

ANNUAL REPORT

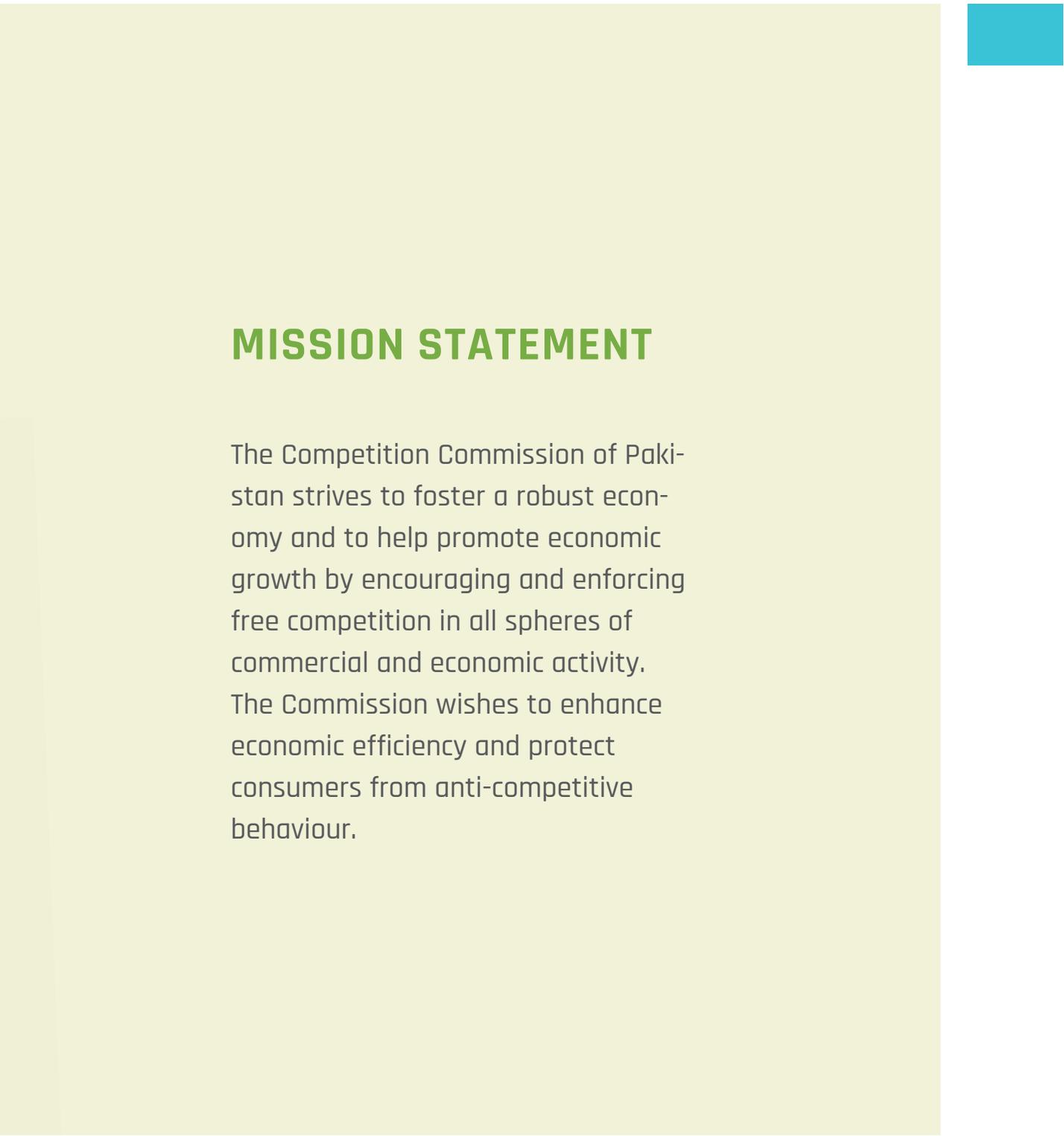
2017

"CCP is not just a Market Regulator but also a
MARKET DEVELOPER"



Competition Commission of Pakistan
Creating a level playing field





MISSION STATEMENT

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 anti-competitive behaviour.

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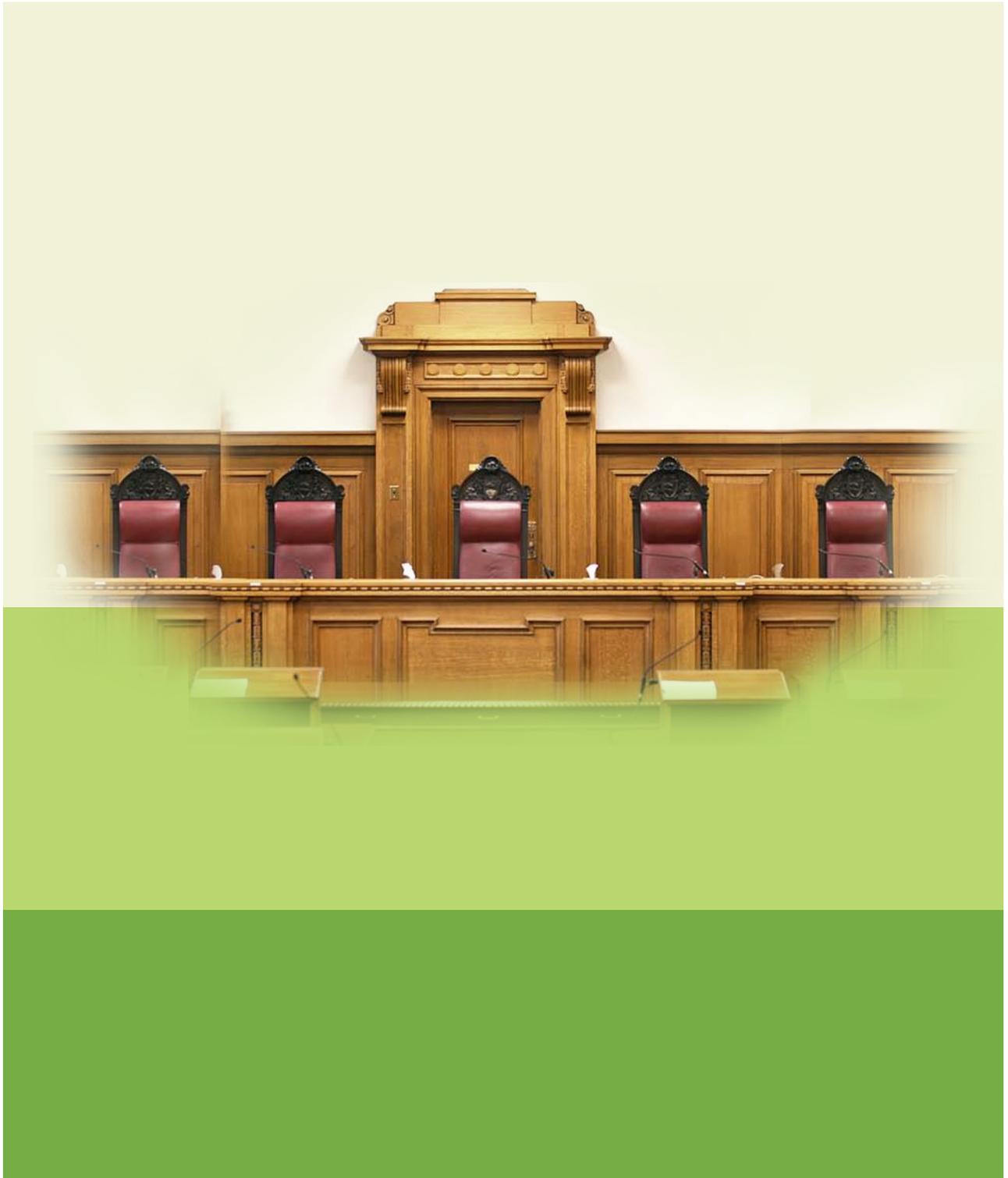
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THE COMMISSION



1

MS. VADIYYA KHALIL

C H A I R P E R S O N

Ms. Khalil was appointed Chairperson of Competition Commission of Pakistan in December 2014. She has previously served as the Commission's Member for Mergers & Acquisitions and Advocacy from 2010-2013.

Her career is notable for her leadership and strategic decision making roles in various financial sector organisations that have resulted in the successful implementation of numerous projects by major economic actors in Pakistan. Her time in the financial sector exceeds two decades in corporate and commercial banking and spans both international and national banks including Credit Agricole, ANZ Grindlays, MCB Bank Limited, Askari Commercial Bank, and the National Bank of Pakistan.

Ms. Khalil has a Master's Degree in Management Sciences from the University of Kent, the UK specialising in Corporate Strategy, Operations Research, Techniques of Management, Marketing, Global Modelling, and Accounting. She has studied the Italian Language and Literature at the University of Perugia, Italy and holds a Diploma in French from Alliance Française, Paris. Her professional executive education has focused on Leadership, Corporate Finance and Mergers and Acquisitions.



2

DR. JOSEPH WILSON

M E M B E R

Dr. Joseph Wilson was appointed as Member on 12 November 2013. He oversees Competition Policy & Research.

He has over 21 years of experience of public service, law practice, teaching, and research. Prior to joining the Commission, he was an

Associate Professor of Law at the Lahore University of Management Sciences (LUMS).

Dr. Wilson has Doctorate of Civil Law (D.C.L.) from McGill Faculty of Law, Montreal Canada, and Master of Laws (LL.M.) degrees. He also holds an LL.M. from the University of Georgia, USA. 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 Chicago's Institute for Consumer Antitrust Studies, USA.



3

MUEEN BATLAY

M E M B E R

Mr. Mueen Batlay was re-appointed as Member on 14 January 2014. He oversees Mergers and Acquisitions.

Prior to joining the Commission, he worked in the fields of investment banking, international development consulting, education and public policy. He specialises in investment advisory and consulting services, project finance, public-private partnership projects, privatisation, and capital market development.

He has also worked with the Government of Sindh where he contributed to the economic reform programme. Mr. Batlay holds a Master of Public Policy (MPP) with emphasis on international trade and finance from the Kennedy School of Government at Harvard University.



4

DR. SHAHZAD ANSAR

M E M B E R

Dr. Shahzad Ansar was re-appointed as Member on 27 January 2014 and holds the portfolios of Advocacy and the Office of Fair Trade.

Dr. Ansar has a PhD. in Business Administration with a specialisation in Microfinance and a Master's degree in Engineering Geology. He is a Certified SME Manager in the Doctorate category and holds International Advanced Diploma in Human Resource Management. He also has certifications in Intellectual Property Laws, Marketing, and Personal Finance from Nipomo, California USA.

Dr. Ansar has over 30 years of experience in management, business development and project finance. He has run energy projects and has also worked with the Federal Ministry of Industries & Production as CEO of its sector development company.

Mr. Ansar has a vast teaching experience and has offered services to the Virtual University of Pakistan, the University of Central Punjab, Civil Services Academy, and the University of South Asia, Lahore.



IKRAM UL HAQUE QURESHI

M E M B E R



Mr. Qureshi was appointed as Member on 17 December 2014. He oversees the Cartels and Trade Abuses, Competition Policy & Research, and Information Systems & Technology.

He has previously served as Director General (Legal and Corporate Affairs) and Registrar of the Commission from 2008-2014. He also supervised the Commission's Corporate Affairs Division from 2010-2013.

He has previously worked with the Securities and Exchange Commission of Pakistan (SECP), Pakistan Telecommunications Company Ltd (PTCL), and the Government's Infrastructure Project Development Facility (IPDF). Mr. Qureshi has an LL.M in Corporate Law.



MINISTRY OF FINANCE



The Ministry of Finance is responsible for the economic and financial management of the country. 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 reform. Its domain extends to important financial matters such as the preparation of the annual budget for the consideration and approval of Parliament. The Ministry of Finance and the Competition Commission of Pakistan work closely together to strengthen the regulatory framework in the country and thus promote economic growth and foster the necessary conditions for a vibrant economy.

MR. ISHAQ DAR

F E D E R A L M I N I S T E R

June 2013 - July 2017

Senator Mohammad Ishaq Dar is the Federal Minister for Finance, Revenue, Economic Affairs, Statistics, and Privatization. He has a B.Com (Hons) (Gold Medalist) from the University of Punjab, Lahore. .

