notify each other of anti-competitive cases of mutual interest prior to or after enforcement, and to conduct joint activities that enhance each other’s competition law enforcement capacity.

“**THIS STRONG RELATIONSHIP HAS GROWN ORGANICALLY, AND BASED ON THIS SOLID FOUNDATION, BOTH OF OUR AGENCIES RECOGNIZE THE CONSIDERABLE BENEFITS IN FORMALIZING AND FURTHER STRENGTHENING THIS PARTNERSHIP.**”



**SAMUEL K.Y. CHAN, BBS, JP**  
Chairperson  
Hong Kong Competition Commission



## PCC, PCCI COMMIT TO PROMOTE CULTURE OF COMPETITION



The PCC entered into a formal partnership with the Philippine Chamber of Commerce and Industry (PCCI), paving the way for fostering pro-competition practices among businesses amid the changing market climate.

The virtual signing ceremony of the memorandum of understanding was held on November 25, 2020, led by PCC Chairperson Arsenio M. Balisacan and PCCI President Benedicto V. Yujuico.

The partnership enables the holding of joint workshops and capacity-building activities to establish and promote a culture of competition among businesses. It also facilitates the conduct of programs supporting competition policy research and advocacies. The PCCI is one of the largest Philippine business groups, representing 123 local business chambers in key cities and regions.

“**COMPETITION IS A GREAT EQUALIZER IN THE ECOSYSTEM OF THE ECONOMY. IT AFFORDS CONSUMERS MORE CHOICES, WHILE PROTECTING SMALL BUSINESSMEN FROM ANTI-COMPETITIVE PRACTICES.**”



**BENEDICTO V. YUJUICO**  
President  
Philippine Chamber of Commerce and Industry

# INSTITUTION BUILDING



## FORMER LEGAL EDUCATION CHIEF REGULATOR IS PCC'S NEW COMMISSIONER

PCC's roster of commissioners is now complete with the appointment of Atty. Emerson B. Aquende. He took his oath of office as PCC Commissioner before President Rodrigo R. Duterte on March 3, 2020.

Commissioner Aquende formerly chaired the country's Legal Education Board (LEB). LEB is the government agency that sets the standards for law school accreditation and admission, and prescribes basic curricula for the course of study aligned with the requirements for admission to the Philippine Bar.

Before his appointment in LEB, Aquende was the Managing Partner of Aquende Ralla and Associates Law Offices and Dean of the College of Law of the University of Santo Tomas-Legazpi (Aquinas University).

The PCC invests in its human capital, recognizing that its employees are at the crux of its aspiration to be a world-class competition authority. It proactively implements strategies to attract applicants and retain competent staff members who serve as frontline enforcers and advocates of competition in the country.

As of December 31, 2020, the Commission has filled up 85.8% of its staff complement, an increase of 10.8 percentage points from 2019.

After the imposition of the community quarantine in March 2020, the PCC shifted work arrangements from on-site to online. In May, partial on-site work resumed, in accordance with the skeleton workforce arrangement and other guidelines on COVID-19 preventive measures issued by the Civil Service Commission.

Amid the global health crisis, the PCC has continued to hone the competence of its staff members on competition law and policy, as well as to safeguard the mental health and well-being of its employees, through various programs.

## HUMAN RESOURCE COMPLEMENT

Lawyers and economists are at the forefront of competition enforcement and advocacy. By the end of 2020, the PCC was composed of 250 staff members, including 53 lawyers and 29 economists.

A total of 194 staff members occupy plantilla positions. However, because of the need for additional support for its day-to-day operations, the PCC hired 56 technical and administrative staff members under individual (33.9%) and institutional (66.1%) contracts.

## BUDGET ALLOCATION

PCC's total budget allocation for fiscal year 2020 was PHP 420,540,052.00. Personnel services had the biggest share (50.9%), followed by maintenance and other operating expenses (49.0%) and capital outlay (0.1%).



**Maintenance and other operating expenses**  
PHP 206,016,152.00 (49.0%)



**Personnel services**  
PHP 214,023,900.00 (50.9%)



**Capital outlay**  
PHP 500,000.00 (0.1%)

## STAFF DEVELOPMENT

The imposition of the community quarantine has not hampered the capability-building program for the PCC staff, both on antitrust and discipline-based competencies.

In 2020, PCC staff members attended 122 learning and development activities, covering the fields of competition law and policy, data analytics and analysis, information technology and security, data privacy, project management, human resources, and gender and development, among others. Details are given on the next page.

In addition, through its Human Capital Management Division, the PCC implemented activities that promote employee well-being to help the staff cope with the pandemic-induced stresses. Notably, regular virtual physical exercises and webinars on nutrition and mental health were conducted.

