



STRIVING FOR A ROBUST ECONOMY



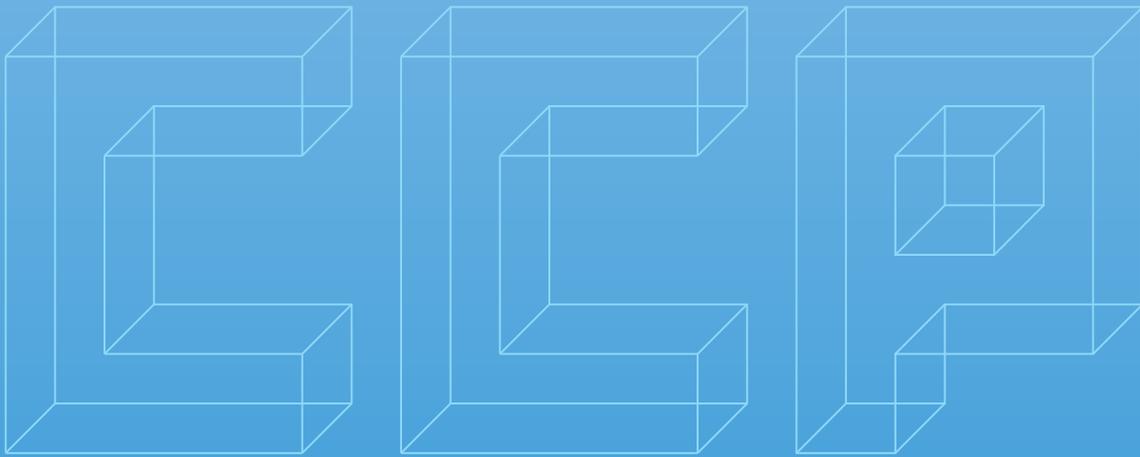
ANNUAL REPORT 2011



Competition Commission of Pakistan
Creating a level playing field



Competition Commission of Pakistan



Annual Report
2011

A vibrant green field with a single tree on a small hill in the distance under a clear blue sky. The text 'MISSION STATEMENT' is overlaid in large white letters.

MISSION STATEMENT

ENT

The Competition Commission of Pakistan strives to foster a robust economy and to help promote economic growth by encouraging and enforcing free competition in all spheres of commercial and economic activity. The Commission wishes to enhance economic efficiency and protect consumers from anticompetitive behavior.





Meeting the Chairperson

The last twelve months certainly have been ‘interesting times’ for me and perhaps a very good training in crisis management.
Chairperson, Rahat Kaunain Hassan shares her views.

You have completed your first year as Chairperson of the Competition Commission of Pakistan. How can you summarise your personal experience during the last twelve months?

A saying attributed to the Chinese, may you live in interesting times, comes to mind. The last twelve months certainly have been interesting times for me and perhaps a very good training in crisis management.

My term began with a set of challenges that, at that time, seemed insurmountable. Nevertheless, by God’s grace I remained resolute and with the team support and focus on what we had to achieve, we smoothly sailed through from a period of uncertainty towards a time where the Commission has emerged as a much stronger institution. Quite frankly, we have been put to the test and I feel much more confident in our ability to rise to any occasion in the future.

What are the major achievements of the CCP under your leadership and what is your strategic plan for the CCP?

Perhaps the most significant development during this period was the passage of the Law through the parliamentary process, culminating in the Competition Act, 2010. Given that the Competition Ordinance had lapsed twice in the past, this single achievement has given us a much needed reprieve and a sense of permanence. I think achieving timely appointment of members leading to a full working Commission is also significant. Enforcement was, is and shall continue to be our priority. We have and will continue to move decisively against any violations of the competition law, be it against cartels, abuse of a dominant position, or deceptive marketing.

We successfully unveiled cartelisation in the poultry, edible oil & ghee, jute, and power sectors, where significance of competition issues in public procurement have been highlighted. Our action against the jute mills for bid rigging was notable for its speed and the fact that the members admitted to being a cartel. The imposed penalty PKR 23 million has been recovered in stages. We imposed a PKR 50 million penalty each on the poultry and edible oil associations, but both matters are pending judicial review.

There were seven search and inspections this year compared to four in the preceding three years (2007-2010). We've become more confident in undertaking these inspections and identifying relevant information to gather quickly. Importantly, we have moved forward from merely inspecting associations to the first ever search and inspection of the companies under this Law and have successfully established our writ in this regard.

I am pleased that as a result of our actions, we have achieved a much greater rate of compliance with the law. As an example of this, we have processed and granted 66 exemptions to possible competition-reducing agreements in FY2010-11 and no-objection certificates in 67 cases of acquisitions, 14 cases of mergers, and three joint ventures. Apropos the Office of Fair Trading, there has been 100% observance with respect to prohibiting deceptive marketing practices, where a compliance-oriented approach has been adopted leading to behavioural rectification by the undertakings and we have entered into strategic partnerships with some of the well regarded consumer protection associations for creating awareness and for better outreach.

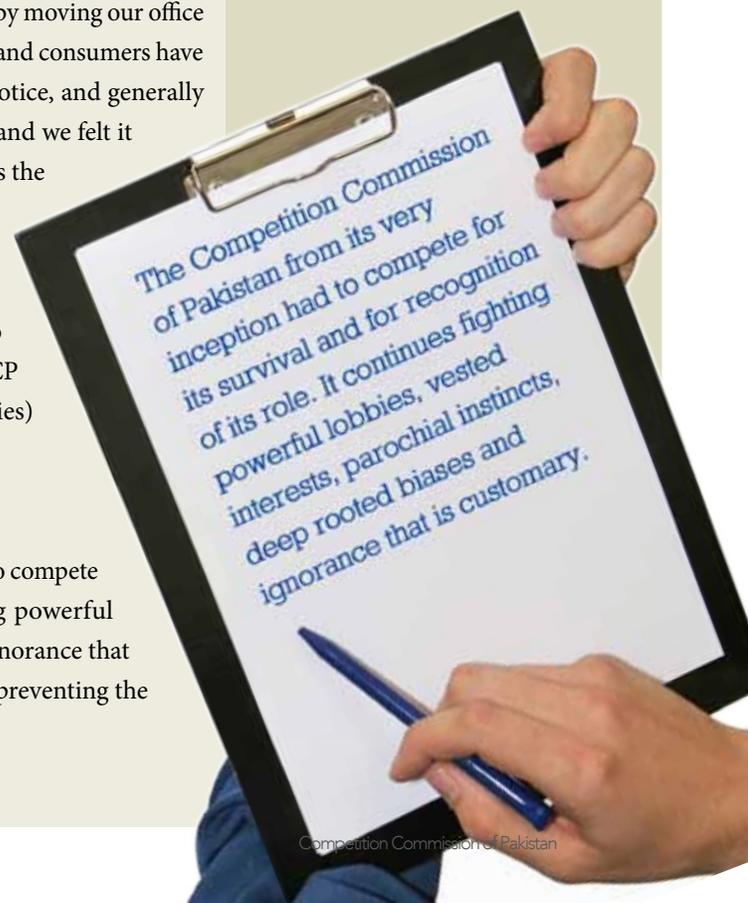
We have been advocating for improving competition in the economy by holding seminars, training workshops and conferences. Part of our advocacy initiative has been the framing of the Voluntary Code of Competition Compliance for adoption by businesses.

And finally, we have become more visible, more accessible to the public by moving our office from the Diplomatic Enclave to the Blue Area in Islamabad. Businesses and consumers have been approaching us for advice, bringing possible violations to our notice, and generally making the effort to understand more about us and the work we do, and we felt it was important for them to be able to reach us easily. The new office has the added advantage of allowing us considerable savings in our rental expenditure. In fact, we have succeeded in achieving substantial reduction in operational costs. CCP has always faced financial constraints which were acute when I took over. I must give credit to my team particularly the Corporate Affairs Department for helping CCP achieve a saving of approx 35% in operational costs (excluding salaries) against the preceding year's expenditure.

What are your priorities?

The Competition Commission of Pakistan from its very inception had to compete for its survival and for recognition of its role. It continues fighting powerful lobbies, vested interests, parochial instincts, deep rooted biases and ignorance that is customary. Four pillars i.e., prohibited agreements or cartelisation, preventing the

CCP emerges as the first ever regulatory body submitting itself for independent evaluations. GCR has applauded CCP's inclusion in the rating as a testament to the fact that 'the Commission has established itself as a truly effective enforcer .



abuse of dominance, mergers & acquisitions and prohibition on deceptive marketing practices continue to be our priority and are being rigorously enforced by us. However, considering their greater economic impact and based on our internal evaluation of our recent enforcement efforts, we have sharpened our focus on particular aspects, which have been enshrined in our roadmap for the period 2010-13, another vital measure for streamlining our efforts. The roadmap includes: (1) public procurement, with a focus on bid rigging; (2) concession agreements; (3) expanding the Office of Fair Trade's (OFT) role to curb deceptive marketing; (4) restricting associations to their mandate; and (5) improving the legal framework to promote the competition perspective more widely. We have taken steps to improve the Commission's capacity in these specific areas through in-house and foreign trainings, and will continue to do so when possible.

What are the challenges that face the Commission?

Three main challenges still remain and they are not new as we have been talking about these for a while now. The first is securing financial autonomy for the Commission.

For a culture of competition to take root in Pakistan, it needs a strong and independent voice to tell both the public and private sectors where competition is being compromised or vested interests are working against economic growth. And this independence includes financial independence. The Commission cannot be this voice without financial autonomy. Our law provides for independent funding through tied sources, namely the 3% of fee and charges levied by five other regulatory bodies, which will form part of the CCP Fund. While the Government has assured us their support in this regard, we still need a firmer push to get this funding as this has direct impact on our operations.

The second and third challenges are related. Another concern for us is the over 150 pending cases in the courts. The Competition Act sees the establishment of a Competition Appellate Tribunal for the sole purpose of reviewing challenges to our decisions. Until that becomes effectively operational, the impact on the economy of CCP's orders may have a much lesser impact than desired. We feel that the sooner these cases are subject to judicial review, the better it will be for the consumers and for ensuring that competitive forces are not bridled in Pakistani markets.

In many countries, competition agencies are often at loggerheads with sector specific regulators over jurisdictional issues. How is your relationship with other sector-specific regulators?

There have been moments in different countries where issues of who has jurisdiction have come to the forefront. However, competition agencies, such as ours, should not be perceived as encroaching upon the domain of sector specific regulators. There is no ambiguity in our mind: the Commission will intercede only where it notices any violation of the Competition Law.

It needs to be appreciated that apart from the Act being given an overriding effect, penalties for competition related violations are only envisaged under the Competition Act. Hence, on competition issues it is the only relevant and the special law.

Let me explain this further. In this regard, the Commission has taken the view that

Securing financial autonomy continues to be the major challenge. Complete autonomy cannot be achieved without financial autonomy. Our law provides for independent funding through tied sources i.e. 3% of fee and charges levied by the 5 other regulatory bodies which will form part of the CCP Fund.



the issue of jurisdiction can be best understood with reference to which law is relevant and applicable to an entity in a given context. As for a business engaged in the telecom sector; as far as this entity's regulation regarding incorporation, filing of accounts, issuing of prospectus etc., is concerned, the relevant law will be the companies legislation and the regulator, in this case would be SECP, as for licensing and other telecom related issues the Pakistan Telecommunication Authority will have jurisdiction. Similarly, in relation to this entity's filing of tax returns the Federal Board of Revenue is a relevant regulatory authority and the relevant law will be the income tax law. Therefore, if and when this entity indulges in practices or enters into agreements that allegedly prevents, distorts, or reduces competition within the relevant market, then this will fall within the purview of Competition Commission of Pakistan and the relevant law would be the Competition Act in Pakistan. The Commission has no turf wars to contest with anybody. In fact, we have taken steps to break the ice with some of the sector-specific regulatory bodies. As a result, we now receive and are referred complaints on competition aspects by them.

What would you say is the perception of the Commission in international circles?

We have received immense appreciation for our work both on national as well as international level. I want to quote the remarks of Professor John M. Connor of Purdue University who termed our decisions and reports as "exemplars of clarity, logic and restraint." At the recent International Conference on Competition Law in India, William Kovacic, a former Chairman and Commissioner of the US Federal Trade Commission, and for us, a competition guru, said that Pakistan and Egypt were the two of the best performing recently-established agencies. A Member of the Competition Commission of India, Mr. Justice Dhingra, had no hesitation in acknowledging firstly, the proactive role of CCP and secondly, the fact that CCI has yet to take off.

Perhaps, more interesting would be the Commission's independent evaluation by the 'Global Competition Review,' the world's leading antitrust and competition law journal. The Rating Enforcement is GCR's annual assessment of carefully selected competition agencies. In 2011, the 11th edition of 'Rating Enforcement' was published and only 35 agencies were included. Pakistan received a rating of "Fair" and the GCR lauded the Commission's inclusion in the rating as a testament to the fact that 'the Commission has established itself as a truly effective enforcer in 2010.' I must point out that we are the first regulatory authority from South Asia and ahead of many of our counterparts with more developed economies in the Far East.

In April 2011, we had two experts from the Turkish Competition Authority spend a week with us, training our officers on bid rigging in public procurement. We have benefitted immensely from this exchange and we hope to make this a routine event by having in-house trainings by international experts.

So, I am pleased to say that we have developed strong credentials in the international community.

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ACRONYMS

AEN	Ansaldo Energia S.p.A.
AGI	Ace Group of Industries
AMFO	Acquisitions & Mergers Facilitation Office
BMW	Bayerische Motoren Werke Aktiengesellschaft
CCG	Competition Consultative Group
CCP	Competition Commission of Pakistan
CRF	Competition Research Forum
DHA	Defense Housing Authority
DHCL	Dawood Hercules Chemical Limited
EVTL	Engro Vopak Terminal Limited
FFC	Fauji Fertilizer Company Limited
FNM	Finmeccanica S.p.A.
FTC	Federal Trade Commission
HARLEY DAVIDSON	H-D Michigan L.L.C.
ICN	International Competition Network
IRC	Information Resource Centre
LEJA	Lahore Economic Journalists Association
OECD	Organization for Economic Cooperation and Development
OFT	Office of Fair Trade
OIA	Office of International Affairs
OICCI	Overseas Investors Chamber of Commerce & Industry
PASSCO	Pakistan Agriculture Storage and Supply Corporation Limited
PEMRA	Pakistan Electronic Media Regulatory Authority
PESCO	Peshawar Electric Supply Company
PGS	Pakistan Grain Sacks
PJMA	Pakistan Jute Mills Association
PPA	Pakistan Poultry Association
PQA	Port Qasim Authority
PSAA	Pakistan Shipping Agents Association
PVMA	Pakistan Vanaspati Manufacturers Association
RCCI	Rawalpindi Chamber of Commerce and Industry
SECP	Securities and Exchange Commission of Pakistan
TPPL	Tetra Pak Pakistan Limited
UNCTAD	United Nations Conference on Trade and Development
UOHL	Unilever Overseas Holdings Limited
UPL	Unilever Pakistan Limited



Quotable “quotes”

...my will.
...anything hereinbefore co
...children or any one or more of them
...shall attain (or who shall have
...of my said children surviv
...child or children then



Adam Smith

Social philosopher and a pioneer of political economy

Competition is the precondition that protects freedom of decision and action of self-interested individuals from leading to anarchy or chaos but rather to economically optimal, socially fair and desirable market results.



Eric Allison

Eminent British journalist

World trade means competition from anywhere; advancing technology encourages cross-industry competition. Consequently, strategic planning must consider who our future competitors will be, not only who is here today.



Arie de Geus

Leading expert in organisational learning

The ability to learn faster than your competitors may be the only sustainable competitive advantage.



Neelie Kroes

European Commissioner for Competition

Effective competition policy is a critical instrument for benefiting consumers.



Nancy Lopez

Prominent American professional golfer

A competitor will find a way to win. Competitors take bad breaks and use them to drive themselves just that much harder. Quitters take bad breaks and use them as reasons to give up.

Part ONE

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Organization in FOCUS



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Commission as on June 30, 2011



Chairperson

Ms. Rahat Kaunain Hassan

Ms. Rahat Kaunain Hassan is the Chairperson of the Competition Commission of Pakistan since July 26, 2010. Under her leadership, the Commission gained international repute for achieving substantive progress in competition law enforcement in a short span of time. Ms. Hassan has previously served the Commission as Member (Legal and Office of Fair Trading) since its establishment in November, 2007. Currently the Legal department and Corporate Affairs department is overseen by her as the concerned member. On completion of her first three-year term as Member, she was reappointed for another term in 2010 as Chairperson.

Ms. Hassan received her LL.M. degree from King's College, London, having concentrated her academic work on the law of international finance and international business transactions. She has been associated with, and has been a partner at, some of the finest civil and commercial law firms in Pakistan.

In 2001, Ms. Hassan was appointed General Counsel/Executive Director at the Securities and Exchange Commission of Pakistan (SECP). Soon after the conclusion of her tenure at SECP, Ms. Hassan established her own law firm, handling civil and commercial litigation and regulatory work. However, her commitment to public service resulted in her accepting the nomination as Member of the Competition Commission of Pakistan in November, 2007. As Member, she was instrumental in the establishment of the Office of Fair Trading within the Commission. She has authored numerous position papers, guidelines, policy notes on important issues of competition law and policy. Moreover, she has co-authored most of the seminal Orders passed by the

Commission, including those that resulted in breaking the most pernicious cartels.

Ms. Hassan has been a high achiever in her field, and in recognition of her commitment to the public service, she received the prestigious 'Women of Achievement Award, 2010'. She has also been nominated for the Sitara-e-Imtiaz.

Member

Mr. Abdul Ghaffar



Mr. Abdul Ghaffar, Member (Cartels, Trade Abuse and Exemptions), has served as senior officer of the Federal Board of Revenue. Mr. Ghaffar is associated with Pakistan's competition agencies since 2002. First, he served the Monopoly Control Authority as Member and was later appointed as a founding Member of the Competition Commission of Pakistan on October 2, 2007. On the completion of his first three year term, he was reappointed as Member for another term. In his first position as Member (Cartels & Mergers), he has taken several landmark decisions.

As a member of the Steering Committee for Competition Policy, headed by Secretary, Finance, he was actively involved in drafting the new competition law and restructuring the Monopoly Control Authority.

He has over 39 years of professional experience ranging from administration, public policy, finance, accounts, taxation, corporate law, strategic studies, and competition & consumer protection laws. Earlier in his career, he gained expertise in the international and extra-territorial dimensions of taxation laws while actively negotiating Pakistan's conventions of avoidance of double taxation of income with many countries. For over thirty years, he served in the Federal Board of Revenue in various capacities dealing with administration of all direct taxes (Income Tax, Capital Tax, Gift Tax, Capital Value Tax) as well as Sales Tax. He holds a B.Sc (Physics & Maths) degree from Govt. College Lahore. Subsequently, he obtained an LL.B degree from University College, Lahore and an M.Sc. degree from Quaid-e-Azam University, Islamabad. Before joining government service he was a practicing lawyer and a member of the Lahore District Bar.

Member

Dr. Joseph Wilson



Dr. Joseph Wilson, Member (Mergers & International Affairs), has over nineteen years of experience relating to practice, research, and teaching regulatory law. Dr. Wilson has served the Competition Commission of Pakistan as Member (Policy Planning, Research, Exemptions and International Affairs). On completion of his first three-year term, he was reappointed as Member for another term.

Prior to joining the Commission, Dr. Wilson was an Associate Professor of Law at the Lahore University of Management Sciences (LUMS), Pakistan, where he taught "Competition Law" in addition to other courses.

Dr. Wilson earned a Doctor of Civil Law (D.C.L.) with the Dean's Honour List and a Master of Law (LL.M.) degree from McGill University, Montreal, Canada, where he was a recipient of the Justice Greenshield Memorial Scholarship. He also holds an LL.M. from the University of Georgia, USA. He has presented at various international conferences, published in international law journals and authored a book titled Globalization and the Limits of National Merger

Control Laws, published by Kluwer Law International.

Prior to joining LUMS, Dr. Wilson taught at McGill's Faculty of Law, and held an administrative position at its Centre for the Study of Regulated Industries. He is a member of the State Bar of New York, USA and Lahore High Court Bar, and also serves on the International Advisory Board of the Loyola University's Institute for Consumer Antitrust Studies, Chicago, USA.



Member

Ms. Vadiyya Khalil

Ms. Vadiyya Khalil, joined the Competition Commission of Pakistan in February, 2010 as Member, Mergers & Acquisitions. She was given the additional charge of Advocacy in July 2010. Currently, she is Member Advocacy and Information Technology.

Ms. Khalil has over 20 years of rich and varied experience in corporate and commercial banking at international and national banks including Credit Agricole, ANZ Grindlays, MCB Bank Limited, Askari Commercial Bank and National Bank of Pakistan.

Ms. Khalil has taken upon leadership roles and has been contributory in the success of several key projects. Her last assignment prior to joining the Competition Commission of Pakistan was Chief Credit Officer and Country Head of Corporate Banking at Askari Bank. In the CCO role, she examined proposals from the Corporate, Commercial, SME and Investment banking sectors of the bank and was the Mandatory Signatory to the Head Office Credit Committee. She was also responsible for contestation and compliance issues with State Bank of Pakistan regulators.

She has a Masters Degree in Management Sciences from the University of Kent, United Kingdom and specialized in Corporate Strategy, Operations Research, Techniques of Management, Marketing and Global Modeling. In addition Ms. Khalil has studied Italian Language and Literature at the University of Perugia, Italy and holds a Diploma in French from Alliance Francaise, Paris.

She has also attended various courses on Leadership, Mergers and Acquisitions and Corporate Financial Statements.



Member

Mr. Mueen Batlay

Mr. Mueen Batlay, Member (Competition Policy and Research), has worked in the fields of investment banking, international development, consulting, education and public policy in Pakistan and abroad for over 20 years.

Mr. Batlay joined the Commission in January 2011, and is tasked with undertaking interdisciplinary research into competition policy and its application in Pakistan, which has significant policy relevance as it enables the Commission to assist the government in shaping a national competition policy. He is overseeing the

department's research agenda to produce policy notes, sector studies and assessments, and various other publications to assist the Commission in its work.

Prior to joining the Commission, he managed an investment advisory and a consulting firm, Capital Resource. His other work experience includes project finance advisory services and overseeing public-private partnership projects at Samba Bank, Pakistan. At the World Bank he worked for private sector development, privatisation, and global capital market development/. He advised the governments of Sri Lanka and Jordan on their respective privatisation programmes.

