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Competition Hurdles in Digitisation Journey of MSMEs 

Presentation 

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Competition Hurdles in Digitisation Journey of MSMEs

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Accelerated Shift to Digital Platforms
The pandemic revealed the importance of going digital, especially for MSMEs.

**Digital Wave**
Pandemic has pushed forward the digital revolution by at least 5 years.

**Economic Recovery**
Ability of MSMEs to board the digital economy present the strongest opportunity for inclusive economic recovery.

**What Going Digital Means**
1. Visibility beyond immediate community > expanded market
2. Direct connection with consumer
3. Access to wider local and international value chains
4. Increased possibility of scaling up operations
Competition Issues in the Digital Shift
'First Mover' Digital Platforms

Going digital means inevitable engagement with prominent/dominant digital platforms.

Contestability issues with 'first movers':

- Big Data as barrier to entry
- Gatekeeper Platforms
- Network effects
- Zero-price Products and Services
Big Data, its Network Effects and Competition

Impact on Competition for the Market

• First movers/Dominant players access to subscriber data
• Data on consumer preferences and habits
• Ability to influence behaviour
• Ease of replicability of data
Rise of Gatekeepers

**Discrimination against MSMEs**
Online Platforms can engage in self-preferencing
- Not new, practised by large supermarkets which sell under ‘white’/private labels

**Restriction of market access engagement** to unfavored MSMEs

**Unfair Treatment**
Abusive terms given to MSMEs which inhibit effective growth
- 30% > 15% app fees to Apple/Alphabet (Google)
- In the Philippines, 30% transaction charge for restaurants joining online platforms: prohibitive for MSMEs
Role of Competition Authorities
5-Way Approach for the PCC

**Advocacy towards MSMEs**
To increase awareness of anti-competitive behavior in the digital space.
Report practices of platforms which may be abusive

**Capacity Building**
Enhance understanding of staff of competition issues

**Collaboration**
Mainstream competition in other government agencies actions

**MSMEs**

**Digital Platforms**

**Cooperation**
Increased cooperation with other competition authorities to learn and enforce, including cross-border digital cases

**Education**
Provide clear guidance on permissible conduct to reduce uncertainty

**Dos and Don’ts?**

**Import of FRAND**
Enforcement of Fair, Reasonable and Non-Discriminatory terms on transactions
Ensuring businesses compete and consumers benefit

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