## SEMINAR/FORUM/CONFERENCE

- 2020 Amendments to the 1997 Rules of Civil Procedure, Philippine Association of Law Schools (PALS)\*
- 2020 Manila Forum on Competition in Developing Countries, PCC Communications and Knowledge Management Office (CKMO)
- 2020 Online Lecturers' Training Program on Competition Law and Policy, PCC CKMO and Technical and Service Support Unit (TSSU)\*
- 2nd Annual Procurement Forum, Government Procurement Policy Board (GPPB)
- 2nd Quarter Information Security Awareness Seminar, PCC Information and Communications Technology Division (ICTD) and R.G. Manabat & Co.\*
- Anti-Sexual Harassment in the Workplace, PCC Human Capital Management Division (HCMD)\*
- Assisting Women MSMEs Move their Goods during the COVID-19 Pandemic, Philippine Commission on Women (PCW)\*
- Basics of Transfer Pricing and Relevant Updates, P&A Grant Thornton\*
- Big Data Seminar, PCC Economics Office (EO)
- Cargo Services Issues Paper Public Consultation, PCC EO\*
- Corn Issues Paper Online Public Consultation, PCC EO\*
- Coronavirus Crisis: Challenges for Antitrust - Directorate-General for Competition's Response, Concurrences\*
- COVID-19 and its Impact to the Procurement Process, GPPB\*
- COVID-19 and the New Normal Workplace, PCC HCMD\*
- Digital Facilitation, Human Capital Asia, Inc.\*
- Freedom of Information Program Training/Workshop, PCC Legal Services Division
- Futures Thinking and the Jobs of Tomorrow: Building a Stronger and Smarter Philippines, Development Academy of the Philippines (DAP)\*
- Government Procurement in the New Normal, GPPB and Impact Hub Manila\*
- Industrial Organization & Competition Economics Lectures on Price Discrimination and Bundling, PCC CKMO\*
- Innovating Together: The Collaborative Role of Start-Ups in Good Governance, PCC EO\*
- Introduction to GAD Concepts and SOGIESC Webinar, PCW\*
- Lecture Forum on COVID-19 Post-Quarantine Community Strategies for Libraries, Philippine Librarians Association, Inc.\*
- Mandatory Continuing Legal Education, Alternative Center for Continuing Education and Seminar Solutions
- Never Stop Winning Through Innovation-Led Productivity, Asian Productivity Organization\*
- Orientation-Workshop on Gender Fair Language, PCC CKMO and Corporate Planning and Management Division (CPMD)\*
- Philippine Trade Policy Response amid COVID-19: Non-Tariff Measures on Medical Goods and Essential Products, University of the Philippines (UP) Public Administration Research and Extension Services Foundation\*
- Public Consultation and Advocacy with Government Agencies regarding PPP, PCC Mergers and Acquisitions Office (MAO)
- Public Consultation on Department of Justice (DOJ) Rules and Leniency, DOJ
- Public Sector Leaders and HR Forum 2020: Public Service Continuity and Recovery, Civil Service Commission\*
- Public-Private Partnership (PPP) Projects Orientation for PCC, PPP Center
- Refined Petroleum Issues Paper Public Consultation, PCC EO\*
- Revised Rules of Civil Procedure and Evidence, PCC Adjudication Division
- Revised Rules on Evidence by Justice Singh, University of Santo Tomas\*
- Safeguarding Competition Amid and Post COVID-19 for Recovery and Resiliency Session, Philippine Economic Society\*
- Securing the Philippine Capital Market and Business Sector Webinar Series: How to Start a Micro, Small, or Medium Enterprise, Securities and Exchange Commission (SEC)
- Seminar on Consultations in Regulatory Impact Analysis, DAP\*
- Seminar-Workshop on Records Management, Philippine Association of Records Officer and Archivists
- Seminar-Workshop for Special Commercial Court Judges and Its Pairing Courts on the Rule on Administrative Search and Inspection under the PCA, Philippine Judicial Academy
- Sugar Issues Paper Online Public Consultation, PCC EO\*
- Symposium on Merger Review, PCC MAO and CKMO\*
- The Revised Corporation Code, PALS\*
- Training on Conducting Searches and Inspections, PCC Competition Enforcement Office and PCC TSSU
- Understanding Real Estate Investment Trusts, SEC\*
- Ways to an Effective Webinar, PCC ICTD\*
- Webinar on Industrial Policy and Competition Policy in the Post-COVID Context, Concurrences\*

(Note: \* - online program)

## SHORT COURSES

- 19th Foundation Course of the Paralegal Training Program, University of the Philippines (UP) Law Center
- 2020 Skills Lab Online: PGS Strategy Review, Institute for Solidarity in Asia, Inc.\*
- Assessing Training Effectiveness Based on Needs, Philippine Society for Talent Development\*
- CARES 2.0: A Well-being Framework for Policy Formulation in Organizations, Ateneo Center for Organization Research and Development (CORD)\*
- Certificate Course in Fundamentals of Data-driven HR, Ateneo CORD\*
- Certified Data Center Professional, APEX Global\*
- CompTIA Linux+ Certification Course, Fasttrack IT Academy\*
- Data Privacy Certification Course with NADPOP 2020 DPO, Enderun Extension of the Enderun Colleges\*
- Diploma in Organization Development, Ateneo CORD
- Doing Interviews and FGD Online, Philippine Social Science Council (PSSC)\*
- Doing Surveys Online, PSSC\*
- Gender and Disaster Risk Reduction, UP Center for Women and Gender Studies\*
- Introduction to Competency-based HR Management, Ateneo CORD\*
- IT Infrastructure Library 4 Foundation Certification Virtual Training, Spartan Allied Services Management, Inc.\*
- Leadership in Project Management for Development, Asian Institute of Management
- Microsoft Office Excel (Advanced Level) Training, Learning and Information Technology Solutions\*
- Online Training on Design, Development, and Conduct of Client Satisfaction Survey, PCC CPMD\*
- People Handling Skills Live Virtual Training, Guthrie Jensen Consultants, Inc.\*
- Project Management Online Course, PCC HCMD and I-TechWeb Solutions\*
- Quality Management System (QMS) 105 Internal Quality Audit (IQA) Training on the ISO 19011:2018 or the Guidelines for Auditing Management Systems, PCC CPMD\*
- QMS 106 Training - Continuous Improvement Methodologies, PCC CPMD\*
- Succession Planning and Career Pathing Virtual Training, Spartan Allied Services Management, Inc.\*
- The Learning Organization and Systems Thinking, Human Capital Asia Academy\*

## WORKSHOPS/SEMINARS

- 2020 Virtual Regional Antitrust Seminar on The Impact of COVID-19 on Competition Law and Policy in the Digital Era, Taiwan Fair Trade Commission\*
- Antitrust and Regulation in the Digital Economy, Competition & Regulation European Summer School and Conference\*
- Antitrust in Times of Crisis, Organisation for Economic Co-operation and Development (OECD)\*
- Asian Impact Webinar: Harnessing Data in the Digital Age for Poverty Reduction, Asian Development Bank (ADB)\*
- Capacity Building for Young Competition Authorities in South East Asia, OECD
- Challenging Consummated Mergers Under Section 2, Concurrences\*
- Competition Law Workshop on Competition Rules in the Health Sector, OECD\*
- Competition Policy in Times of COVID-19: Is There a Role for International Cooperation?, United Nations Conference on Trade and Development\*
- Consumers' Decision-Making Sovereignty: Challenging Business Models in the Data Economy, Concurrences\*
- Developments on Competition in Public Procurement, OECD\*
- Due Process Investigations: What is Fair Play?, Concurrences\*
- Evidence in Public Policy Online Course, University of Oxford Blavatnik School of Government\*
- Feedback Discussion on Construction and Competition Study Findings, World Bank Group (WBG)\*
- Gender Equality, Disability and Social Inclusion Mainstreaming Short Course, University of Queensland\*
- Gun Jumping in Merger Control: Filings and Limits of Pre-Closing Conduct in M&A, International Bar Association (IBA)\*
- Hearing on Line of Business Restrictions, OECD\*
- International Competition Network (ICN) Merger Working Group: Webinar on Sound Decision Making, ICN\*
- ICN Merger Workshop 2020, Australian Competition and Consumer Commission (ACCC)
- ICN Bridging Project Kick-Off Call, ICN\*
- Impact of COVID-19 on Antitrust and Competition Enforcement: A Forward-Looking Global Survey, IBA\*
- Industrial Organization: Platform Economics, School of Economics, University of East Anglia\*
- Innovating in Government: Lessons from Silicon Valley, Apolitical\*
- Innovation Economics Conference for Antitrust Lawyers on Platforms: The Envelopment Strategy, Concurrences\*
- Introduction to Competition Analysis in Digital Economy Industries, United States Federal Trade Commission (US FTC)\*
- Korea International Cooperation Agency (KOICA) ThinkFair Project Implementation Seminar, KOICA\*
- M&As: Asian Mergers Hotchpotch, Concurrences\*
- Merger Control in Times of Crisis, OECD\*
- Merger Review in Association of Southeast Asian Nations (ASEAN) Workshop, ACCC
- Roundtable on Competition Policy in Times of COVID-19, OECD\*
- Roundtable on Conglomerate Effects of Mergers, OECD\*
- Roundtable on Consumer Data Rights and Impact on Competition, OECD\*
- Roundtable on Start-Ups, Killer Acquisitions, and Merger Control Thresholds, OECD\*
- Seminar on Southeast Asia's Post Pandemic Landscape, University of Queensland\*
- Webinar on Enforcement Priorities in Action: Agency Effectiveness Perspective, ICN\*
- Webinar on the Impact of COVID-19 Pandemic on Competition Policy, WBG\*
- Webinar on Vertical Merger Guidelines, PCC Communications and Knowledge Management Office (CKMO) and Technical and Service Support Unit (TSSU), US FTC, and US Department of Justice\*
- Workshop on Competition Economics for ASEAN Competition Authorities on Mergers and Abuse of Dominance, OECD, ADB, and PCC TSSU and CKMO
- Workshop on Innovative Regulatory Policy Development: Asia-Pacific Economic Cooperation (APEC) Economies' Approaches on Sharing Economy, APEC
- Workshop on Vertical Restraints and Vertical Mergers and Competition Open Day, OECD

