



Designing Competition Policy Amidst the Rise of E-Commerce

Michael G. Aguinaldo
Chairperson
Philippine Competition Commission

The views and opinions expressed in this presentation are the presenter's alone and do not reflect those of the Commission.



The Philippines and e-Commerce

- The Philippines is the **23rd** largest market for e-Commerce in the world
- Number of e-Commerce users in the Philippines grew from 27% in 2018 to **51% in 2023**
- Annual e-Commerce growth rate of **16.8%** expected from 2024-2028





Emerging competition concerns in e-Commerce



Tying and Bundling for Digital Products



Abuse of Dominance from increased Network Effects





PCC's efforts to safeguard competition in e-Commerce Sector

- 1. Promulgated “Guidelines for the Motu Proprio Review of Mergers and Acquisitions in Digital Markets”**
 - Issued in 2023, the Guidelines are intended to give greater transparency regarding PCC's understanding of the PCC as applied to digital market transactions





PCC's efforts to safeguard competition in e-Commerce Sector

2. Participated in crafting cross-border Joint Statements creating common practices for e-Commerce restrictions

- In 2022, PCC supported the e-commerce Joint Statement of the European Union, which introduced competitive safeguards and recognized e-commerce as an “Essential facility” for the public
- In 2023, the PCC advocating for including a standalone chapter on competition in the ASEAN Digital Economy Framework Agreement (DEFA). This ensured competition would be enshrined as a core, guiding principle governing digital economy arrangements in the region.





PCC's efforts to safeguard competition in e-Commerce Sector

3. Conducted groundbreaking research and market studies on e-Commerce

- In 2023, the PCC published its e-Commerce Market Study to better understand the relationship between e-Commerce platforms and third party-sellers
 - This study found that **competition remains to be aggressive across platforms**, thanks to consumers' and sellers' ability to multihome
 - However, **barriers to entry exist** including high internet subscription fees, weak digital infrastructure, and inadequate technological education among MSMEs
 - It was also pointed out that, while no anticompetitive practices were flagged, **exclusivity agreements** where sellers are tied to **platforms may pose a threat to competition** in the sector





PCC's efforts to safeguard competition in e-Commerce Sector

4. Crafted general Competition Policy Guidelines

- PCC Economist Jestoni Olivo wrote competition policy guidelines for “Digital Platforms and Online Advertising,” which recommended supporting legislative efforts to draft a separate law tackling competition cases in the digital sphere as well as PCC Guidelines for investigating cases in the digital sphere
 - Olivo pointed out there was no encompassing or binding antitrust law in the digital sector in any ASEAN country, thus the danger for abuses to take root across borders requires building relationships between ASEAN member states in order to ensure better cross-border enforcement





Conclusion

While the PCC has preemptively engaged in **research**, crafted **guidelines**, and contributed **to international efforts** to promote competition in the e-Commerce sector, it must remain vigilant in ensuring that the e-Commerce remains a competitive space for consumers and sellers alike.