He has also been involved in the management of the public schools system for the city of Washington, DC where he worked to implement the District of Columbia's education policy. He initiated the student tracking and database management programmes.

His time in the Government of Sindh saw him focus on economic reform management and channel the efforts of numerous public-private taskforces tasked to develop and implement an economic reform programme for the province. At Citibank, he worked on privatisation advisory and on developing term finance certificates – the first corporate bonds issued in Pakistan.

Mr. Batlay holds a Master of Public Policy (MPP) with emphasis on international trade and finance from the Kennedy School of Government, Harvard University.

Member

Mr. Shahzad Ansar



Mr. Shahzad Ansar is the Member, Office of Fair Trade (OFT) and Budgetary Affairs. He is a private sector entrepreneur, with more than 27 years of experience in the fields of management, business development, project finance, and project management. His diversified experience includes working in the sectors of renewable energy, international trading, and manufacturing. Prior to joining the Commission, he was the CEO of Furniture Pakistan, a subsidiary of the Pakistan Industrial Development Corporation.

Mr. Ansar was also the CEO of a 116 MW thermal power plant, and the World Water Corporation, USA for its operations in Pakistan. He also oversaw and managed two industrial units from their inception to full scale operations.

He was actively involved in trading with companies based in Singapore, Malaysia, USA, Canada, and China. He has been involved in consultancy projects with different organisations in the fields of SME management, micro-finance, and energy.

His association with academics saw him associated with the Virtual University of Pakistan, established by the Government's Ministry of Information Technology, as a resource person. He developed and conducted courses on SME Management, International Business, Business Ethics, and Entrepreneurship for the university. He served as Dean of Management Sciences at the University of South Asia, Lahore, and as visiting faculty at the University of Central Punjab and Civil Services Academy, Lahore.

Mr Ansar holds an M.Sc. degree in Engineering Geology from the Institute of Geology at the University of the Punjab. He is a fellow of the Trinity College of Fellows, a certified SME manager in the Doctorate category from the Cambridge Association of Management. He has also undertaken certification courses from VU Nipomo, USA in the fields of intellectual property, personal finance and marketing.



Secretary

Mr. Mohammad Hayat Jasra

Mr. Mohammed Hayat Jasra, was appointed Secretary to the Commission on November 12, 2007, the date the Commission was established. Mr. Jasra is a Fellow Member of the Institute of Cost and Management Accountants; he is also a Member of the Institute of Charter Secretaries & Administrators, UK. He holds both a Master's Degree in Economics and an LL.B (Honours) degree.

He has served in various senior positions for the past 26 years. He worked with the Securities and Exchange Commission of Pakistan as its Secretary and Executive Director (Law). Mr. Jasra has rendered valuable services to the Competition Commission as Secretary and as a Legal Expert. Apart from his duties as Secretary, he assisted the Commission in the drafting of various Regulations and Rules framed under the Competition Act. He assisted the Commission in notifying all the important decisions in the Gazette of Pakistan.



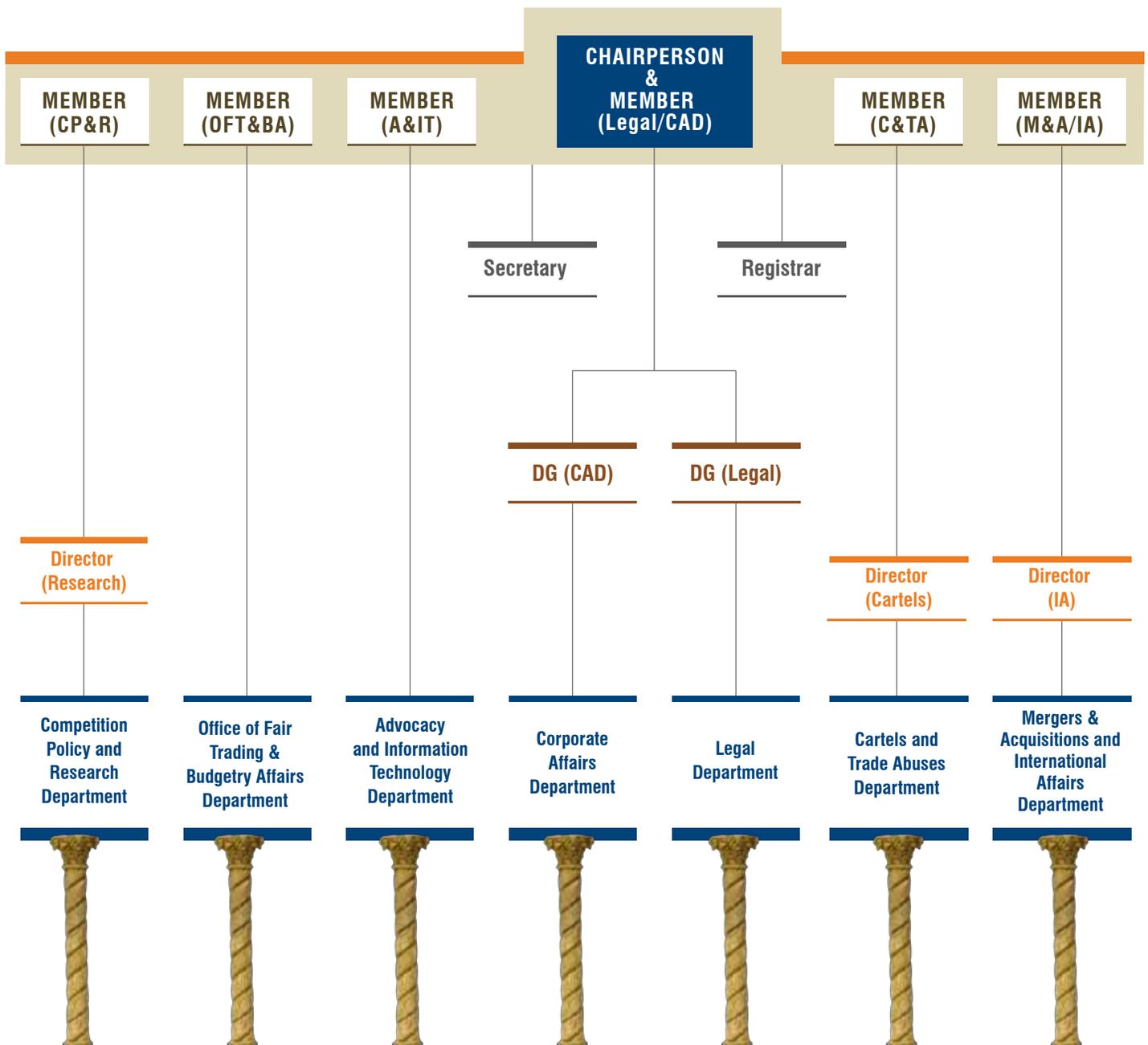
Registrar

Mr. Ikram-ul-Haq Qureshi

Mr. Ikram-ul-Haq Qureshi, the Registrar is also Director General (Legal) and currently holds the charge for Corporate Affairs Department (CAD). He is a lawyer by profession, with rich work experience in regulatory agencies as well as in both the public and private sector, in addition to teaching experience at the graduate level. In his capacity as Registrar to the Commission, he acts as focal point in respect of all proceedings undertaken by the commission in discharge of its functions under the Competition Act, 2010 and also manages the litigation filed by or against the commission before the courts. As Director General his responsibilities include assisting and providing legal opinions on various competition matters, leading the Office of Fair Trade(OFT) which ensures prevention of deceptive marketing practices and enforces section 10 of the Act. He has an LL.M (Corporate Law) degree, an LL.B (Honours) degree, and a graduate degree in Criminal Justice from the U.S..

Mr. Qureshi has over 15 years of experience in the fields of corporate law, regulatory law and project finance. Prior to joining the Commission, he served as Senior Legal Advisor to the Infrastructure Project Development Facility at the Ministry of Finance. He also worked as Deputy Legal Advisor at Pakistan Telecom Ltd (PTCL), and held the position of Joint Director (Law) at the Securities and Exchange Commission of Pakistan. He has also been associated with law firms of international repute, based in Islamabad. His teaching experience includes lecturing at the College of Financial and Management Sciences and as part of the MBA Program at Iqra University.

Organization Chart





Ministry of Finance

Primarily, responsible for the financial affairs of the Federal Government, the Ministry of Finance is responsible for the economic management of the country. The Ministry's domain covers financial matters that affect the country as a whole, such as preparation of the annual budget and supplementary budget statements for the consideration of Parliament, as assigned under the Rules of Business, 1973. In doing so, the Ministry focuses on broader areas relating to financial and fiscal policy including economic growth, economic stabilization, inflation, poverty reduction, public debt management and economic reforms. The Ministry maintains financial discipline through the financial advisors organization,

attached to each Ministry of the Federal Government. It also serves as the parent Ministry for administrative purposes of Federal agencies including the Competition Commission of Pakistan.

The Ministry strives to pursue sound and equitable economic policies, keeping Pakistan on the path of sustained economic development and macroeconomic stability, with a view to continuously improving the quality of life of all citizens through prudent and transparent public financial management. It is the shared vision of the Ministry of Finance and the Competition Commission of Pakistan to promote economic growth and to foster the necessary ingredients for a vibrant economy.



Dr. Abdul Hafeez Shaikh Federal Minister

Dr. Abdul Hafeez Shaikh is the Federal Minister for Finance and Economic Affairs. He is an eminent economist with over 30 years of experience in economic policy making, management and implementation.

Dr. Shaikh had a highly successful tenure as Minister for Finance, Planning & Development in the Sindh Province during 2000-2002. He was the architect of the financial recovery of Sindh, restoring financial discipline to the province and reducing taxes while increasing revenue collection and increasing

the budgetary allocation for poverty alleviation and the social sector.

He served as Advisor to the Prime Minister for Privatisation & Investment in 2002 to 2003. In recognition of his contributions to the country, in 2004 Dr. Shaikh was awarded Pakistan's "Man of the Year" by the business community. From 2003 to 2007, he served as the Federal Minister for Privatisation & Investment. In 2010, he was appointed as Advisor with Federal Minister rank to the Prime Minister on Finance, Revenue, Economic Affairs, Statistics and Planning & Development.

As a Member of the Senate of Pakistan, he was Chairman of the Senate's Committee on the World Trade Organization. Dr. Shaikh's international experience includes assignments in Saudi Arabia, Sri Lanka, Indonesia, Malaysia, Philippines, Thailand, Vietnam, Romania, Czech Republic, Iran, Kuwait, Argentina, Bangladesh, Jordan, Qatar, Malta, Botswana, Tanzania, Ghana and Libya. Dr. Shaikh is a Ph.D. in Economics and has many publications to his credit.



Ms. Hina Rabbani Khar Minister of State

Ms. Hina Rabbani Khar served as the Minister of State for Economic Affairs and Statistics, and then as Minister of State for Finance from 2008-2011. Subsequently, she served as Minister of State for Foreign Affairs, and currently serves as the Federal Minister for Foreign Affairs. She was twice selected as Member, National Assembly. She is the first Pakistani woman to have presented the budget speech in the National Assembly in 2009. She was appointed Minister of State for Foreign Affairs in 2011.

Ms. Khar is a businesswoman by profession; she holds a master's degree in Hospitality Management from the University of Massachusetts, Amherst, USA.

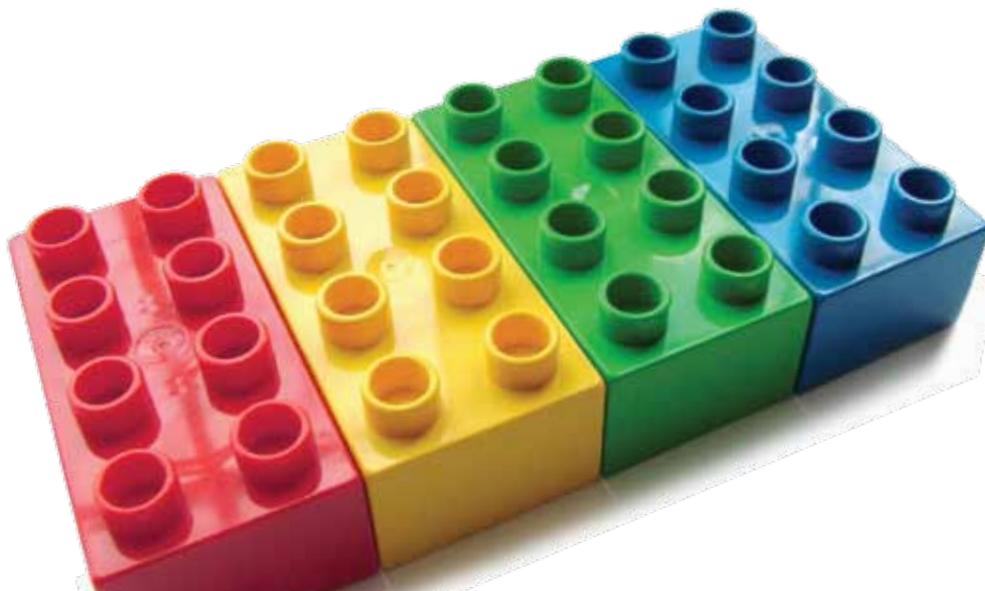


Dr. Waqar Masood Khan Secretary Finance

Dr. Waqar Masood Khan, Secretary Finance is an eminent economist and a seasoned bureaucrat. His professional experience includes a strong record in both the private and public sectors. He has closely worked with the Prime Minister, and has served on Pakistan's Economic Advisory Board, where he was responsible for Policy and Internal Finance.

Dr. Khan has an impressive academic and professional record. He is a Ph.D. in Economics from Boston University, USA, where he taught micro- and macro-economics as Assistant Professor. He has served in various leading positions in the banking and investment sector. During his service with the Government of Pakistan, he has held various senior positions including those of Secretary, Economic Affairs Division, Special Secretary to the Prime Minister, Secretary Finance, Secretary Textile Industry Division, Additional Secretary, Finance Division and Additional Secretary to the Prime Minister. Dr. Khan is also Chairman of Board's Finance Committee. He has authored several institutional and personal publications.

It is the shared vision of the Ministry of Finance and the Competition Commission of Pakistan to promote economic growth and to foster the necessary ingredients for a vibrant economy.



Organizational Structure

The Commission is presently organized into the following departments:

1. Commission's Secretariat
2. Cartels and Trade Abuses
3. Legal
4. Corporate Affairs
5. Mergers, Acquisitions and International Affairs
6. Competition Policy & Research
7. Advocacy and Information Technology
8. OFT & Budgetary Affairs

I. COMMISSION'S SECRETARIAT



The Commission's Secretariat has been established pursuant to the Competition Commission (Conduct of Business) Regulations, 2007. Its mandate includes overseeing the conduct of business of the Commission in accordance with the approved procedures. The powers and duties of the Secretary to the Commission include, inter alia, issuing notices and minutes of meetings of the Commission, representing the Commission at any forum as authorized by the Commission, and certifying the decisions or documents used in hearings by the Commission. The Chairperson may assign other powers and duties to the Secretary based on organizational exigencies. The common seal of the Commission remains under the safe custody of the Secretary.

During the year, the Commission held 21 meetings in which important decisions were taken, in accordance with the statutory provisions of the Competition Act, 2010 (hereinafter the "Competition Act" or "Competition Law"). The Act is an enabling law, and its effective enforcement requires suitable regulations and rules. In the past year, the Commission reviewed the previously issued regulations relating to Merger Control, General Enforcement, and Service Regulations. After eliciting input from the public, these regulations were suitably amended and notified.

In future, the Department intends to Focus on relatively unexplored areas of public procurement, bid rigging, collusive tendering and other similar Section 4 violations.

2. CARTELS AND TRADE ABUSES DEPARTMENT

Two departments, i.e. Monopolies & Trading Abuses and Cartels & Investigation, were merged to form the Cartels and Trade Abuses Department. The Department conducts enquiries and investigations for possible contraventions of Section 3 and Section 4 of the Competition Act, including inter alia:-

1. Abusive practices of dominant undertakings, such as limiting production or sales, making unreasonable increases in price, imposing other unfair trading conditions, engaging in unfair price discrimination, predatory pricing, tying the sale certain goods to the sale unrelated goods, boycotting suppliers and refusals to deal .
2. Entering into prohibited agreements, including cartelization and collusive behaviour relating to the production, supply, distribution, acquisition or control of goods or the provision of services that may have the object or effect of preventing, restricting, reducing or distorting competition.

In future, the Department intends to:-

- Focus on relatively unexplored areas of public procurement, bid rigging, collusive tendering and other similar Section 4 violations.
- Be vigilant in matters regarding the conduct of dominant undertakings for potential violations of Section 3 and monitor the conduct of trade associations for suspected cartelization
- Focus on capacity building of the Department, especially in the areas of detection of cartels, digital evidence gathering, quantitative analysis and other investigation skills.
- Build up a coordination and information sharing mechanism with other competition/ antitrust organizations in other countries.



3. LEGAL DEPARTMENT

The Department plays a pivotal role in enabling the CCP to shape, implement and enforce competition law in Pakistan. The Legal Department provides legal advice and services to all other Departments of the CCP, and is thus a critical actor in helping the CCP towards achieving its objectives and fulfilling its obligations as a statutory body. Importantly it does not restrict itself to advisory role but invariably assists the Commission in conducting inquiries and carrying out search and inspections.

The Legal Team

The Legal Department comprises a team of dedicated and dynamic lawyers coming from diverse backgrounds, ranging from experience in regulatory authorities to in-house counsel and litigation experience in leading law firms. This diverse team has embraced the challenge of working in an emerging area of law, and is cognizant of the importance of its work in shaping the practice and defining the contours of competition law in Pakistan.

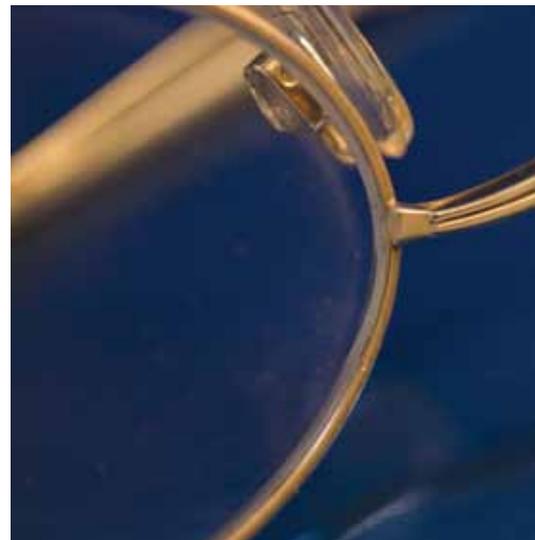
Functions and Responsibilities

The Department's functions and responsibilities include, inter alia, managing the legal affairs of the CCP, researching and staying abreast of competition law developments in mature jurisdictions, providing legal advice and assistance to operational departments and undertakings on matters pertaining to the Competition Act. The Legal Department also serves as a liaison with the Federal Government, its Ministries, and other regulatory authorities.

The CCP has been vested by the Act with requisite powers to prescribe Rules and Regulations relating to its functions and activities. The Legal Department is entrusted with the responsibility of drafting and proposing such secondary legislation and vetting it to ensure its compliance with the law. Mindful of its role in an ever-changing economic context, the Legal Department has assisted the CCP in consistently reviewing and revisiting the various Regulations. This conforms with the CCP's aim of continuously improving upon the law, to ensure that Pakistan remains at the cutting edge of competition law innovations, while tailoring the law to its unique indigenous corporate and legal environment.

Office of the Registrar

The Office of the Registrar is housed in the Legal Department. This office issues show cause notices, arranges hearings and assists the Original and Appellate Benches of the CCP by providing administrative and legal support. The Registrar has been authorized to represent the Commission as its official spokesman in litigation matters before the various courts of Pakistan.





Litigation involving the CCP: Role of the Legal Department

As per the Competition Act, the decisions of the Commission are subject to judicial review. The undertaking concerned may avail the remedy of appeal before the Competition Appellate Tribunal once it is established. Presently, the undertaking may approach the High Courts for appealing the Commission's decisions and for making potential constitutional challenges. The Legal Department prepares pleadings to be filed in all litigation-related matters. During the last year, a number of companies to whom show cause notices were issued, challenged the constitutionality of the Act before the High Courts. In defending itself against such constitutional challenges, the Commission is being represented by external counsel, including senior Supreme Court practitioners. However, both the Chairperson and the Registrar work closely with external counsel in developing the litigation strategy in defending such cases.



Exemptions (Prohibited Agreements) under Section 5 of the Act

The Competition Act recognizes that certain practices or agreements that would otherwise be prohibited may provide an overall benefit to consumers, such as improving production or distribution, and making technological developments that would outweigh the adverse effect of decreased competition in the market. Thus, the Act makes provision for undertakings to apply for exemptions, should the pro-competitive effects of a prohibited practice or agreement be deemed advantageous. One of the responsibilities of the Legal Department is the initial processing of such exemptions applied for by undertakings under Section 5 of the Act. These exemption applications are initially processed by the Legal Department, following which the Member (C&TA) makes the final decision regarding the grant of exemptions.

Future Agenda of the Legal Department

The CCP's Legal Department takes seriously its commitment to maintain the standard of excellence and promoting unimpeachable ethical values, by assisting the Commission in making its mark as a vigilant investigator and enforcer of competition law in Pakistan. At the same time, the Legal Department recognizes that the competition law in its latest incarnation is relatively new to Pakistan. Therefore, there is a need to work in partnership with the corporate sector to ensure promotion of competition in the interest of innovation, corporate best practices and consumers' protection. To improve compliance, and with the ultimate goal of protecting consumers, the Legal Department is working on Exemption Guidelines and Guidelines on Predatory Pricing. To keep abreast with new developments and findings in competition law in more mature jurisdictions, the Legal Department is continuously engaged in research and is compiling an internal handbook of important precedents and seminal cases in the EU and the US to facilitate an understanding of the jurisprudential underpinnings of the competition law.

The Legal Department is dedicated to providing the Commission with excellent legal support and assisting the Commission in ensuring that anti-competitive practices are reduced in Pakistan, by encouraging greater compliance with the Act.

4. CORPORATE AFFAIRS DEPARTMENT

The Corporate Affairs Department (CAD) has a supportive role in the CCP's functioning. It handles matters pertaining to the internal operations of the CCP namely, Administration, Accounts, Information Technology and Human Resources.