He has 42 years of professional experience in audit, financial advisory, management consultancy, business, commerce, and industry, both in private and public sectors, in Pakistan and abroad.

He started his career as a Trainee Chartered Accountant with the Institute of Chartered Accountants in England and Wales (ICAEW) in 1970 and became its Associate Member (ACA) in 1974. He became an Associate Member of the Institute of Chartered Accountants of Pakistan (ICAP) in 1975.

His post-qualification professional experience awarded him Fellowship (FCA) of ICAEW in 1980 and of ICAP in 1984. Subsequently, he also became a Fellow Member (F.P.A) of the Institute of Public Finance Accountants of Pakistan. Senator Dar was awarded Life Membership of ICAEW in January 2012.

He has also worked as Director Finance of a British Textiles Group in London. He remained National Partner in a Chartered Accountants firm dealing with tax, corporate and financial management, audit and consultancy matters of the clients, including public sector and public-listed companies. Senator Dar acted as Chairman/ Chief Executive and Director of a Non-Banking Financial Institution (Public-Listed) in Pakistan.

Senator Dar is presently the Chairman, Standing Committee on Industries and Production, in addition to working as Member of Standing Committees including Finance, Revenue, Economic Affairs, Statistics and Planning and Development, Commerce and Investment. In recognition of his Parliamentary services, the Government of Pakistan conferred on him Nishan-e-Imtiaz (the highest civil award for Pakistani nationals) in 2011.

DR. WAQAR MASOOD KHAN

F I N A N C E S E C R E T A R Y

April 2013 - January 2017

Dr. Khan is an eminent economist with wide-ranging experience of both public and private sectors. He has a Ph.D. in Economics and M.A. in Political Economy from Boston University, Massachusetts, USA and has an M.A. in Economics and L.L.B. from the University of Karachi.

Prior to his current assignment as Federal Secretary Finance, Dr. Khan has held various senior positions in the Federal Government including Special Secretary to the Prime Minister, Secretary Economic Affairs Division, Secretary Petroleum & Natural Resources and Secretary Ministry of Textiles.

Apart from having several institutional and personal publications to his credit, he has served on the Boards of important national and international institutions including Islamic Development Bank (IDB), National Bank of Pakistan (NBP), Pakistan International Airlines (PIA), PTCL and Pak-Oman Investment Company etc.

MR. TARIQ BAJWA

F E D E R A L M I N I S T E R

February 2017 - June 2017

He has a Master's degree in Public Administration from Kennedy School of Government, Harvard University - where he was awarded the prestigious Littauer Fellowship - and an LLB from the University of the Punjab, Lahore. His professional expertise and experience includes public policy formulation and implementation with specialization in public finance and taxation.

Mr. Bajwa joined the Civil Service of Pakistan in 1981. He has varied experience in his career including field assignments of Assistant Commissioner and Deputy Commissioner, Secretariat positions both in the Federal and Provincial Secretariat, General Manager PIA (1992-1996), Head of Pakistan's Trade Mission in Los Angeles (1999-2004), Director General Planning and Finance in Earthquake Reconstruction & Rehabilitation Authority (ERRA) and the United Nations Development Programme (UNDP). Mr. Bajwa served as Secretary Finance, Punjab from 2010 to 2013, Director on the Board of Bank of Punjab (2010-2013), Chairman FBR (July 2013 to October, 2015) and Secretary, Economic Affairs Division prior to assuming the post of Secretary Finance.

ORGANISATION'S STRUCTURE





COMMISSION'S SECRETARIAT

The Commission's Secretariat was established under the Competition Commission (Conduc of Business) Regulations, 2007. It is headed by the Secretary to the Commission and its framework includes procedure and conduct of business of the Commission in accordance with the approved procedures, functions and powers of the Chair, duties and responsibilities of the Secretary, and keeping of the common seal of the Commission.

The Secretary represents the Commission at any forum as authorised by the Commission or Chairperson, issues notices and minutes of the meetings of the Commission, and certifies the decisions or documents used in hearings by the Commission. Other powers and duties can be assigned to the secretariat or the Secretary based on organisational exigencies.



The Secretary represents the Commission at any forum as authorised by the Commission or Chairperson,

CARTELS AND TRADE ABUSES DEPARTMENT



The Cartels and Trade Abuses Department plays a critical role in the enforcement work of the Commission.

Cartels result from arrangement(s) between firms designed to limit or eliminate competition between them with the objective of increasing their prices, profits and without any countervailing benefits. This is generally done by fixing prices, limiting outputs, sharing markets, allocating customers or territories, bid rigging in procurement contracts or a combination of these. Cartels are harmful to consumers and society as a whole due to the fact that the participating companies charge higher prices (and earn higher profits) than in a competitive market without the pressure of improving quality.

A firm is in a dominant position if it has the ability to behave independently of its competitors, customers, suppliers and, ultimately, the final consumer. A dominant firm with such market power would have the ability to sell products of inferior quality setting prices above the competitive level or reduce innovation below the level that would exist in a competitive market. Under Pakistan's competition law, it is not illegal to hold a dominant position, since this can be obtained by legitimate means, e.g., by inventing and selling a better product or providing services of incomparable quality. Instead, the Act does not allow companies to abuse their dominance.

EXEMPTIONS DEPARTMENT

Consistent with global best practices in competition law, the Act recognises that certain practices or agreements that would otherwise be prohibited may provide an overall benefit to consumers e.g., improving production, distribution, and technological development, which would outweigh the adverse effect of reducing competition in the market. § 5 of the Act allows undertakings to apply for exemptions should the pro-competitive effects of a prohibited practice or agreement be deemed advantageous. Proving efficiencies is always the responsibility of the undertaking requesting the exemption and the Commission may grant such an exemption after thorough analysis and, when necessary, hearing the parties likely to suffer anti-competitive injury from such an exemption.



OFFICE OF FAIR TRADE

SECTION 10

While the Cartels and Trade Abuses Department addresses distortions that take place on the supply side - anti-competitive practices like price fixing or exclusive dealing restrict supply among competitors, or a significant market power charging higher prices than a competitive market would allow - the Office of Fair Trade addresses distortions that can arise on the demand side of the transaction: consumers' choices in the marketplace are affected, for example, by deceptive advertising that gives consumers a false or misleading impression that a product or service is worth more than it is.



MERGERS & ACQUISITIONS DEPARTMENT

SECTION 11

In a dynamic economy, the Commission expects the corporate structure to be changing constantly either where two or more previously independent undertakings merge, where an undertaking acquires control of another undertaking, or where a joint venture is created, performing on a lasting basis all the functions of an autonomous economic entity. These are methods by which firms can increase their size and expand into existing or new economic activities, increase economic efficiency, acquire intellectual property, diversify, expand into different geographic markets, or pursue financial and R&D synergies, etc.

The objective of merger review and control by the Mergers and Acquisition Department is not to prevent mergers per se, but to prevent the creation of dominant positions able to act independently from market forces or reduce the number of players to an extent that facilitates cartelisation.

COMPETITION POLICY AND RESEARCH DEPARTMENT

The Competition Policy and Research Department conducts competition assessments and market studies to analyse the state of competition in each sector selected: identifying the markets and competitors, examining the market structure, looking for barriers to entry and exit, signs of anti-competitive conduct considering economic interests and the principal beneficiaries, and identifying government policies or institutions that limit competition.

Competition assessments analyse the strength of competition in the relevant market(s), and identify any factors impeding more effective competition. Key issues are: (i) the structure of the market, (ii) entry and exit barriers and (iii) anti-competitive conduct. Where competition is found to be limited, an estimate of the likely extent of the harm that results from this is made. The assessment concludes with a view on whether there are competition problems in the sector that require correction, and if so, what the most appropriate remedies are.

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ADVOCACY DEPARTMENT

Competition Advocacy is the pursuit of competition policy by means other than law enforcement. Advocacy functions are of central importance to the Commission's work, both supporting and being supported by its enforcement responsibilities, and help develop the interface between itself and various stakeholders. The Commission's advocacy responsibilities, divided between the Advocacy and Media and Competition Policy and Research Departments, include:

- Conducting studies for promoting competition;
- Creating awareness about competition issues and creating a competition culture
- Recommending pro-competitive changes to law and policy
- Communicating relevant information to stakeholders;
- Conducting competition-related enquiries, including in response to complaints and references from the Government;
- Preparing an annual report on all its activities for the Government to lay before Parliament and for other stakeholders.

The Advocacy and Media Department oversees the Commission's communication with the media and its publications, a central feature of its outreach. Commission's publications focus on (i) a comprehensive guide for business – as potential offenders and victims - on their rights and duties under the law, including advice on corporate compliance programme and (ii) a consumers' guide to the law and the rights it confers, and how to pursue them and (iii) training materials for students of business, economics, and law in partnership with key universities.

The Department also manages the meetings under the umbrella of the Competition Consultative Group, making active use of this in managing its relations with its various stakeholders to help it to mobilise support, and to provide them with an outlet for any complaints they may have. The Department follows the principle of imaginative publicity.

The power for the Commission to hold open public hearings on any matter affecting the state of competition in Pakistan is expressly provided under the law. Such a power has been highly effective in enabling the Commission to involve many conflicting sides of an issue with a view to finding common ground. At the same time, public hearings help focus on the Commission's public policy analysis and generate widespread support for policy changes to strengthen competition in the economy.





OFFICE OF INTERNATIONAL AFFAIRS

The Office of International Affairs (OIA) was established as the focal coordinating point to liaise with international agencies and organisations such as UNCTAD, OECD, and the International Competition Network (ICN). In addition, the Office is responsible for exploring bilateral relations with competition agencies and with donor agencies for possible technical assistance. In essence, the Office is the communications focal point for all international activities.

The OIA is currently involved in two ICN working groups, specifically in the working groups on cartels and mergers. It also contributes to the workings of OECD and UNCTAD. The Office also handles the liaison and cooperation relationships with other competition agencies in the world, be it on a bilateral or regional basis.

LEGAL DEPARTMENT

The Legal Department provides support to the Commission in legal matters. Its main functions include initiating legal proceedings against the defaulting undertakings in pursuance of the policy decisions and orders of the Commission; engaging legal counsel and keeping a close liaison with them regarding the provision of information required and interface with them in all legal issues; advising the Commission in matters of policy and legal decisions; providing legal advice to undertakings and external agencies as and when called for; drafting the necessary Implementing Rules and Regulations; vetting the legal statements to be submitted to the Courts and other forums; suggesting suitable amendments in the Act; preparing the guidelines for various topics, and handling any other assignment referred to it by the Chair and the Commission.

OFFICE OF THE REGISTRAR

The Office of the Registrar issues Show Cause Notices, arranges hearings, and assists the Original and Appellate Benches of the Commission by providing administrative and legal support. The Registrar has been authorised to represent the Commission as its official spokesman in litigation matters before the various courts of Pakistan.



CORPORATE AFFAIRS

The internal operations and day-to-day functioning of the Commission come under the aegis of corporate affairs and are supported by the Administration, Accounts, and Human Resources Departments. The Commission has placed major emphasis on the improvement of the facilities, policies, and procedures.

Each year has been the witness to improvements in the areas of operations, staffing and computerised information system.

Accounts Department

The Accounts Wing is responsible for accounts and internal controls. There is an increasing emphasis on cost control within the Commission, in part due to the limited budget available.

Administration Department

The Administration Wing provides administrative and logistical support to the Commission and its employees. Its mandate includes general office management, transport management, assets management, and security and safety.

Human Resource (HR) Department

The Human Resources Wing is involved with the planning and assessment of the number of employees and the skills mix that is needed. It is also accountable for the review, design and drafting of job descriptions for current and prospective vacancies, as well as for the recruitment of talent. Once an employee is recruited, the department reviews their performance on a regular basis through performance appraisals. To improve the efficiency levels of Commission's officers and staff, each employee is required to undertake relevant training sessions and development programmes.





INTERNAL AUDIT DEPARTMENT

Internal Audit (IA) is an independent appraisal function within the Commission. The work of IA is governed under the Internal Audit Charter, which covers the role to review the adequacy and effectiveness of the Commission's governance, processes, control and risk management in implementing agreed strategies across the organisation. IA aims to add value, improve operational efficiency, economy and effectiveness of management process, risk management, and internal control systems.