(Note: \* - online program)

## CONFERENCE/MEETINGS

- 2020 Organisation for Economic Co-operation and Development (OECD) Global Forum on Competition, OECD\*
- 24th and 25th ASEAN Experts Group on Competition (AEGC) and Related Meetings, AEGC\*
- 2nd Legal Scrubbing Meeting by the Regional Comprehensive Economic Partnership Working Group on Legal and Institutional Issues, Association of Southeast Asian Nations (ASEAN)
- 5th Meeting of High Level Representatives of Asia-Pacific Competition Authorities, OECD\*
- 8th United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business, United Nations Conference on Trade and Development\*
- Competition Policy and Law Group Meeting, Asia-Pacific Economic Cooperation (APEC)
- International Competition Network (ICN) 2020 Virtual Annual Conference, ICN\*
- ICN Bridging Project: PCC and ACCC Discussions on Cartels and Big Data, ICN and PCC Technical and Service Support Unit (TSSU)
- Launch of Knowledge Sharing Program on Bid-Rigging Intelligence Gathering and Detection for Enforcement, Government of South Korea and PCC TSSU\*
- Virtual Policy Dialogue on Free Trade Agreements, APEC\*

## SCHOLARSHIPS

- Executive Master of Laws and Certificate in Business Administration, Northwestern Pritzker School of Law and Instituto de Empresa Business School\*
- Master of Laws in Innovation, Technology and the Law, University of Edinburgh\*
- Master of Public Policy, London School of Economics and Political Science
- Master of Science in Data Analytics, Queen Mary University of London
- PhD in Economics, University of East Anglia

## PCC PARTNERS WITH OECD, ADB FOR COMPETITION ECONOMICS WORKSHOP

Economics plays a crucial role in investigations and regulation by competition authorities and sector regulators. Economic theory provides a myriad of analytical tools and techniques to evaluate business practices and to produce empirical evidence to back up theories of harm and arguments in antitrust cases.

Given its importance in competition law and policy, the PCC partnered with the Organisation for Economic Co-operation and Development (OECD) Korea Policy Centre and the Asian Development Bank (ADB) for the conduct of the "Workshop on Competition Economics for ASEAN Competition Authorities" held in October 2020.

The aim of the two-week workshop is to provide participants updated and relevant inputs on competition economics on mergers and on abuse of dominance; elaborate on horizontal and non-horizontal mergers, and on predatory pricing, rebates, exclusive dealing, tying, and vertical foreclosure; and discuss cases and other practical considerations to identify workable criteria that can guide competition authorities in assessing anti-competitive mergers, as well as exclusionary practices.

The first four sessions of the workshop dwelt on competition economics of merger control. Professor Massimo Motta, author of the standard international reference on the economics of antitrust titled *Competition Policy: Theory and Practice*, served as the resource speaker. He discussed economic theories, and provided insights on the relevant empirical methods, and recent high-profile cases in mergers and acquisitions.

For the last four sessions, Professor Chiara Fumagalli of Bocconi University in Italy discussed the economics of abuse of dominance. She explained economic theories, business practices, and jurisprudence related to abuses by dominant firms.

Delegates from competition authorities and economic planning agencies in the ASEAN, development partners, government agencies, and the academe attended the workshop. Joining the PCC were participants from the Competition and Consumer Commission of Singapore, Indonesia Competition Commission, Malaysia Competition Commission, Thailand's Office of Trade Competition and Department of Internal Trade, Brunei Darussalam's Ministry of Finance and Economy, Vietnam's Ministry of Industry and Trade, OECD, ADB, the National Economic and Development Authority, Department of Justice, Office of the Solicitor General, University of the Philippines School of Economics, and Ateneo de Manila University.

The workshop was conducted through the Knowledge Partnership Agreement between the OECD and the ADB.



Prof. Massimo Motta (top), Prof. Chiara Fumagalli (bottom left), and PCC Chairperson Arsenio M. Balisacan, PhD (bottom right) during the Competition Economics Workshop.

## CAPACITATING GOVERNMENT AGENCIES THROUGH POST-GRADUATE SCHOLARSHIPS ON COMPETITION LAW AND POLICY

The PCC has established a scholarship program to hone the antitrust competencies of government agencies with competition-related mandate.

The Government Staff Development Program for Competition Law and Policy (GSDPC) provides opportunities for highly qualified staff members to take advanced studies on competition law, economics, and related fields. It is funded by a six-year project loan from the Asian Development Bank.

The program is for personnel of the PCC, National Economic and Development Authority, Department of Trade and Industry, Department of Justice, and Office of the Solicitor General who intend to pursue graduate studies in competition law and policy and related fields, such as law, economics, public policy, and data analytics. Aside from graduate degree programs, GSDPC also covers fellowship/secondment programs, short courses, seminars and conferences, and online courses.