Under new leadership, major emphasis is placed on the improvement of the facilities, policies and procedures. Prominent improvements have been made in the areas of policy formulation, staffing and computerized information system. Although the CCP is still operating under significant financial constraints, it has been operationally active, judiciously deploying limited resources as optimally as possible.

i. Administration Wing:

The Administration wing is tasked with providing administrative and logistical support to the Commission and its employees. Its mandate includes (i) general office management, (ii) transport management, (iii) assets management, and (iv) security and safety.

Salient achievements of the Administration are as follows:

- The Commission's office has been shifted to Islamabad Stock Exchange Towers, and a conducive work environment has been created.
- Office equipment has been added to the CCP's inventory, providing a collegial professional environment for the staff and has helped increase efficiency.
- A court room has been established for CCP hearings in the office premises.
- A 'Day Care Center' with all modern facilities has been established as a welfare measure for the benefit of working mothers in the CCP.
- Various SOPs have been upgraded in line with modern requirements of the CCP.
- New furniture has been purchased according to the requirements of the CCP.
- The filing system has been upgraded using state of the art technology.

The Administration is tasked with providing administrative and logistical support to the Commission and its employees.





Accounts and internal controls are given the utmost importance by the management, and a number of initiatives have been taken that have produced tremendous results within a short span of time.

ii. Accounts Wing:

Accounts and internal controls are given the utmost importance by the management, and a number of initiatives have been taken that have produced tremendous results within a short span of time. A culture of transparency and fairness in all financial matters is promoted. There is an increasing emphasis on cost control, and greater vigilance with respect to limiting unnecessary expenditures, which has become more important due to the chronic paucity of funds available to the CCP.

The salient achievements of the Accounts Department are as follows:

- Operating costs were reduced by over approximately 35% (excluding salaries) as compared to the preceding financial year.
- Shifting of office premises from the Diplomatic Enclave, Islamabad, to a downtown location at ISE Towers in the Blue Area has resulted in cost savings of approximately Rs. 30 million per annum in terms of travel cost savings, rent expense savings and other incidental expenditures.
- Mismanagement of over 10-million unveiled and substantial amount recovered as a result of disciplinary proceedings initiated against responsible employees.
- The Accounts Department was completely segregated from the Administration Department to separate the two distinct functions.
- The capacity of the Accounts Department was strengthened, and a qualified and experienced chartered accountant was hired to head the Department.
- Inter-departmental transfers were made to the Accounts Department of people with relevant skill sets and qualifications, rationalizing the work force.
- A manual on Accounting Policies and Procedures covering all areas of financial operations was prepared, approved and implemented by the CCP.
- Compliance with applicable tax laws has been ensured.
- Physical verification of all the assets of the CCP was undertaken.
- Completion of statutory audit in the stipulated time of 60 days of the end of the financial year.
- Timely saving of e-returns and timely deposit of withholding tax.
- Rescheduling of loans and advances to ensure complete recovery within the stipulated time.

iii. Human Resources Wing:

The HR wing of the CCP is involved in planning and assessment of the number of employees and the skill mix that will be needed in the future. The HR Department is also involved in reviewing, designing and drafting the job description for current and prospective vacancies. One of the most important functions of HR Department is to recruit the best talent for the organization. This is of crucial importance as the success of any organization depends on the quality of its workforce. Once an employee is recruited, the Department reviews his or her performance on a regular basis through performance appraisals. In order to improve the efficiency level of CCP officers and staff, each employee is required to undertake relevant trainings and development programs. All trainings and development needs are carried out by this Department.

- The officers and staff have been trained mainly through courses and workshops, to increase efficiency and improve the quality of output.

- A performance appraisal system has been implemented that enables the Commission to focus on staffing being firm, fair and helpful, shouldering responsibility, taking initiative, and being responsive, both within the organization and externally.
- A high performance corporate culture is being implemented through the skillful management of the Commission's human resource. High performance usually needs a strong differentiation among groups of employees to provide a significant benefit to the best employees, and to push low performers to reach the expected level of the performance.
- The human resource of the Commission has been strengthened through fresh hiring of top of the line professionals in different operational departments.

A high performance corporate culture is being implemented through the skillful management of the Commission's human resource.

5. MERGERS & ACQUISITIONS AND INTERNATIONAL AFFAIRS DEPARTMENT

The functions and responsibilities of Mergers & Acquisitions and International Affairs Department (M&A and IA) include detection of merger and acquisition cases from newspaper reports, stock exchange websites, and directly from the SECP, and the review of mergers and/or acquisitions of shares or assets, including joint ventures, pursuant to Section 11 of the Competition Act. To facilitate those undertakings contemplating a merger or acquisition that want to get an informal and non-binding view of the Commission, the Department operates "Acquisitions & Mergers Facilitation Office" (AMFO). The Merger & Acquisition Department has dealt with a large number of cases of mergers, acquisitions and joint venture agreements. The procedure adopted by the Department for examining the application and issuance of a No Objection Certificate (NOC) is very transparent and is operated expeditiously by experts working in this Department. In spite of an accelerated time frame of 30 days for the first phase review, cases are typically finalized and an NOC is issued within a few days, except cases where additional information is required.



Office of International Affairs

The Office of International Affairs (OIA) is actively involved in various working groups of the International Competition Network (ICN), specifically in the Working Groups on Cartels and Agency Effectiveness. This office also contributes to the workings of the Organization for Economic Co-operation and Development (OECD) and United Nations Conference on Trade and Development (UNCTAD).



6. COMPETITION POLICY & RESEARCH DEPARTMENT

Since the inception of the Commission, research and analysis of the markets has remained a key component of the CCP's approach to promote free competition, besides active law enforcement, consultations and advocacy. Realizing the growing importance of research in the area of competition policy and law,

this Department was created in 2011. Prior to this, the research function was a part of the Policy Planning, Research, Exemptions and International Affairs Department.

The Competition Act requires the CCP to conduct research and review policies as per the following sections of the law:

- Section 28 (Functions and Powers of the Commission) requires the Commission to conduct studies for promoting competition in all sectors of commercial and economic activity; and
- Section 29(b) (Competition Advocacy) mandates the Commission to promote competition through reviewing policy frameworks for fostering competition and making suitable recommendations.

The Department aims to support the CCP in ensuring free competition in all spheres of commercial and economic activity so as to enhance economic efficiency and to protect businesses and consumers from anti-competitive behaviour. The Department's rigorous research and market studies program helps identify anti-competitive factors and market practices, and propose appropriate remedies for those sectors of the economy which are subject to an anti-competitive environment.

Future Agenda of the Department

The Department plans to continue to further strengthen its efforts to conduct strong conceptual and applied research at the CCP. It plans to look into particular sectors and problematic situations to determine the dynamics at work, and to develop recommendations and obtain support from different stakeholders in achieving the objectives of the CCP. The sectors, it wishes to focus on include Energy, Textiles, and Dairy/Food.

The Department shall work with businesses to identify competition impediments, with consumers and consumer organisations to better inform them about its work and the role such stakeholders could play to highlight anti-competition concerns, and with the Government by providing advice on policy matters.

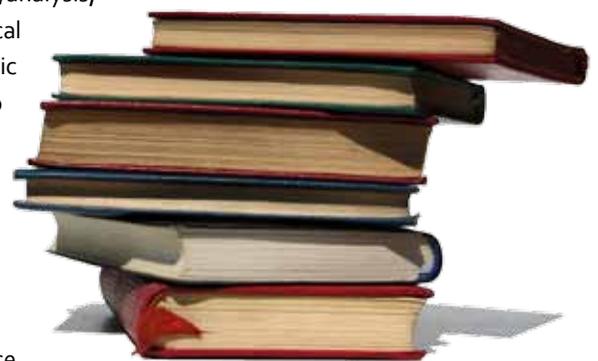
The Department will attempt to mobilize outside talent towards research in competition law and policy by initiating the following activities on a regular basis:

- Guest Lecture Program inviting leading practitioners and academics to discuss various facets of competition law and policy.
- Seminar Series involving academia and policy makers in producing applied research, analysis and recommendations on the content, methodologies and application of competition policy.
- Competition Research Forum (CRF) will aim to identify areas for debate/analysis, thus leading to policy initiatives. It will be a forum to deliberate upon practical application of competition policy by economists, business owners, public servants, consumer organisations and other professionals. Subject to availability of funds from internal or external sources, the CRF will invite competition agencies of various jurisdictions to present case studies and share new research. This will provide an opportunity to learn new and effective research techniques.

Information Resource Centre

The CP&R Department also manages the Commission's Information Resource Centre (IRC). At the time of establishment of the Commission, library resources of the Monopoly Control Authority were passed on to serve as the beginning inventory for the Commission's Library. After processing and preparing proper records, all the library volumes were managed by adopting the standardized library parameters. The library was renamed as Information Resource Centre (IRC) in 2010, and given a broader mandate to transition from a static library to an interactive and dynamic resource and reference centre. Under the supervision of the CP&R Department, the IRC took several initiatives to support Commission's employees by providing them with quality, convenient, timely and affordable access to the most relevant and focused information resources and research services.

The Department aims to support the CCP in ensuring free competition in all spheres of commercial and economic activity so as to enhance economic efficiency and to protect businesses and consumers from anti-competitive behaviour.



Competition advocacy is about the promotion of competition through means other than law enforcement.

7. ADVOCACY & INFORMATION TECHNOLOGY DEPARTMENT

Competition advocacy is about the promotion of competition through means other than law enforcement. Advocacy efforts are necessary to maximize voluntary compliance; therefore, the CCP strives to sensitize key stakeholders regarding the need for and importance of a fair competition milieu in the country. This sensitization of the stakeholders, including the public and private sector, legal community, academia, media, and the government, is being carried out through a well-articulated advocacy strategy developed by the Commission's Advocacy Department. Section 29 of the Competition Act, requires the Commission to engage in advocacy through various means in order to create an awareness of competition issues and to promote a culture of competition in the country. In pursuance of this objective set out in the Competition Act, the Commission has actively engaged itself in advocacy. Extensive and focused advocacy efforts include national and international conferences, seminars, training workshops, roundtables, media appearances, sessions of the Competition Consultative Group and bilateral meetings with sector regulators.

A multi-pronged advocacy strategy has been adopted by the Commission that focuses on achieving the following objectives:

- To create awareness and understanding about the Competition Act;
- To advocate and defend the need and importance of competition law for a fair and balanced economy amid strong opposition from certain business interests affected by the implementation of the law;
- To project the actions taken by the Commission.

The long term goals of the Advocacy Department entail increasing voluntary compliance with the law in public and private sector undertakings, awareness creation about the competition law, and promoting competition in developing countries by hosting international activities including conferences and workshops to share best practices.

Information Technology

The IT team manages and supplies all IT-related services to support the Commission's technology mission of increasing productivity and efficiency of its employees. During the year, the Department successfully created a flexible technology environment, capable of accommodating rapidly changing business needs.

The Department is organized into three program areas: Enterprise Application Services, Enterprise Operational Services and Enterprise Design/Multimedia Services.



The inclusion of OFT within the Commission provides the recognition that the Commission is a holistic competition agency, enabling it to spear-head awareness pertaining to consumer rights.

8. OFFICE OF FAIR TRADE (OFT) & BUDGETARY AFFAIRS

While the CCP promotes consumer protection indirectly through ensuring fair competition that is translated into lower costs, lower prices and protection from any other exploitative conduct, the OFT, enables the Commission to engage in direct consumer protection from misleading and deceptive marketing practices.

The OFT was formally established as a separate department recently and continues to share resources with the Legal Department. Prior to its independent status, it was a part of the Legal Department. The purpose of establishing the office of OFT was to enhance the link between the Commission and the consumer and establish a focal point for identifying and providing solutions to issues which pose or may potentially pose problems for the consumers.

Generally, the OFT operates as an independent Competition Agency. In UK, the Competition Commission initiates all inquires following concerns referred to it by another agency, usually the Office of Fair Trade. In Australia, the Office of Fair Trading safeguards consumer rights and advises businesses and traders on fair and ethical practice. In Taiwan, as well as in the UK, the OFT in addition to ensuring fair competition, seeks to maintain trading order, protect consumers' interests, and promote the stability and prosperity of the economy as a whole.

Essentially, the Commission, through this department aims at redressing "deceptive marketing practices" - one of the salient features of the Competition Act, to which the public needs to be acquainted with. One of the objectives of the Commission is to create a business environment based on healthy competition and protecting consumers from anti-competitive practices, as envisaged in the preamble of the Act, and therefore, establishing the OFT would round off and complete the picture of the competition agency in Pakistan. In fact, it would further pave the way to create consumer awareness thus enabling the Commission to handle individual as well as group/class grievances on account of "deceptive marketing practices" with the objective of making markets work better for consumers and to ensure fair dealing in businesses.

OFT comprises a small hardworking team dedicated to the goal of building consumer confidence, facilitating informed consumer decision-making and giving aggrieved consumers recourse to corporate deception.

Budgetary Affairs:

Budget preparation is basically the function of Administration Department. Annual budget of the Commission is prepared and monitored in light of the Competition Commission (Expenditure and Investment) Regulations, 2007. The recognized principles of budget are adhered to, while completing the budgetary process. Professional advice and support is provided for the identification, apportionment and utilization of the financial resources of the Commission to enable it to sustain its commitments within the parameters of approved financial plan.

Financial resources of the Commission which comprise 'receipts' of the budget are consolidated under the 'CCP Fund' established under the Act. The receipts which constitute the Fund mainly include, (i) allocations by the Government; charges and fees levied by the Commission; contributions from local and foreign donors; and a percentage of fees and charges levied by other regulatory agencies in Pakistan as prescribed by the Federal Government. The Commission has not, so far been benefited by the 3% of the fees and charges of other regulatory agencies as prescribed by the Government. Resultantly, the budget receipts chiefly comprise the allocations of the Government. In view of scarcity of funds, a separate Department named 'Budgetary Affairs' has been created within the Commission and is working under the supervision of a Member of the Commission. Its main role is to arrange funds for the budgetary requirements of the Commission, within the statutory provisions of the Act.



Part TWO

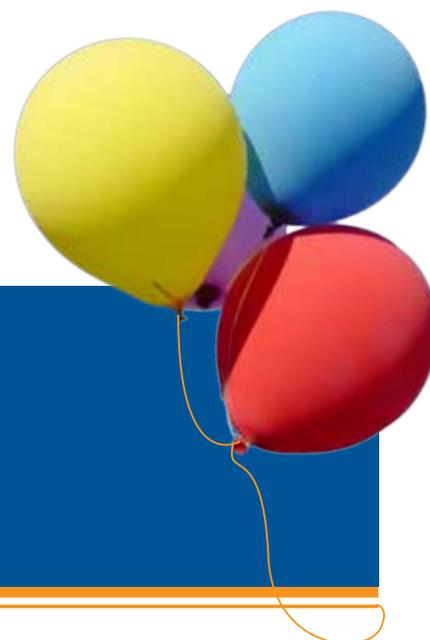
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Enforcing Competition Law

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Highlights of Achievements



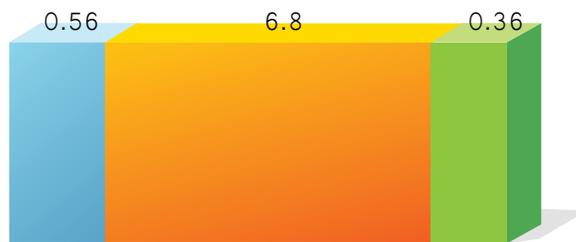
During the year, CCP has issued show-cause notices to various undertakings, conducted 23 hearings, and issued a number of decisions of major significance regarding various aspects of competition law. Most of the decisions have made substantial contributions to the development of competition law jurisprudence in Pakistan. The following decisions were taken:

1	Pakistan Vanaspati Manufacturers Association Order	30 June 2011
2	Engro Vopak Terminal Ltd. Order	29 June 2011
3	Implementation agreement entered into between PQA and EVTL	29 June 2011
4	Pakistan Ship's Agents Association Order	22 June 2011
5	PESCO Tender Order	13 May 2011
6	RITS Incorporation Order	11 May 2011
7	M/s. Cinepax Ltd Order	28 Mar 2011
8	Wateen Telecom & Defence Housing Authority Order	22 Mar 2011
9	Acquisition of Wind Telecom s.p.a by Vimpelcom Ltd Order	17 Mar 2011
10	Pakistan Jute Mills Association and member mills Order	03 Feb 2011
11	M/s. Fauji Fertilizer Company Ltd Order	26 Jan 2011
12	M/s. Pakistan Poultry Association Order	16 Aug 2010
13	M/s. Ace Group of Industries Order	16 Aug 2010
14	M/s. Tetra Pak Ltd Order	13 Aug 2010
15	Dredging Companies Order	23 July 2010
16	Fertilizer Companies Order	23 July 2010
17	Takaful Pakistan Ltd & Travel Agents Association of Pakistan Order	23 July 2010
18	Bahria University Order	21 July 2010
19	Fauji Fertilizer Company, Fauji Fertilizer Bin Qasim Ltd Order	16 July 2010

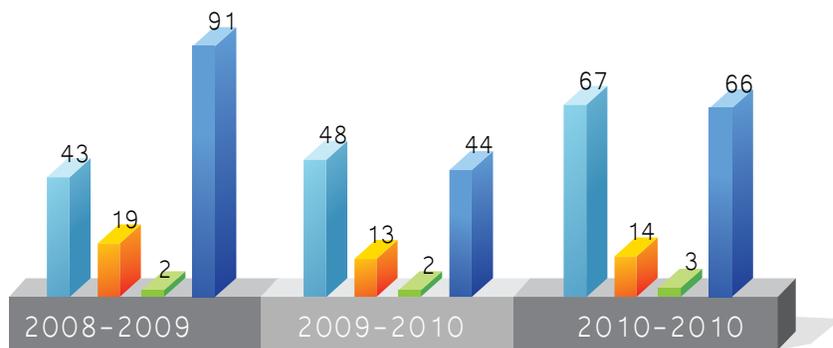
CCP Proceedings Resolved (NUMBER OF CASES)



CCP Approvals Granted (AMOUNT IN BILLIONS)



CCP Approvals Granted (NUMBER OF CASES)





Breaking Cartels, Tackling Price Fixing and Prohibited Agreements

The following is an overview of the anti-competitive practices unearthed by the Cartels and Trade Abuse Department of the Commission.

PESHAWAR ELECTRIC SUPPLY COMPANY (PESCO) TENDER- COLLUSIVE BIDDING

CCP on its own initiated an enquiry after reviewing the historical data related to PESCO's tenders that raised a suspicion of collusive bidding in a particular tender for the procurement of high and low tension pre-stressed concrete poles. The inquiry concluded that four out of five undertakings, namely Nam International (Pvt.) Limited, Amin Brothers Engineering (Pvt.) Limited, Creative Engineering (Pvt.) Limited, M.R. Electric Concern (Pvt.) Limited, and Redco Pakistan Limited entered into a joint venture agreement to collectively bid for the tender, while the fifth submitted a cover bid to give the impression of competitive bidding. CCP issued show cause notices to these five undertakings. After hearing all the parties, CCP issued a decision that all five undertakings had violated Section 4 of the Competition Act, 2010 by participating in a collusive bidding arrangement to secure a PESCO tender in 2009. A penalty in the sum of PKR 10 million was imposed on the five undertakings involved in collusion.

PAKISTAN JUTE MILLS ASSOCIATION & MEMBER JUTE MILLS (PJMA)—CARTELIZATION

CCP, as part of its initiative to detect bid rigging in public procurement, sought information from the Pakistan Agriculture Storage and Supply Corporation Limited (PASSCO) regarding tenders and bidding over the last few years. Scrutiny of the information received from PASSCO raised suspicion of bid rigging. CCP, taking suo moto notice of the information, initiated an enquiry by appointing an Enquiry Committee and also authorized its officers to conduct search and inspection of Pakistan Jute Mills Association's (PJMA) office under Section 34 of the Act. The Enquiry Report concluded that the PJMA served as a forum where the member jute mills entered into an agreement, with respect to the production and pricing of Pakistan Grain Sacks (PGS) that were tendered to public procurement agencies, in violation of Section 4 of the Act.

Show cause notices were thus issued to the PJMA and its member mills. After hearing the parties, the Commission Bench concluded that based on the evidence on record and the admission of the jute mills, an agreement existed between the Jute Mills with regard to the production, supply and pricing of PGS to procuring agencies, which amounted to collusive bidding for tenders in violation of the Act.

The Bench took into consideration the admission of PJMA and jute mills that their actions had inadvertently caused non-compliance with the Act. A total penalty of PKR 23 million was imposed on PJMA and 10 jute mills engaged in collusive activities.

The Bench took into consideration the admission of PJMA and jute mills that their actions had inadvertently caused non-compliance with the Act.

PAKISTAN POULTRY ASSOCIATION (PPA)—CARTELIZATION

CCP took notice of media reports regarding an unprecedented hike in the prices of poultry products and possible cartelization, and initiated a suo moto enquiry. CCP also authorized its officers for search and inspection of Pakistan Poultry Association's (PPA) offices. The Enquiry Report concluded that there was, prima facie, a violation of Section 4 of the Act by the PPA. Based on the recommendations of the Enquiry Report, PPA was issued a show cause notice.

CCP's three member Bench heard all the parties at length. It was observed that the PPA had taken various decisions through its central and zonal committees and sub-committees which had the object or effect of restricting, reducing, preventing or distorting competition through price fixing and production control in the relevant markets of parent stock, day old chicks, broiler chicken, table eggs and poultry feed. The Bench passed an Order in which it imposed a penalty of Rs. 50 million on PPA for violation of Section 4 of the Act.



PAKISTAN VANASPATI MANUFACTURERS ASSOCIATION (PVMA) —CARTELIZATION

A 'Cooking Oil and Ghee' sector study carried out by the CCP, and information collected through other sources indicated anti-competitive practices by the Pakistan Vanaspati Manufacturers Association (PVMA) and its members. Based on the information available to CCP, it deemed it appropriate to search and inspect the offices of the PVMA and conduct a formal enquiry. The Enquiry Report concluded that PVMA had been involved in price fixing, prima facie in violation of Section 4(2)(a) of the Act and had also discriminated between its members and commercial importers by charging two different rates of invoice verification, potentially also violating Section 3(3)(b) of the Act. Based on the findings of the Enquiry Report, CCP issued a show cause notice to the PVMA.

