

Office of Sen. Manny Villar

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NEWS RELEASE
06 June 2012

Villar pushes passage of bill protecting consumers vs. cartel

Sen. Manny Villar today pushed for the passage of the bill that seeks to protect consumers against unfair trade practices. He said this bill will put an end to monopolies and cartels and make available quality goods and services at reasonable prices.

In his sponsorship speech, the chairman of the Committee on Trade and Commerce said Senate Bill 3098 or the Competition Act of 2011 seeks to prevent the concentration of economic power in few persons who threaten to control the production, distribution or trade to stifle competition, distort, manipulate or constrict the discipline of free markets and increase market prices.

“As we know, free and open markets are the foundation of a vibrant economy. Competition among sellers in an open marketplace gives the consumers the benefits of lower prices, high quality products and services, adequate supply, and a wider array of choices. This also results to manufacturers trying to outdo each other in terms of product advancement and innovation which translates to goods with better value for money,” Villar said.

Under the proposed measure, it shall be unlawful for firms to engage in anti-competitive conduct or any conduct with the effect of unreasonably preventing, restricting or lessening substantially competition.

The bill penalizes abuse of dominance, which occurs when a firm abuses their market position by engaging in unfair competition with the purpose of preventing, restricting, or lessening competition. What constitutes this would be the selling of goods or services below cost, unless for clearance, inventory, sale or any other valid purpose; imposing barriers to entry; or setting prices or other terms or conditions that differ or discriminate between the customers and sellers.

Also prohibited under the act are anti-competitive mergers. Firms engaged in commerce, trade or industry shall not acquire, directly or indirectly, the whole or any part of the stock or other share capital, assets or voting rights of one or more firms engaged in any commerce, trade or industry where the object or effect of such conduct is to prevent, restrict or substantially lessen competition.

Villar noted that while competition law is not entirely new in the Philippines, existing laws have been proven inadequate and ineffective to inhibit anti-competitive structures and practices.

The bill also seeks the creation of an Office for Competition under the Department of Justice, which has the power to investigate any violation of the act. It also has the power to issue subpoena to require the production of books, record or other documents or to summon witnesses relevant to an investigation.

Villar noted that despite the ideal scenario of a perfect competition in the market, consolidations and mergers still occur which brings entire industries under the influence of a few people.

“When this happens, it opens the possibility of dominance over business drivers like price and supply by these chosen few. In effect, these so-called monopolies and cartels pose undue advantage over our micro-, small, and medium enterprises thereby making it easier to drive out these smaller players from the industry,” he added. ###