INFORMATION SYSTEMS AND TECHNOLOGY DEPARTMENT



Information Systems and Technology (IS&T) manages and supplies all IT-related services to support the Commission's goal of increasing productivity and efficiency of its employees. This year, IT accomplished the automation of Legal/Court Cases, employees attendance record register, inventory assets and tracking, and human resource profiles. IT is organised into three programme areas: IT Infrastructure Group, Systems Development Group, and Design/Multimedia Group.

The Commission is working on an increased digitalised process management system, spearheaded by the IT Department. A digital forensics laboratory has been set up with basic equipment already in place. The Department is able to perform some forensic work and upgradation as per emerging technologies.

TACKLING CARTELS AND MONOPOLISTIC BEHAVIOUR

§ 3 of the Act deals with abuse of dominant position and § 4 prohibits agreements between businesses and actions by trade associations that can distort competition in a market. The Cartels & Trade Abuse Department investigates potential violations of § 3 & 4 of the Act and recommends relevant actions to the Commission. Where necessary, the Department also prepares policy notes for issuance by the Commission under § 29 of the Act.



January 2017



For most Pakistanis living in urban areas, the internet has become an essential part of their daily life, providing them the ability to conveniently manage many aspects of their personal and professional lives. Broadband service providers, thus, play an important role in providing this important facility to consumers.

Without competition, however, broadband service providers can (and do) raise prices, provide sub-par quality of service, and avoid making the necessary investment in technology improvements.

When faced with limited or non-existent alternatives, consumers lack the power to negotiate and accept whatever the quality of service is. The role of public policy is to foster competition and increase consumer choice.

In January 2017, the Commission fined BAHRIA TOWN PKR 2 million for abuse of dominance for not letting NAYATEL provide cable, internet, and telephony (CIT) services to residents of Phases 1-6 of their real estate community in Rawalpindi, Pakistan.

BAHRIA TOWN is the largest private real estate company in Asia. Since the 1990s, it has expanded from building gated communities in Islamabad, Lahore, and Karachi to shopping malls, a chain of cinemas, and currently, the BAHRIA ICON TOWER, the tallest in Pakistan. BAHRIA TOWN's housing projects are focused on upper middle and high income people, who are main reason for the rising popularity of these gated communities. As it provides its residents with many amenities (off-grid electricity, private security, controlled access to residents, etc.) BAHRIA TOWN is a dominant undertaking.

The Commission's order said that BAHRIA TOWN's refusal to grant the right of way to NAYATEL was discriminatory, exclusionary, and resulted in loss of any choice for consumers and restriction of competition in the market.

The Commission ordered BAHRIA TOWN grant 'right of way' to NAYATEL on fair, reasonable, and competitive terms and prices for laying down the necessary infrastructure for CIT services. NAYATEL was asked to ensure using the best technology available for CIT services and repair any damage caused to BAHRIA TOWN's infrastructure to their satisfaction.

The decision has set a precedent for housing societies across Pakistan to follow that may deliberately or inadvertently block certain service providers from providing necessary services in their localities due to exclusive contracts with a single entity.

January 2017



Credit rating agencies serve an important purpose as independent evaluators and information assessors, they help reduce information asymmetries and cost, help expand the pool of potential investors, and promote economic growth.

Credit rating agencies play a vital role in a country's capital markets. They assess the credit risk of specific debt securities or structured finance instruments as well as of the borrowing entity. Serving an important purpose as independent evaluators and information assessors, they help reduce information asymmetries and cost, help expand the pool of potential investors, and promote economic growth.

There are only two credit rating agencies in Pakistan, JCR-VIS and the Pakistan Credit Rating Agency (PACRA), making it a highly concentrated market.

The Commission fined JCR-VIS PKR 500,000 for resorting to predatory pricing in the bidding of a PKR 100 billion sukuk bond proposed by the Neelum-Jhelum Hydropower Company (NJHPC). The NJHPC conducted two rounds of bidding to select a rating agency for the sukuk bond. Both JCR-VIS and PACRA took part in the process. PACRA won the assignment the first time but JCR-VIS challenged the award in NJHPC's Grievance Redressal Committee. The Committee decided to cancel PACRA's award and hold a fresh bidding process.

In the second round, PACRA quoted PKR 7.22 million, an amount that was 51% lower than its first bid. JCR-VIS, however, quoted an amount PKR 1,100 only, which was 99.9% lower than its first bid. The Commission found JCR-VIS's bidding amount as predatory and exclusionary. Imposing the penalty, the Commission also told NJHPC to cancel the second tender process' decision to award the contract to JCR-VIS and rebid the assignment based on fair, transparent, and competitive terms.

PROCUREMENT OF ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM BY THE UTILITY STORES CORPORATION

O R D E R

January 2017

UTILITY STORES CORPORATION (USC) is a state-owned entity established in 1971 operating 6,000 retail chain stores in Pakistan providing basic food and FMCGs to the general public at rates lower than those in the open market. It helps ensure food security during periods of emergency and when executing government relief packages. It plays an important role in Pakistan.

On 19 May 2017, the USC issued a tender notice for the purchase of an enterprise resource planning (ERP) system and the necessary hardware implementation system.

Digital Research Labs (DRL), an Islamabad-based Tier 1 ERP solution provider filed a complaint with the Commission about the tender. DRL felt that certain clauses in the tender hampered the participation of local vendors in the bidding process. Furthermore, they felt that the Request-for-Proposal was tailor-made to select only specific international vendors.

The Commission's inquiry report did find prima facie abuse of dominance by the USC, identifying some anti-competitive clauses in the RFP that were to the disadvantage of local vendors when compared to the international ones. The report said that one of USC's mandatory pre-qualification criterion was experience in managing cloud services. This, however, was only a small component of the project. Similarly, two clauses of the Solution/Product Evaluation Criteria put local vendors at a competitive disadvantage.

The Commission issued a show cause notice to the USC, based on the recommendations of the enquiry report. The Commission issued an interim order halting the USC from proceeding in the purchase of the ERP system while the matter was under analysis and deliberation. The matter was on-going in this period.

The complainant felt that certain clauses in the tender hampered the participation of local vendors in the bidding process. And the Request-for-Proposal was tailor-made to select only specific international vendors.



**EVACUEE TRUST PROPERTY BOARD V ALL PAKISTAN
NEWSPAPERS SOCIETY**

July 2016

The Evacuee Trust Property Board (EPTB) complained to the Commission alleging that Midas (Pvt) Limited, the All Pakistan Newspapers Society, and the government's Press Information Department (PID) had colluded to block their advertisements in newspapers on a dispute over payments.

Rather than focus on the purely financial dispute between the EPTB and the other parties, the enquiry committee looked at whether the APNS was violating §4 of the Act by taking commercial decisions on behalf of its members. The Committee found that in certain documents of the APNS, i.e., the "Accreditation Of Advertising Agencies," "Fixing of Agency Commission," "Operating A Clearing System On Behalf Of Its Members," "Restriction On Direct Business," the APNS circular APNS/2013/200, and "Rules And Regulation With Respect To Registration And Conduct Of Media Buying Houses", some clauses and rules seemed to be anti-competitive.

Based on the findings, the Commission started proceedings against the APNS and its members under §30 of the Competition Act, 2010.

COLLUSION BY PHARMA BUREAU

July 2016

The Pharma Bureau, founded in 1988, is an association of Multinational Pharmaceutical Companies (MPCs) in Pakistan and is a member of the OVERSEES INVESTORS' CHAMBER OF COMMERCE AND INDUSTRY. The OICCI's Annual Report of 2015 said that the 20 members of the Pharma Bureau accounted for 44% of the total pharmaceutical industry in Pakistan.

Taking suo motu notice of media reports, the Commission started an inquiry against the Pharma Bureau and its members for prima facie unreasonably increasing the prices of various medicines in collusion.

The Commission also conducted a search-and-inspection of the Pharma Bureau's office in Karachi in which the Bureau co-operated with the Commission's inspection team and provided the necessary information for analysis.

The Inquiry report concluded that the Pharma Bureau and its members had been involved in sharing strategic and commercially sensitive information that included providing updates and overview of prices, cost, profits, and demand in the industry. This regular information exchange resulting in common policies in the form of discussions, agreements and decisions adopted by Pharma Bureau and its member pertaining to the market and prices, cost structures and profitability thresholds, production and sale volume forecasts, among other things. This information was used to analyse and prepare recommendations, agreements, and decisions on increase in prices of various pharmaceutical products by companies on the platform provided by the Pharma Bureau.

The exchange of information of this nature, prima facie, amount to an act of cartelisation, a violation of S4. It further appears that such practices continue to exist in the relevant pharmaceutical market and. As per the inquiry report, the sharing of above information by Pharma Bureau and its members constitute prima facie violation of S4 of the Act.

It is well-established principle of competition law that not only formal and informal price-fixing agreements, understandings and decisions, but also exchange of commercially sensitive information and setting prices, among other things, between the competitors by themselves or through the medium of their association(s) reduces uncertainty for each of the participant as to the conduct of their competitors, which results in restriction of competition by object and ultimately consumer harm.

The matter was under review by the Commission.

The Inquiry report concluded that the Pharma Bureau and its members had been involved in sharing strategic and commercially sensitive information that included providing updates and overview of prices, cost, profits, and demand in the industry.

PRICE FIXING AGREEMENT BETWEEN RELIANCE PAINTS PAKISTAN AND ITS DEALERS

E N Q U I R Y

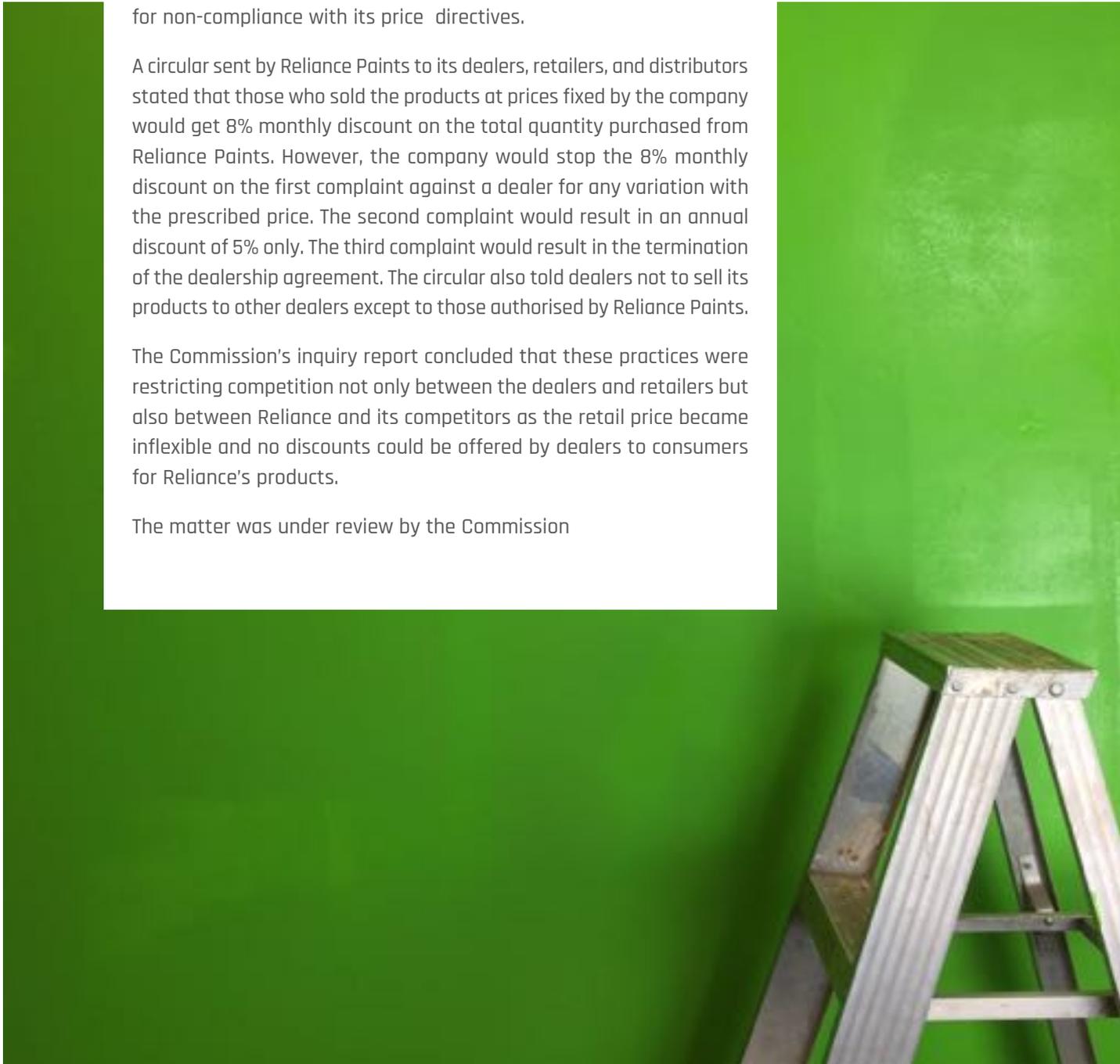
November 2016

Akzo Nobel Pakistan Ltd. sent a formal complaint to CCP alleging that Reliance Paint was fixing the minimum resale price for its products and also monitoring and penalising the dealers/distributors/retailers for non-compliance with its price directives.