Award of the scholarship is based on merit, where applicants are subjected to a competitive selection process. Scholarship applicants must demonstrate a strong commitment to return to their respective agencies, apply their acquired knowledge and skills, and implement a re-entry action plan focused on the development of a policy reform, research, or project responsive to the goals of the program.

The program envisions to contribute to deepening the discourse surrounding the discipline of antitrust law and economics and to build the government's collective institutional capacity, thus fostering a vigorous competition environment in the country. To date, it has mobilized the first batch of 10 scholars from the PCC and partner agencies.

### List of GSDPC scholars in 2020

- **Department of Justice**
  - Agtarap, Florina C.  
Master of Laws in International Commercial and Competition Law  
University of East Anglia
  - Pacamarra, Gilmarie Fe S.  
Master of Laws in Competition Law  
Queen Mary University of London
- **National Economic and Development Authority**
  - David, Xarina Dominique V.  
Master of Public Policy  
Hertie School of Governance
  - Montejo, Gretchen Leah A.  
MSc Development Economics  
University of Sussex
  - Reyes, Mariane Genelou S.  
Master of Arts in Development Studies major in Governance and Development Policies  
International Institute of Social Studies, Erasmus University Rotterdam
- **Philippine Competition Commission**
  - Agdamag, Joseph Giancarlo C.  
Master of Public Policy  
London School of Economics and Political Science
  - Haulo, Oilie S.  
Executive Master of Laws and Certificate in Business Administration  
Northwestern Pritzker School of Law and Instituto de Empresa Business School
  - Jopson, Edgardo Manuel Miguel M.  
MSc Data Analytics  
Queen Mary University of London
  - Vega, Carlos Juan Paolo L.  
Doctor of Philosophy in Economics  
University of East Anglia
  - Uy, Krystal Lyn T.  
Master of Laws in Innovation, Technology, and the Law  
University of Edinburgh

# LOOKING AHEAD

2021: MAKING COMPETITION WORK FOR RECOVERY

PCC's topmost priority remains unchanged: effectively investigate and enforce prohibitions against anti-competitive agreements and conduct. With the gains chalked up in the past years, the PCC stands ready and equipped to exercise full investigative powers.

In 2021, the Commission will focus competition analysis and enforcement on the following sectors:



E-commerce



Health and pharmaceuticals



Insurance



Logistics and shipping



Energy and electricity



Water supply and distribution



Real estate



Food

The pandemic has spotlighted the importance of these sectors, which are expected to become even more relevant in the years to come. Initiatives in these sectors aim to protect consumer welfare, with or without the crisis.

## Enforcement

To boost investigation and case building, the PCC will undertake the following:

- Establish a digital forensics laboratory, and have its investigators undergo rigorous certification training in digital forensics;
- Develop an in-house bid-rigging screening tool through the BRIGADE Project;
- Roll out the task force with the Commission on Audit and Office of the Ombudsman for the detection, investigation, and prosecution of possible bid-rigging in public procurement; and
- Sustain efforts of the task force with the Department of Energy and Energy Regulatory Commission for the investigation of competition cases in the energy sector.

## Mergers and Acquisitions

With respect to merger review, the PCC will continue to monitor priority markets for mergers and acquisitions that are likely to substantially lessen competition. It will also improve staff capacity and streamline internal processes. Further, it will encourage the private sector to voluntarily notify and consult with the PCC regarding merger transactions.

## Policy Research

The PCC will undertake an ex-post impact assessment of its enforcement and merger decisions over the past years for better guidance on what needs to be improved.

It will continue to produce quality research outputs to support merger reviews, competition enforcement, and advocacy efforts, as well as conduct competition impact assessments of relevant laws and regulations in priority sectors, such as the impact of subsidies and subsidy-like measures relative to COVID-19 relief and recovery efforts such as Bayanihan I and II.

These measures are expected to inform the policy choices of the PCC and enhance the effectiveness of its enforcement activities.

## Advocacy

The PCC intends to amplify its efforts in mainstreaming competition policy in the entire government agenda. It will engage the Legislative-Executive Development Advisory Council to include pro-competitive legislation in the common legislative agenda and to require the review of priority legislation using the competition lens. It will monitor court cases that may affect competition and provide inputs to the courts. Further, it will launch a second seminar for Senate legislative staff and a series of seminars for local government units.

The PCC will also further widen its enforcement network. It will establish and reinforce ties with institutions and peers in other countries, particularly the competition authorities of Singapore, Japan, Korea, Australia, and Mexico. As transactions become increasingly borderless and with the pandemic accelerating the digital shift, international cooperation has become more critical in protecting the competition landscape. Domestically, it will strengthen and formalize ties with sector regulators, particularly the Department of Information and Communications Technology, Department of Health, Food and Drug Administration, Governance Commission for GOCCs, Intellectual Property Office, National Privacy Commission, and National Telecommunications Commission.

## Institution Building

The PCC will continue to strengthen its institutional capacity to increase productivity as it expands its portfolio of enforcement and advocacy work. This includes requesting additional positions for the core offices in 2021, especially in view of plans to establish regional offices in Cebu and Davao by 2022.



# FINANCIAL STATEMENTS



Republic of the Philippines  
**COMMISSION ON AUDIT**  
National Government Sector  
**Cluster 1 – Executive Offices**  
Commonwealth Avenue, Quezon City

## INDEPENDENT AUDITOR'S REPORT

### The Chairperson

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

### Opinion

We have audited the financial statements of the Philippine Competition Commission (PCC), which comprise the statement of financial position as at December 31, 2020, the statement of financial performance, statement of cash flows, statement of changes in net assets/equity, statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Philippine Competition Commission as at December 31, 2020, and its financial performance, statement of cash flows, statement of changes in net assets/equity, statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies in accordance with the International Public Sector Accounting Standards (IPSAS).

### Basis for Qualified Opinion

The non-submission of disbursement vouchers totaling ₱83,787,886.04 prevented the Audit Team to establish the correctness and reliability of the affected accounts' balances in the financial statements as at year end.