The Commission Bench observed that PVMA has played a significant role in fixing the price of ghee and cooking oil. Prices were regularly discussed in the meetings of PVMA. Costing was also prepared by PVMA and then active negotiations were undertaken between PVMA and the Government to fix the price of these two cooking staples. Once the price was fixed, all PVMA members were directed to follow the decision of the Association. The Bench reiterated CCP's view taken in a number of its Orders already passed that it is not the mandate of an association to deliberate on commercially sensitive information. The Bench maintained that the Government's engagement with the PVMA, instead of individual manufacturers, to discuss the price is against the norms of competition law. However, the Bench held that there was nothing on record to prove involvement of the Government in fixing the price of cooking oil and ghee, as had been portrayed by the PVMA. The demand on behalf of the Government for a reduction in price, in the wake of the decline in the import price of edible oil used as the raw material in the manufacturing of ghee and cooking oil seemed legitimate. The Bench emphasized that the Government did not fix the price, but rather it urged the manufacturers to reduce prices.

On the other issue of charging two different rates to manufacturers (PVMA members) and commercial importers (non-members) for invoice verification of the same product, i.e. edible oil, the Bench held that the objective justification offered by the PVMA for such discrimination was not satisfactory. This justification could have been valid were the services provided originally as part of the mandate of the Association. However the services in question were those allowed to the PVMA by a third party, i.e. the Customs Authority. The Bench found PVMA guilty of violating Section 4 of the Act, and imposed a penalty of PKR 50 million. The bench also found PVMA guilty of violating Section 3 and directed it to cease the discriminatory behavior with immediate effect. In the case of non-compliance, the Bench indicated that it would hold PVMA liable to pay a fine of PKR 1 million for each day of default.



PAKISTAN SHIPPING AGENTS ASSOCIATION —CARTELIZATION

CCP received information from the Pakistan Paper Merchant's Association indicating that the PSAA may be involved in collusive practices. On enquiring from PSAA, it was learnt that PSAA recommends ancillary charges pertaining to shipping services. CCP conducted an enquiry and authorized a search and inspection of PSAA's premises. The Enquiry Report concluded that PSAA, by recommending a range of charges to its members to levy on ancillary shipping services had prima facie violated Section 4 of the Act. A show cause notice was served on the PSAA. During the hearing, PSAA contended that it was constantly pressurized by the government to regulate prices, and expressed its desire to conform to the competition law. The PSAA gave an undertaking to pass a resolution affirming its commitment to adhere to the Act and to refrain from taking any decision in violation of the law. The Commission Bench appreciated PSAA's cooperation, but held that governmental pressure was not binding and hence did not qualify as state action defense, imposing a token penalty of PKR 1 million on PSAA.

DEFENSE HOUSING AUTHORITY (DHA) AND WATEEN TELECOM LTD—EXCLUSIVE AGREEMENT

Upon preliminary investigation, it was found that the exclusive agreement between Wateen Telecom and DHA, Lahore, restricted the choices of the residents of DHA. The agreement gave Wateen Telecom the sole and exclusive right to procure, provide, install, and set up telecommunication equipment and the sole right to establish its network infrastructure within the DHA, Lahore, in violation of Section 4 of the Act. Furthermore, at the termination of the exclusive agreement after 30 years, Wateen would also have the first right of refusal, potentially gaining another exclusive arrangement. The CCP issued show cause notices to DHA and Wateen Telecom for, prima facie, violation of Section 4 of the Act.

DHA admitted before the Bench that the agreement between DHA and Wateen Telecom violated Section 4 of the Act, and expressed its willingness to modify the agreement in accordance with the law. On the other hand, Wateen argued that the arrangement between Wateen and DHA did not have the effect of restricting other service providers to provide services within the DHA sector. The residents of DHA could avail services from any other service provider using wireless technology and the exclusivity granted to Wateen only pertained to the right of way. Wateen also submitted that the exclusive arrangement for 30 years would qualify for an exemption under Sections 5 and 9 of the Act, as Wateen had made significant infrastructure investments, offered competitive rates, deployed a superior quality network, installed a cable which had a life of thirty years, and argued that significant environmental hazards would occur if other parties were permitted to lay their own cables or were allowed to share Wateen's. It was concluded by the Bench that due to the inherent nature of the services provided by using wireless technology, no service provider could be excluded from the DHA region. However, the exclusivity granted in respect of the right of way led to restricting other service providers that wished to provide telecommunication and media services through a fixed line cable from doing so in the DHA sector. In respect of the justifications submitted by Wateen for the grant of an exemption, the Commission found that the criteria provided in Section 9 had not been met.

A penalty of PKR 10 million and PKR 5 million was imposed on DHA and Wateen Telecom respectively. The parties were reprimanded that continuing the breach would make the parties liable to pay a maximum penalty of PKR 1 million for each day default. Furthermore, the agreement between DHA and Wateen was declared to be in violation of Section 4 of the Act and thus of no legal effect. Accordingly, the grant of an exemption in respect of such exclusivity was denied.

CONCESSION AGREEMENT BETWEEN ENGRO VOPAK TERMINAL LIMITED (EVTL) AND PORT QASIM AUTHORITY

CCP took suo moto notice of exclusive rights granted to EVTL through a concessionary agreement entered into between Port Qasim Authority (PQA) and EVTL to handle and store all liquid chemicals at Port Qasim for 30 years. This agreement appeared to have an object or effect to prevent, restrict and reduce competition within the relevant market. Show cause notices were issued to PQA and EVTL for, prima facie, contravention of Section 4 of the Act.

During the hearing, EVTL raised the objection that the Act was not applicable on the Concession Agreement as it was executed prior to promulgation of the Act. It was noted that 30 years is a maximum time length of an agreement allowed to a concessionaire. This aspect was not interfered and the bench was not inclined to do so generally in cases, where agreements have been entered into prior to the competition law coming in force. To quote Lord Goff "we are there to oil the wheels of commerce and not to put a spanner in the works". However, under no legal system maintaining commercial certainty and ensuring contractual sanctity is absolute. On the other hand, PQA filed an application under Section 5 to seek exemption in respect of the Concession Agreement during the course of hearing. As a threshold question, the Bench held that all agreements entered into prior to promulgation of the Act but which continue to have the object or effect to restrict competition within the relevant market, fall within the purview of Section 4 of the Act and are required to seek exemption under Section 5. Thus, a penalty of PKR 10 Million was imposed on EVTL for its failure

To quote Lord Goff "we are there to oil the wheels of commerce and not to put a spanner in the works".

Having a glimpse of this case, it also became imperative to recognize, the need for regulating concessionary agreements/rights, which extend over a long period from 5 to 30 years.

to seek exemption under Section 5 of the Act.

The Bench further observed that the PQA had failed to carry out sufficient due diligence to survey the competition landscape and shortcomings of the relevant market, in order to entrust EVTL with an exclusive concession, and failed to impose constraints to prevent any potential abuse of dominance or which would be in the greater economic interest. The Bench granted a conditional exemption with respect to the Concession Agreement and directed PQA to review the Agreement and incorporate therein effective provisions to address competition concerns stipulated in the Order. Failure to comply with the aforementioned direction would constitute breach of the condition, effectively cancelling the exemption and causing PQA and EVTL to pay a penalty of Rs.1 Million for each day of default. The Bench also observed that the PQA had also awarded its major cargo terminals on the basis of 30-year Build-Operate-Transfer (BOT) concessions which, if not scrutinized, could permit exploitative and exclusionary practices by concessionaires. Therefore, the PQA was directed to apply for exemption in respect of all other concession agreements, which would be reviewed by the CCP on a case to case basis.

Having a glimpse of this case, it also became imperative to recognize, the need for regulating concessionary agreements/rights, which extend over a long period from 5 to 30 years. This is to ensure that while technical or economic progress is made and must be encouraged it shall also allow consumers fair share of the resulting benefit and protect consumers from any anticompetitive behavior.

EXEMPTIONS GRANTED FOR PROHIBITED AGREEMENTS

During the year, CCP granted 66 exemption certificates. In addition to the exempted undertakings, certain other undertakings were also asked to provide the requisite information for determining their liability for failing to file applications for exemptions of their prohibited agreement(s). The list of agreements, to which the CCP has granted exemptions, is provided in the following Table:

S. No.	Name of Undertakings	Nature of Agreements
1	ICI Pakistan Limited	Printing of Maximum Retail Price on the containers of the paint products manufactured by the ICI
2	Ineos Chlor Limited	International Agency Agreement
3	Siza Foods Limited	Standard Franchise Agreement
4	GAM Corporation (Pvt) Limited	Standard Franchise Agreement
5	Reckitt Benckiser Pakistan Limited.	Standard Distribution Agreement
6	United Bank and PSO	Auto Credit Card Agreement
7	Chiesi	Distribution Agreement
8	Royal Bank	Share Purchase Agreement
9	Syngenta Pakistan	Nayasavera Franchise Agreement
10	DuPont	Distribution Agreement
11	ICI	Distribution Agreement
12	Broyn Pharmaceutical	Distribution Agreement
13	Dupont	Distribution Agreement
14	MEGlobal	Supply and Purchase Agreement
15	Roche Pakistan	Institutional Stockiest Agreement
16	Novo Nordisk	Distribution Agreement
17	Muller and Phips	Sub-Distributorship Agreement
18	K.s.Sulemanji	Shareholders Agreement

S. No.	Name of Undertakings	Nature of Agreements
19	K.s.Sulemanji	Share Subscription Agreement
20	Hino Motors	Distributorship Agreement
21	Hino Motors	Technical Corporation Agreement
22	ICI Pakistan	Standard Equipment Financing Agreement
23	Pepsi Cola International (Pvt) Limited	Exclusive Beverage Supply Agreement
24	Pepsi Cola International (Pvt) Limited	Exclusive Beverage Supply Agreement
25	Pepsi Cola International (Pvt) Limited	Exclusive Beverage Supply Agreement
26	Pepsi Cola International (Pvt) Limited	Exclusive Beverage Supply Agreement
27	Ali Gohar & Company	Distribution Agreement
28	Pakistan Tobacco Company	Standard Distribution Agreement
29	Shirazi Trading Company	Agency Agreement
30	ICI Pakistan	Memorandum of Understanding
31	Eltex Valare As	Shareholders Agreement
32	PSO & United Bank	PSO –UBL Roads Mile Agreement
33	Clariant Pakistan	Distributorship Agreement for Textile Chemicals and Dyes Products
34	Clariant Pakistan	Distributorship Agreement for Leather Chemicals and Dyes products
35	PharmEvo (Pvt) Limited	Sole Distribution Agreement
36	Shaigan Pharmaceuticals (Pvt) Ltd	Standard Distribution Agreement
37	Indus Motors Company Ltd	Distribution Agreement
38	M/s CCL Pharmaceuticals (Pvt) Ltd.	Distribution Agreement
39	Engro Fertilizer Limited	Dealers Agreement
40	Delta Logistics (Pvt) Ltd	Shareholders Agreement
41	Medicaids Pakistan Ltd	Distribution Agreement
42	Prix Pharmaceuticals (Pvt) Ltd	Distribution Agreement
43	ICI Pakistan Ltd	Trademark License Agreement
44	Alcon Pharmaceuticals Ltd	Distributorship Agreement
45	ICI Pakistan Ltd	Distribution Agreement
46	Alco Pharmaceuticals Ltd	Distribution Agreement
47	ICI Pakistan Ltd	Printing of Maximum Retail Price on pharmaceutical products
48	Hilton Pharma	Standard Distribution Agreement
49	Unilever Pakistan Limited	Standard Distribution Agreement
50	ICI Pakistan Ltd	Standard Agency Agreement
51	ICI Pakistan Ltd	Printing of Maximum Retail Price on the packaging of animal health products marketed by ICI
52	ICI Pakistan Ltd	Corn Commercialization Agreement
53	ICI Pakistan Ltd	Market Agency Agreement
54	ICI Pakistan Ltd	Distribution Agreement
55	Pepsi Cola International (Pvt) Limited	Supplemental Beverage Supply Agreement
56	ICI Pakistan Ltd	Exclusive Distribution Agreement
57	Indus Motor Company Ltd	Technical Assistance Agreement
58	Pepsi Cola International (Pvt.) Limited	Exclusive Beverage & Bottled Water Supply Agreement
59	Pfizer Laboratories Limited	Distribution Agreement
60	ICI Pakistan Ltd	Exclusive Distribution Agreement
61	ICI Pakistan Ltd	Formulation and Distribution Agreement
62	Tapal Tea(Pvt) Limited	Distribution Agreement
63	Coca Cola Company	Bottler's Agreement with six Supplemental Agreements
64	Roche Pakistan Ltd	Endorsement Agreement
65	ICI Pakistan Ltd	Distribution Agreement
66	Pfizer Laboratories Limited	Standard Institutional Distribution Agreement

Curtailing Monopolistic Behavior

THE CINEPAX ORDER—TIE-IN

The CCP took suo moto notice of a tie-in of movie tickets with food coupons by Cinepax, the only multiplex cinema in the Rawalpindi-Islamabad metropolitan area. A formal enquiry was conducted into the matter, and it revealed that cinema customers were required to buy a food coupon if they wished to purchase a movie ticket. The enquiry proved that by tying the sale of movie ticket to a distinct product in the form of a food coupon served as a classic method for a dominant entity in one market to benefit from access to another market by coercion. This practice placed an unnecessary burden on the customers since they had to buy the food coupon in addition to the cinema ticket. Consequently, a show cause notice was issued to Cinepax for, prima facie,



violation of Section 3 of the Competition Act.

The CCP Bench took a lenient view due to the compliant attitude of Cinepax and due to the fact that the violation had been in effect for only 6 months before notice was taken.

However, it was made clear to Cinepax representatives that by having a very distinct ambience and customer profile from more traditional cinemas, Cinepax holds a dominant position in the relevant market, and by tying two distinct products it had therefore violated Section 3 of the Act. In accordance with its compliance-oriented

approach, the Bench, accepted Cinepax's offer to hold five showings for underprivileged children on their biggest screen, and did not impose any financial penalty.

Bench observed that the CCP should not indulge in determining or correcting the commercial terms of a private free bargain, in particular, in the absence of harm to competition.

COMPLAINT AGAINST ENGRO VOPAK TERMINAL LIMITED (EVTL) FOR ABUSING ITS DOMINANCE

Lotte Pakistan PTA filed a formal complaint against EVTL under regulation 17(2) of the Competition Commission (General Enforcement) Regulations, 2007. Lotte Pakistan alleged that the monopoly of EVTL was created by virtue of exclusive concessionary rights granted by the POA under the Implementation Agreement. This enabled EVTL to charge exorbitant prices for handling and storage facilities/services, and abuse its dominant position in violation of Section 3 of the Act. CCP's Enquiry Report concluded that EVTL had, prima facie, abused its dominant position by charging exorbitant rates in contravention of Section 3(3)(a) of the Act. Similarly, it was held that the negotiation by EVTL for renewal of the Storage Agreement on unfair terms, prima facie, amounted to a constructive refusal to deal with its customer in violation of Section 3(3)(h) of the Act. Based on the recommendations of the Enquiry Report, CCP issued a show cause notice to EVTL.

After hearing the parties at length, the Bench observed that the CCP should not indulge in determining or correcting the commercial terms of a private free bargain, in particular, in the absence of harm to competition. It was noted that although EVTL held a dominant position in the relevant market, due to the peculiar facts before the Bench, the issue of excessive or exorbitant pricing under the past contract was rendered irrelevant and no case for abuse of dominance

was made as alleged in the complaint.

However, on the issue of failure to disclose the basis of tariff for future contracts, the Bench emphasized that non-disclosure of the subject information amounted to a refusal to deal. EVTL agreed to disclose necessary information; accordingly, the given facts did not warrant the imposition of any penalty on EVTL.





TETRA PAK PAKISTAN —TIE-IN

The CCP initiated an enquiry on the complaint of the Consumer Awareness and Welfare Association wherein it was alleged that TPPL was abusing its dominant position. The enquiry team reviewed the material and found that TPPL had dominance in the relevant market by virtue of its market share as well as absence of substitutes in the market. It had used this dominance to tie its sales and leasing of equipment with the exclusive right to provide maintenance and repair services. Based on the findings of the Enquiry Report, a show cause notice for violation of section 3 of the Act was issued to TPPL.

TPPL presented its defense and agreed to reword or amend all of the clauses that appeared to be in violation of the Act. The Bench disposed of the show cause notice subject to TPPL's timely compliance with the CCP's conditions within 6 weeks from the date of the final hearing.



FERTILIZER COMPANIES' CASE—TIE-IN

CP took action on the information provided by the Secretary Agriculture, Government of Sindh, which expressed concern regarding the practice of tying the sale of DAP with the sale of urea. CCP investigated violation of Section 3 of the Act, which prohibits abuse of dominance. On the recommendation of the Enquiry Report, show cause notices were issued to Dawood Hercules Chemical Limited (DHCL), Engro Chemicals Pakistan Limited (Engro) and Fauji Fertilizer Company Limited (FFC) for contravention of Section 3 of the Act, through practices including tie-in, unreasonable increase in prices or imposition of unfair trading conditions and supplementary obligations.

The CCP's Bench held that no pattern had emerged that

could establish tie-in of the sale of DAP with the sale of Urea on part of the undertakings concerned. The order observed that, in general, a captive market subsists when due to paucity of choice, or other special circumstances, buyers are forced to meet their product or service requirements from a single supplier or a very small group of suppliers who consequently enjoy the economic power to be able to dictate terms. The Bench further held that even though no empirical evidence could be identified for tying, however, FFC's dealership agreements had a clause that empowered suppliers to tie-in different products; therefore, such anomaly should be removed in the continuing agreements.





Preventing Deceptive Marketing

M/S. ACE GROUP OF INDUSTRIES (AGI)

M/s Bayerische Motoren Werke Aktiengesellschaft (BMW) and M/s H-D Michigan L.L.C. (Harley Davidson) filed complaints against AGI, alleging that AGI was fraudulently using its registered trademark on its products and advertising the same on its website in contravention of the provisions of Section 10 of the Act. CCP's Enquiry Report recommended issuance of a show cause notice to AGI regarding unauthorized and fraudulent use of the complainant's mark on its own products, and advertising the mark on its website (albeit purportedly committed innocently) which constituted a 'deceptive marketing practice', because it was capable of harming the complainant's business interest. This violated the provisions of Section 10(1) of the Act, read with 10 (2)(a) & (d).

The Commission passed a ground-breaking Order that, with the view of setting an example for other undertakings involved in the fraudulent use of a registered trademark. CCP imposed a token penalty of PKR 250,000, by taking a lenient view, as the deceptive practice was immediately discontinued, and owing to the cooperative approach of AGI. The company removed all the trademark images of BMW & Harley Davidson from the website domain immediately after receipt of a letter from the CCP. However, AGI was reprimanded that in future CCP would not take a lenient view of any non-compliance with and all contraventions of the Act.



Any form of marketing that makes absolute claims that are not substantiated by cogent evidence are regarded as either false or misleading.

M/S. RITS INCORPORATION (RITS)

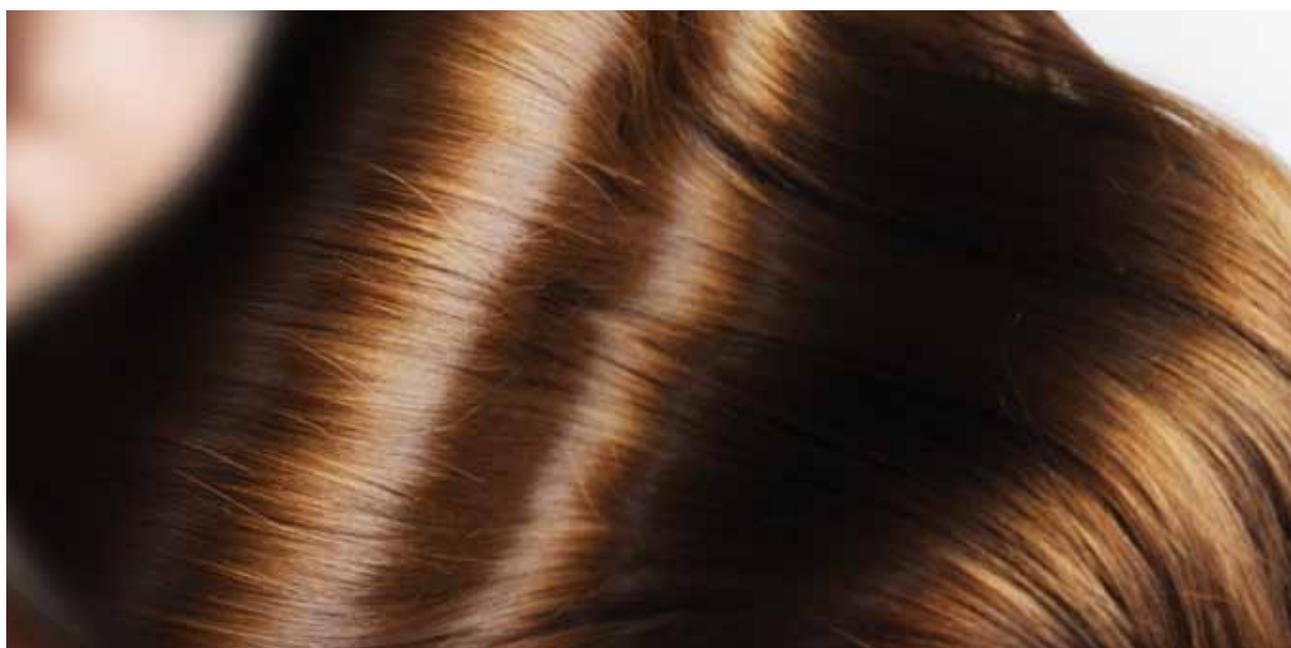
The Commission received information that advertisements of a hair loss solution product called 'Remaine' were making claims regarding absolute hair loss treatment. Upon viewing the advertisements, it was found that RITS claimed that the use of Remaine for 10 to 15 days would stop hair from falling by 100 percent regardless of the underlying cause of hair loss. The advertisements, prima facie, were found to be in violation of Section 10 of the Act. The said advertisements were regularly aired on major Pakistani television channels featuring prominent actors and a hair

specialist guaranteeing that not a single hair would fall after treatment.

Any form of marketing that makes absolute claims that are not substantiated by cogent evidence are regarded as either false or misleading. RITS submitted three revised proposals, of which one proposal was partially acceptable as it incorporated the directions of the Commission but it still contained absolute claims. After further consultation, RITS rectified the revised proposal in compliance with Section 10.

Since the RITS adopted a conciliatory and compliance-oriented approach, the Bench appreciated the cooperation

extended in ensuring compliance with the Act, and therefore, took a lenient view by not imposing any penalty for the committed violation. However, RITS was reprimanded to ensure more responsible behavior in future with respect to marketing of the products and making any claims in respect thereof. All advertisements pertaining to the subject product were to be modified, and all absolute claims in any form were to be withdrawn within four weeks. After complying with the directions given in the Order, RITS filed a compliance report with the Commission.