A circular sent by Reliance Paints to its dealers, retailers, and distributors stated that those who sold the products at prices fixed by the company would get 8% monthly discount on the total quantity purchased from Reliance Paints. However, the company would stop the 8% monthly discount on the first complaint against a dealer for any variation with the prescribed price. The second complaint would result in an annual discount of 5% only. The third complaint would result in the termination of the dealership agreement. The circular also told dealers not to sell its products to other dealers except to those authorised by Reliance Paints.

The Commission's inquiry report concluded that these practices were restricting competition not only between the dealers and retailers but also between Reliance and its competitors as the retail price became inflexible and no discounts could be offered by dealers to consumers for Reliance's products.

The matter was under review by the Commission



TIE-IN BY WATEEN TELECOM IN DEFENCE HOUSING AUTHORITY PHASE 5 LAHORE

November 2016

The Commission began this enquiry to determine if the concerns voiced by some residents of Defence Housing Authority Phase 5, in Lahore against Wateen Telecom were tantamount to abuse of dominance. Wateen Telecom was forcing customers who had a standalone cable TV connection (analogue TV) to subscribe to additional services such as telephone and internet, regardless of whether they wanted the services or not.

The enquiry committee found that Wateen was leveraging its position in one market to gain benefit in another, in forcing their analogue TV subscribers to acquire an additional digital TV connection and/or Internet service any of the additional services mentioned above while continuing to offer the said service in a bundled form to prospective customers despite claiming to be in the process of phasing it out to be an ostensible case of tie-in, where a dominant entity in one market appeared to, in prima facie contravention of §3 of the Act. Based on the foregoing finding by the Enquiry Committee, proceedings were initiated by the Commission against Wateen Telecom under §30 of the Act.

Wateen Telecom was forcing customers who had a standalone cable tv connection (analogue tv) to subscribe to additional services such as telephone and internet, regardless of whether they wanted the services or not.



NFC EMPLOYEES CO-OPERATIVE HOUSING SOCIETY LIMITED AND MALIK CABLE NETWORK

December 2016

The Commission issued a Show Cause Notice to NFC Employees Cooperative Housing Society Lahore (NFCECHSL) and Malik Cable (MC) Network for entering into exclusive agreement for the provision of cable television services within the society.

The Commission conducted an enquiry after receiving concerns from a resident of NFCECHSL that no other

cable operator was allowed to provide their services in the area. The enquiry report revealed that under an agreement only one cable network was licensed to provide the subsequent services for five years. By entering into an exclusive agreement a monopolistic position was created that not only denied the benefit resulting from a free market environment but also denied other cable operators the opportunity to compete with MC Network by ordering better services at competitive rates. Such restrictive conditions constitute a, prima facie, violation of Section 4 of the Act.

The inquiry report concluded that both NFCECHSL and MC Network were involved in anti-competitive practices which inhibit consumers free choice in attaining value for money. This type of restrictive trading condition, if remained unchecked, would have the effect of encouraging such behavior leading to further competition and consumer harm.

The inquiry report concluded that both NFCECHSL and MC Network were involved in anti-competitive practices which inhibit consumers free choice in attaining value for money.



EXEMPTIONS

Any agreement that restricts competition may be granted an exemption by the Commission if it meets the criteria given in 59 of the Act. To qualify for an exemption, the parties must prove that the agreement (i) substantially contributes to improving production or distribution, (ii) promotes technological or economic progress, while allowing consumers a fair share of the resulting benefit; or (iii) clearly outweighs the adverse effect or lessening of competition. An exemption may be granted with or without conditions. In the case of non-compliance with the conditions imposed when an exemption is given, the Commission may withdraw the exemption.

List of Exemptions Granted During the Year

1. Coronet Foods	25-Jul-16
2. English Biscuits Manufacturers (1)	25-Jul-16
3. Coronet Foods	25-Jul-16
4. English Biscuits Manufacturers (2)	25-Jul-16
5. Sanofi	01-Aug-16
6. Otsuka Pakistan	15-Aug-16
7. CoronetPakistan State Oil Company Foods	15-Aug-16
8. Ali Gohar & Company	26-Aug-16
9. Coca Cola Beverages Pakistan (1)	26-Aug-16
10. Coca Cola Beverages Pakistan (2)	26-Aug-16
11. VPL Limited	09-Sep-16
12. Akzo Nobel Pakistan	28-Sep-16
13. Engro Corporation & FrieslandCampina Pakistan Holding B.V.	28-Sep-16
14. Karandaz Pakistan	28-Sep-16
15. CMPAK Limited (Zong)	14-Oct-16
16. Ardutch B.V. & Mr. Bashir Dawood	14-Oct-16
17. Atlas Battery	03-Nov-16
18. Barrett Hudson Pakistan (1)	03-Nov-16
19. Barrett Hudson Pakistan (2)	03-Nov-16

20. Hilton Pharma	03-Nov-16
21. Engro Foods	16-Nov-16
22. Pepsi-Cola International	16-Nov-16
23. Ghandhara Industries	13-Dec-16
24. Exide Pakistan	13-Dec-16
25. Roche Pakistan	14-Dec-16
26. Unilever Pakistan	14-Dec-16
27. Northern Power Generation Company	28-Dec-16
28. Clariant Chemical Pakistan	28-Dec-16
29. Boehringer Ingelheim International	12-Jan-17
30. ICI Pakistan (1)	22-Feb-17
31. ICI Pakistan (2)	22-Feb-17
32. ICI Pakistan (3)	22-Feb-17
33. ICI Pakistan (4)	22-Feb-17
34. Reckitt Benckiser Pakistan	22-Feb-17
35. General Electric Company (GE)	22-Feb-17
36. Abraaj Jhampir Power Cayman	22-Feb-17
37. Pakistan Stock Exchange Limited (PSX)	06-Mar-17
38. PARCO Pearl Gas	09-Mar-17
39. ICI Pakistan (5)	29-Mar-17
40. Siza	31-Mar-17
41. Abbott Laboratories	05-Apr-17
42. Baskin Robbin Franchising LLC	19-Apr-17
43. Pharm Evo	26-Apr-17
44. Medicaids Pakistan	26-Apr-17
45. Coca-Cola Beverages Pakistan	28-Apr-17
46. Roche Pakistan	06-May-17
47. Akzo Nobel Pakistan	06-May-17
48. Unilever Pakistan	06-May-17

CHAPTER 5
PREVENTING
DECEPTIVE MARKETING
PRACTICES



Section 10 of the Competition Act deals with consumer protection and prohibits companies from distributing false & misleading information, comparison of goods and fraudulent use of trademark, firm name, or product labelling and packaging.

ORDERS PASSED



PKR 150 Million fine imposed on Pakistan State Oil (PSO) For Deceptive Marketing Practices

(29 November 2016)

The Commission imposed a penalty of PKR 150 million on Pakistan State Oil (PSO) for running deceptive marketing campaigns for its products, “Premier XL” petrol and “Green Plus” diesel that were in violation of §10 of the Competition Act, 2010.

The Commission started an inquiry after receiving a complaint that said that since 2003-4, PSO was deceptively claiming that the use of its products “Premier XL” and “Green Plus” resulted in better mileage and improved performance of vehicle’s engine due to use of various additives and that both fuels were environmentally friendly.

The inquiry found that in 2012-13, PSO discontinued the use of these additives. Nonetheless, it continued to use the names of the products and the associated branding/insignias from the original marketing campaign launched in 2003-4. These claims led consumers to believe that the fuel they were purchasing was superior to others and, therefore, harmed competition in the market.

During the hearings, PSO could neither provide any scientific basis for making the claims in the first place nor did it stop making the claims when it discontinued mixing the additives in 2012-3.

Along with the penalty, the Commission also directed PSO to immediately cease the use of ‘Green’ and ‘Premium’ in all its branding and marketing materials, and to make appropriate changes within thirty (30) days to remove the impression that its fuel products are premium and environmentally friendly.

PSO was also to inform the general public about the changes in the products and the discontinuation of the additives by appropriate clarifications in all English and Urdu dailies for a period of one week.

PKR 150
MILLION

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The inquiry found that in 2012-13, PSO discontinued the use of these additives.

Nonetheless, it continued to use the names of the products and the associated branding/insignias from the original marketing campaign launched in 2003-4.

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Society of Accounting Education fined for Deceptive Marketing Practices

(14 December 2016)

The Commission imposed a penalty of PKR 2 million on the SOCIETY OF ACCOUNTING EDUCATION for deceptively showing its affiliation with the world-renowned CFA Institute in violation of §10 of the Competition Act, 2010.

The Commission conducted an inquiry after it received a complaint against the Lahore-based Society of Accounting Education (SOAE) for deceptive marketing practices from the CFA Institute, the USA-based global association of investment professionals. The Commission's inquiry confirmed that the SOAE was misleadingly using the CFA Institute's acronym and the registered trademark in its promotional material and the website, and also used the acronym 'CFA' in its various misleading forms such as ACFA, DCFA, and FCFA etc. Moreover, the SOAE also claimed in its promotional material that upon completion of their courses, the students would be given CFA Membership.

The Commission's order established that such claims could deceive unsuspecting consumers such as accountancy students and harm the business interest of the CFA Institute. In addition to the penalty, SOAE has been directed to immediately cease the usage of the CFA acronym, in all its forms, in its marketing and other materials, and to amend its Memorandum and Articles of Association to remove any references to the CFA acronym.

PKR 2
MILLION

Dairy Companies fined for Marketing Tea Whiteners as Milk

(18 January 2017)

The Commission imposed fines of PKR 62.29 million on Engro Foods Limited, PKR 2 Million on Noon Pakistan Limited, and PKR 500,000 on Shakarganj Foods Products Limited for marketing tea whiteners as milk, and thereby deceiving the consumers.

In its marketing campaign, specifically the television commercial for its product 'Dairy Omung,' Engro Foods gave the impression that 'Omung' is milk and not a dairy drink. The company's website described 'Omung' as an alternate to loose milk, something that also deceived the consumer.

The packaging and labelling of Noon Pakistan's product 'Dairy Rozana' gave an overall impression that the product was milk and not a dairy drink.

The labelling on the packaging of Shakarganj Foods 'Quadrat' was deceptive as it lacked sufficient disclosure about the product.

The penalties were imposed on the companies relative to the severity of the violation and their likely impact on consumers.

PKR 69.29
MILLION

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The labelling on the packaging of Shakarganj Foods 'Quadrat' was deceptive as it lacked sufficient disclosure about the product.

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Penalty imposed on Kitchen Stone Foods for Deceptive Marketing Practices

(29 March 2017)

The Commission imposed a penalty of PKR 1 million on Kitchen Stone Foods, a frozen foods company, for a deceptive marketing campaign for its products.

Kitchen Stone Foods' competitors, Seasons Foods and Quick Food Industries, complained to the Commission that it was deceiving consumers and harming their business interests by claiming that its products were "100% Non-Processed," and it was "Pakistan's first non-processed frozen food." Kitchen Stone Foods was also falsely comparing its products with those of the complainants' and disseminating wrong information in the comparisons.