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

evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Key Audit Matters

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

### Other Information

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

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

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

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

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

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



**PHILIPPINE COMPETITION COMMISSION**  
**STATEMENT OF FINANCIAL POSITION - DETAILED**  
**ALL FUNDS (Regular Agency Fund & Foreign Assisted Project Fund)**  
**AS AT December 31, 2020**  
**(In Philippine Peso)**

Annex D.1

	FUND 101	FUND 102	ALL FUNDS		
Other Non-Current Assets	15,716,482.40	15,716,482.40	-	15,716,482.40	15,716,482.40
Prepayments	6,741,840.00	6,741,840.00	-	6,741,840.00	6,741,840.00
Prepaid Rent	6,741,840.00	6,741,840.00	-	6,741,840.00	6,741,840.00
Deposits	8,974,642.40	8,974,642.40	-	8,974,642.40	8,974,642.40
Guaranty Deposits	8,974,642.40	8,974,642.40	-	8,974,642.40	8,974,642.40
<b>Total Non-Current Assets</b>	<b>102,703,700.79</b>	<b>113,400,853.45</b>	<b>-</b>	<b>102,703,700.79</b>	<b>113,400,853.45</b>
<b>TOTAL ASSETS</b>	<b>111,176,546.88</b>	<b>122,578,703.33</b>	<b>45,242,168.14</b>	<b>156,418,715.02</b>	<b>122,578,703.33</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Financial Liabilities	21,676,193.77	9,673,402.72	4,821,187.49	26,497,581.26	9,673,402.72
Payables	21,676,193.77	9,673,402.72	4,821,187.49	26,497,581.26	9,673,402.72
Accounts Payable	18,684,695.33	7,214,843.41	4,821,187.49	23,505,226.22	7,214,843.41
Due to Officers and Employees	2,951,822.76	2,410,000.23	-	2,951,822.76	2,410,000.23
Tax Refund Payable	39,965.68	48,659.08	-	39,965.68	48,659.08
Inter-Agency Payables	4,676,948.88	4,108,484.57	-	4,676,948.88	4,108,484.57
Inter-Agency Payables	4,676,948.88	4,108,484.57	-	4,676,948.88	4,108,484.57
Due to GSIS	1,276,616.92	2,971,660.33	-	1,276,616.92	2,971,660.33
Due to Pag-IBIG	165,321.98	167,840.24	-	165,321.98	167,840.24
Due to PhilHealth	136,685.48	597.60	-	136,685.48	597.60
Due to NGAs	3,083,771.90	960,377.40	-	3,083,771.90	960,377.40
Due to Other Funds	14,544.60	-	-	14,544.60	-
Trust Liabilities	2,956,047.53	2,131,818.79	-	2,956,047.53	2,131,818.79
Trust Liabilities	2,956,047.53	2,131,818.79	-	2,956,047.53	2,131,818.79
Trust Liabilities	235,500.00	94,500.00	-	235,500.00	94,500.00
Guaranty/Security Deposits Payable	2,720,547.53	2,037,318.79	-	2,720,547.53	2,037,318.79
<b>Total Current Liabilities</b>	<b>29,309,382.18</b>	<b>15,905,886.08</b>	<b>4,821,187.49</b>	<b>34,130,569.67</b>	<b>15,905,886.08</b>
<b>TOTAL LIABILITIES</b>	<b>29,309,382.18</b>	<b>15,905,886.08</b>	<b>4,821,187.49</b>	<b>34,130,569.67</b>	<b>15,905,886.08</b>
<b>TOTAL ASSETS LESS TOTAL LIABILITIES</b>	<b>81,867,164.70</b>	<b>106,672,817.25</b>	<b>40,420,980.65</b>	<b>122,288,145.35</b>	<b>106,672,817.25</b>
<b>EQUITY</b>					
Government Equity	81,867,164.70	106,672,817.25	40,420,980.65	122,288,145.35	106,672,817.25
Government Equity	81,867,164.70	106,672,817.25	40,420,980.65	122,288,145.35	106,672,817.25
Accumulated Surplus/(Deficit)	81,867,164.70	106,672,817.25	40,420,980.65	122,288,145.35	106,672,817.25
<b>TOTAL NET ASSETS / EQUITY</b>	<b>81,867,164.70</b>	<b>106,672,817.25</b>	<b>40,420,980.65</b>	<b>122,288,145.35</b>	<b>106,672,817.25</b>

**PHILIPPINE COMPETITION COMMISSION**  
**STATEMENT OF FINANCIAL PERFORMANCE - DETAILED**  
**ALL FUNDS (Regular Agency Fund & Foreign Assisted Project Fund)**  
**FOR THE YEAR-ENDED December 31, 2020**  
**(In Philippine Peso)**

