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Leveling the
Playing Field
through a National
Competition Policy

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Market competition encourages firms to be more efficient and innovative that can lead to wider choices of goods and services provided at reasonable prices. It levels the playing field where big businesses as well as small and medium entrepreneurs thrive. In the process, it raises productivity, expands economic opportunities, and improves overall welfare.

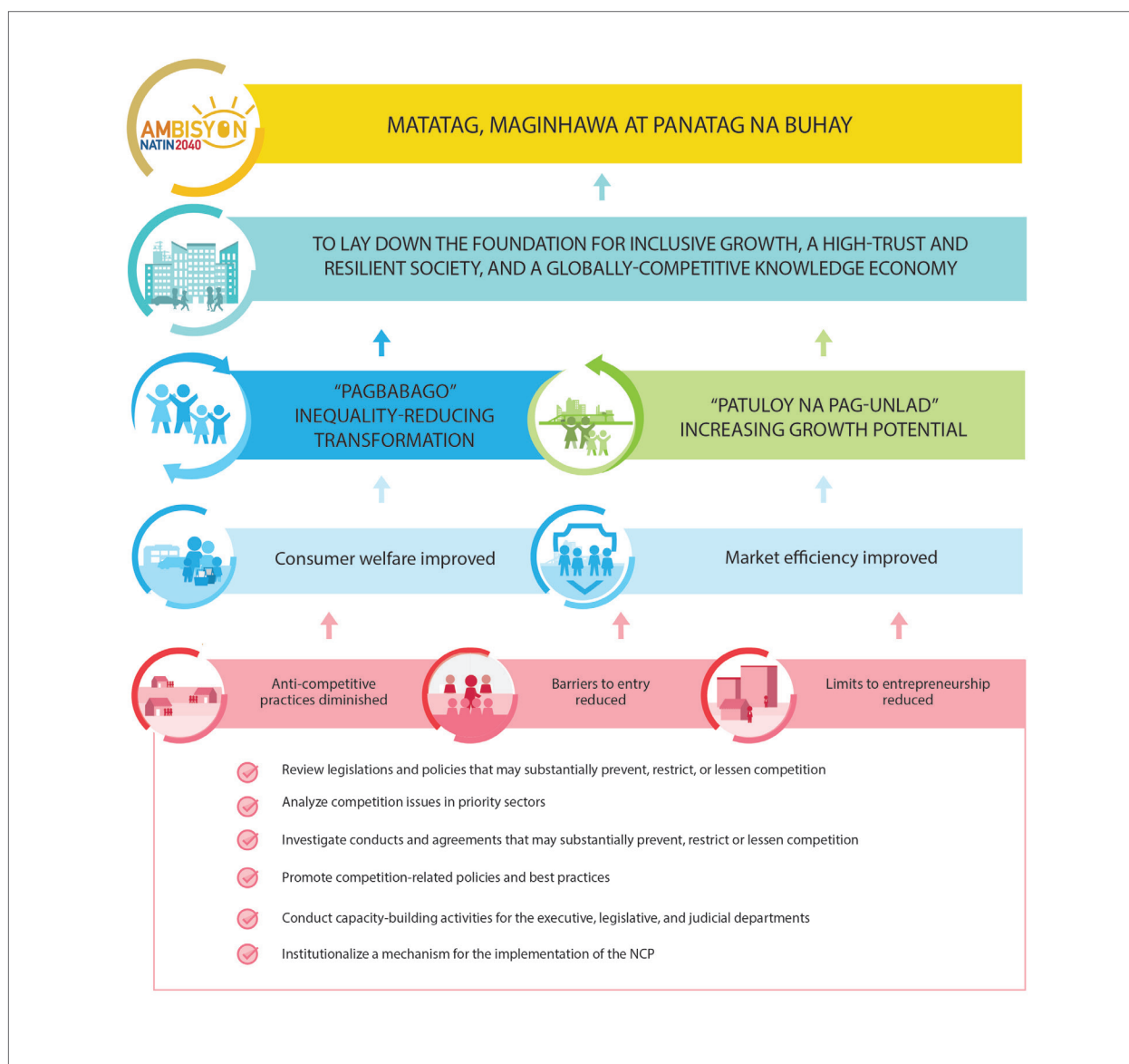
The Philippine Development Plan (PDP) 2017-2022 seeks to improve and promote the country's market competition that is supportive of inclusive and sustained growth.

LINKAGE WITH PDP AND ITS RESULTS MATRICES

To ensure that market competition brings efficient results, and improves consumer welfare and market efficiency, the government is set to foster an environment where anti-competitive practices – not only by private entities but also government actions, laws, and regulations – are diminished and barriers to entry, as well as limits to entrepreneurship, are reduced. The National Competition Policy (NCP) will complement Republic Act No. 10667 or the Philippine Competition Act in cultivating this environment by implementing policies, programs, and projects that penalize anti-competitive practices, facilitate entry of players and enrich their innovation, support regulatory reforms, promote competitive neutrality, and ensure consumer protection.