The Commission found that Kitchen Stone Foods falsely compared

the products of Seasons Foods and Quick Foods and associated them with the risks and causes of cancer by citing different articles and misleading narrations on its Facebook page. It had also posted statements such as "Processed Meat Causes Cancer: Switch to Kitchen Stone Products." The company, however, could not substantiate its claims "100% Non-Processed" and "Pakistan's first non-processed frozen food."

Although the Commission appreciated Kitchen Stone Foods for its commitment to withdraw the deceptive marketing campaign and changing the packaging material to address concerns, however a penalty of PKR 1 Million was imposed on the company for violating §10 of the Competition Act.

PKR 1
MILLION

SHOW CAUSE NOTICES



Show Cause Notice to Reckitt Benckiser for Deceptive Marketing Practices

(15 Nov 2016)

The Commission issued a Show Cause Notice to Reckitt Benckiser Pakistan Limited for, prima facie, violating §10 of the Competition Act, 2010 by engaging in deceptive marketing practices for its product, Dettol.

Unilever Pakistan Limited filed a formal complaint with the Commission, alleging that the Reckitt Benckiser was making unjustified and baseless claims in its marketing campaign for Dettol.



Recent orders passed by CCP on consumer issues have directed companies to exercise extreme care in advertising claims that were not based on independently verifiable information.



The Commission's inquiry did find Reckitt Benckiser making unsubstantiated claims in its tv commercials. Claims varied from 'Dettol soap kills flu-like germs up to 99.9%', 'Dettol gives 24 hours constant protection from germs, 24 hours protection from germs that spread in winters,' 'Dettol provides 24 hours germ protection from cold and Flu,' to 'Dettol prevents germs (E.coli & S.Aureus) from increasing for up to 24 hours.'

Reckitt Benckiser had, prima facie, violated §10 of the Competition Act by disseminating false and misleading information and deceiving consumers. By making these claims, the business interest of the complainant and other competitors were also at risk.

On the recommendation of the inquiry report, a Show Cause Notice was served to Reckitt Benckiser.

Recent orders passed by CCP on consumer issues have directed companies to exercise extreme care in advertising claims that were not based on independently verifiable information. All health-related claims, in particular, must be based on 'competent and reliable scientific evidence.'

Show Cause Notice issued to Online Shopping Website KAYMU.PK

(19 December 2016)

The Commission issued show cause notice to an online shopping platform, 'Kaymu.pk' for deceptive marketing practices about the resolution of disputes between buyers and sellers, its return policy, payment and shipping methods, and vague terms and conditions that were deceiving consumers.

The Commission conducted an enquiry after a complaint from a consumer who alleged that 'Kaymu.pk,' while guaranteeing a safe and highly co-operative platform for buyers and sellers, allowed sellers to commit fraud and mislead customers about the services provided when placing an order and in after-sale services.

After analysing the facts, the inquiry report found 'Kaymu.pk' deceiving its customers via self-

contradictory information provided on the website and by omission of fair warnings with regard to the seller's return policy. Moreover, as against the stated claims, Kaymu.pk failed to act as a true mediator by absolving itself from confirming the reliability of the sellers on its website. The inquiry also found that 'Kaymu.pk' claimed to offer multiple delivery and shipping options to the customers. In reality, those options were not available to the consumers.

The inquiry report concluded that 'Kaymu.pk' was, prima facie, involved in disseminating false and misleading information to the customers that was also capable of harming the business interest of other competitors in the e-commerce business, thus violating §10 of the Competition Act.



Show Cause Notice issued to NFC employees Co-operative Housing Society Limited and Malik Cable Network

(27 Dec 2016)

The Commission issued a Show Cause Notice to NFC Employees Cooperative Housing Society Lahore (NFCECHSL) and Malik Cable (MC) Network for entering into an exclusive agreement for the provision of cable television services within the society.

The Commission conducted an enquiry after receiving concerns from a resident of NFCECHSL that no other cable operator was allowed to provide services in the area. The enquiry report revealed that under an agreement only one cable network was licensed to provide the subsequent services for five years. Due to an exclusive agreement competition was thwarted. This subsequently led to reduction in economic welfare as choice to consumers was limited. Moreover, this lack of competition possibly deprived potential entrants from delivering higher quality service at competitive rates.. Such restrictive conditions constitute a, prima facie, violation of Section 4 of the Act.

The inquiry report concluded that both NFCECHSL and MC Network were involved in anti-competitive practices which curtailed consumer choice. Such restrictive trading conditions, if unchecked, would possibly dampen competition and harm consumers.



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The inquiry report concluded that both NFCECHSL and MC Network were involved in anti-competitive practices which curtailed consumer choice

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Commitments of Motorcycle Manufacturers Accepted

The Commission disposed off Show Cause Notices issued to three undertakings for deceptive marketing after accepting their commitments to comply with the provisions of the Competition Act.

The Commission has received a complaint from Atlas Honda Limited alleging that the three companies, Shafique & Sons, Pak Hero Industries (Pvt.) Limited, and United Motors Company had made fraudulent use of its distinctive and trademarked 'Wing Device' logo. Atlas Honda said that its registered logo/trademark was an identity of Honda motorcycles. The copying of the logo by the other companies was misleading the customers and was capable of harming the business interest of Atlas Honda Ltd.



“ The Commission has received a complaint from Atlas Honda Limited alleging that the three companies, Shafique & Sons, Pak Hero Industries (Pvt.) Limited, and United Motors Company had made fraudulent use of its distinctive and trademarked 'Wing Device' logo ”

The Commission accepted the commitments of Shafique & Sons and Pak Hero Industries (Pvt.) Limited on condition that their respective brand names 'JINAN' and 'PAK HERO' would accompany their logos on all their products and promotional materials to avoid the likelihood of deception in future. The Commission also recommended United Motors Company to use its brand names 'SHINE STAR' and 'UNITED SEVEN STAR' along with its logo on all its products and promotional materials to avoid likelihood of deception in future.

The Commission concluded that none of the companies could be held responsible for resorting to fraudulent use of Atlas Honda Ltd.'s Wing Device within the meaning of §10. Furthermore, the use of the logo did not amount to distribution of false and misleading information that was capable of harming the business interest of the Complainant.

Real Estate: Action against Company for Deceptive Marketing

(15 December 2016)

The Commission issued a show cause notice to Vision Developers, a Lahore-based real estate company, for, prima facie, deceptively marketing a housing scheme in the name of 'Park View Villas' without the necessary approvals.

Vision Developers, according to the complaint sent to the Commission, was offering residential and commercial plots in an unauthorised and unapproved housing scheme, the 'Park View Villas,' concealing the material facts from consumers and investors .

The marketing campaign showed the location of the 'Park View Villas' in an area where another housing scheme, 'River Edge Housing Scheme,' was registered with the Lahore Development Authority.

The Commission's inquiry found sufficient grounds to take action against Vision Developers as they could not substantiate their claims. The real estate company was not only deceiving consumers but also harming competition in the real estate market.

“ Vision Developers, according to the complaint sent to the Commission, was offering residential and commercial plots in an unauthorised and unapproved housing scheme, the 'Park View Villas,' concealing the material facts from consumers and investors . ”





Real Estate: Notice to Green Field Developers

(21 December 2016)

The Commission issued a show cause notice to Green Field Developers for, prima facie, deceptive marketing practices in one of its residential housing schemes by the name of 'Green City.'

The Commission's inquiry found that the company launched a housing scheme by the name of 'Green City' in Fateh Jang (near Islamabad) after obtaining a No Objection Certificate (NOC) from the Tehsil Municipal Administration (TMA).

However, Green Field Developers' marketing campaign for 'Green City'

on its website, brochures, and other advertisements claimed that the housing scheme was located in Islamabad. The marketing campaign also falsely showed affiliations with various governmental departments and bodies through the display of their logos on its website and printed marketing material.

Green Field Developers could not substantiate its claims regarding the location of 'Green City.' Its marketing campaign

Battery Manufacturers

(19 April 2017)

The Commission issued Show Cause Notices to six battery manufacturers for misleading consumers and engaging in deceptive marketing practices; thus violating §10 of the Competition Act, 2010.

CCP conducted an inquiry after receiving a formal complaint that various battery manufacturers were misleading consumers about their dry and acid-lead batteries by not disclosing material information such as product capacity on the products' body, packaging and warranty cards.

The inquiry found that six battery manufacturers i.e., Atlas Battery Ltd, Treet Corporation Ltd, Excide Pakistan Ltd, Pakistan Accumulators (Pvt) Ltd, Millat Industrial Products Ltd, and Century Engineering Industries (Pvt) Ltd were not printing product capacity of their batteries on the products' body, packaging and warranty cards. By omitting this important material information, the consumer would be unable to compare and the quality, suitability for use, and ascertain the fair price of the products.

The inquiry report stated that by engaging in such deceptive marketing practices, the battery manufacturers were not only deceiving consumers but were also potentially harming the business interest of their competitors.



Show Cause Notice issued to Telenor Pakistan for Deceptive Marketing Practices

(9 May 2017)

The Commission issued a Show Cause Notice to Telenor Pakistan for deceptively marketing the price and geographical availability of its 4G services.

ZONG Pakistan sent a formal complaint against Telenor to the CCP, stating that its 4G marketing campaign had been wrongly claiming that "Telenor 4G services absolutely free" and that "4G services available across Pakistan." Zong, alleged that Telenor was not only misleading consumers but also harming the business interest of other mobile service providers.

CCP's enquiry found that against the claim of providing "Telenor 4G services absolutely free", Telenor was only offering the first 100 MBs of data free of cost. Customers paid for any additional usage after that limit.

As for Telenor's claim of "Nationwide Availability/Across Pakistan," the enquiry report said that this was giving a general impression, albeit wrongly, that 4G services were available across Pakistan. Moreover, the list of seven cities given in the disclaimer, i.e., "Karachi, Lahore, Islamabad, Peshawar, Quetta, Multan, Faisalabad," where 4G services were available was also misleading as 4G service was only available at select points in these cities.

The enquiry report concluded that the Telenor's marketing campaign for the above products and services was deceptive and prima facie violated §10 of the Competition Act. Furthermore, the illegible disclaimers at the end of advertisements were insufficient and could hardly clarify the aforementioned claim to consumers.

A Show Cause Notice has been served on Telenor Pakistan as recommended in the enquiry report. CCP is mandated under the Competition Act to ensure free competition in all spheres of commercial and economic activity, to enhance economic efficiency and to protect consumers from anti-competitive practices including deceptive marketing practices.

4G SERVICE DECEPTIVE CLAIMS

Deceptive Marketing by Fruit Juice Manufacturers

(02 June 2017)

After receiving a formal complaint that various fruit juice manufacturers were running deceptive marketing campaigns for their products containing claims such as "100% Pure and Natural", "Rich in Vitamins" and "No added sugar, colours or preservatives", the CCP conducted an inquiry.

The inquiry found that six fruit juice manufacturers including Nestle Pakistan Limited, Shezan International Limited, Citropak Limited, A.F. International, Sunland Foods and Maaher Food Industries (Pvt.) Limited, were making unjustifiable claims about their juice products.

Nestle Pakistan Limited claimed "100% Orange Juice" on the packaging of its product 'Nestle Fruita Vitals Orange Juice'; Shezan International Limited printed "100% Juice" and "Rich in Vitamins" on the packaging of its product 'All pure'; Citropak Limited used a slogan "100% Pure" on the packaging of its juice brand 'Fruiten'; A.F. International printed "Mango 100%" and "Pure Fruit Juice" on the packaging of its fruit juice 'Topix', Sunland Foods claimed "100% Pure Guava Juice", "100% Pure Mango Juice", "Rich in Vitamin C" and "Natural Flavors, No Artificial Colors," on the packaging of its fruit juice 'Fruit Farm' and; Maaher Food Industries labelled "From 100% Pure Fruits" on the packaging of its fruit juice 'Country'.

Printing such claims on the packaging of these products without justification was resulting in the distribution of false and misleading information related to character, properties, suitability for use and quality of products in violation of §10 of the Competition Act. Moreover, such deceptive marketing practices not only deceived consumers but also possibly harmed the business interest of competitors.

Show Cause Notices for prima facie violation of §10 of the Competition Act were served to the companies on the recommendations of the inquiry report.