LIFEBUOY ANTIBACTERIAL HAND-WASH ACTIVE FRESH

CCP took suo moto notice of the marketing of Lifebuoy Antibacterial Hand-wash Active Fresh. Separate absolute claims were made on the packaging and the television advertisements of the product. The packaging material claimed that the product provided “99% germ protection in just 15 seconds*”, which according to the packaging material was based on a lab test. The television advertisement regarding the product being run in Pakistan claimed to provide “99.9% germ kill in 10 seconds*”. The television advertisement stated that the claim was based on a “standard testing protocol”. In addition, the packaging material of the product bore the claim to be “World’s No. 1 Selling Germ Protection Soap”. CCP directed them to provide all documents and materials in respect of lab tests and the standard testing protocol, on the basis of which the respective claims had been made.

The Undertaking explained that the product was initially tested at 15-second test levels, and the claims were based on these results. Ongoing testing procedures carried out by the Undertaking showed that the product was equally efficacious in a 10 second time span. Therefore, subsequent advertisements claimed a 99.9% germ kill in 10 seconds. The Undertaking stated that the new packaging material would also contain the same information as the new advertisements and the old stocks of the product carrying the 15 seconds claim would eventually exit the market. They also provided a report that among anti-bacterial

health brands, Lifebuoy is ranked as the top-selling brand based on volume sales in the latest data period available, based on an aggregate of 50 countries. The Undertaking also highlighted that they intended to enhance the disclosures made in marketing the Product to further facilitate consumers, by:

- a. Modifying the claim “99.9% germ kill in 10 seconds” to “Up to 99.9% germ kill in 10 seconds”; and
- b. Adding further clarification stating that the “Germ protection claim based on lab test results”.

After reviewing the reports submitted by the Undertaking, it was concluded that the claims made by the Undertaking were substantiated by the documentary evidence provided and there appeared to be no violation of Section 10.



CCP directed to provide all documents and materials in respect of lab tests and the standard testing protocol, on the basis of which the respective claims had been made.

In deceptive marketing practices, transgressing the limits of morality does not fall in the purview of Section 10 of the Act and could more appropriately fall within the Pakistan Electronic Media Regulatory Authority's (PEMRA) domain.

SURF EXCEL COMPLAINT CASE

The CCP received a complaint regarding a particular Surf Excel advertisement and the overall marketing campaign *Dagh toh Ache Hotay Hain*, meaning “stains are a good thing”. The objections relating to the advertisement were, a) that it showed school-going children removing each others’ shorts which transgressed moral limits; b) and it showed school-going children jumping madly in the mud while the slogan of the company is voiced over as “Dagh toh Achey Hotay Hain.”

CCP maintained that the first objection raised on the grounds of transgressing the limits of morality does not fall in the purview of Section 10 of the Act and could

more appropriately fall within the Pakistan Electronic Media Regulatory Authority's (PEMRA) domain. The second concern raised was found to fall within the purview of Section 10 of the Competition Act, since the slogan “Dagh toh Ache Hotay Hai” could be construed as deceptive as it implied that there is no harm in playing in the mud. However, the Commission held that the impugned advertising slogan was not false or misleading, as it was not directly relating to the price, character or quality of the product in question. It was only a marketing ‘catch phrase’ that did not directly deceive consumers into buying Surf Excel because it merely said that “stains are a good thing” and as such

no deceptive claims were made that the product would remove 100% of all stains.

The Commission also sought Unilever’s comments on their theme. According to Unilever, “the central idea is derived from the inalienable relationship of human beings with soil and dirt; especially, children indulge in activities which are a part of their growth and learning process. The campaign emphasizes that getting physically dirty is not that bad if the activity is positive learning and fun.” The Commission was informed that the said advertisements would not be aired on television anymore. The said complaint was also forwarded to PEMRA to look into the matter as deemed appropriate.



Supervising Mergers, Acquisitions and Joint Ventures

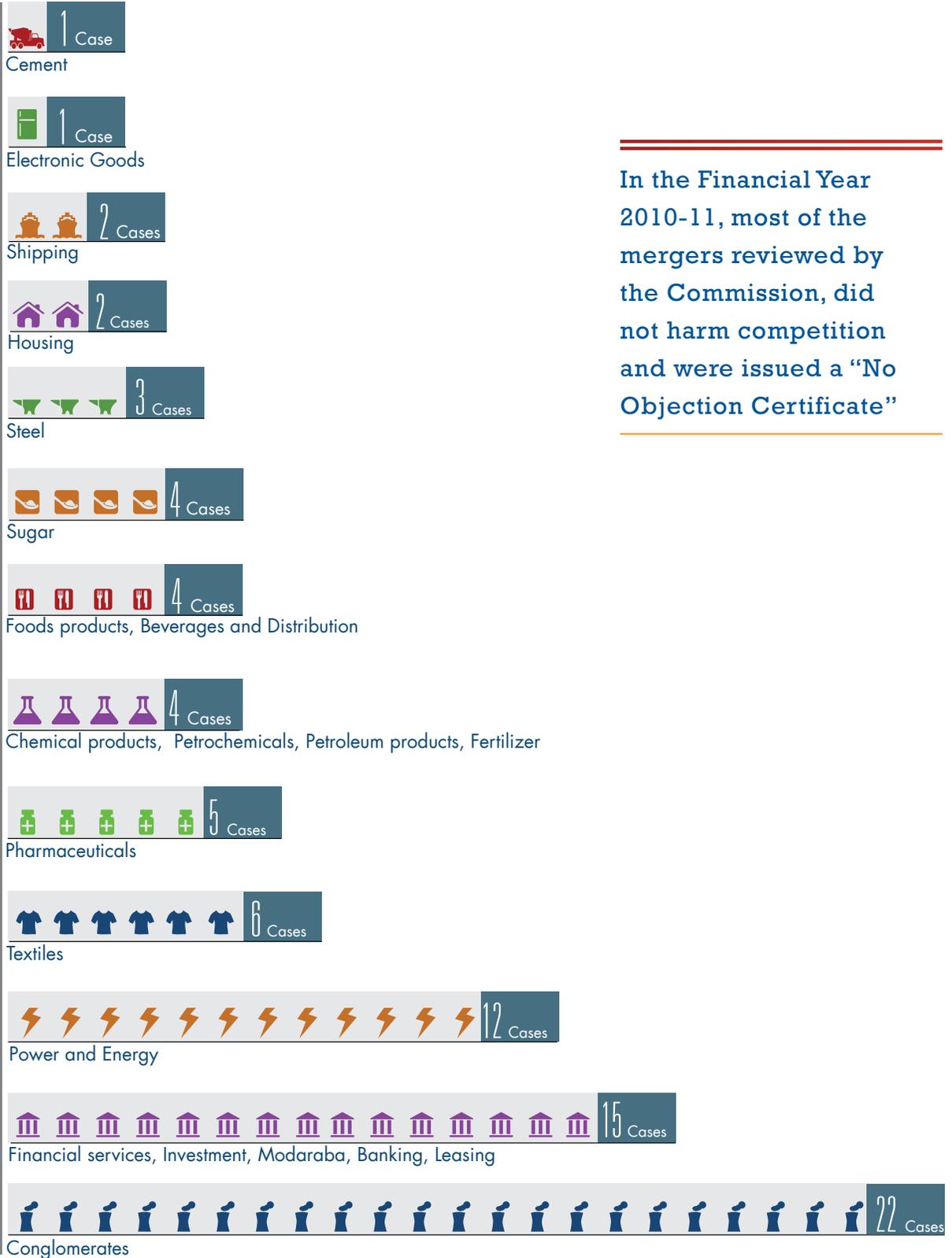
Section 11 of the Competition Act requires pre-merger review of a merger “which substantially lessens competition by creating or strengthening a dominant position in the relevant market”. CCP enforces Section 11 in addition to the pre-merger notification requirements of Section 4 of the Competition (Merger Control) Regulations, 2007, which provides for a mandatory pre-merger notification for those merger transactions above thresholds relating to the size of the

transaction and size of the parties. These thresholds capture the majority of the transactions likely to have an impact on a relevant market in Pakistan. A filing fee set at varying levels depending on the size of the merging parties is payable upon notification. The goal of any merger review analysis is to identify mergers that may harm competition in the reviewing jurisdiction, and prevent them from being undertaken without addressing competition concerns. In the Financial Year

2010-11, most of the mergers reviewed by the Commission, did not harm competition and were issued a “No Objection Certificate” within thirty days of receipt of the pre-merger application received from the merging party(s), without further investigation. For transactions requiring more in-depth investigation, the Commission has developed policies and procedures to identify and remedy competitive issues within an additional ninety days in a Phase II review.

Section 11 of the Competition Act requires pre-merger review of a merger “which substantially lessens competition by creating or strengthening a dominant position in the relevant market”.

Sectorial Classification of Cases



In the Financial Year 2010-11, most of the mergers reviewed by the Commission, did not harm competition and were issued a “No Objection Certificate”

Acquisitions		
1	Karachi Electric Supply Company Limited and International Finance Corporation	Acquisition of shares of Karachi Electric Supply Company Limited valuing up to US\$ 25 million by International Finance Corporation
2	Karachi Electric Supply Company Limited and Asian Development Bank.	Acquisition of shares of Karachi Electric Supply Company Limited valuing up to US\$ 25 million by Asian Development Bank.
3	M/s. Baba Farid Sugar Mills Limited and M/s. Pattoki Sugar Mills Limited & individuals	Acquisition of 7,448,495 (78.82%) shares of M/s. Baba Farid Sugar Mills Limited collectively by M/s. Pattoki Sugar Mills Limited (6,043,395 shares) and individuals Mr. Muhammad Aslam (916,000 shares), Mr. M. Maqsood ul Hassan (441,600 shares), Mrs. Naheed Roohi (2,500 shares), Mr. Muhammad Ashraf (2,500 shares), Mr. Muhammad Sarwar (40,000 shares) and Mr. Husnain Asad Aslam (2,500 shares).
4	M/s. Shell Gas LPG (Pakistan) Limited and M/s. OPI Gas (Private) Limited	Acquisition of 67.91% shares of M/s. Shell Gas LPG (Pakistan) Limited by M/s. OPI Gas (Private) Limited
5	M/s. Kohinoor Textile Mills Limited and M/s. Hutton Properties Limited (BVI)	Acquisition of 52 million shares of Kohinoor Textile Mills Limited by M/s. Hutton Properties Limited (BVI)
6	M/s. Kohinoor Textile Mills Limited and M/s. Mercury Management Inc. (BVI)	Acquisition of 25 million shares of Kohinoor Textile Mills Limited by M/s. Mercury Management Incorporated (BVI)
7	M/s. Dynasel Limited and M/s. VMFG (Private) Limited.	Acquisition of 50% (200.433 million) shares of M/s. Dynasel Limited by M/s. VMFG (Private) Limited.
8	The Royal Bank of Scotland Limited and Faysal Bank Limited	Acquisition of 99.37% of the issued share capital of The Royal Bank of Scotland Limited by Faysal Bank Limited
9	M/s. Invest Capital Investment Bank Limited and Mr. Muhammad Zahid	Acquisition of 26.49% (75,463,205) shares of M/s. Invest Capital Investment Bank Limited by Mr. Muhammad Zahid
10	M/s. KASB Bank Limited, M/s. KASB Fund Limited and M/s. KASB Finance (Private) Limited.	Acquisition of 49% shares of M/s. KASB Bank Limited and 28% shares of M/s. KASB Fund Limited by M/s. KASB Finance (Private) Limited.
11	M/s. KASB International Limited and M/s. KASB Finance (Private) Limited	Acquisition of 78% shares of M/s. KASB International Limited by M/s. KASB Finance (Private) Limited
12	PSC ILYICH-Steel & PJSC ILYICH Iron and Steel Works and Metinvest B.V of Netherlands.	Acquisition of a Controlling stake in the share capital of PSC ILYICH-STEEL and PJSC ILYICH Iron and Steel Works by Metinvest B.V of Netherlands.
13	M/S. Reckitt & Colman (Overseas) Limited And M/S. Ray Pharma (Private) Limited.	Acquisition of the Trade marks (Genticyn, Nnicortim, Bronchilate, Multigestic & Neo-Merecazole) of M/s. Reckitt & Colman (Overseas) Limited by M/s. Ray Pharma (Private) Limited.
14	M/s. Haleeb Foods Limited and M/s. Meezan Bank Limited	Acquisition of 10% (2,786,000) shares of M/s. Haleeb Foods Limited by M/s. MEEZAN Bank Limited
15	M/s. Pakistan Cables Limited and M/s. GK Technologies Inc., USA	Acquisition of 24.59% (7,000,000) shares of M/s. Pakistan Cables Limited by M/s. GK Technologies Inc., USA
16	M/s. National Bank of Pakistan and M/s. Bank Al Falah Limited	Acquisition of 250,000 shares valuing Rs. 66.406 million of M/s. National Bank of Pakistan by M/s. Bank Al Falah Limited
17	M/s. KASB Securities Limited and M/s. Bank Al Falah Limited	Acquisition of 2.667 million shares valuing Rs. 180.066 million of M/s. KASB Securities Limited by M/s. Bank Al Falah Limited
18	M/s. Ansari Sugar Mills Limited and Mr. Khawaja Anver Majid	Acquisition of 24.50 shares of M/s. Ansari Sugar Mills Limited by Mr. Khawaja Anver Majid
19	M/s. Haleeb Foods Limited and M/s. VMFG (Private) Limited	Acquisition of 35% (9,751,700) shares of M/s. Haleeb Foods Limited by M/s. VMFG (Private) Limited
20	AWB Limited, Australia and Agrium Inc, Canada	Acquisition of all of the issued capital of AWB Limited, Australia by Agrium Inc, Canada
21	M/s. Invest Capital Markets Limited and a consortium comprising Mr. Saeed Iqbal Chaudhry, Mr. Nusrat Yar Ahmad & Mr. Sulaiman Ahmed Saeed Al Hoqani.	Acquisition of 100% (15.0 million) shares of M/s. Invest Capital Markets Limited by a consortium comprising Mr. Saeed Iqbal Chaudhry, Mr. Nusrat Yar Ahmad & Mr. Sulaiman Ahmed Saeed Al Hoqani.
22	Farruki Pulp Mills Limited and M/s. JDW Sugar Mills Limited	Acquisition of 51.50 million shares of Farruki Pulp Mills Limited by M/s. JDW Sugar Mills Limited
23	UBL Insurers Limited and M/s. Bestway (Holdings) Limited	Acquisition of 21,636,783 shares of UBL Insurers Limited by M/s. Bestway (Holdings) Limited
24	Schering Plough Pakistan (Pvt) Limited and OBS Pakistan (Pvt) Limited	Acquisition of Schering Plough Pakistan (Pvt) Limited by OBS Pakistan (Pvt) Limited
25	Nestle Pakistan Limited and Syed Babar Ali.	Acquisition of 128,220 (0.28%) shares of Nestle Pakistan Limited by Syed Babar Ali.
26	K.S. Sulemanji Esmailji & Sons Limited and M/s. Lotte Confectionary Co. Limited	Acquisition of 69.45% of the issued and paid up share capital in K.S. Sulemanji Esmailji & Sons Limited by M/s. Lotte Confectionary Co. Limited

Acquisitions

27	International Commodities Export Corporation, USA, ICEC Limited S.A Luxembourg, International Commodities Export Company of Canada Limited and Oxbow Carbon LLC, USA	Acquisition of 100% shareholding of International Commodities Export Corporation, USA, ICEC Limited S.A Luxembourg and International Commodities Export Company of Canada Limited by Oxbow Carbon LLC, USA
28	Petronas Carigali (Pakistan) Limited and OMV Maurice Energy GMBH.	Acquisition of Petronas Carigali (Pakistan) Limited by OMV Maurice Energy GMBH.
29	Citibank and M/s BankIslami Pakistan Limited.	Acquisition of Citibank Housing Finance Business portfolio by M/s BankIslami Pakistan Limited.
30	Atlas Bank Limited and Suroor Investment Limited.	Acquisition of 58.13% of the issued share capital of Atlas Bank Limited by Suroor Investment Limited.
31	M/s. Crosby Markets (Pvt) Limited and a Syndicate comprising FI Management Company Limited	Acquisition of 100% shares of M/s. Crosby Markets (Pvt) Limited by a Syndicate comprising FI Management Company Limited
32	United Bank Limited and Bestway (Holdings) Limited, UK	Acquisition of 20.003% of the issued share capital of United Bank Limited by Bestway (Holdings) Limited, UK
33	M/s. Agritech Limited and M/s. Fauji Fertilizer Company Limited. (Conditional NOC given)	Acquisition of 79% shares of M/s. Agritech Limited by M/s. Fauji Fertilizer Company Limited. (Conditional NOC given)
34	Total Atlas Lubricants Pakistan (Pvt) Limited and Total Holding Asie, S.A from Shirazi Investments (Pvt) Limited.	Acquisition of 2,916,900 (12%) shares of Total Atlas Lubricants Pakistan (Pvt) Limited by Total Holding Asie, S.A from Shirazi Investments (Pvt) Limited.
35	M/s. International Brands (Pvt) Limited and Searle Pakistan Limited.	Acquisition of assets of M/s. International Brands (Pvt) Limited worth Rs.1,798.940 million by Searle Pakistan Limited.
	National Starch Division of Akzo Nobel N.V, Netherlands and M/s. Corn Products International, Inc., USA.	Acquisition of the shareholding and assets constituting the National Starch Division of Akzo Nobel N.V, Netherlands by M/s. Corn Products International, Inc., USA.
36	Hosiery Unit of Kohinoor Mills Limited and Interloop Limited	Acquisition of Hosiery Unit of Kohinoor Mills Limited by Interloop Limited
37	M/s. Macter International (Private) Limited and M/s. Pharnalux Holdings Limited	Acquisition of 21,436,823 shares of M/s. Macter International (Private) Limited by M/s. Pharnalux Holdings Limited
38	M/s. Assemco Pakistan (Private) Limited and M/s. Falcon Industrial Corporation, Seychelles	Acquisition of 60% shares of M/s. Assemco Pakistan (Private) Limited by M/s. Falcon Industrial Corporation, Seychelles from Mr. Mudassar Hussain, Aftab Technologies (Pvt) Limited & Mr. Muhammad Ahmer Afzal Khan
39	M/s. Soho Square Pakistan (Private) Limited and M/s. Russell Square Holding B.V, Netherlands	Acquisition of 50% shares of M/s. Soho Square Pakistan (Private) Limited by M/s. Russell Square Holding B.V, Netherlands
40	M/s. Nimir Chemicals Pakistan Limited and Mr. Anjum Nisar and Family Members (Tariq Nisar, Shabnam Tariq, Ahsan Tariq, Saqib Anjum, Mohsin Tariq and Shabnam Anjum)	Acquisition of 142,965,513 shares of M/s. Nimir Chemicals Pakistan Limited by Mr. Anjum Nisar and Family Members (Tariq Nisar, Shabnam Tariq, Ahsan Tariq, Saqib Anjum, Mohsin Tariq and Shabnam Anjum)
41	Foundation Wind Energy I (Private) Limited (formerly known as Beacon Energy Limited) and Fauji Fertilizer Bin Qasim Limited	Acquisition of 35% of the share capital of Foundation Wind Energy I (Private) Limited (formerly known as Beacon Energy Limited) by Fauji Fertilizer Bin Qasim Limited
42	Foundation Wind Energy-II (Private) Limited (formerly known as Green Power (Private) Limited) and Fauji Fertilizer Bin Qasim Limited	Acquisition of 35% of the share capital of Foundation Wind Energy-II (Private) Limited (formerly known as Green Power (Private) Limited) by Fauji Fertilizer Bin Qasim Limited
43	Wind Telecom S.p.A (formerly Weather Investments S.p.A), an Italian private company and VimpelCom Limited, a Bermudan company.	Acquisition of Wind Telecom S.p.A (formerly Weather Investments S.p.A), an Italian private company by VimpelCom Limited, a Bermudan company.
44	M/s. Shakarganj Mills Limited and M/s. Hunza Sugar Mills (Private) Limited	Acquisition of assets (including land measuring 94 Acres, 04 Kanals and 13 Marlas and building, and plant and machinery) of M/s. Shakarganj Mills Limited valuing Rs. 1,350.0 Million by M/s. Hunza Sugar Mills (Private) Limited through its group company M/s. Siraj Sugar Mills (Pvt) Limited.
45	M/s. Byco Petroleum Pakistan Limited and M/s. Byco Oil Pakistan Limited	Acquisition of 586 million (67.52%) shares of M/s. Byco Petroleum Pakistan Limited by M/s. Byco Oil Pakistan Limited
46	International Steels Limited by M/s. Sumitomo Corporation, Japan and International Industries Limited.	Acquisition of 39,420,075 shares (9% shares) of International Steels Limited by M/s. Sumitomo Corporation, Japan from International Industries Limited.
47	M/s. Crosby Asset Management (Pakistan) Limited and M/s. KASB Funds Limited	Acquisition of 100% shares of M/s. Crosby Asset Management (Pakistan) Limited and simultaneous merger with and into M/s. KASB Funds Limited
48	Ansaldo Energia S.p.A, Italy and a joint venture company participated by Finmeccanica S.p.A, Italy (55%) and FR Mainsail Limited, UK (45%)	Acquisition of 100% shareholding in Ansaldo Energia S.p.A, Italy by a joint venture company participated by Finmeccanica S.p.A, Italy (55%) and FR Mainsail Limited, UK (45%)
49	Coastal Refinery Limited and Universal Terminal Limited.	Acquisition of 100% shares of Coastal Refinery Limited by Universal Terminal Limited.

