



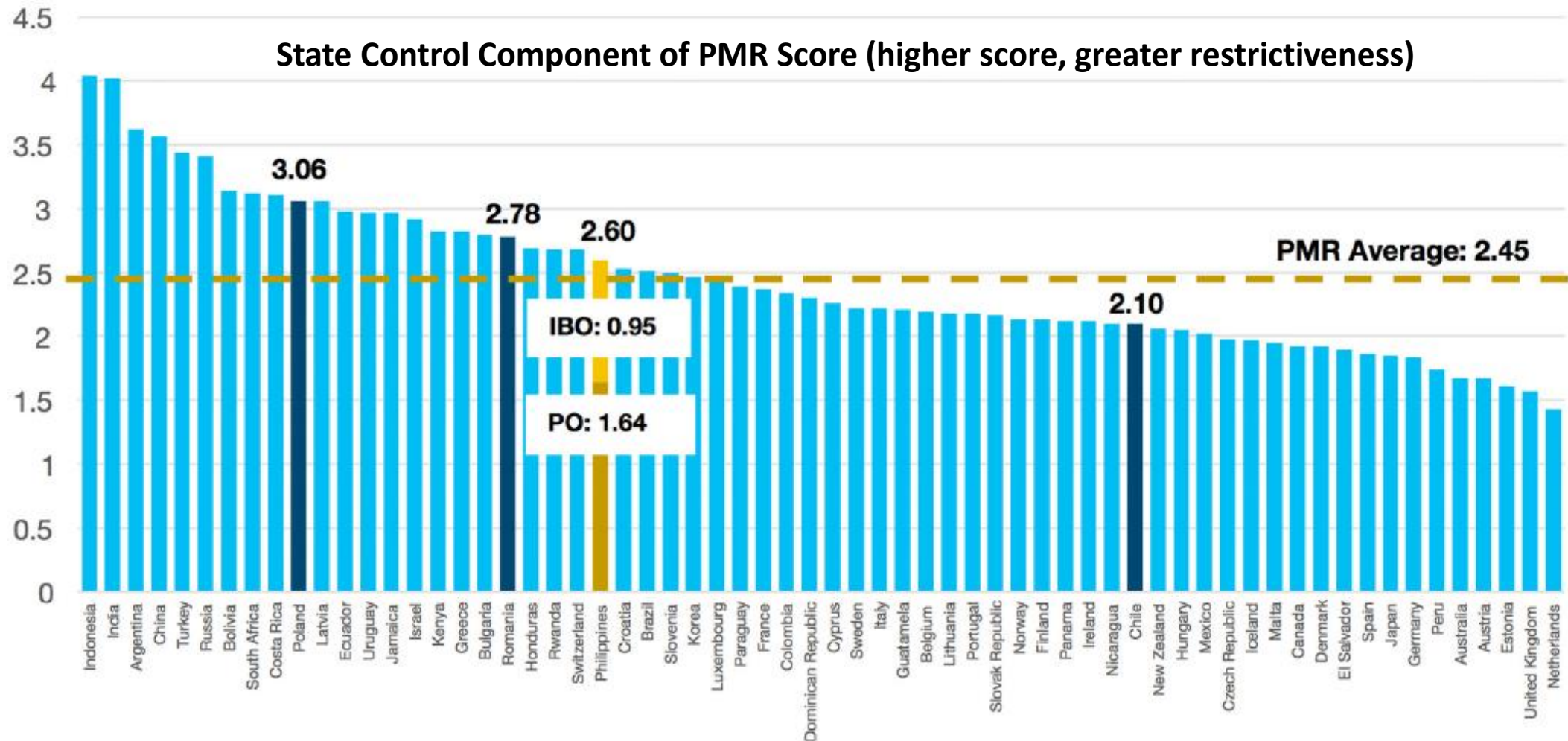
Ensuring businesses compete and consumers benefit

Competitive Neutrality in the Philippines

Joint ESCWA-UNCTAD-OECD Webinar on Competitive Neutrality
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Market inefficiencies rooted in state policies, regulations, rules, and processes



Source of figure: World Bank (2018) – Fostering Competition in the Philippines: The Challenge of Restrictive Regulations

The Philippines has a higher PMR score for state control than the other countries. **Elements of public ownership – in particular, the governance and scope of SOEs – constitute much of this score.**

Mainstreaming competition policy in the development agenda

National Competition Policy Review

- Philippine Competition Act passed in 2015
- Philippine Competition Commission established in 2016
- **Experts Review Team** organized to conduct study – **evidence-based** identification of key competition issues and enforcement priorities:
 - Sectors with **serious competition challenges**
 - **Roots** of market inefficiencies
 - **Political-economy considerations**
 - Areas with potentially **large impact** on consumer welfare
- Study report served as key document in drafting the **National Competition Policy chapter of the Philippine Development Plan (PDP) 2017-2022**
- **Whole-of-government approach** adopted: required synchronization of competition policy objectives with objectives of other regulatory bodies

Competition chapter in PH Development Plan 2017-2022

Chapter 16: Leveling the Playing Field through a National Competition Policy

- Based on PCC's **National Competition Policy Review**
- Competition policy is **part and parcel of the government's development strategy** toward an inclusive and sustained economic development
- **Competitive neutrality as a key policy challenge**: state-enabled policies and barriers have distorted the market
 - **Government-owned monopolies**
 - **Government-authorized** private monopolies
 - **Government control of entry and expansion** of market players
 - **Government provision of goods and services** similar to those provided by private entities



Formulation and adoption of the National Competition Policy

- **NEDA and PCC** spearhead the creation of an **inter-agency mechanism** to operationalize NCP
- President Duterte issued in Oct 2021 the **Administrative Order** ordering the national implementation of NCP in coordination with NEDA
- NCP aims to ensure that agency policies **follow competition principles, including competitive neutrality**
- Covers **all policies and regulations** of national government agencies, state-owned enterprises, and local government units
- **Rests on three pillars:**
 - ✓ Effective enforcement of PCA
 - ✓ Enactment of pro-competitive government regulations
 - ✓ Internalization of **competitive neutrality principle**: SOEs shall not enjoy net competitive advantages or be subjected to disadvantages over private sector



Moving forward

To promote competitive neutrality, the responsible agencies shall:

- **Review mandates of SOEs** and recommend appropriate action to the President
- Recommend **structural measures to address anticompetitive behavior** relating to the mandate and/or operations of SOEs
- Recommend the **separation of proprietary and regulatory activities of SOEs**
- **Assess and monitor existing subsidies and state interventions** in favor of SOEs
- Establish **guidelines on granting subsidies** to SOEs and private enterprises
- Implement regulatory and non-regulatory measures to **neutralize advantages or disadvantages due to public ownership**

PCC will work with partner agencies and development partners to create the **monitoring framework and its comprehensive implementation strategy** under the NCP.



Thank you.