Annex D.2

	FUND 101	FUND 102	ALL FUNDS		
	2020	2019 As restated	2020	2019 As restated	2020 As restated
<b>REVENUE</b>					
Service and Business Income	9,888,019.51	79,721,012.85	-	9,888,019.51	79,721,012.85
Processing Fees	5,693,075.00	15,316,470.15	-	5,693,075.00	15,316,470.15
Fines and Penalties - Service Income	4,194,944.51	64,404,542.70	-	4,194,944.51	64,404,542.70
Other Non-Operating Income	7,498.37	191,822.01	-	7,498.37	191,822.01
Miscellaneous Income	7,498.37	191,822.01	-	7,498.37	191,822.01
Income from Grants and Donations in Kind	7,504.00	-	-	7,504.00	-
Income from Grants and Donations in Kind	7,504.00	-	-	7,504.00	-
<b>Total Revenue</b>	<b>9,861,011.88</b>	<b>79,912,834.86</b>	<b>-</b>	<b>9,861,011.88</b>	<b>79,912,834.86</b>
<b>EXPENSES</b>					
Current Operating Expenses					
Personnel Services					
Salaries and Wages	147,758,673.25	126,794,336.89	-	147,758,673.25	126,794,336.89
Salaries and Wages - Regular	147,758,673.25	126,794,336.89	-	147,758,673.25	126,794,336.89
Other Compensation	44,944,744.88	33,268,103.09	-	44,944,744.88	33,268,103.09
Personal Economic Relief Allowance (PERA)	4,513,845.27	3,913,532.69	-	4,513,845.27	3,913,532.69
Representation Allowance (RA)	2,608,625.00	2,359,250.00	-	2,608,625.00	2,359,250.00
Transportation Allowance (TA)	1,963,125.00	1,243,250.00	-	1,963,125.00	1,243,250.00
Clothing/Uniform Allowance	1,134,000.00	942,000.00	-	1,134,000.00	942,000.00
Honoraria	695,050.70	749,300.00	-	695,050.70	749,300.00
Hazard Pay ( HP )	51,500.00	-	-	51,500.00	-
Overtime and Night Pay	449,715.56	1,017,220.20	-	449,715.56	1,017,220.20
Year End Bonus	12,411,088.30	10,743,532.20	-	12,411,088.30	10,743,532.20
Cash Gift	948,000.00	814,250.00	-	948,000.00	814,250.00
Mid-Year Bonus	11,779,974.00	-	-	11,779,974.00	-
Other Bonuses and Allowances	8,359,821.05	11,485,368.00	-	8,359,821.05	11,485,368.00
Personnel Benefit Contributions	5,886,171.85	16,118,434.58	-	5,886,171.85	16,118,434.58
Retirement and Life Insurance Premiums	4,039,924.45	14,750,301.52	-	4,039,924.45	14,750,301.52
Pag-IBIG Contributions	209,200.00	198,400.00	-	209,200.00	198,400.00
PhilHealth Contributions	1,429,447.40	973,933.06	-	1,429,447.40	973,933.06
Employee Compensation Insurance Premiums (ECIP)	207,600.00	195,800.00	-	207,600.00	195,800.00
Other Personnel Benefits	3,084,878.56	5,161,359.50	-	3,084,878.56	5,161,359.50
Terminal Leave Benefits	1,668,376.23	3,583,239.30	-	1,668,376.23	3,583,239.30
Other Personnel Benefits	1,936,083.33	1,578,000.00	-	1,936,083.33	1,578,000.00
<b>Total Personnel Services</b>	<b>202,194,469.54</b>	<b>181,342,233.86</b>	<b>-</b>	<b>202,194,469.54</b>	<b>181,342,233.86</b>
Maintenance and Other Operating Expenses					
Traveling Expenses	1,543,991.18	13,728,173.76	-	1,543,991.18	13,728,173.76
Traveling Expenses - Local	414,449.90	4,459,794.16	-	414,449.90	4,459,794.16
Traveling Expenses - Foreign	1,129,541.28	9,268,379.60	-	1,129,541.28	9,268,379.60
Training and Scholarship Expenses	3,847,808.48	18,256,157.57	17,878,965.78	10,626,876.18	18,256,157.57
Training Expenses	3,947,800.48	10,256,157.57	450,959.44	4,398,819.92	10,256,157.57
Scholarship Grants/Expenses	-	-	12,228,006.26	12,228,006.26	-
Supplies and Materials Expenses	4,251,618.18	7,237,618.85	-	4,251,618.18	7,237,618.85
Office Supplies Expenses	635,903.74	2,381,111.76	-	635,903.74	2,381,111.76
Accountable Forms Expenses	-	4,564.50	-	-	4,564.50
Medical, Dental and Laboratory Supplies Expenses	114,095.25	16,479.00	-	114,095.25	16,479.00
Fuel, Oil and Lubricants Expenses	781,744.64	1,236,999.22	-	781,744.64	1,236,999.22
Semi-Expendable Machinery and Equipment Expenses	748,468.82	1,103,178.68	-	748,468.82	1,103,178.68
Semi-Expendable Furniture, Fixtures and Books Expenses	1,421,262.79	1,151,483.04	-	1,421,262.79	1,151,483.04
Other Supplies and Materials Expenses	550,062.94	1,358,802.65	-	550,062.94	1,358,802.65
Utility Expenses	6,736,062.60	4,454,971.20	-	6,736,062.60	4,454,971.20
Water Expenses	69,166.03	101,389.00	-	69,166.03	101,389.00
Electricity Expenses	6,736,062.60	4,454,971.20	-	6,736,062.60	4,454,971.20
Communications Expenses	3,964,721.91	7,185,456.01	-	3,964,721.91	7,185,456.01
Postage and Courier Services	290,196.00	395,192.05	-	290,196.00	395,192.05
Telephone Expenses	1,735,277.90	5,015,083.28	-	1,735,277.90	5,015,083.28
Internet Subscription Expenses	1,939,248.01	1,775,180.68	-	1,939,248.01	1,775,180.68
Survey, Research, Exploration and Development Expenses	10,964,947.49	8,785,290.25	-	10,964,947.49	8,785,290.25
Survey Expenses	5,435,331.88	-	-	5,435,331.88	-
Research, Exploration and Development Expenses	5,529,615.61	8,785,290.25	-	5,529,615.61	8,785,290.25
Confidential, Intelligence and Extraordinary Expenses	1,760,000.00	1,537,200.00	-	1,760,000.00	1,537,200.00
Extraordinary and Miscellaneous Expenses	1,760,000.00	1,537,200.00	-	1,760,000.00	1,537,200.00
Professional Services	32,164,503.58	34,233,461.18	5,110,912.65	37,275,416.23	34,233,461.18
Legal Services	1,656,000.00	1,521,357.14	-	1,656,000.00	1,521,357.14
Auditing Services	-	33,120.00	-	-	33,120.00
Consultancy Services	21,768,545.15	23,287,292.90	5,110,912.65	26,879,457.80	23,287,292.90
Other Professional Services	8,741,958.43	9,391,691.14	-	8,741,958.43	9,391,691.14

**PHILIPPINE COMPETITION COMMISSION**  
**STATEMENT OF FINANCIAL PERFORMANCE - DETAILED**  
**ALL FUNDS (Regular Agency Fund & Foreign Assisted Project Fund)**  
**FOR THE YEAR ENDED December 31, 2020**  
(In Philippine Peso)

Annex D.2

	FUND 101	FUND 102	ALL FUNDS
<b>General Services</b>	<b>7,864,992.64</b>	<b>8,984,995.01</b>	<b>-</b>
Janitorial Services	1,772,862.29	1,787,100.38	1,772,862.29
Security Services	1,030,355.04	1,069,586.39	1,030,355.04
Other General Services	4,661,775.31	5,238,208.24	4,661,775.31
<b>Repairs and Maintenance</b>	<b>5,238,251.08</b>	<b>2,485,887.78</b>	<b>-</b>
Repairs and Maintenance- Machinery and Equipment	5,481,785.20	2,127,200.00	5,481,785.20
Repairs and Maintenance- Transportation Equipment	256,265.88	458,607.78	256,265.88
Repairs and Maintenance- Semi-Expendable Machinery and Equipment	1,200.00	-	1,200.00
<b>Taxes, Insurance Premiums and Other Fees</b>	<b>4,865,958.40</b>	<b>1,101,086.48</b>	<b>-</b>
Taxes, Duties and Licenses	456,445.24	8,640.60	456,445.24
Fidelity Bond Premiums	366,487.50	460,152.84	366,487.50
Insurance Expenses	3,243,025.66	632,293.04	3,243,025.66
<b>Other Maintenance and Operating Expenses</b>	<b>59,322,262.16</b>	<b>67,718,741.46</b>	<b>-</b>
Advertising Expenses	134,758.40	64,108.80	134,758.40
Printing and Publication Expenses	898,435.00	1,900,781.17	898,435.00
Representation Expenses	6,064,474.59	12,045,399.93	6,064,474.59
Rent/Lease Expenses	36,618,352.41	35,776,068.08	36,618,352.41
Subscription Expenses	15,603,018.10	17,932,383.48	15,603,018.10
Bank Transaction Fee	3,174.66	-	3,174.66
<b>Total Maintenance and Operating Expenses</b>	<b>141,996,336.73</b>	<b>167,835,748.55</b>	<b>17,789,878.35</b>
<b>Non-Cash Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation</b>	<b>26,286,547.30</b>	<b>24,411,992.29</b>	<b>-</b>
Depreciation - Machinery and Equipment	9,559,780.00	8,183,523.53	9,559,780.00
Depreciation - Transportation Equipment	3,154,268.00	3,196,960.50	3,154,268.00
Depreciation - Furniture, Fixtures and Books	1,008,199.30	706,076.41	1,008,199.30
Depreciation - Leased Assets/Improvements	12,560,300.00	12,325,031.85	12,560,300.00
<b>Amortization</b>	<b>557,025.05</b>	<b>781,604.84</b>	<b>-</b>
Amortization - Intangible Assets	557,025.05	781,604.84	557,025.05
<b>Total Non-Cash Expenses</b>	<b>26,843,572.35</b>	<b>25,193,597.13</b>	<b>-</b>
<b>Total Current Operating Expenses</b>	<b>371,634,378.62</b>	<b>371,578,679.54</b>	<b>17,789,878.35</b>
<b>Surplus (Deficit) from Current Operations</b>	<b>(361,171,356.74)</b>	<b>(293,657,844.68)</b>	<b>(17,789,878.35)</b>
<b>Financial Assistance/Subsidy from NGAS, LGUs, GOCCs</b>	<b>346,118,118.12</b>	<b>356,825,478.75</b>	<b>58,210,859.08</b>
Assistance and Subsidy	346,118,118.12	356,825,478.75	346,118,118.12
Subsidy from National Government	-	-	58,210,859.08
<b>SURPLUS (DEFICIT) FOR THE PERIOD</b>	<b>(15,053,248.62)</b>	<b>63,167,634.07</b>	<b>40,420,980.65</b>