Acquisitions		
50	Shaheen Insurance Company Limited and a Joint Venture comprising First Capital Securities Corporation and Shaheen Foundation, PAF	Acquisition of 6,345,296 (31.73%) shares of Shaheen Insurance Company Limited by a Joint Venture comprising First Capital Securities Corporation and Shaheen Foundation, PAF
51	BP Pakistan Exploration and Production, Inc. and United Energy Pakistan Limited.	Acquisition of all of the upstream oil and gas exploration and production assets of BP Pakistan Exploration and Production, Inc. by United Energy Pakistan Limited.
52	BP Pakistan Badin and United Energy Pakistan Limited.	Acquisition of all of the upstream oil and gas exploration and production assets of BP Pakistan Badin by United Energy Pakistan Limited.
53	BP Exploration Alpha and United Energy Pakistan Limited	Acquisition of all of the upstream oil and gas exploration and production assets of BP Exploration Alpha by United Energy Pakistan Limited
54	M/s. PICIC Insurance Limited and Excel Insurance Company Limited	Acquisition of 18.20% shares (6,368,972 shares) of M/s. PICIC Insurance Limited by Excel Insurance Company Limited
55	M/s. International Steels Limited and M/s. JFE Steel Corporation, Japan.	Acquisition of 4.74% shares of M/s. International Steels Limited by M/s. JFE Steel Corporation, Japan.
56	M/s. Wind Eagle Limited and M/s. China International Water and Electric Corporation	Acquisition of 100% shares of M/s. Wind Eagle Limited by M/s. China International Water and Electric Corporation
57	Dewan Cement Limited and Dewan Muhammad Yousuf Farooqui.	Acquisition of 31,738,343 shares of Dewan Cement Limited valuing Rs. 317.383 million by Dewan Muhammad Yousuf Farooqui.
58	M/s. ICC Textiles Limited and M/s. ICC (Private) Limited.	Acquisition 16.0 million shares of M/s. ICC Textiles Limited by M/s. ICC (Private) Limited.
59	M/s. Nimir Industrial Chemicals Limited and M/s. ZM Associates (Private) Limited.	Acquisition of 59.39% shares of M/s. Nimir Industrial Chemicals Limited by M/s. ZM Associates (Private) Limited.
60	Foundation Wind Energy-I (Private) Limited (formerly known as Beacon Energy Limited) and IIF Wind One Limited.	Acquisition of 35% of the share capital of Foundation Wind Energy-I (Private) Limited (formerly known as Beacon Energy Limited) by IIF Wind One Limited.
61	Foundation Wind Energy-II (Private) Limited (formerly known as Green Power (Private) Limited) and IIF Wind Two Limited.	Acquisition of 25% of the share capital of Foundation Wind Energy-II (Private) Limited (formerly known as Green Power (Private) Limited) by IIF Wind Two Limited.
62	M/s. New Jubilee Insurance Company Limited and M/s. Habib Bank Limited.	Acquisition 10.45% shares of M/s. New Jubilee Insurance Co. Ltd by M/s. Habib Bank Limited.
63	M/s. New Jubilee Life Insurance Company Limited and M/s. Habib Bank Limited.	Acquisition 6.55% shares of M/s. New Jubilee Life Insurance Company Limited by M/s. Habib Bank Limited.
64	Bawany Sugar Mills Ltd. and Khawaja Anver Majid and family members (Mr. Khawaja Abdul Ghani Majid, Mrs. Menahel Majid, Mr. Khawaja Mustafa Zulqarnain Majid, Mr. Khawaja Ali Kamal Majid, Mr. Khawaja Nimr Majid) and Syed Zeeshan Ali Warsi	Acquisition of 51% shares of Bawany Sugar Mills Limited by Khawaja Anver Majid and family members (Mr. Khawaja Abdul Ghani Majid, Mrs. Menahel Majid, Mr. Khawaja Mustafa Zulqarnain Majid, Mr. Khawaja Ali Kamal Majid, Mr. Khawaja Nimr Majid) and Syed Zeeshan Ali Warsi
65	Engro Fertilizers Limited and International Finance Corporation.	Acquisition of shares of Engro Fertilizers Limited valuing US\$ 9 million by International Finance Corporation.
66	M/s. International Steels Limited and M/s. International Finance Corporation	Acquisition of shares of M/s. International Steels Limited valuing USD 6,379,564.0 by M/s. International Finance Corporation
67	M/s Saudi Pak Insurance Company Limited and Mr. Muhammad Akram Shahid	Acquisition of 69.32% shares of M/s Saudi Pak Insurance Company Limited by Mr. Muhammad Akram Shahid

Mergers

1	Al Baraka Islamic Bank B.S.C and Emirates global Islamic Bank Limited	Merger of Al Baraka Islamic Bank B.S.C Pakistan Branches and Operations with and into Emirates global Islamic Bank Limited
2	Liberty Energy (Pvt) Limited and M/s. Liberty Mills Limited	Merger of M/s. Liberty Energy (Pvt) Limited with and into M/s. Liberty Mills Limited
3	Stiefel Laboratories Pakistan (Private) Limited and GlaxoSmithKline Pakistan Limited	Merger of Stiefel Laboratories Pakistan (Private) Limited with and into GlaxoSmithKline Pakistan Limited
4	Atlas Bank Limited and Summit Bank Limited.	Merger of Atlas Bank Limited with and into Summit Bank Limited.
5	MCB Asset Management Company Limited and Arif Habib Investments Limited	Merger of MCB Asset Management Company Limited and Arif Habib Investments Limited
6	SPEL Packaging Industries (Private) Limited and Synthetic Products Enterprises Limited	Merger of SPEL Packaging Industries (Private) Limited with and into Synthetic Products Enterprises Limited
7	M/s. J.K. Fibre Mills Limited & its Members and Abid Faiq Textile Mills Limited & its Members and M/s. J.K Spinning Mills Limited	Merger of M/s. J.K. Fibre Mills Limited & its Members and Abid Faiq Textile Mills Limited & its Members with and into M/s. J.K Spinning Mills Limited
8	M/s. Azam Textile Mills Limited and M/s. Saritow Spinning Mills Limited	Merger of M/s. Azam Textile Mills Limited with and into M/s. Saritow Spinning Mills Limited
9	M/s. Gulshan Spinning Mills Limited and M/s. Gulistan Spinning Mills Limited and M/s. Paramount Spinning Mills Limited	Merger of M/s. Gulshan Spinning Mills Limited and M/s. Gulistan Spinning Mills Limited with and into M/s. Paramount Spinning Mills Limited
10	M/s. Colony Mills Limited and M/s. Colony Industries (Pvt) Limited and M/s. Colony Textile Mills Limited	Merger of M/s. Colony Mills Limited and M/s. Colony Industries (Pvt) Limited with and into M/s. Colony Textile Mills Limited
11	ACE Architectural & Town Planning Services (Pvt) Limited and ACE Transportation Engineering Services (Private) Limited and Associated Consulting Engineers – ACE (Pvt) Limited.	Merger of the whole of ACE Architectural & Town Planning Services (Pvt) Limited and ACE Transportation Engineering Services (Private) Limited with and into Associated Consulting Engineers – ACE (Pvt) Limited.
12	Mybank Limited and Summit Bank Limited.	Merger of Mybank Limited with and into Summit Bank Limited.
13	M/s. Diamond Limited and M/s. Amer Text Private Limited.	Merger of M/s. Diamond Limited with and into M/s. Amer Text Private Limited.
14	M/s. Sapphire Fibre Limited and M/s. Sapphire Holding Limited.	Merger of M/s. Sapphire Fibre Limited with and into M/s. Sapphire Holding Limited.

Joint Ventures

1	Pakistan Housing Authority and Maymar Housing Services (Pvt) Limited	Joint Venture Agreement between Pakistan Housing Authority and Maymar Housing Services (Pvt) Limited, forming a new company, PHA-Maymar JV Company (Private) Limited.
2	Pakistan Housing Authority and Nobel Water (Pvt) Limited.	Joint Venture Agreement between Pakistan Housing Authority and Nobel Water (Pvt) Limited, forming a new company, PHA-Nobel Water JV Company (Private) Limited.
3	United Arab Shipping Company, Kuwait and Delta Logistics (Pvt) Limited	Joint Venture Agreement between United Arab Shipping Company, Kuwait and Delta Logistics (Pvt) Limited

PHASE-II REVIEW

The following cases were moved to second phase review, and thereafter decided by the Commission:

1. Acquisition of 79% shares of M/s Agritech Limited by M/s Fauji Fertilizer Company Ltd (FFC):

This case raised concerns relating to lessening of competition in the fertilizer market in Pakistan, and therefore, the case progressed to a Phase II review. The Commission issued an Order for clearance of the acquisition by FFC, based on the following conditions:

1. FFC was required to maintain two brands, "Tara" and "Sona" separately for two years along with a price cap on the price increase of "Tara" product by FFC for a period of one year, along with additional conditions. These pricing of the two brands would be subject to review after a period of one year, and prior to the end of the two years scrutiny period provided, the market share for urea would have to decrease from its initial market share.
2. FFC was required to maintain transparency for changes in the prices of all their fertilizer products. Any price escalations along with reasons for the price increase would be intimated to the Commission for a period of three years.
3. The Commission reserved the right to require FFC to divest a portion of its shareholding in Hazara after scrutiny of this decision if necessary.

This approval was subject to review within one year under Sub-section 13 of the said section, based on the following:

- a. Unexplained escalation in price levels;
- b. Tendency of price parallelism;
- c. Changes in market share and levels of concentration;
- d. New investments made in the balancing, modernization, and replacement (BMR) of the target firm by the acquirer, leading to enhancement of production capacity; and a
- e. Commitment to nondiscriminatory behavior.
- f. FFC was required to comply with the above laid conditions within four weeks from the date of issuance of this decision so that the approval/clearance could be deemed in effect.

2. Acquisition of Wind Telecom S.P.A. (formerly Weather Investments Sarl) by VimpleCom Ltd:

This case raised competition concerns relating to creation of dominance and potential for coordinated effects resulting in lessening of competition in the telecommunications industry of Pakistan, therefore, the case progressed to a Phase II review. The Commission issued the order for clearance to Vimplecom Ltd., based on the following conditions and remedies:

1. PMCL was required to pass a Board resolution and amend its constitutional documents under Pakistani Law with respect to nominations of directors, employees or other representatives of Telenor Group who would not be eligible to serve on the Board of Directors or equivalent governing body of PMCL or any of its subsidiaries operating in Pakistan.
2. Management of VimpleCom, OTH and PMCL (and other relevant subsidiaries in Pakistan) would be prohibited by Board resolutions or in any other manner from sharing commercially sensitive information relating to businesses of VimpleCom and its subsidiaries in Pakistan with Telenor or Telenor Group, and from entering into any arrangement with Telenor Pakistan.
3. VimpleCom and OTH was required to pass corporate resolutions prohibiting any person serving on its Board of Directors or equivalent body who is affiliated with Telenor from participating in discussions or decisions relating to PMCL or other operations of VimpleCom and OTH in Pakistan.
4. VimpleCom was required to notify the Commission of any changes undertaken to the above policies that would have an affect on its operations and on its subsidiaries in Pakistan.

3. Acquisition of 100% shares of Coastal Refinery Ltd. by Universal Terminal Ltd.

This transaction raised competition concerns relating to strengthening of a dominant position in the market for oil storage facilities in Karachi. In the deliberation held between the Commission and representatives of the parties on the aspects of entry barriers and its impact on the market, it was found that the acquisition would not create or strengthen a dominant position. A 'No Objection Certificate' was, therefore issued by the Commission and the acquisition was permitted to proceed without conditions.

ACQUISITIONS & MERGERS FACILITATION OFFICE (AMFO)

The Commission facilitates and provides guidance to undertakings, law firms, and other stakeholders to comply with the Competition Act, whether the advice sought is done so telephonically or in writing. Information and non-binding advice is issued in accordance with Section 28 of the Competition Act, read with guidelines on AMFO, available on the Commission's website at www.cc.gov.pk. During the past year, more than thirty five undertakings, law firms and consultants were facilitated on different issues relating to merger application filing and substantive issues. In the following two cases, non-binding advice was issued.

1. Acquisition of shares of M/s Unilever Pakistan Limited (UPL) by its Parent Company – M/s Unilever Overseas Holdings Limited, UK (UOHL):

UPL requested the Commission to provide advice regarding the share acquisition transaction regarding whether it would qualify for exemption under Regulation 4A(1) of the Competition (Merger Control) Regulations, 2007. The relevant documents were thoroughly reviewed and scrutinized by the M & A Department and advice recommendation was accordingly issued to UPL. The recommendation stated that per Section 4.A(1) of the

Merger Control Regulations where 'a holding company acquires or increases its stake in its subsidiary', undertakings are exempt from filing a pre-merger application to the Commission, which included the said transaction. UOHL held 75% of the total shareholding of UPL which made UOHL a parent company of UPL. Therefore, UPL was exempt from filing a pre-merger application to the Commission.

2. Acquisition of 100% shareholding of Ansaldo Energia S.p.A. (AEN) by a Joint Venture Vehicle company comprising Finmeccanica S.p.A. Italy (55%) and FR Marinsail Limited (45%):

M/s Finmeccanica S.p.A., Italy (FNM) submitted an application seeking advice from the Commission under Section 28(1)(d) of the Act regarding the its cross border acquisition, and whether it was required to submit a pre-merger application to the Commission. The relevant documents were thoroughly scrutinized and analyzed by the M & A Department and a recommendation was accordingly issued. The recommendation was given based on indirect exports of FNM and AEN valuing Euros 34.059 million and

Euros 0.816 million respectively to Pakistan, which could impact competition in Pakistan thereby rendering the two companies subject to the provisions of the Act. Therefore, FNM was advised to submit a pre-merger application, and seek clearance from the Commission which it accordingly submitted. An NOC was issued to FNM after submission of pre-merger application, as 'no lessening of competition' was found in the market for power generation systems and components in Pakistan.



Engaging in Advocacy

The foremost challenge is that the benefits of competition are not well understood by businesses, consumers, industry associations, consumer groups and the media.

Undertaking competition advocacy is a challenging task for competition agencies in less developed countries. The foremost challenge is that the benefits of competition are not well understood by businesses, consumers, industry associations, consumer groups and the media. This lack of information and awareness makes it difficult for the government and other undertakings to entertain and accept welfare-enhancing pro-competitive solutions. Significant limitations of the CCP in terms of financial and human resources make the task more difficult when it comes to advocating the law by reaching out to stakeholders. But despite constraints, the Commission has always given advocacy due importance and created many opportunities of promoting the training, education and awareness of stakeholders.

In the year under review, the Commission decided to undertake knowledge-based advocacy to maximize the effectiveness of its outreach programs. The Chairperson of the Commission, soon after taking charge of her office in July 2010, announced a "New Roadmap" that prioritized five areas of focus in enforcement of the competition law. An advocacy strategy was developed in line with the New Roadmap that focuses on the following areas:

- Educating the business and legal community using the platforms of chambers and bar councils.
- Raising general public awareness through consumer rights groups.
- Using the print and electronic media as a tool of advocacy; sensitizing media to competition law, briefing journalists on case studies and enforcement orders.
- Holding seminars to highlight the key areas of competition law enforcement, i.e. public procurement, cartelization, deceptive marketing and merger filing.
- Lobbying with regulators.
- Reaching out to business schools and academia to increase awareness of the Competition Act.

ADVOCACY ACTIVITIES OF THE COMMISSION

During the year under review, the Commission utilized its limited resources to educate the business community and consumers about their rights and responsibilities under the competition law. The thrust of all activities was to promote voluntary compliance. A review of the activities organized by the Advocacy Department during the year is as follows:

Chairperson calls on the Prime Minister of Pakistan

A delegation of Competition Commission of Pakistan (CCP), led by Chairperson Rahat Kaunain Hassan, called on Prime Minister Syed Yousuf Raza Gilani on 28 April 2011. The prime minister appreciated the performance of CCP in checking anti-trust and anti-cartelization via enhanced competitiveness. He said the government would support the CCP to play its due role in good governance. The PM also appreciated the idea of organizing an international conference this year by the CCP with the aid of Competitiveness Support Fund. The Chairperson thanked the prime minister for his support in enhancing the effectiveness of the CCP by completing the full strength of the Commission. She also discussed the organizational matters during the meeting.



Chairperson CCP with Prime Minister Yousaf Raza Gilani

EDUCATING THE BUSINESS COMMUNITY

The business community in Pakistan is the key stakeholder for the Commission. During the year, the following advocacy activities were organized to interact with various business groups.

Presentation to the CCP by Toyota and Pak Suzuki

The Chairperson Rahat Kaunain Hassan visited Toyota Pakistan in October, 2010 and met its Chairman and the Board Members. She was given a presentation by the Director Marketing, Toyota Pakistan, Mr. Raza Ansari, about the company's operations in Pakistan. The Chairperson appreciated Toyota Pakistan's efforts to maintain and bring quality in its products. The Chief Executive Officer of Toyota Pakistan, Mr. Parvez Ghias, thanked the Chairperson for her visit.

On May 2, 2011, the Chairperson of CCP visited Pak Suzuki Motor Company Limited. The CCP team observed the production facilities of Pak Suzuki. Mr. Hirofumi Nagao, MD & CEO Pak Suzuki appreciated the efforts of CCP for taking steps for promoting competition in Pakistan.



The Chairperson with the Chief Executive Officer and Senior Management of Toyota Pakistan

Seminar at RCCI

The Chairperson Rahat Kaunain Hassan along with senior officials of the CCP attended a Seminar on competition law organized by RCCI (Rawalpindi Chamber of Commerce and Industries). Officers of CCP gave presentations on the Competition Act and the Voluntary Competition Compliance Code. The Chairperson, while addressing the seminar, explained the important provisions of the competition law citing various enforcement orders issued by the Commission. She said that the enforcement of competition law would ensure economic growth by removing entry barriers and curbing anti-competitive practices. She responded to various questions of the participants of the seminar.



CCP Chairperson with the President and other office bearers of RCCI

Seminar on Consumers' Rights Day

The Consumers Association of Pakistan (CAP) hosted a seminar to mark the World Consumer Rights Day on March 15, 2011. The Chairperson, Ms. Rahat Kaunain Hassan accompanied by Member Advocacy Ms. Vadiyya Khalil attended the seminar. In her address as chief guest on the occasion, she urged upon the consumer welfare organizations in the country to assist CCP in protecting the consumer rights.



CCP Chairperson and Member Advocacy with participants of seminar on World Consumer Rights day

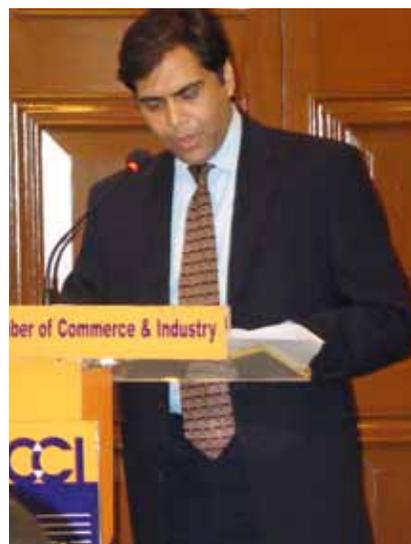
Seminar at OICCI

The Chairperson along with the senior officials of the Commission attended a seminar organized by the Overseas Investors Chamber of Commerce & Industry (OICCI) on the Competition Act, 2010.

CCP officials gave detailed presentations highlighting the salient features of the Competition Act, 2010, and deliberated upon the Leniency Regime, the Voluntary Competition Compliance Code, the Reward Payment Scheme and the Merger Control Regime.

Speaking on the occasion, the Chairperson said that the role of the CCP is not to scare businesses but to discipline them and guide them to obey the law.

Mr. Naveed A. Khan, the President of OICCI said that the interactive session would prove useful in increasing awareness among the OICCI Members about the Competition Law. He thanked the Commission for being approachable to the business community.



CCP Member Dr. Joseph Wilson addressing the seminar

Partnership with Consumers' Rights Organizations

The Commission addresses consumer complaints through OFT. An online complaint cell has also been established within the CCP to take consumer complaints related to deceptive marketing and other anti-competitive practices. The Commission decided to build partnerships with consumer rights groups having direct contact with the general public to create more avenues for receiving public complaints regarding competition issues. The Consumers Association of Pakistan and the Consumers Forum are among such consumer groups who have established a channel of communication with CCP. The Commission held two separate seminars for members of these organizations, elaborating upon key provisions of the Competition Act, 2010, particularly those dealing with consumer issues.



CCP Chairperson with the president and members of Consumers Association of Pakistan

ADVOCACY THROUGH MEDIA

The Commission realizes the importance of both the print and electronic media in promoting awareness about the competition law. The media has been very supportive of the Commission in this regard. Regular liaison with the print and electronic media helps the Commission in garnering wide coverage of its initiatives and improving awareness among its stakeholders. The following media activities were held during the year under review.

TV Interviews

The Chairperson appeared in the following TV talk shows in which she spoke about pertinent issues and developments taking place vis-à-vis enforcement of competition law:

- Interview with ARY News on October 14, 2010
- Interview in Aaj TV program, Aaj Markets on October 14, 2010
- Interview in Geo News program, Aik se Do, on February 11, 2011
- Interview in Aaj TV program, Aaj Markets, on February 18, 2011
- Interview in Business Plus program, Business Lunch on March 15, 2011
- Interview in Business Plus program, the Pulse, on March 15, 2011



Print Interviews

The following interviews of the Chairperson were published in the print media:

- December, 2010 issue of the leading business magazine, 'Blue Chip'.
- October 8, 2010 issue of the 'Boss Magazine', Daily Times.
- March 14, 2011 issue of the daily 'Business Recorder'.
- June 26, 2011 issue of the 'News' in its Sunday Edition's Political Economy section.



Special Supplement in the 'Dawn'

The Commission published a special supplement in daily Dawn on December 31, 2010. The special supplement carried articles about the Commission's role, its performance and the future roadmap.

Lahore Economic Journalists Association (LEJA)

LEJA invited the Chairperson Ms. Rahat Kaunain Hassan to address its Executive Body Members on February 3, 2011. The Chairperson and CCP Members Dr. Joseph Wilson and Ms. Vadiyya Khalil briefed LEJA Members on the Competition Act, 2010, enforcement actions taken by the CCP, and about its advocacy strategy. LEJA Members evinced keen interest in the interaction and asked various questions to which the Chairperson and Members responded.

CCP Chairperson and Members briefed LEJA members on the Competition Act, 2010, enforcement actions taken by the CCP, and about its advocacy strategy.