DECEPTIVE CLAIMS SUCH AS
100%
ORANGE JUICE



ENQUIRY REPORTS

Shaheen Cosmetics and Golden Pearl Cosmetics against Unilever

(08 June 2017)

Shaheen Cosmetics and Golden Pearl Cosmetics complained that Unilever, while advertising 'Fair & Lovely', used blurred images of their products i.e. 'Face Fresh' and 'Golden Pearl' at one corner of the billboard along with a precautionary message declaring the possibility of presence

of mercury in them.

In addition, Unilever made absolute claims without any proof such as, "Fair & Lovely is the first fairness cream in the world with 100% safe ingredients, and is dermatologist tested and proven". Unilever also used the logo of 'Skin Health Alliance UK' on the billboards without getting its authorized certification.

The enquiry report found that inference regarding likelihood of presence of mercury was made without reasonable justification. It was also observed that the Unilever did not have authorized certification from Skin Health Alliance UK for its product manufactured in Pakistan.

As Unilever failed to justify its claims, the enquiry report recommended to initiate proceedings under Section 30 of the Act for, prima facie, violating the provisions of Section 10 of the Act.

“

Company maligning other brands without any evidence and failing to justifying its own claims is a violation of Section 10 of the Act

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Fabric Companies (12 June 2017)

ShajarPak, a fabric company, formally complained to CCP that five fabric manufacturers including Ahmad Pasha Collection, Aamir Cloth House, M. Ramazan Fabrics, Pasha the Designer Fabrics, Sufi Cloth House, and three packaging manufacturers - Baba Plastic, Ahmad Plastic & Dabba House, and Kausar Brothers Plastic Corner - were falsely using its registered trademark 'Pasha Fabrics' on the packaging and labelling of their products.

ShajarPak said that the unauthorised use of its trademark by these companies was harming its business interest and goodwill.

“

By copying ShajarPak's trademark and trade dress, the companies were deceiving consumers and harming the business interest of ShajarPak in contravention of §10 of the Competition Act, 2010.

”

CCP's inquiry found that ShajarPak had not authorised any of the above companies to use its trademark. By copying ShajarPak's trademark and trade dress, the companies were deceiving consumers and harming the business interest of ShajarPak in contravention of §10 of the Competition Act, 2010.

Consequently, on the recommendation of the inquiry report, the CCP issued show cause notices to the eight companies for prima facie deceptive marketing practices.

CHAPTER 6
MERGERS, ACQUISITIONS AND
JOINT VENTURES

Under Section: 11 the undertakings intending to acquire, merge; and meet the pre-merger notification thresholds, have to apply for clearance from the Commission.

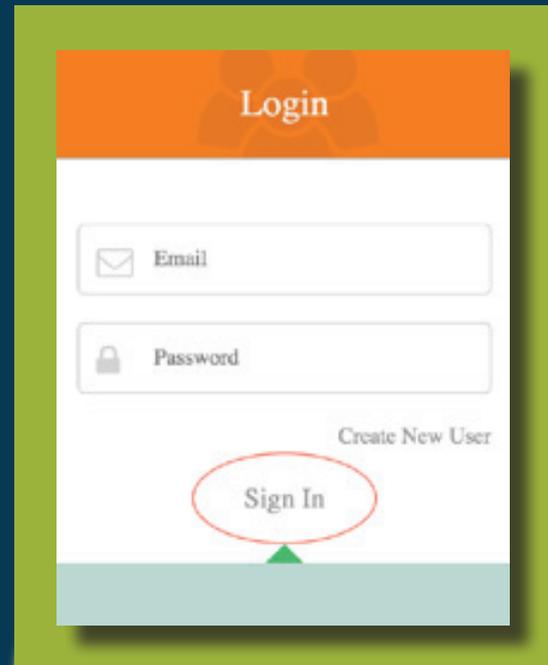


Online Pre-Merger Application Filing System launched

In order to promote a paperless environment and to facilitate stakeholders to file electronic pre-merger applications, the Commission launched an Online Merger Filing System. Through this system, there is now an option for undertakings to file a complete pre-merger application online, thus reducing the need for submitting piles of papers when applying for merger approval.

The system allows all undertakings to submit the required documents electronically using a pre-defined format through an online software application provided by the Commission. The safety of the documentation has been ensured by using secure certificates to keep communication between the Commission and the concerned undertaking confidential.

This online merger filing system not only aims to expedite the application process, but the undertakings can also easily trace the status of their applications online. The pre-merger applications can be submitted online at www.cc.gov.pk



Acquisitions

1. Acquisition of 80.79% shares of Dar es Salaam Textile Mills Limited by Mian Asad Salahuddin
2. Acquisition of whole of the share holding of Syngenta AG by China National Agrochemical Corporation through its subsidiary BidCo
3. Acquisition of 51% shares of Engro Foods Limited by FrieslandCampina Pakistan Holding B.V.
4. Acquisition of 11,481,635 shares of Accountancy Outsourcing Services by Mrs. Rabia Ali, an individual.
5. Acquisition of 100% shares of Dawlance (Private) Limited by Ardutch B.V
6. Acquisition of 100% shares in United Ethanol Industries Limited by 5 individuals.
7. Acquisition of 99.99% shares of United Refrigeration Industries Limited by Ardutch B.V
8. Acquisition of 100% shares of Rally Energy Safed Koh Limited by Ocean Pakistan Limited.
9. Acquisition of 30% shares of Murree Brewery Company Limited by Mr. Isphyanyar M. Bhandara & Mrs. Bhandara.
10. Acquisition of 43.951% shares of Burj Bank by Al Baraka Bank (Pakistan) Limited.
11. Acquisition by Shanghai Pilot Free Trade Zone Well Energy Technology Co. Ltd of 4,000 (40%) shares of Western Energy (Pvt) Limited.
12. Acquisition by M/s. Ardutch B.V of 100% shares in Pan Asia Private Equity Limited.
13. Acquisition of shares of Pakistan Microfinance Investment Company Limited by Pakistan Poverty Alleviation Fund, Karandaaz and KfW.
14. Acquisition of 37.9 Million shares of Appollo Pharma (Pvt) Limited by Baltoro Growth Fund.

11. Acquisition by Shanghai Pilot Free Trade Zone Well Energy Technology Co. Ltd of 4,000 (40%) shares of Western Energy (Pvt) Limited.
12. Acquisition by M/s. Ardutch B.V of 100% shares in Pan Asia Private Equity Limited.
13. Acquisition of shares of Pakistan Microfinance Investment Company Limited by Pakistan Poverty Alleviation Fund, Karandaz and KfW.
14. Acquisition of 37.9 Million shares of Appollo Pharma (Pvt) Limited by Baltoro Growth Fund.
15. Acquisition by Emerson of the Valves and Controls segment, owned by Pentair Plc.
16. Acquisition of 22,338,979 (90.10%) shares of 2e Logistics (Private) Limited by Premier Mercantile Services (Private) Limited.
17. Acquisition by Hapag-Lloyd AG of the entire shareholding of United Arab Shipping Company S.A.G.
18. Acquisition by Boehringer Ingelheim of Sanofi's animal health business known as Merial
19. Increase in shareholding of M/s. Kingsway Fund to at least 29.9% in Murree Brewery Company Limited.
20. Acquisition of 6.0 million shares of Orient Power Company (Private) Limited by Mahmood Textile Mills Limited.
21. Acquisition of 78% shares of S K Hydro (Private) Limited by China Gezhouba Group Overseas Investment Company Limited
22. Acquisition of 29.99% shares of Hum Network Limited by Kingsway fund
23. Acquisition of 66.4% K-Electric Limited by Shanghai Electric Power Co. Limited.
24. Acquisition of shares of Merck Specialities (Private) Limited by Martin Dow Limited.
25. Acquisition of shares of Merck (Private) Limited by Martin Dow Limited.
26. Acquisition of Cirin Pharmaceuticals Private Limited by ICI Pakistan Limited.

27. Acquisition of 88% shares in JPL Holding Pte. Ltd by Abraaj Jhimpir Power Cayman Limited

28. Acquisition by M/s. Vital Dubai Limited of 10% shares in M/s. Hascol Petroleum Limited.

29. Acquisition of assets of Abdullah Sugar Mills Limited by Al Arabia Sugar Mills Limited.

Acquisition of assets (machinery and equipment, inventory including intellectual property rights from
30. Sandvik Materials Technology Deutschland GmbH, Dusseldorf/Germany by Hueck Engraving GmbH & Co. KG and Hueck Rheinische GmbH.

31. Acquisition of 100% shares of Cool Industries (Private) Limited by Mr. Haroon Ahmed Khan & Mrs. Nighat Haroon Khan.

32. Acquisition of 9.9% shares of Metro Power Co. Limited by Mr. Iqbal Alimohamed and Mr. Saad Iqbal.

33. Acquisition of shares of Pakistan Cables Limited by Ms. Farhana Yousuf Shah, Saadia S. Rahsid and Samir Chinoy.

34. Acquisition of 56.08% shares of Worldcall Telecom Limited by Worldcall Services Limited.

35. Acquisition of 51% shares of Invest and Finance Securities Limited by EFG-Hermes Frontier Holdings LLC

36. Acquisition of 100% of Opal Laboratories (Private) Limited by Wellinova Life Sciences (Private) Limited

37. Acquisition of 100% shares of Holdco Inc. of Texas, USA by American Safety Holding Corporation.

38. Acquisition of 40% shares in Pakistan Stock Exchange by Pak China Investment Company.

39. Acquisition by Johnson & Johnson of Abbott Medical Optics.

40. Acquisition of Pimus by AWT

41. Acquisition of 585 Tele communication towers from Wi-Tribe Pakistan Limited by Towershare (Pvt) Limited.

42. Acquisition of shares of Mead Johnson Nutritional Co. by Reckitt Benckiser Group Plc.

43. Acquisition of shares of Trust Securities & Brokerage Limited by Muhammad Ghayas Uddin.
44. Acquisition of shares of Zephyr Power (Private) Limited by individuals.
45. Acquisition of 100% shares of Allied World Assurance Company Holdings, AG by Fairfax Financial Holdings Limited.
46. Acquisition of 2.45% shares of IGI Insurance Limited by Syed Babar Ali
47. Acquisition of 1.68% shares in Packages Limited by Syed Babar Ali
48. Acquisition of 40% shares of Hyundai Nishat Motor (Private) Limited by Sojitz Corporation.
49. Acquisition of 70% shares of Sino Well (Private) Limited by Shanghai Pilot Free Trade Zone Well Energy Technology Co. Ltd
50. Acquisition of shares of Pak Oman Microfinance Bank Limited by LOLC Private Limited.
51. Acquisition of 21% shares of Allied World Assurance Company Holdings, AG by OCM Goldfish Inc.
52. Acquisition of shares of Askari Investment Management Limited by Pak Oman Asset Management Company Limited.
53. Acquisition of 62.5% shares in NEWCO by M/s. General Electric Company.
54. Acquisition of 30% shares of Thar Energy Ltd by Fauji Fertiliser Co Ltd
55. Acquisition of Printing Corporation of Pakistan by SBP
56. Acquisition of shares of Hascol Terminals Limited by VTTI UAE
57. Acquisition of 12.25% shares of Triconboston by Renew Power.

Amalgamation

1. Amalgamation of IGI Investment Bank with and into IGI Insurance Co. Limited.

Joint Ventures

1. Joint Venture between Karachi Electric and China Datang Overseas Investment Co. Limited & China Machinery Engineering Corporation

2. Joint Venture of Morinaga and Unibrand by ICI Pakistan Limited.

3. Joint Venture between Engro Powergen Limited, Pakarab Fertilizers Limited and Shell Gas B.V. forming a joint venture company for undertaking LNG import and regasification and gas marketing business in Pakistan.

4. Joint Venture between VTTI UE BV, Hascol Petroleum Limited and Fossil Energy (Pvt) Limited & the acquisition of shares of Hascol Terminals Limited.

Mergers

1. Merger of Bunny's Limited with and into Moonlite (Pak) Limited.

2. Merger of Shirazi Capital & Shirazi Private Limited into Shirazi Investments.

3. Merger of NIB Bank Limited with and into MCB Bank Limited.

CHAPTER 7

REVIEWING POLICY FRAMEWORKS

Under Section 29(b) the Commission can review Policy frameworks for fostering competition and making suitable recommendations to Federal and Provincial governments.



