



**Asia-Pacific
Economic Cooperation**

2020/CTI-EC/DIA/014

Consumer Protection and Competition Policy: Pathways to Economic Recovery

Submitted by: Philippines



**Free Trade Area of the Asia-Pacific Policy
Dialogue on Competition Related Provisions
from a Business Perspective
17-18 September 2020**

Consumer Protection and Competition Policy: Pathways to Economic Recovery

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**The views expressed in this presentation are solely those of Mr. Bernabe and do not represent nor reflect those of the Philippine Competition Commission*

Competition Disciplines to Protect Consumers against Exploitative Abuse

- Collusion to fix prices, limit production, divide markets
 - *Particularly relevant to monitor essential hygiene products during pandemic*
- Predatory Pricing
 - *Deprives consumers of a less expensive alternative*
- Unfair or Excessive Pricing
 - *Traditionally sector regulators' turf but if conditioned on market power...*
- Tying and Bundling
 - *Deprives consumers of choice*

Cases of Action by Competition Authorities

- Grab-Uber merger in Southeast Asia: Remedies in voluntary commitments (PH)
 - *Monitor and 'cap' prices relative to pre-merger prices*
 - *Enhance service quality (acceptance and cancellation rate thresholds)*
 - *Ensure incentives do not foreclose entry, deprive consumers choice*
- Exclusive dealing arrangement between property developers and internet service providers (PH; MY)
 - *Afford users choice, better quality, less expensive options*
- Investigation into rice (PH)
 - *Possible price-fixing cartels; abuse of dominance relative to rice tariffication*

Distinct Consumer Protection Design

- AUS (ACCC), SG (CCCS), others
- Complements mandate to protect and promote market competition
 - *Consumer welfare lies at the heart of NCA actions*
- Taps resource synergies, facilitates coordination with regulators
- Easier to mainstream competition disciplines to a broader public
- PH experience
 - *Strategic decision to defer inclusion in legislation*
 - *Initiative to amend competition law*
 - *Seek enhanced coordination with sector regulators in the meantime - MOUs*

Consumer Protection during Health Crisis

- Sharper/closer monitoring for possible exploitative behaviour
- Coordination between regulators and NCAs in monitoring and curtailing behaviour which exploits consumers becomes even more imperative
 - *Investigation of possible unfair or excessive pricing of critical hygienic products, e.g., PPEs, alcohol during the health crisis*
 - *Sub-quality products which threaten life and health of front-liners and ordinary consumers*
 - *Hastened procurement may facilitate bid-rigging*
- Prompt action, including 'name-and-shame' and threat of opening investigation against utility providers, e.g., electricity, for sudden spikes in prices

Caution with Economic Stimulus Packages

- Suspension of merger review as part of economic stimulus package to facilitate economic recovery
 - *Rationale to facilitate rescue of ailing firms by 'white knights'; strengthen firms as part of economic recovery*
 - *Increased market concentration may lead to ability and incentive to abuse dominant position to the detriment of consumers*
 - *Short-term convenience paid for by long-term harm to markets and consumers*
 - *Unrealistic thresholds (PH)*
- Subsidies which distort competition
 - *Government equity infusion which may lead to SOEs: impact on competitive neutrality*

Role of FTAs/EPAs in a Pandemic

- Semblance of discipline in measures formulated as part of economic stimulus packages
- Operationalising flexibilities in FTAs/EPAs to accommodate measures to help businesses, especially MSMEs, as part of economic recovery
 - *Emphasis on role of MSMEs in majority of APEC economies*
 - *Women as drivers of MSMEs*
- Cooperation platforms and mechanisms implemented in a more holistic way
 - *Not limited to coordination in investigating anti-competitive acts*
 - *Facilitate adaptation of what works in other economies*

Thank you

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