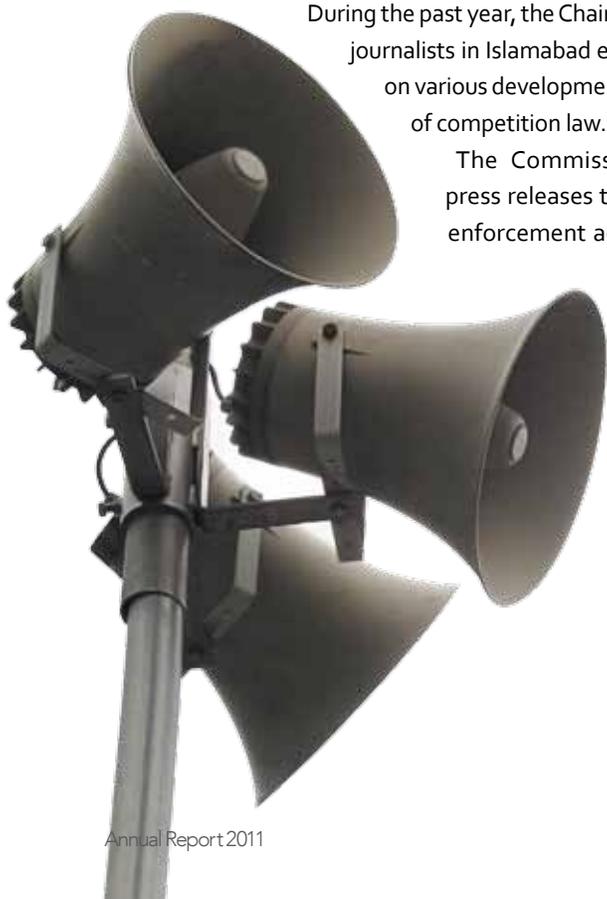
Media Briefings and Press Releases

The Commission keeps close contact with media, particularly senior economic journalists by regularly interacting with them and briefing them on competition issues.

During the past year, the Chairperson met senior economic journalists in Islamabad eight times and briefed them on various developments vis-à-vis the enforcement of competition law.

The Commission also regularly issues press releases to the media to highlight its enforcement actions and other important developments. To that end, fifty-five press releases were issued during the year under review.

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CCG

Competition Consultative Group

CCG is a body set up by the Commission to solicit feedback from the stakeholders about its enforcement and advocacy strategies. CCG meetings are convened quarterly in different cities with varying participants including representatives of regulatory institutions, public and private sector, legal community, academia, media and the Government of Pakistan. Three meetings of the CCG were held in the past year in Islamabad, Lahore and Karachi.

The 9th CCG meeting that was held in Karachi on July 6, 2010 discussed four new studies completed under CCP's on-going program of sectoral research, titled competition impact assessment studies. Four new studies were completed, reviewing the aviation, electric power, fertilizers and sugar sectors.

The 10th meeting was held in Islamabad on February 9, 2011. Heads of the other Federal regulatory bodies were also invited to attend the meetings; those who attended included the Chairmen of both the Securities & Exchange Commission of Pakistan and the Oil and Gas Regulatory Authority. Besides discussing pertinent issues, the regulatory heads also agreed to the proposal to form a Regulators' Forum.

The 11th meeting of CCG was held in Lahore on June 30, 2011. CCP Members Mr. Mueen Batlay and Dr. Shahzad Ansar gave presentations on the Aviation Sector Study and Deceptive Marketing, respectively. Bid rigging in public procurement was also discussed in the meeting. The Managing Director of the Public Procurement Regulatory Authority also attended the meeting.



The Chairperson and Members at the 10th CCG meeting



Chairman SECP and Chairman OGRA at the 10th CCG meeting



Dealing with International Affairs

Since its establishment in October, 2007, the Commission has seen an increase in its participation in various international activities arranged by the International Competition Network (ICN), the Organisation for Economic Co-operation and Development (OECD), and the United Nations Conference on Trade and Development (UNCTAD). As a response to the current and expected increase in activities with an international focus, the Commission established an Office of International Affairs in January 2010 as the focal co-ordinating point to liaise with the ICN, the OECD, and UNCTAD.

The Office of International Affairs' (OIA) involvement in the work of the ICN and the OECD continued during the period under review. A summary of these activities is given herewith.



THE INTERNATIONAL COMPETITION NETWORK

The OIA remained involved in the various activities of the ICN, primarily among these was the Agency Effectiveness Working Group and its flagship activity, the development of an operations manual for all competition agencies. Along with Mexico, the Netherlands, and the US Federal Trade Commission (FTC), the OIA had lead responsibility in drafting chapter 2 of the Agency Effectiveness Manual which focused on 'Effective Project Delivery'.

Work on the Effective Project Delivery chapter began in September 2009 and is expected to continue until the ICN's 11th Annual Conference scheduled for the second quarter of 2012.

The OIA also contributed to chapter 3 of the manual dealing with 'Effective Knowledge Management'. The lead responsibility of drafting the chapter is with the competition agencies of Chile and Egypt but the OIA will continue to assist as and when needed. The time-frame for the completion of this chapter is also the date of the 11th Annual Conference.

More recently, the members of the 'Agency Effectiveness' Working Group chalked out the initial parameters of chapter 4 of the manual on 'Effective Human Resources'. Work on this chapter is expected to continue till 2013.

Apart from the activities of the 'Agency Effectiveness' Working Group, the OIA also participates in the activities of the 'Advocacy' Working Group in collaboration with the Commission's Advocacy Department. The schedule of activities of the Advocacy

Working Group for the next two years was prepared and shared by the co-chairs of the group, Russia, France, and Portugal. 'The Raising Awareness of the Benefits of Competition' (The Benefits Project) is one of two major activities of the Advocacy Working Group. This new AWG project is intended to meet the ICN Members' requirements in advocacy work revealed by the ICN Second Decade Feedback and seeks to provide ICN members with knowledge, skills and arguments for the benefits of competition to support their competition advocacy efforts with government and non-government stakeholders. The second project is the 'Competition Advocacy Toolkit, Part 2', focusing on the communications and public relations aspects of competition advocacy. It will complement the already developed Part 1 of the Toolkit that was mainly focused on the advocacy process and tools. The new Part 2 will draw in large part on the former ICN Toolkit for Effective Advocacy, specifically the sections on media relations, plain language, internal communications, websites and research and communications, and will include updated examples.

The Commission participated in two meetings held under the aegis of the International Competition Network. The first one, in July 2010 in London, was for the Heads of Agencies on the topic of Knowledge Management within Competition Agencies. More recently, Member (M/A&IA) participated in the 10th Annual Conference at the Hague, Netherlands in May 2011.

THE ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD)

The OIA has continued to respond to the OECD's request for contributions on various topics that are presented at the Global Competition Forum, the OECD's annual flagship event. Member (M/A&IA) participated in the 10th Global Competition Forum in Paris in February, 2011 and the OIA prepared the country contribution on Cross-border Merger Control: Challenges for Developing and Emerging Economies. The Member (M/A&IA) also made a presentation on Challenges with International Co-operation on Cross-Border Merger Cases.

The Commission was invited as an ad-hoc observer to the OECD's

Competition Committee meeting in June, 2011, and though it could not attend this important meeting, a written contribution on compliance with competition law was prepared.

Officers of the Commission attended various capacity building events organised by the OECD's Korea Centre. The sessions were on (i) Price Related Abuse of Dominance in September, 2010; (ii) Competition in the Banking Industry in October, 2010; (iii) Investigation Techniques using a Cartel as an Example in December 2010; (iv) Merger Fundamentals in April, 2011; and (v) Competition in the Telecommunications Sector in 2011.



OECD Headquarters, Paris, France

THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD)



UNCTAD is engaged in technical cooperation with countries seeking capacity-building and technical assistance in formulating and/or effectively enforcing their competition law. As part of this initiative, UNCTAD hosts the Intergovernmental Group of Experts on Competition Law and Policy for consultations on competition issues of common concern to member States and the informal exchange of experiences and best practices, including a Voluntary Peer Review of Competition Law and Policy.

The Member (M/A&IA) participated in 6th United Nations Conference to Review the UN Set on Competition Policy in November 2010 and made a presentation on Competition Leniency

in Pakistan.

The OIA's submissions to UNCTAD have been based on requests for various contributions. In preparation for the Meeting of Inter-Governmental Experts in July, 2011, the OIA responded to the questionnaire circulated by UNCTAD. In the upcoming year, the OIA will be making written contributions to the UNCTAD on a demand driven basis.

Also, during the reporting period, the OIA explored the possibility of contributing in the research activities of UNCTAD and opportunities for enhanced possibilities of technical collaboration under the Research Partnership Platform. Activities pertaining to this platform will commence in FY 2011-12.

The Office is also responsible for exploring bilateral relations with competition agencies as well as with donor agencies for possible technical assistance.

OTHER ACTIVITIES

Part from the numerous activities of the ICN, OECD, and UNCTAD, the Office is also responsible for exploring bilateral relations with competition agencies as well as with donor agencies for possible technical assistance.

The OIA took the initiative for the establishment of a SAARC Competition Regulators Forum and prepared a concept note on this for the SAARC secretariat based in Islamabad. Given that the seven countries comprising SAARC are at various stages of competition law enforcement, this is a long-term collaborative effort between the OIA and the SAARC countries.

The OIA also partnered with the Fredrich Naumann Stiftung and the Economic Freedom Network for financial assistance for drafting and publishing a booklet entitled Protection from Anti-Competitive Practices, on the Competition Law and the role of the Competition Commission of Pakistan.

Lastly, the Office of International Affairs arranged for a week-long visit of two competition experts from the Turkish Competition Authority (Rekabet Kurumu) in April, 2011. The two experts provided training on the topic of bid rigging in public procurement, an area of focus for the Commission in 2010-2013.

Undertaking Research



While conducting research with reference to competition law and policy, the Commission uses internationally acknowledged analytical frameworks devised by the OECD, DFID, ICN, ADB, and the CCP's comprehensive template on sectoral research and analysis. The research agenda of the Commission is being pursued by the Competition Policy and Research Department (CP&RD) that was created in 2011 to use research instruments to foster competition.

WORK-PRODUCTS

CCP's Competition Policy and research related work-products include:

- **Working Papers**
Preliminary material circulated to stimulate discussion and obtain comments.
- **Competition Impact Assessments**
Reports containing original research on selected sectors.
- **Competition Policy Notes**
Reasoned non-binding advice, aiming to mold policies in a pro-competition form, addressed mainly to Government institutions.
- **Briefing papers**
Abridged versions of research studies, consisting of executive summaries and report findings, for internal and external dissemination.

INSTRUMENTS FOR IMPROVEMENT

Based on the work-products generated by the Policy and Research Department, the recommendations and guidelines for improvement in the competition environment are offered in these formats:

- Roadmap for reforms in specific sectors to recommend changing regulations found to have adverse effects on competition or to recommend changes in the structure of a market.
- Removing information asymmetries and improving quality of information for consumers.
- Making a reference for action under the Competition Act, such as inspection or investigation, if a market study provides reasonable grounds to do so. This covers pursuing remedial measures targeting firms to discontinue anti-competitive practices or to adopt well identified pro-competitive practices.

MAJOR ACTIVITIES

The research program supports the CCP in ensuring competition in all spheres of commercial and economic activity so as to enhance economic efficiency and protect businesses and consumers from anti-competitive behaviour. The Commission

follows a well-articulated research and market studies program to identify anti-competitive factors, actions, policies, and propose remedies for each respective market. An overview of the major work undertaken during FY 2010-11 is presented below.

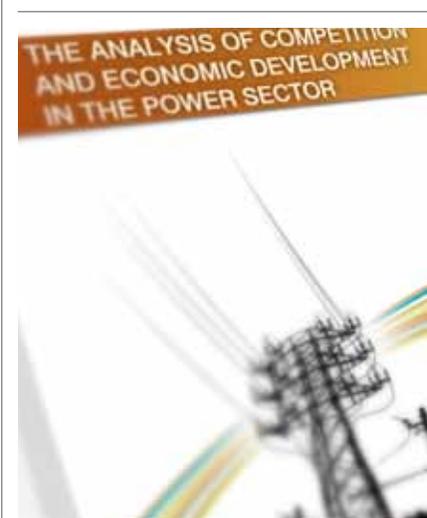
I) COMPETITION IMPACT ASSESSMENT REPORTS

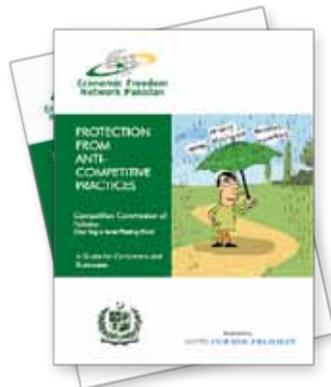
Soon after its inception in 2007, the Commission initiated a series of competition assessments focusing on important sectors of the economy, including banking, sugar, fertilizer, aviation, and power. CCP's approach has been primarily to assess various sectors from a competition standpoint and identify competition vulnerabilities, government interventions that may be distorting incentives, information failures and anti-competitive elements within the industry structure. Market studies serve as a diagnostic tool that enables CCP to evaluate as to how competitive the markets are, and work out steps to improve the state of competition in particular sectors.

During the year, competition impact assessments on Cooking Oil and Ghee,

Polyester Staple Fiber, Aviation and Power Sector were completed and published. These studies cover important segments of the food, textiles, transportation and energy markets. A wide range of competition issues have been covered in the reports, including market dominance, entry barriers, the effect of international developments on the national market, and the regulatory mechanism in each industry. CCP's competition assessments are based on extensive efforts to gather first hand knowledge from relevant stakeholders so as to cover all the relevant aspects. This is why the reports are of interest to policy makers including both the legislative and the executive branches. These are beneficial for those with a particular interest in each sector – investors, academia and students.

Interestingly, the reports have been appreciated by the market players to develop their understanding of the competition law as an enabler of a growth-fostering business environment.





One of the activities of the Commission is to coordinate with both internal and external stakeholders to share the findings of research work with others, and to give inputs on the work done by other organizations.

II) PUBLICATIONS

The Policy & Research Department worked on the drafting, designing and finalization of a Booklet on 'Protection from Anti-Competitive Practices: a Guide for Consumers and Businesses'. This was published for improving awareness about the Competition Act.

III) INFLUENCING AND MODIFYING POLICIES

Besides anti-competitive practices that may be present in the private sector, poorly designed government regulations also lead to inefficient outcomes from a competition perspective. Research helps assessing policies to identify interventions and actions that distort competition such as laws, rules and procedures relating to various aspects of market entry, procurement, etc. The Commission strives to change and modify policies to enhance competition, using available tools, such as the Policy Note. The sectors that have been focused on during the period in review include the stock market and SECP regulations, aiming to:

- scrutinize the impact of regulations and policies on competition;
- review the work of Government Ministries to find instances of regulatory capture or anti-competitive outcomes of their actions; and
- recommend suitable pro-competition amendments.
- During the year, eight policies and legal frameworks were reviewed. One Policy Note was issued to SECP concerning listing regulations.

IV) NETWORKING WITH STAKEHOLDERS

One of the activities of the Commission is to coordinate with both internal and external stakeholders to share the findings of research work with others, and to give inputs on the work done by other organizations. To achieve these targets, nine presentations on various topics were arranged. The CCP provided comments on the State of Competitiveness Report published by the Competitiveness Support Fund, and the New Growth Strategy issued by the Planning Commission. The Research Department of the Commission continued to liaison with ministries and other organizations on subjects relating to competition policy and law.

V) CONTRIBUTIONS IN THE INTERNATIONAL FORA

The Policy and Research Department worked on five contributions in the work relating to international organizations, such as the UNCTAD, ICN, OECD and the Global Competition Forum. For instance, a contribution was sent to the UNCTAD's Eleventh Session of the Inter-governmental Group of Experts on Competition Law and Policy, addressing the importance of coherence between competition and government policies in Pakistan and carrying out a review of the experience gained in enforcement cooperation. In addition, the Department sent feedback to the OECD on its work-products based on the experience of using these for research and analysis.

Research helps assessing policies to identify interventions and actions that distort competition.

AN ACTIVE ROLE OF INFORMATION RESOURCE CENTRE

Availability of relevant information and documents is vital for research activities. The IRC facilitates the provision of information encompassing all departments of the CCP. Recommendations from officers are eagerly received to identify the digital and print resources that could assist CCP in its research activities. Such interdepartmental communication keeps the IRC updated in terms of needs assessment of various departments. IRC has initiated a comprehensive, systematic collection development process to accommodate both current and future information resource needs. The process of needs assessment is being carried out in consultation with all the departments of the CCP. As part of its effort to enhance collection development, the IRC is working towards establishing the following sections:

- Acquisition Section
- Technical Section (Classification+ Cataloging)
- Reference Section
- Circulation Section
- Periodical Section
- Audio Visual Aid Section

During 2010, the Commission's library was renamed as the Information Resource Centre. The following steps were taken to improve the IRC.

- Accessioning of books in the accession register, by including the bibliographic particulars of the books.
- Stamping, spine labeling and allocation of call number to all the books.
- For the arrangement of books, a systematic classification scheme named Dewey Decimal Classification scheme has been used. All the books are classified by using latest edition of DDC scheme of classification.
- Books on competition law have been acquired to update the already existing collection. There are more than 3,015 publications in the collection and it is growing with the addition of new books and journals, Including nine new journals that have been added to the IRC.
- The exchange of materials with the Library of Congress and other regulatory agencies has been initiated, through the 'Inter-Library Loan' process.
- IRC publishes a current awareness bulletin: Information about new books and journals is circulated via e-mail to apprise CCP employees about expansions in their subject areas.
- Daily news from the Global Competition Review is circulated to keep the CCP officers updated with international developments in the area of competition law and policy.



Part THREE

62-78



Nuts & Bolts

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Amendments to the Commission's Regulations

The Competition Act, 2010 is legislated in October, 2010:

The Competition Act was enacted as an Act of Parliament on 13 October, 2010, after a series of Presidential Ordinances lapsed from time to time, which served as a major breakthrough for the Commission. The Act gave permanency to the Competition Law in Pakistan.

Amendments to the Regulations:

By virtue of powers conferred under section 58 of the Act, suitable amendments have been made in the following Regulations:

(i) The Competition (Merger Control) Regulations, 2007.

Regulation 4A which relates to 'Transactions exempted from filing pre-merger notification' was amended to add to it some new transactions.

(ii) Competition Commission (General Enforcement) Regulations, 2007:

A new regulation 4A – Grant of block exemption without application, was approved.

(iii) The Competition Commission (Service) Regulations, 2007:

New provisions were inserted regarding service of the employees of the Commission, including the following:-

- a) House Building Advance to employees;
- b) Dismissal from service;
- c) Termination of service; and
- d) Study leave

Improving the Information Technology Profile of the Commission

The IT Department manages and supplies all technology-related services to support The Commission's technology mission as well as quality software and hardware products to increase productivity and efficiency. The Department succeeded in creating a flexible technology environment capable of accommodating rapidly changing business needs. The Department is organized into three program areas: Enterprise Application Services, Enterprise Operational Services and Enterprise Design/Multimedia Services.

CCP Website

The functionally enhanced and upgraded website provides freely accessible one-stop access to information on the Competition Act and activities of the Commission. The latest news on seminars and conferences can be found on the website for information and registration. Apart from press releases, speeches and publications, website visitors can also find all the guidelines and the accompanying explanatory notes, forms, feedback submissions and FAQs on enforcement, advocacy, mergers and legal developments.

Online Complaint System

Businesses and members of the public can approach the CCP about the activities that they consider may have infringed the Act. A Complaint Form in this regard is available on the CCP website. The Complaint Form guides complainants on the information which should be provided to enable the CCP to adequately assess the complaint.

Assisting in Search and Inspection

One of the functions of the IT Department is to assist the Commission in digital evidence gathering during search & inspection. The IT Department has assisted the Commission during numerous search and inspections by using latest digital evidence gathering techniques.

The Department succeeded in creating a flexible technology environment capable of accommodating rapidly changing business needs.

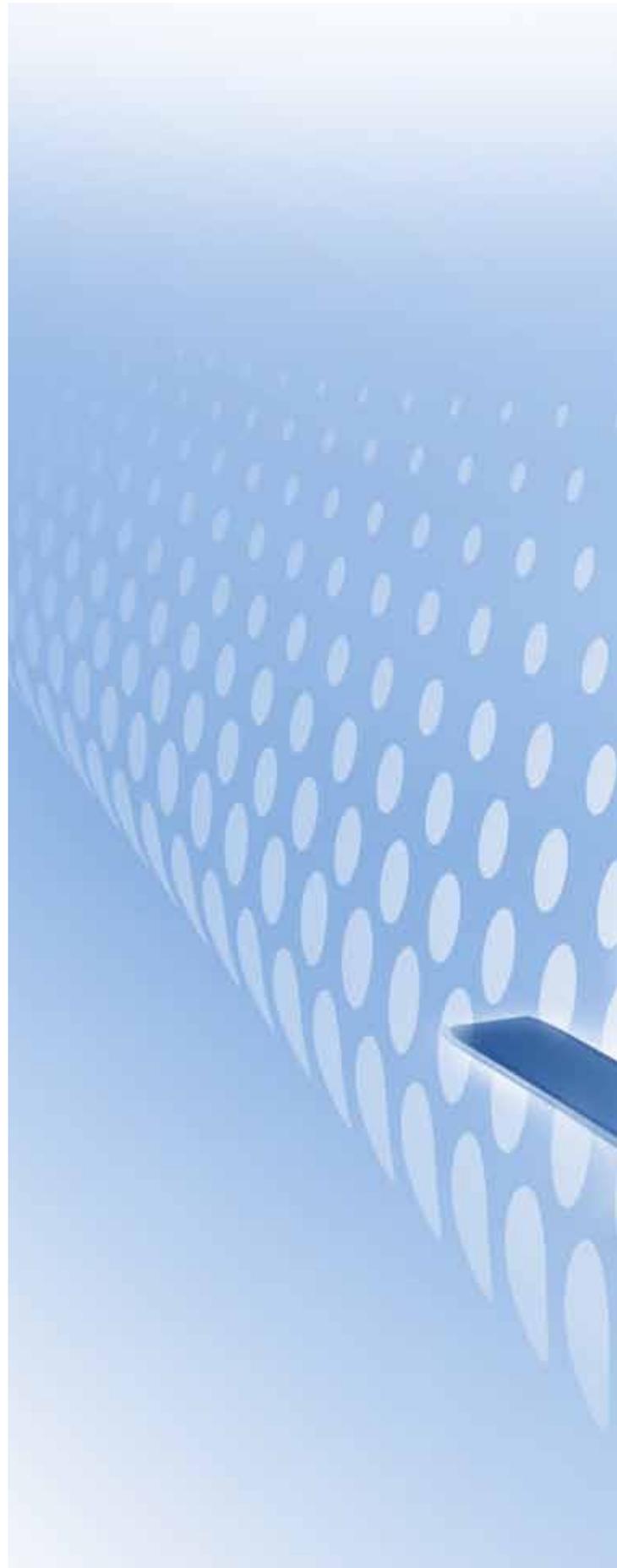
2010/11 Accomplishments

Apart from the above-mentioned activities, the Department also made progress on the following:

- Completed Data Center system and shifting of IT infrastructure to new location.
- Implemented pilot installation, integration and configuration of enterprise operational solutions:
 - Symantec Endpoint Protection Manager
 - Microsoft System Center Essentials 2010
 - Microsoft Office Communications Server 2007
 - Microsoft SQL Server 2008.
- Implemented automatic patch management for Windows environment.
- Updated internet filtering policies to ensure appropriate usage.
- Received and responded to more than 18,500 requests to the Enterprise Support Desk with an average call waiting time of 40 seconds.
- Strengthened the Commission's data network for real-time network monitoring, information authentication and authorization services by configuration of system policies.
- Implemented inter-office portal services (Phase-I) for ease of data access and interoffice communications.
- Developed a 'Legal Case Management' application for book keeping of cases, hearings and lawyers with automatic notification and acknowledgment features.
- Remodeled the Commission's website by enhancing functionality and data accessibility through improved layout and dynamic content loading techniques.
- Demonstrated the Commission's role through documentary and motion graphics videos.
- Designed the Commission's publications, reports, promotional design and branding.
- Facilitated audio conferencing and training to the CCP officials.
- First ever in-house designing and development of Annual Report started and recieved great feedback and appreciation.