**PHILIPPINE COMPETITION COMMISSION**  
**STATEMENT OF CHANGES IN NET ASSETS/EQUITY**  
**ALL FUNDS (Regular Agency Fund & Foreign Assisted Project Fund)**  
**FOR THE YEAR ENDED December 31, 2020**  
(In Philippine Peso)

Annex D.3

	FUND 101		FUND 102		ALL FUNDS	
	2020	2019 As restated	2020	2019 As restated	2020	2019 As restated
<b>Balance at January 1</b>	<b>111,971,219.99</b>	<b>128,594,794.42</b>	<b>-</b>	<b>-</b>	<b>111,971,219.99</b>	<b>128,594,794.42</b>
<b>Add/(Deduct):</b>						
Changes in accounting policy	-	-	-	-	-	-
Prior period errors	(5,298,322.74)	-	-	-	(5,298,322.74)	-
Other adjustments	-	-	-	-	-	-
<b>Restated balance</b>	<b>106,672,897.25</b>	<b>128,594,794.42</b>	<b>-</b>	<b>-</b>	<b>106,672,897.25</b>	<b>128,594,794.42</b>
<b>Add/(Deduct):</b>						
<b>Changes in Net Assets/Equity for the Calendar Year</b>						
Surplus/(Deficit) for the period	(15,053,246.62)	63,167,634.07	40,420,980.65	-	25,367,734.03	63,167,634.07
Adjustment of net revenue recognized directly in net assets/equity	(9,752,485.93)	(85,089,531.24)	-	-	(9,752,485.93)	(85,089,531.24)
Others	-	-	-	-	-	-
<b>Total Changes in Net/Assets/Equity for the Calendar Year</b>	<b>(24,805,732.55)</b>	<b>(21,921,897.17)</b>	<b>40,420,980.65</b>	<b>-</b>	<b>15,615,248.10</b>	<b>(21,921,897.17)</b>
<b>Balance at December 31</b>	<b>81,867,164.70</b>	<b>106,672,897.25</b>	<b>40,420,980.65</b>	<b>-</b>	<b>122,288,145.35</b>	<b>106,672,897.25</b>

**PHILIPPINE COMPETITION COMMISSION**  
**STATEMENT OF CASH FLOW**  
**ALL FUNDS (Regular Agency Fund & Foreign Assisted Project Fund)**  
**FOR THE YEAR-ENDED December 31, 2020**  
(In Philippine Pesos)

