



Anti-Competitive Agreements

“ ASEAN Member States should consider prohibiting horizontal and vertical agreements between undertakings that prevent, distort or restrict competition in their territory. ”

ASEAN Regional Guidelines on Competition Policy, adopted from Article 3.2.1

The prohibition of anti-competitive agreements is one of the three core areas of a competition law.

Hard core cartels are considered the most serious violation, and their prosecution is an enforcement priority in many jurisdictions.

As cartels are difficult to detect, competition agencies have successfully initiated **leniency** programs to encourage cartel members to come forward with information and thus aid enforcement efforts.

NEGATIVE EFFECTS OF CARTELS

- Artificial inflation of costs, resulting in higher prices for consumers and governments (on average 10-20%).
- Hampering innovation by protecting inefficient companies.
- Discouraging investment by denying market access to other companies.

EXAMPLES OF ANTI-COMPETITIVE AGREEMENTS

- **Price Fixing**
Competitors agree on a pricing structure for selling or purchases rather than compete with each other.
- **Bid Rigging (Collusive Tendering)**
Suppliers communicate before lodging their bids and agree among themselves who will win the contract.
- **Market Sharing**
Competitors agree to divide a market by choosing which customers or geographic areas they will supply or preventing competitors from entering the market.

CASE : Alleged garlic cartel in the Philippines

In 2014, an excessive price hike for garlic prompted the Office for Competition (OFC) to launch an investigation into the importation system of these two commodities. By the time the garlic arrived in markets and groceries, consumers had to pay more than 100% of the usual market price.

The OFC found that imports are mainly controlled by at least four individuals and allied interests. Further action is being taken by the authorities against the alleged members of the cartel.

Source: ASEAN Handbook on CPL for Business (2013)



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