Future Challenges

Moving towards a 'less-paper' office is a challenge we are addressing through customized application modules. Information and documents in electronic form, available through the internet and intranet, will increasingly become the backbone of the Commission's information, process and workflow for all its functions. An Information Security section will also be created to ensure that the Commission's information resources are properly protected, and the opportunities provided by technology are fully secured.



DURING CURRENT YEAR
THE WEBSITE GOT
18,692
CLICKS





Financial Statements

Khalid Majid Rehman

Chartered Accountants
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Islamabad-44000

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Website: www.kmr.com.pk

Other Offices: Lahore & Karachi

INDEPENDENT AUDITORS' REPORT TO THE COMMISSION ON THE FINANCIAL STATEMENTS OF COMPETITION COMMISSION OF PAKISTAN

We have audited the accompanying financial statements of **COMPETITION COMMISSION OF PAKISTAN (the Commission)** which comprise the balance sheet as at **June 30, 2011** and the related income and expenditure account, cash flow statement and statement of changes in funds for the year then ended together with the summary of significant accounting policies and other explanatory notes (herein after referred to as financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan, provisions of and regulations issued under the Competition Act, 2010 and accounting policies stated in note 3 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud and error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

KMR

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

No provision has been made for current/ prior years income tax and deferred tax in these financial statements, the effect of which can not be quantified.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Commission as at **June 30, 2011**, and its financial performance, cash flows and changes in funds for the year then ended in accordance with approved accounting standards as applicable in Pakistan, provisions of and regulations issued under the Competition Act, 2010 and accounting policies stated in note 3 to the financial statements.

DATE: 29 AUG 2011
ISLAMABAD

Khaliid Majid Rehman
KHALID MAJID REHMAN
CHARTERED ACCOUNTANTS

KMR

Engagement partner:
Sharif ud din Khilji

BALANCE SHEET

AS AT JUNE 30, 2011

	NOTE	2011 Rupees	2010 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	14,233,393	9,441,571
Intangible asset under development		1,195,981	1,195,981
Long term investment	5	-	20,000,000
Long term loans, advances and deposits	6	10,353,006	11,630,718
		25,782,380	42,268,270
CURRENT ASSETS			
Short term investments	7	36,000,000	1,000,000
Advances, prepayments and other receivables	8	28,008,123	21,999,400
Cash and bank balances	9	29,802,808	28,333,137
		93,810,931	51,332,537
		119,593,311	93,600,807
FUNDS AND LIABILITIES			
FUND ACCOUNT	10	(35,699,460)	(30,013,179)
DEFERRED LIABILITIES			
General provident fund		2,309,141	1,927,372
Pension fund	11	121,359,700	93,886,000
Provision for earned leaves		11,099,968	10,034,824
Gratuity		15,783,049	12,805,543
Restricted grant		353,728	353,728
		150,905,587	119,007,467
CURRENT LIABILITIES			
Accrued and other liabilities	12	4,387,184	4,606,519
CONTINGENCIES AND COMMITMENTS			
	13	-	-
		119,593,311	93,600,807

The annexed notes from 1 to 19 form an integral part of these financial statements.


 CHAIRPERSON


 DIRECTOR GENERAL

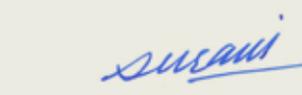
INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2011

	NOTE	2011 Rupees	2010 Rupees
INCOME			
Fee, charges and penalties	14	51,761,300	46,468,000
Government grant-unrestricted		190,000,000	200,000,000
Interest income on investment		385,452	553,534
Interest income-advances to employees		209,800	182,901
Other income	15	2,654,502	2,883,344
		245,011,054	250,087,779
EXPENDITURE			
Salaries, allowances and other benefits	16	175,199,178	132,619,722
Operating expenditures	17	69,486,519	92,433,252
Depreciation	4	6,011,638	6,250,355
		250,697,335	231,303,329
SURPLUS/ (DEFICIT) FOR THE YEAR		(5,686,281)	18,784,450

The annexed notes from 1 to 19 form an integral part of these financial statements.


CHAIRPERSON

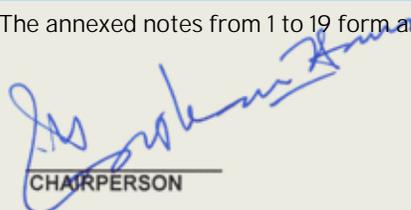

DIRECTOR GENERAL

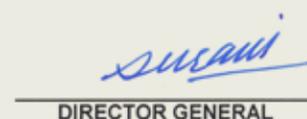
CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus/ (Deficit) for the year	(5,686,281)	18,784,450
Adjustments for non-cash items:		
Depreciation	6,011,638	6,250,355
Profit on sale of fixed assets	(16,633)	-
Provision for gratuity	11,047,171	8,290,386
Provision for leave encashment	5,777,847	6,637,665
Provision for pension	36,321,431	(2,548,644)
	53,455,173	37,414,212
Working Capital Changes		
Increase in advances, prepayments and other receivables	(6,008,723)	(3,759,127)
Increase/(decrease) in accrued and other liabilities	(219,335)	2,751,684
	(6,228,058)	(1,007,443)
	47,227,115	36,406,769
Cash generated from operations		
Decrease in pension fund	(8,847,731)	(7,406,656)
Increase/(decrease) in general provident fund	381,769	(4,936,663)
Payment of gratuity	(8,069,665)	(726,000)
Payment of leave encashment	(4,712,703)	(508,200)
Net cash flow from operating activities	25,978,785	22,829,250
CASH FLOW FROM INVESTING ACTIVITIES		
(Increase)/ decrease in long term loans and advances	1,277,712	(5,792,911)
(Increase)/ decrease in short term investments	(35,000,000)	3,000,000
(Increase)/ decrease in long term investments	20,000,000	(500,000)
Addition in fixed assets	(10,836,727)	(8,351,401)
Proceeds from sale of fixed assets	49,900	-
Intangible asset under development	-	(1,195,981)
Net cash flow from investing activities	(24,509,115)	(12,840,293)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment against grant received	-	(799,290)
Net cash used in financing activities	-	(799,290)
Increase in cash and cash equivalents during the year	1,469,670	9,189,667
Cash and cash equivalents at the beginning of the year	28,333,137	19,143,470
Cash and cash equivalents at the end of the year	29,802,808	28,333,137

The annexed notes from 1 to 19 form an integral part of these financial statements.


CHAIRPERSON


DIRECTOR GENERAL

STATEMENT OF CHANGES IN FUND

FOR THE YEAR ENDED JUNE 30, 2011

Description	Net assets acquired from MCA	Surplus/ (Deficit) for the year	Total
		Rupees	
Balance as at June 30, 2009	(50,752,362)	1,954,733	(48,797,629)
Surplus/ (Deficit) for the year ended June 30, 2010	-	18,784,450	18,784,450
Balance as at June 30, 2010	(50,752,362)	20,739,183	(30,013,179)
Surplus/ (Deficit) for the year ended June 30, 2011	-	(5,686,281)	(5,686,281)
Balance as at June 30, 2011	(50,752,362)	15,052,902	(35,699,460)

The annexed notes from 1 to 19 form an integral part of these financial statements.


CHAIRPERSON


DIRECTOR GENERAL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2011

1 LEGAL STATUS AND OPERATIONS

The Competition Commission of Pakistan (the Commission) was established on 2nd October 2007 under the Competition Ordinance, 2007 which was later transformed into Competition Act 2010. The Act sets out the principles and norms of sound competitive behaviour as well as the manner in which these norms are to be enforced. It provides a legal framework in which a business environment based on healthy competition towards improving economic efficiency, developing competitiveness and protecting consumers from anti-competitive practices is to be created.

The Head Office of the Commission is situated at 7th and 8th floor of ISE Building, Islamabad.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These financial statements are prepared in accordance with approved accounting standards as applicable in Pakistan, provisions of and regulations issued under the Competition Act 2010 and accounting policies stated in Note 3 to these financial statements. Approved accounting standards comprise of Accounting and Financial Reporting Standards for Small-Sized Entities (SSE's) issued by the Institute of Chartered Accountants of Pakistan.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

These accounts have been prepared under the historical cost convention on accrual basis of accounting except the cash flow information and as otherwise stated in respective policies and notes given hereunder.

3.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged on straight line method over the estimated useful life of the asset. Rates of depreciation are specified in note 4 to the financial statements. Full year depreciation is charged in the year of purchase while no depreciation is charged in the year of disposal.

Maintenance and normal repairs are charged to income and expenditure account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are written off. Gains and losses on disposal of property, plant and equipment, if any, are included in the income and expenditure account.

3.3 Intangible assets

Intangible assets under development are stated at cost.

Intangible assets which are available for use are stated at cost less accumulated amortisation and accumulated impairment losses and are amortised on a systematic basis over their estimated useful lives.

3.4 Investments

Investments with fixed or determinable payments and fixed maturity of less than a year, are carried at cost.

3.5 Receivables

These are stated at cost less allowance for any uncollectible receivables.

3.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks on current and deposits accounts.

3.7 Pension fund

The pension is payable to employees of defunct Monopoly Control Authority(MCA). An employee is eligible for pension after the completion of qualifying service of twenty years. In the event of death of an employee, whether before or after retirement, his family shall be entitled to receive such pension. No pension shall be admissible to an employee who is dismissed or removed from service for reasons of disciplinary actions. The pension is payable to employees of defunct

KMR

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2011

Monopoly Control Authority(MCA). An employee is eligible for pension after the completion of qualifying service of twenty years. In the event of death of an employee, whether before or after retirement, his family shall be entitled to receive such pension. No pension shall be admissible to an employee who is dismissed or removed from service for reasons of disciplinary actions. Provision is made annually, to cover obligation under the scheme, by way of charge to income and expenditure account, calculated in accordance with the actuarial valuation. The most recent valuation in this regard was carried out as at June 30, 2011 using the projected unit credit method.

3.8 Contributory provident fund

As per clause (2) of chapter (7) of the Competition Commission (Service) Regulations, 2007 Contributory provident fund trust is required to be established for the benefits of the employees and Members of the Commission including the Chairperson. The Commission however is considering amending the regulation so as to eliminate the Contributory provident fund.

Currently the Commission operates general provident fund in which employees of the defunct MCA are contributing as per the rates specified by the Government, and includes the option of having interest free or interest bearing accounts. Interest bearing accounts are credited annually with the interest rate, announced by the Government (2010-11:14.20%, 2009-10: 14%)

3.9 Staff gratuity

The Commission operates an unfunded staff gratuity scheme for eligible employees. The amount of gratuity admissible shall be the sum equal to one month's gross salary drawn immediately preceding the date of the employee ceasing to be in the service of the Commission or his death, for each completed year of service in the Commission. Any part of service in excess of six months will be considered as one completed year for purposes of gratuity. The difference between the current and the previous liability is charged to income and expenditure account as expense for the year.

3.10 Leave encashment

The Commission provides for annual leave encashment of its eligible employees. Leave on full pay shall be earned at the rate of two working days for every calendar month of the period of duty. The duty period for more than fifteen days in a month shall be treated as a full calendar month for this purpose. The maximum limit of accumulation of earned leave shall be 60 working days as on 31 December of the year, i.e. any leave balance over and above 60 working days as on 31 December shall stand lapsed. No employee shall proceed on earned leave without prior approval of the competent authority, in writing. The difference between the current and the previous liability is charged to income and expenditure account as expense for the year.

Encashment of accumulated earned leave up to 60 working days subject to availability shall be allowed to employees of the Commission on cessation of employment, other than dismissal or removal from service on disciplinary grounds.

3.11 Accrued and other liabilities

These are carried at cost which is the fair value of the consideration to be paid in the future.

3.12 Revenue recognition

Fees, other recoveries, penalties and grant from Government of Pakistan are recognized as and when the Commission establishes right over sums received. The grant from Government of Pakistan is a non returnable contribution to the Commission Fund and therefore is recognized as income in the period to which it relates. The restricted grant is recognized as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Profit on investment and bank balance is recognized on accrual basis.

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2011

4 Property, plant and equipment

Particulars	Cost				Rate %
	As on July 1, 2010 Rs.	Addition Rs.	(Deletion) Rs.	As on June 30, 2011 Rs.	
For the year 2010-11					
Office Refurbishment	-	7,278,067	-	7,278,067	17
Furniture and fixtures	9,007,508	709,017	-	9,716,525	20
Computer and electronics	12,969,178	306,560	(49,900)	13,225,838	33
Office equipments	3,574,167	211,663	-	3,785,830	20
Vehicles	4,860,000	2,331,420	-	7,191,420	20
	30,410,853	10,836,727	(49,900)	41,197,680	

Particulars	Cost				Rate %
	As on July 1, 2009 Rs.	Addition Rs.	(Deletion) Rs.	As on June 30, 2010 Rs.	

4.1 For the year 2009-10

Furniture and Fixtures	6,430,669	2,576,839	-	9,007,508	20
Computer and Electronics	8,845,097	4,124,081	-	12,969,178	33
Office Equipments	1,923,686	1,650,481	-	3,574,167	20
Vehicles	4,860,000	-	-	4,860,000	20
	22,059,452	8,351,401	-	30,410,853	

	Depreciation			WDV		Assets fully depreciated as on June 30, 2010 Rs.
	As on July 1, 2010 Rs.	For the Period		As on June 30, 2011 Rs.	As on June 30, 2011 Rs.	
		Addition Rs.	(Deletion) Rs.			
-	1,237,271	-	1,237,271	6,040,796	-	
4,325,378	1,943,305	-	6,268,683	3,447,842	-	
10,080,780	1,596,990	(16,633)	11,661,137	1,564,701	3,510,596	
1,959,124	511,788	-	2,470,912	1,314,918	1,226,892	
4,604,000	722,284	-	5,326,284	1,865,136	3,580,000	
20,969,282	6,011,638	(16,633)	26,964,287	14,233,393	8,317,488	

	Depreciation			WDV		Assets fully depreciated as on June 30, 2009 Rs.
	As on July 1, 2009 Rs.	For the Period		As on June 30, 2010 Rs. Rs.	As on June 30, 2010 Rs.	
		Addition Rs.	(Deletion) Rs.			
2,523,876	1,801,502	-	4,325,378	4,682,130	-	
6,931,382	3,149,398	-	10,080,780	2,888,398	3,510,596	
1,399,669	559,455	-	1,959,124	1,615,043	776,892	
3,864,000	740,000	-	4,604,000	256,000	1,160,000	
14,718,927	6,250,355	-	20,969,282	9,441,571	5,447,488	

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	NOTE	2011 Rupees	2010 Rupees
5 LONG TERM INVESTMENT			
This represents pension fund investment, matured during the year. An amount of Rs. 10,000,000 is re-invested for a period of 3 months, therefore classified as short term investment.			
6 LONG TERM LOANS, ADVANCES AND DEPOSITS			
Loans and advances to employees- considered good	6.1	14,155,965	17,643,205
Less: short term portion		5,312,159	6,012,487
		8,843,806	11,630,718
Security deposits		1,509,200	-
		10,353,006	11,630,718
6.1 . Prior to July 2010, interest bearing loans were being given to employees for house building, car and motor cycle, at the interest rates announced by the Federal Government from time to time, while interest free loans were being given to employees for cycle and general purposes. From July 2010 onwards, consequent to the S.R.O 666 (I)2010 dated 19-07-2010 of the Commission, all the loans and advances to employees are given interest free.			
7 SHORT TERM INVESTMENTS			
G.P fund investment	7.1	1,000,000	1,000,000
Pension fund investment	7.2	10,000,000	-
Other investment	7.3	25,000,000	-
		36,000,000	1,000,000
7.1 These investments are held with SME Bank in deposit account for the period of 3 months at the mark-up of 11% per annum (2010: held With Deutsche Bank in deposit account for the period of 3 months at the mark-up of 10.80% per annum).			
7.2 These investments are held with National Bank in Term Deposit Receipts (TDRs) for the period of 3 months at the mark-up of 12.55% per annum.			
7.3 These investments are held with National Bank in TDRs for the period of 3 months at the mark-up of 12.55% per annum .			
8 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Short term portion of loans and advances to employees- considered good		5,312,159	6,012,487
General provident fund (GP fund) advance- considered good		169,652	112,798
Other advances- considered good		65,000	-
Prepayments		18,253,806	14,915,796
Withholding tax deducted		116,462	48,122
Interest receivable on investment- considered good		58,685	187,594
Interest receivable-advances to employees- considered good		879,091	722,604
Other receivable- considered good		3,153,269	-
		28,008,123	21,999,400
9 CASH AND BANK BALANCES			
Cash in hand		10,318	23,342
Cash at bank:			
Current account			
Current account-CCP- National Bank of Pakistan		3,446,622	8,809,938
Current account-Pension fund- National Bank of Pakistan		25,795,714	19,180,081
		29,242,337	27,990,019
Deposit account			
PLS account-G.P fund- National Bank of Pakistan		550,018	305,562
PLS account-G.P fund Deutsche bank		135	14,214
		550,153	319,776
		29,802,808	28,333,137

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10 FUND ACCOUNT		
Opening balance	(30,013,179)	(48,797,629)
Surplus/ (Deficit) for the year	(5,686,281)	18,784,450
Closing balance	(35,699,460)	(30,013,179)
11 PENSION FUND		
<p>This represents the amount of pension liability calculated on the basis of actuarial valuation. Amount of Rs. 35,795,714 (Rs 10 Million are invested in TDRs and Rs. 25,795,714 in current account maintained with National Bank of Pakistan) are currently kept by the Commission to meet this obligation and since the payment of pension is the responsibility of Federal Government as the employees are Federal Government employees, the Commission is accordingly in process of requesting the Federal Government for release of supplementary grant for the purpose of meeting the obligation in full.</p>		
12 ACCRUED AND OTHER LIABILITIES		
Accrued expenses	3,920,145	3,109,247
Accrued payroll cost	32,208	32,208
Other liabilities	434,831	1,465,064
	4,387,184	4,606,519
13 CONTINGENCIES AND COMMITMENTS		
13.1	Contingencies	
a)	Several cases are pending adjudication in the superior Courts against the actions taken or orders passed by the Commission. Recovery of exact amount of penalties imposed by the Commission will be determined after the decisions of the said cases by the superior Courts whereby the Courts can uphold, set aside or reduce the penalty.	
b)	Under Section 20(2)(f) of the Competition Act, 2010 read with S.R.O 1292(I)/2008 dated 23-12-2008, a statutory charge in the amount of 3% of the fee and charges collected by other regulatory bodies, is payable to the Commission by five regulatory bodies. The regulatory bodies have not yet paid the 3% charge to the Commission.	
13.2	Commitments	
	There are no material capital commitments as at June 30, 2011 (2010: Nil).	
14 FEE, CHARGES AND PENALTIES		
Acquisition fee	37,700,000	33,525,000
Merger / amalgamation fee	9,500,000	9,250,000
Advice fee	200,000	200,000
Complaint Lodging fee	450,000	200,000
Appeal fee	-	150,000
Penalty	250,000	117,100
Exemption fee	3,650,000	3,000,000
Copying fee	11,300	25,900
	51,761,300	46,468,000
15 OTHER INCOME		
Profit on sale of fixed assets	16,633	-
Reversal of provision/ expenses	2,350,000	2,548,644
Miscellaneous income	287,869	334,700
	2,654,502	2,883,344

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16 SALARIES, ALLOWANCES AND OTHER BENEFITS

Salaries, allowances and other benefits	121,964,312	117,556,382
Pension contribution of employees on deputation	88,417	135,289
Provision for pension	36,321,431	-
Provision for leave encashment	5,777,847	6,637,665
Provision for gratuity	11,047,171	8,290,386
	175,199,178	132,619,722

17 OPERATING EXPENDITURES

Repair and maintenance	837,272	1,282,390
Travelling & conveyance	17,782,992	31,909,624
Postage and telegraph	194,239	456,684
Communications	3,978,523	5,095,417
Utilities	2,803,052	2,267,701
Security services	1,033,632	1,140,172
Rent for office building	29,603,355	28,122,644
Rent for residential building	-	69,400
Printing and stationery	1,682,351	3,394,631
Legal and professional charges	2,541,500	8,821,592
Consultancy expense	2,581,414	2,134,815
Fee & Subscription	2,299,882	2,662,073
Conference/ work shop/ seminar	564,754	309,691
Office supplies	633,354	447,103
Entertainment	635,103	1,216,530
Newspaper and periodicals	543,984	531,678
Uniforms and protective clothing	162,053	91,227
Advertisement & publicity	596,659	1,302,930
Group insurance	14,554	14,244
Audit fee	145,000	145,000
Interest expense-General provident fund	155,041	83,655
Other expenditures	697,805	934,051
	69,486,519	92,433,252

18 DATE OF AUTHORIZATION FOR ISSUE

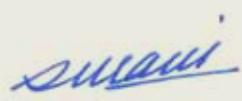
The financial statements have been authorized for issue on Aug 29, 2011 by the Commission.

19 FIGURES

Figures have been rounded off to the nearest rupee.



CHAIRPERSON



DIRECTOR GENERAL

A sign on a post against a blue sky with a cloud. The sign is white with a black border and contains the text "TO COMPETE IS BENEFICIAL" in red, bold, uppercase letters. The post is grey with blue dashed lines.

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