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PRESS RELEASE**

PCC meets franchising group to underpin competition in industry

The Philippine Competition Commission (PCC) is strengthening competition awareness in the growing franchising sector as it sees the industry gaining popularity in the country and fast becoming an important contributor to the Philippine economy.

The PCC held a webinar last week on competition law and policy with the Philippine Franchise Association (PFA), a self-regulating organization of over 1,000 franchise brands in the Philippines.

Franchising refers to the use of proven business concept, product, or method by a franchisee which is granted the right to market a product or service using the recognized trademark, name, logo and advertising of a franchisor in return for a stream of royalties and other payments.

“Franchising is a popular gateway for starting businesses and an established track of bringing in international brands to the country. As the antitrust regulator, the PCC recognizes PFA’s important role in ensuring that pro-competition practices are observed in the sector,” said PCC Chairperson Arsenio M. Balisacan.

The PCC notes that franchisees are required to follow a limited set of formats or supplies offered by franchisors to retain the standards of a brand. However, there may be anti-competitive provisions in franchising contracts such as those that strictly impose the prices or geographic market of franchisees. This is what the PCC keeps watch of as part of its enforcement of the Philippine Competition Act.

Section 15(e) of the Philippine Competition Act prohibits the imposition of restrictions on the contract for sale of goods or services, but acknowledges franchising, licensing, merchandising and distributorship agreements as permissible business practices.

“The franchising industry represents a challenging issue for competition as it requires balancing competition enforcement with maintaining contractual limitations that protect intellectual property rights and trade secrets of franchisors. For this reason, the PCC wants a proactive approach to ensure that the sector remains competitive as it grows,” Balisacan said.

The PFA is expecting the next three years through 2025 to spell the “Golden Age of Franchising” for the Philippines, noting that the association is increasing efforts to boost the capacity and competitiveness of its members.

The webinar with the PFA forms part of a continuous initiative by the PCC to work with trade associations in increasing awareness of competition law and policy in different industries. Business owners across different industries are encouraged to connect with the PCC for questions or clarifications on anti-competitive practices at queries@phcc.gov.ph.

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Reference:



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