Policy Note Issued to CAA for Setting up of Single Flight Kitchen at New Islamabad International Airport

The Commission received concerns regarding a decision of the Civil Aviation Authority (CAA) to establish only one flight kitchen at the new Islamabad International Airport, consequently limiting the choices available to domestic and international airlines when procuring in-flight catering services. On 22 September 2016, the Commission held an Open Hearing to solicit the views of CAA, domestic and international airlines, and catering companies about the issue.

Subsequently, the Commission issued an opinion to CAA noting that the establishment of a single flight kitchen would raise certain competition concerns. The Commission gave the following recommendations:

- i. The entry barriers created as a result of the single flight kitchen must be balanced by technical or economic progress, a fair share of which is passed on to end consumers. However, it recommended that if an adverse impact on competition is outweighed by any resulting benefits, then any party winning the contract of the single flight kitchen at the new Islamabad Airport must seek exemption from the Commission under Section 9 of the Competition Act on a pre-emptive basis for the exclusivity.
- ii. CAA must ensure that the single flight kitchen would never at any point abuse its monopoly position. In this regard, it was noted that as a commercial partner in the single flight kitchen, CAA may face a conflict of interest in terms of regulating the same. The Commission therefore, recommended that CAA must consider other business models so that its commercial interests did not conflict with its regulatory role.
- iii. If CAA chooses to adopt an airport fee or royalty-based business model, the tariffs must not be so high that they discourage airlines from ordering meals from the new Islamabad International Airport.
- iv. At no point should any of the airlines be barred by CAA to order meals from any feasible off-premises options available to them.

The Commission's recommendations were aimed to serve as guidelines for CAA and the successful bidder to run the single flight kitchen at the new Islamabad International Airport, in order to save consumers from any anti competitive effects of the decision.

Policy Note Issued to Govt to Review Telecom Policy 2015

The Commission took notice of Clause 5.1 of the Telecom Policy, 2015 formulated and issued by the Ministry of Information Technology and Telecom (MoIT), which provides for the making of Competition Rules exclusively for regulation of ex-post competition issues in the telecommunication sector by the Pakistan Telecommunication Authority (PTA). The draft Rules would provide for a process to remedy the anti-competitive behaviors (both ex-ante and ex-post) in the telecom industry.

The Commission issued a Policy Note to the Government of Pakistan recommending it to review the Telecom Policy, 2015 in terms of the Competition Rules for the Telecom Sector.

The Competition Act being an Act of Parliament takes precedence over the Rules being framed by MoIT. Hence, the Competition Act shall prevail in the event of any conflict or overlap between the Commission's mandate and that of any other regulatory or public body in Pakistan to the extent of matters covered under the Competition Act.

The Commission noted that empowering PTA to regulate competition related matters in the telecom sector would not only create redundant duplication of jurisdictions but also engender legal uncertainty for telecom operators and consumers as well as waste state resources.

The Policy Note concluded that the development of the Rules by the MoIT would result in the negation of the exclusive mandate, enforcement powers and purpose for which the whole edifice of the competition regime was built by the Parliament through the Competition Act and establishment of the Commission.

The Policy Note also emphasized the need for collaboration between CCP and PTA to avoid any actual or potential conflicts in the future and to foster a healthy competition culture coupled with higher growth rates in the telecom sector and related markets.

CHAPTER 8 UNDERTAKING RESEARCH

§28 requires the Commission to conduct studies for promoting competition in all sectors of the economy and §29(b) empowers the Commission to promote competition by reviewing policy frameworks making suitable recommendations for fostering competition.



Study on ‘Meat’ Sector Released for Public Comments

The Commission released a study on the meat sector in Pakistan for public comments. It covered issues such as price monitoring, meat quality and growth potential.

Meat production in Pakistan is mostly an unregulated informal activity. The meat industry has been marred by many challenges including the low yield per animal, poor animal feed, lack of awareness among livestock breeders regarding breeds and veterinary care, and disease control. In addition, poor slaughtering methods and lack of accessibility to Animal Mandis (markets) lead to low quality meat products and excessive pricing.

The Commission identified ineffective pricing and quality monitoring at the district level that resulted in surging prices and low quality of meat that affected both urban and rural consumers. Smuggling of animals to neighboring Afghanistan is also an issue that affects availability at affordable price to domestic consumers.

The report stated that establishing new slaughterhouses and improving facilities at the existing ones was necessary to ensure quality safeguards. Moreover, increasing the accessibility of farmers to the Animal Mandis was essential for providing quality meat to consumers at reasonable prices. The Commission, therefore, recommended a public-private partnership to run government slaughterhouses for efficiency purposes as well as greater access to farmers.

The Commission further recommended that price setting, which took place every six to twelve months, needed to be regulated during the interim periods and meat prices should be based on both the quality of the meat and its grading.

The Commission also acknowledged efforts carried out, by the Ministry of National Food Security and Research, to undertake certain regulatory measures for encouraging the livestock sector and establishing a value added meat market in the country.

CHAPTER 9 ADVOCACY

Section 29 of the Competition Act empowers the Commission to promote competition through advocacy which is essential to promote a competition culture.



CCP and SBP sign MOU for Information sharing

The Commission signed a Memorandum of Understanding with the State Bank of Pakistan (SBP) for establishing arrangements between the two institutions for cooperation, collaboration and sharing of information.

The MoU would enable both bodies to effectively carry out their respective statutory responsibilities by sharing unclassified information based on research conducted on different industries and markets of Pakistan.

Speaking at the occasion Ms. Vadiyya Khalil, (Chairperson CCP), thanked SBP for extending their support in signing the MoU. She also added that the MoU will also assist both the institutions in undertaking

advocacy initiatives for public awareness of Competition Act, 2010 and Banking Laws of Pakistan as CCP not only acts as a market enforcer but also as a market developer. Mr. Riaz Riazuddin, (Acting Governor SBP) further added that the MoU would also facilitate both the institutions in sharing unclassified information based on research conducted on different industries of Pakistan by CCP & SBP.

The MoU signing was also attended by Mr. Noman Laiq, (Secretary to the Commission), Mr. Omer Farooq, (Director (Merger & Acquisition) CCP), Syed Irfan Ali, (Executive Director SBP) and Mohammed Shafqat Ali, (Additional Director SBP).

CCP & PPRA sign MOU for strengthening procurement and combating anti-competitive practices

The MoU has been signed to forge a strategic partnership between the CCP and PPRA for sharing of information on matters relating to their respective statutory mandates, including the possible cases of anti-competitive practices.

The Commission and the Public Procurement Regulatory Authority (PPRA) signed a Memorandum of Understanding for strengthening public procurement and combating anti-competitive practices.

The MoU was signed by Vadiyya Khalil, (Chairperson CCP) and Khizar Hayat Khan, (Managing Director PPRA) in a ceremony held at CCP Head Office. The ceremony was attended by Ikram Ul Haque Qureshi, CCP's Member (Cartel & Trade Abuse and Legal) and senior officers of PPRA and CCP.

PPRA under the PPRA Ordinance, 2002 is responsible to take measures for improving the governance, management, transparency, accountability and quality of public procurement of goods, services and works in the public

sector while CCP has the enforcement powers under the Competition Act, 2010 to prohibit collusive bidding.

WWWCCP and PPRA will undertake collaborated efforts to strengthen their own capacities in detecting anti-competitive practices in public procurement as well as to build the capacity of the public procurement agencies to identify and report the instances of bid rigging.

As part of such efforts, PPRA will regularly provide training to CCP officials on matters relating to public procurement processes while CCP will provide training to PPRA officials on matters relating to anti-competitive practices in public procurement. In addition, they will also take steps to develop linkages and partnerships with international organizations that can assist in the capacity building of their staff. Moreover, the two institutions will assist each other in developing guidelines for the public procurement agencies and potential bidders regarding anti-competitive practices.

The Chairperson CCP and MD PPRA while speaking on the occasion expressed the resolve to effectively implement the MoU in letter and spirit for the greater benefit of the stakeholders and the public exchequer.

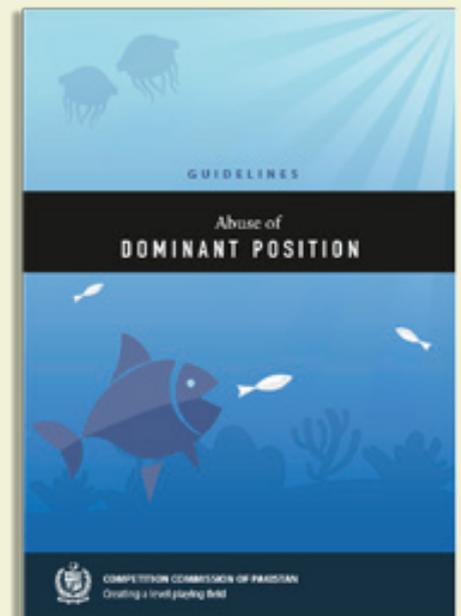


Series of Guidelines on Competition Law

The Commission initiated a comprehensive plan to revamp its existing guidelines on substantive and procedural aspects of the competition law in Pakistan and its working. During the process, the Commission will also add new guidelines particularly ones regarding the interpretation and application of provisions relating to prohibition of anti-competitive behavior.

In this regard, the Commission published the 'Guidelines on Section 3: Abuse of Dominance'. In the guidelines, commentary on various aspects of abuse of dominance is supplemented with easy-to-understand examples and illustrations. It is expected that the guidelines will greatly help stakeholders in understanding and complying with the law. While these guidelines have currently been published in English and Urdu, the translation into regional languages is underway and will be completed soon. The guidelines can be accessed via the website www.cc.gov.pk.

They are the first in a series of similar publications that will follow soon.





‘The Guidance on Competition Compliance’ launched on ‘World Competition Day’

The Commission launched, ‘The Guidance on Competition Compliance,’ an-easy-to-understand guide on the Competition Act to promote voluntary compliance of the law, on ‘World Competition Day’ i.e. 5 December 2016.

The Guidance provides an operative and meaningful voluntary competition compliance programme for assisting businesses and other stakeholders to promote a culture of compliance and minimize their risk of involvement in competition law infringements and costs resulting from anti-competitive behavior.

Part-A of the Guidance explains key concepts of competition and substantive provisions of the Competition Act with illustrations and easy examples. This would help stakeholders to fully understand the prohibitions under the competition law.

Part-B of the Guidance deals with setting up and managing a competition compliance program explaining various stages of its execution and evaluation.

The last section is comprised of annexures relating to a checklist of do’s and don’ts of the competition law, a summary of the sections of Competition Act relevant to stakeholders, and the procedure to file a complaint with the Commission.

In the first phase of implementation of the ‘Guidance on Competition Compliance’, the Commission would provide training to the focal persons nominated by undertakings who would implement compliance programme in their business practices. In the second phase, training would be provided to representatives of government organizations, regulatory bodies, state-owned enterprises and other stakeholders.

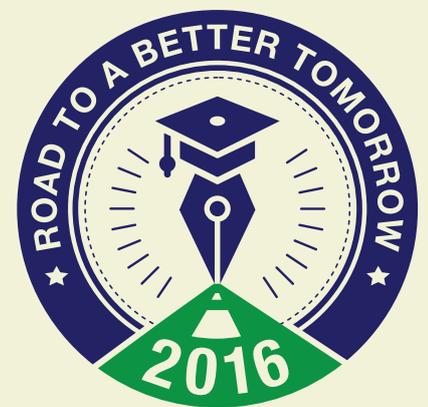


5TH DECEMBER
WORLD COMPETITION DAY

Competition Advocacy Academia Drive

After the successful completion of the National Road Show on Competition Law in 2016, dubbed as "Competition Caravan," the Commission embarked on the "Competition Advocacy Academia Drive." The purpose of the Academia Drive was to reach out to the academic institutions of Pakistan and create awareness and understanding among the students and faculty members of the departments of Economics, Management Sciences, and Law about the competition issues. An important objective of the Academia Drive was also to introduce the "Module on Economics and Competition Law" developed by the Commission with the collaboration of King's College London.