Annex D.4

	FUND 101		FUND 102		ALL FUNDS	
	2020	2019 As restated	2020	2019 As restated	2020	2019 As restated
<b>Cash Flows From Operating Activities</b>						
<b>Cash Inflows</b>						
Receipt of Notice of Cash Allocation	429,218,308.42	482,634,855.21	58,210,859.00	-	487,429,227.42	482,634,855.21
Receipt of Notice of Cash Allocation	388,247,172.00	416,252,304.00	58,210,859.00	-	446,458,031.00	416,252,304.00
Receipt of Notice of Transfer of Cash Allocation	-	35,636,851.21	-	-	-	35,636,851.21
Receipt of NCA for Trust and Other Receipts	-	243,700.00	-	-	-	243,700.00
Commutative Receipt of NCA for TRA	40,971,196.42	-	-	-	40,971,196.42	-
Collection of Income/Revenues	9,848,819.51	79,721,812.85	-	-	9,848,819.51	79,721,812.85
Collection of service and business income	6,548,819.51	79,721,812.85	-	-	6,548,819.51	79,721,812.85
Collection of Receivables	139.28	15,962.63	-	-	139.28	15,962.63
Collection of other receivables	139.28	15,962.63	-	-	139.28	15,962.63
Trust Receipts	813,198.12	988,328.28	-	-	813,198.12	988,328.28
Receipt of guaranty/ security deposits	615,273.12	617,174.33	-	-	615,273.12	617,174.33
Collection of other trust receipts	197,925.00	271,153.95	-	-	197,925.00	271,153.95
Other Receipts	476,807.41	5,159,747.44	-	-	476,807.41	5,159,747.44
Receipt of payment for liquidated damages	7,498.37	31,253.72	-	-	7,498.37	31,253.72
Refund of employment of Personnel Services	5,453.92	67,910.52	-	-	5,453.92	67,910.52
Refund of employment of Maintenance and Other Operating Expenses	90,388.36	77,313.77	-	-	90,388.36	77,313.77
Receipt of refund of cash advances	125,666.76	4,860,104.81	-	-	125,666.76	4,860,104.81
Other miscellaneous receipts	-	132,984.62	-	-	-	132,984.62
Adjustments	1,870,164.15	84,060.58	-	-	1,870,164.15	84,060.58
Restoration of cash for cancelled/stop/stop checks/ADA	1,870,164.15	84,060.58	-	-	1,870,164.15	84,060.58
Other adjustments - Inflow	24,641.35	478,255.00	-	-	24,641.35	478,255.00
<b>Total Cash Inflows</b>	<b>442,303,328.26</b>	<b>569,815,203.99</b>	<b>58,210,859.00</b>	<b>-</b>	<b>500,514,197.24</b>	<b>569,815,203.99</b>
<b>Cash Outflows</b>						
Remittance to National Treasury	9,827,127.28	85,099,531.24	-	-	9,827,127.28	85,099,531.24
Payment of Expenses	316,399,888.44	259,695,067.64	12,981,671.86	-	273,381,569.50	259,695,067.64
Payment of personnel services	147,821,888.92	122,714,476.90	-	-	147,821,888.92	122,714,476.90
Payment of maintenance and other operating expenses	97,254,410.40	134,366,645.83	12,981,671.86	-	110,237,097.46	134,366,645.83
Payment of expenses pertaining to incurred in prior years	15,323,789.13	3,124,645.01	-	-	15,323,789.13	3,124,645.01
Purchase of Inventories	-	394,788.89	-	-	-	394,788.89
Purchase of inventories for consumption	-	394,788.89	-	-	-	394,788.89
Grant of Cash Advances	3,999,984.11	13,122,959.60	-	-	3,999,984.11	13,122,959.60
Advances for operating expenses	336,398.00	1,525,900.00	-	-	336,398.00	1,525,900.00
Advances for payroll	39,980.00	204,510.71	-	-	39,980.00	204,510.71
Advances for special projects/expense-based undertakings	36,960.00	1,208,902.00	-	-	36,960.00	1,208,902.00
Advances to officers and employees	996,084.11	10,063,963.68	-	-	996,084.11	10,063,963.68
Advances to officers and employees obligated in prior year	-	119,593.21	-	-	-	119,593.21
Prepayments	4,173,656.77	4,433,782.00	-	-	4,173,656.77	4,433,782.00
Prepaid Insurance	1,737,244.43	-	-	-	1,737,244.43	-
Other Prepayments	2,436,412.34	4,433,782.00	-	-	2,436,412.34	4,433,782.00
Refund of Deposits	51,967.24	7,832,459.83	-	-	51,967.24	7,832,459.83
Payment of guaranty deposits	52,967.24	87,000.00	-	-	52,967.24	87,000.00
Payment of deposits obligated in prior year	-	7,544,459.83	-	-	-	7,544,459.83
Remittance of Personnel Services Contributions and Mandatory Deductions	67,384,588.86	83,863,367.34	-	-	67,384,588.86	83,863,367.34
Remittance of taxes withheld covered by TRA	40,971,196.42	35,636,851.21	-	-	40,971,196.42	35,636,851.21
Remittance of GSIS Pag-IBIG/PSI/Health	11,700,719.55	13,212,643.14	-	-	11,700,719.55	13,212,643.14
Remittance of personnel benefits contributions	14,672,669.09	13,813,796.99	-	-	14,672,669.09	13,813,796.99
Release of Inter-Agency Fund Transfers	4,146,504.33	10,986,800.03	-	-	4,146,504.33	10,986,800.03
Advances to Procurement Service	4,146,504.33	10,986,800.03	-	-	4,146,504.33	10,986,800.03
Other Disbursements	149,562.27	873,108.95	-	-	149,562.27	873,108.95
Refund of guaranty/ security deposits	-	379,255.00	-	-	-	379,255.00
Other disbursements	149,562.27	493,853.95	-	-	149,562.27	493,853.95
Reversal of Unutilized NCA	82,779,222.90	121,648,562.20	-	-	82,779,222.90	121,648,562.20
Adjustments	1,870,164.15	78,579.83	-	-	1,870,164.15	78,579.83
Reversal/Return of unutilized NCA	1,870,164.15	8,403.77	-	-	1,870,164.15	8,403.77
Other adjustments - Outflow	-	62,177.20	-	-	-	62,177.20
<b>Total Cash Outflows</b>	<b>432,143,762.75</b>	<b>566,100,821.87</b>	<b>12,683,671.86</b>	<b>-</b>	<b>445,827,434.61</b>	<b>566,100,821.87</b>
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b>9,959,565.49</b>	<b>2,714,382.12</b>	<b>45,227,187.14</b>	<b>-</b>	<b>55,186,762.63</b>	<b>2,714,382.12</b>

**PHILIPPINE COMPETITION COMMISSION**  
**STATEMENT OF CASH FLOW**  
**ALL FUNDS (Regular Agency Fund & Foreign Assisted Project Fund)**  
**FOR THE YEAR-ENDED December 31, 2020**  
(In Philippine Pesos)

Annex D.4

	FUND 101		FUND 102		ALL FUNDS	
	2020	2019 As restated	2020	2019 As restated	2020	2019 As restated
<b>Cash Flow from Investing Activities</b>						
<b>Cash Outflows</b>						
Purchase/Construction of Property, Plant and Equipment	7,588,336.43	2,373,449.26	-	-	7,588,336.43	2,373,449.26
Purchase of machinery and equipment	6,070,335.37	25,396.46	-	-	6,070,335.37	25,396.46
Purchase of furniture, fixtures and books	1,518,001.06	1,382,479.51	-	-	1,518,001.06	1,382,479.51
Payments for leased assets improvements	-	965,073.29	-	-	-	965,073.29
Purchase of Intangible Assets	954,194.12	-	-	-	954,194.12	-
Purchase of computer software	954,194.12	-	-	-	954,194.12	-
<b>Total Cash Outflows</b>	<b>8,542,530.55</b>	<b>2,373,449.26</b>	<b>-</b>	<b>-</b>	<b>8,542,530.55</b>	<b>2,373,449.26</b>
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>(8,542,530.55)</b>	<b>(2,373,449.26)</b>	<b>-</b>	<b>-</b>	<b>(8,542,530.55)</b>	<b>(2,373,449.26)</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,417,044.94</b>	<b>340,938.86</b>	<b>45,227,187.94</b>	<b>-</b>	<b>46,644,232.88</b>	<b>340,938.86</b>
<b>Cash and Cash Equivalents, January 1</b>	<b>1,950,068.40</b>	<b>1,609,137.54</b>	<b>-</b>	<b>-</b>	<b>1,950,068.40</b>	<b>1,609,137.54</b>
<b>Cash and Cash Equivalents, December 31</b>	<b>3,367,113.34</b>	<b>1,950,068.40</b>	<b>45,227,187.94</b>	<b>-</b>	<b>48,594,301.28</b>	<b>1,950,068.40</b>

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 CompetitionPH

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*Ensuring businesses compete and consumers benefit*