To achieve the outcomes, the following strategies will be carried out: (a) review legislations and policies that may substantially prevent, restrict, or lessen competition; (b) analyze competition issues in priority sectors; (c) investigate conducts and agreements that may substantially prevent, restrict, or lessen competition; (d) promote competition-related policies and best practices; (e) conduct capacity-building activities for the executive, legislative, judicial departments; and (f) institutionalize a mechanism for the implementation of the NCP. Figure 16.1 shows how the aforementioned strategies link to the attainment of inclusive and sustained growth.

Figure 16.1. Strategic Framework to Level the Playing Field through a National Competition Policy



PROGRAMS AND PROJECTS TO PROMOTE COMPETITION

Considering that competition is a relatively new concept in the Philippines, there are no programs and projects (PAPs) submitted for inclusion in the 2017-2022 Public Investment Program (PIP). The government's interventions in the sector for 2017 to 2022 are geared towards formulating the NCP, developing the capacities of competition authorities, raising awareness of the relevant stakeholders and the general public, and institutionalizing mechanisms to effectively enforce the Philippine Competition Act and the NCP.

The National Economic and Development Authority (NEDA) with the Philippine Competition Commission and other relevant agencies and sectors, will prepare and formulate the NCP.

The Philippine Competition Commission will spearhead capacity-building activities and advocacy programs, among others, to promote market competition in the country. These activities will also involve participation of the executive, legislative, and judicial departments. Initiatives that involve collaboration with academic and research institutions in strengthening programs on competition law and economics will also be undertaken.

A comprehensive market scoping and market studies will be conducted to detect barriers and distortions to competition in agriculture, industry, and services. Correcting potentially anti-competitive policies and programs facilitates improvement in the variety and quality of goods and services essential to poverty reduction, generation of new livelihood and employment opportunities, and spill over effects on other sectors in the economy.

The Office for Competition (OFC) under the Department of Justice will be reorganized and restructured in view of the enactment of the Philippine Competition Act and the establishment of the Philippine Competition Commission. The OFC will conduct preliminary investigation and prosecute criminal violations of the Philippine Competition Act and other competition-related laws. Modular capacity building for prosecutors will be undertaken to strengthen criminal enforcement.

The Governance Commission for Government-owned and Controlled Corporations will continue reviewing mandates and conduct subsidiarity analysis of government-owned and controlled corporations (GOCCs) to establish a level playing field where GOCCs and private firms compete.

The National Competitiveness Council will expand the scope of Project Repeal to include the review of unnecessary regulations that potentially reduce barriers to entry or facilitate anti-competitive behavior of firms.

The Department of Trade and Industry with the Department of Labor and Employment, Department of Social Welfare and Development, and the Philippine Commission on Women will implement the Trade and Inclusive Economic Growth Facility (TIEGF). The TIEGF includes technical assistance and institutional development activities on domestic regulatory reform to improve the Philippines' competitiveness, as well as reduce regulatory burdens on businesses (*refer to Chapter 9*).

NEDA and the Development Academy of the Philippines (DAP) will spearhead the institutionalization of a responsive regulatory management system to monitor impact, ensure cohesiveness, and improve the quality and flexibility of government regulatory frameworks, including those that affect market competition. DAP will implement the Modernizing Government Regulations (MGR) Program as a key strategy to accelerate improvement in regulatory quality and coherence. MGR is currently exploring the possibility of establishing an overarching National Regulatory Architecture with the following components: (a) comprehensive national regulatory policy, (b) standard regulatory making and review process, and (c) regulatory framework per priority industry. Aiming to streamline unnecessary rules and business burdens, the MGR Program includes transportation, tourism, and logistics in the scope of its regulatory mapping and review (*refer to Chapter 5*).

Regulatory reforms will be pursued to complement the NCP. The government will work toward the enactment of some of the legislations to promote competition such as:

1. Amendment of the Public Service Act, to ease or lift restrictions on foreign investments in certain industries by amending or repealing provisions that limit foreign participation in certain economic activities;
2. Amendment of certain economic provisions of the Constitution, to relax restrictive foreign ownership provisions of the Constitution to attract more foreign direct investments; and
3. Ease of Doing Business Act, to establish a more coherent regulatory environment, sustain the intention of Project Repeal to repeal outdated rules, and improve the business climate in the country.

Additional items in the legislative agenda will be drawn following the review of potentially anti-competitive laws and policies that substantially prevent, restrict, or lessen competition.