In the phase-1 of the Academia Drive, the Commission selected 24 leading universities of the country where seminars were held. The Commission's officers gave presentations on various aspects of the Competition Law and briefed the participants on the Module. The Academia Drive received a tremendous response from university students. Furthermore, faculty members took keen interest in the presentations.



23 UNIVERSITIES
VISITED



Seminar at Comsats

The COMSATS Institute of Science and Technology hosted the first seminar of Academia Drive, which was attended by the faculty members and students of management sciences, economics and law in large numbers. The participants were briefed on various aspects of the competition law and policy.

Afia Kamran (Senior member of the Faculty of Law), welcomed the guests while Dr. Muhammad Tahir (Head of Department Management Sciences COMSATS), in his speech appreciated the Commission's advocacy efforts to create awareness of the law. He said that Pakistani universities should benefit from the competition law that has emerged as an important discipline world-wide. The Commission's officers gave presentations explaining various aspects of the Competition Law.

CCP team with faculty members and students of Comsats, Islamabad ▶



Seminar at Ripah

The seminar at Riphah International University, Rawalpindi, was attended by the faculty members and post graduate, MPhil and PhD students of law, economics and management sciences. Professor Amanullah Khan (Dean Faculty of Management Sciences), announced that the University would adopt the Module on Economics and Competition Law developed by CCP in collaboration with King's College London. "We appreciate this initiative of CCP and we hope that the Module will be a useful addition to the syllabus of our university," Khan said.

CCP Member, Dr. Shahzad Ansar welcomed the proposal of Riphah University to hold similar interactive sessions for the awareness of students and thanked Professor Amanullah Khan for announcing the adoption of the module.

Session at Riphah International University, Rawalpindi



Seminar at SZABIST

Shaheed Zulfikar Ali Bhutto Institute of Science and Technology (SZABIST), Islamabad Campus hosted a well-attended seminar. The Head of the Campus, Mr. Khusro Pervaiz Khan, warmly welcomed the CCP team while (Head of the Department and Programme Manager Management Sciences) Dr. Muhammad Asif Khan in his welcome remarks appreciated the Commission's initiative for creating much needed awareness about competition law to bridge the



gap between the policy makers and academia.

Session at SZABIST, Islamabad

Seminar at Iqra

The seminar at Iqra University Islamabad was attended by faculty members and students in large numbers.

Dr. Muhammad Islam (Dean and Director, Iqra University), in his address urged a collaboration between academia and government organizations including regulatory bodies to strengthen the capacity of the latter in dealing with issues of public importance. He said Iqra University was willing to work with CCP in creating awareness about the

law as well as the areas of research. Dr. Sadaf Kashif (Head of Department Management Sciences), welcomed the Commission's initiative..

The students and faculty members took active part in an interactive session, which was followed by a detailed meeting between CCP officials and Iqra University's faculty members to discuss the prospects of future collaboration for creating awareness and adoption of CCP's Module in the university's syllabus.



▲
Session at Iqra University, Islamabad

Seminar at International Islamic University

The International Islamic University Islamabad hosted a seminar on its male campus, which was attended by senior faculty members including Professor Dr. Eatzaz Ahmad, (Director International Institute of Islamic Economics), Dr. Arshad Ali Bhatti, Head School of Economics and students of economics and management sciences. .

Dr. Eatzaz in his address said that the presentations on competition law given at the seminar were relevant to the courses being taught at the university and both faculty members and students would benefit from the information shared by the Commission. He appreciated the Commission for creating awareness about the law and extended his university's support for future collaboration in the areas of research and awareness creation.

Dr. Arshad Ali Bhatti while highlighting the role of International



▲
Session at International Islamic University, Islamabad

Institute of Islamic Economics said that it was established in August 1983 as a pioneering institution in the Muslim World.

Seminar at NUST

The seminar at National University of Science & Technology Islamabad (NUST) was attended by senior faculty members including Dr. Ashfaq Hassan Khan (Principal and Dean, School of Social Sciences and Humanities), Dr. Verda Salman, and a large number of students.

In his opening remarks, Dr. Ashfaq Hassan Khan said that the role of regulatory bodies like CCP was extremely important in the era of economic liberalisation and deregulation where consumer protection was a priority area for

the government. Anti-competitive behaviour such as cartelisation and abuse of dominance could inflict huge losses to the economy and that is where the CCP should step in to check such activities. He lauded CCP's role in creating awareness about the competition law and taking steps to promote its voluntary compliance, extending his full support to CCP in this regard.

The students and faculty members took active part in the interactive session.



Session at National University of Science & Technology, Islamabad

Quaid e Azam University

The interactive seminar with the faculty members and students of Quaid e Azam University, Islamabad was held at the Commission's Conference Hall. The seminar was attended by the students in large numbers. The QAU's faculty was represented by Dr. Muhammad Mazhar Iqbal (Associate Professor), and Dr. Ghulam Fatima Sharif (Assistant Professor-School of Economics).

Ms. Maryam Zafar briefed the participants about the concept of

competition in the market and the gradual transition from Monopoly Control Authority (MCA) to Competition Commission of Pakistan. Syed Umair Javed explained the basic statutes of the Law, while deceptive marketing practices were explained by Dr. Shahzad Ansar.

Students actively participated in the seminar and asked several questions which were answered by CCP's resource persons.



Session at Quaid e Azam University, Islamabad

Fatima Jinnah Women University, Rawalpindi

The seminar at Fatimah Jinnah Women University (FJWU) was organised by the Office of Research, Innovation & Commercialization (ORIC) Department of the University. Professor Dr. Azra Yasmin (Dean,

Management Sciences, Commerce & Law), Dr. Tahir Mukhtar (Chairperson, Economics Department), other senior faculty members and students of the economics, management sciences and law departments.

CCP team with faculty members and students of FJWU, Rawalpindi



Professor Dr. Azra Yasmin while appreciating CCP's initiative said that "such seminars help bridge gaps between theory and practice, hence greatly benefit students by providing opportunities for learning through direct interaction with professionals,".

The Commission was represented by its Advisor Dr. Shahzad Ansar, Ahmed Qadir (Director General), Advocacy & International Affairs and Asfandyar Khattak, Director Advocacy & Media. Presentations about various aspects of the Competition Law were also given, followed by a question and answer session.



▲
Group picture with students and faculty members of FJWU, Rawalpindi

Shaheed Benazir Bhutto Women's University, Peshawar

Seminar at Shaheed Benazir Bhutto Women's University Peshawar was held at the Office of Research, Innovation & Commercialization (ORIC) which was attended by Dr. Abdul Manan (Head of Law Department), Dr. Ayesha Abrar (Head of Management Sciences), Dr. Madiha Gohar (Assistant Professor, Department of Economics), and students from Economics, Law and Management Sciences.



Dr. Madiha Gohar in her speech underlined the need for close coordination between the University and the Commission for imparting the latest knowledge and training to students. CCP team included Ikram Ul Haq Qureshi, (Member), Dr. Shahzad Ansar, (Advisor), Noman Laiq, (Director), Syed Umair Javed, (Director), and Maryam Zafar, (Deputy Director). Presentations on key components of Competition Law and initiatives taken by the Commission were explained to the participants.



▲
Participants of the session at SBBWU, Peshawar

Seminar at Peshawar University

The University of Peshawar hosted a seminar in its Department of Economics. The seminar was attended by Dr. Zilakat Khan Malik (Chairman, Economics Department), Dr. Danish Alam (senior faculty member Economics), and students of Economics and Management Sciences.

Dr. Zilakat Khan, while addressing the seminar, said that "Besides ensuring a level playing field in the economy, the Competition Law also offers great opportunities for the students of economics and law to do research and get specialized skill set for their future,"

The participants were given presentations on various aspects of the Competition Law and Policy. The students and faculty members enthusiastically engaged in the interactive session. Later on, a detailed meeting by Ikram Ul Haq



During the session at Peshawar University

Qureshi, (Member Cartels & Trade Abuse and Legal), Dr. Shahzad Ansar, (Advisor to CCP), Noman Laiq(Director), Syed Umair Javed (Director), and Maryam Zafar(Deputy Director) took place to discuss the

prospects of future collaboration for creating awareness and adoption of CCP's Module as an elective subject at the University.

Bahria University, Islamabad

The interactive seminar with the faculty members and students of Bahria University Islamabad was arranged in collaboration with their Law Department. The seminar was attended by Abdur Rauf Khatana, (Assistant Professor & Head of Department Law (former), Maliika Farah Deeba Malik, HOD Law, Dr. Nadia Khadam (Senior Assistant Professor), Dr. Tauseed Ahmed(Senior Assistant Professor), Sabeen Arif (Senior Assistant Professor), Sadia Zahoor (Senior Lecturer), Ammar Sohail (Senior Lecturer), Sami ur Rehman(Senior Lecturer), Adnan Khan(Senior Lecturer), Jehanzeb Butt(Lecturer), Saira Bashir (Lecturer)



Participants during the seminar at Bahria university, Islamabad

and students from Law Department. The Commission was represented by Ikram ul Haque Qureshi(Member Cartels & Trade Abuses) (C&TA), Shaista Bano(Director General) (C&TA)

while the presenters were Syed Umair Javed (Registrar & Director Legal), and Noman Laiq(Director & Secretary CCP).

Pakistan Institute of Development Economics, Islamabad

Pakistan Institute of Development Economics (PIDE) was included in the Drive while keeping in view its relevance and contribution in the fields of research and economics. The seminar was inaugurated by Dr. Asad Zaman, Vice Chancellor, PIDE. Dr. Fazal Husain (Dean Social Sciences), and other senior faculty members were also present at the seminar.



Ms. Maryam Zafar, (Deputy Director, CCP) briefed the participants about the concept of competition in the market and the gradual transition from Monopoly Control Authority (MCA) to Competition Commission of Pakistan (CCP). Ahmed Qadir, (Director General), briefed the legal framework of competition law whereas, Dr. Shahzad Ansar, (Advisor), explained deceptive marketing practices i.e. §10 of the Act.



CCP team with students of PIDE, Islamabad

National University of Modern Languages, Islamabad

The seminar at National University of Modern Languages (NUML) was attended by Brig(R) Maqsood-ul-Hassan (Dean, Management Sciences), Dr. Nadeem Talib (Head Management Sciences), Jawad Jawaid Assistant Professor, Waris Ali, Assistant Professor, Beenish Jawaid, Assistant Professor, Irum Qazi (Assistant Professor), Adnan Iftekhar (Lecturer), Ghulam Asghar (Lecturer), Alyia Khan (Lecturer) and students

bridging the gap between academia and market professionals. CCP officials Syed Umair Javed, (Director Legal), Noman Laiq (Director Office of Fair Trade) elaborated the basic

statutes of Competition Law through their presentations. While, after the presentations an interactive question answer session took place.

After the session at NUML, Islamabad



An animated documentary illustrating the basic concepts of Competition Law was played before the presentations. Dr. Shahzad Ansar, (Advisor), in his speech stressed upon

Bahauddin Zakaria University, Multan

After touring universities of Khyber Pakhtunkhwa, Rawalpindi, and Islamabad, the Drive entered in the agrarian province of Pakistan i.e. Punjab.

Bahauddin Zakaria University, Multan hosted seminar which was attended by senior faculty members including Dr. Saeed Akhtar (Director ORIC), Dr. Imran Sharif (Director School of Economics), Dr. Nauman Abbasi (Director IMS), Rd. Saleem Sheikh (Head of Department Gillani Law College), and Dr. Tariq Ansari (Dean, Faculty of Sciences).

After the presentations made by the Commission's officers,

the Module on Economics and Competition Law was discussed. The faculty members encouraged the step taken by the Commission for addressing the emerging need in the field of economics and law. Dr. Imran Sharif, in his address showed interest in adopting the Module in the curriculum of School of Economics.

CCP team with senior faculty members of Bahauddin Zakaria University, Multan



University of Sargodha

The seminar at Sargodha university was well attended by senior faculty members and students.

Opening remarks, by Dr. Shahzad Ansar, Advisor, was followed by an introduction and an overview of the competition law in Pakistan which was delivered by Syed Umair Javed, Director CCP. While a detailed presentation on deceptive marketing practices and the role of Office of Fair Trade (OFT) was given by Noman Laiq, Director CCP.

After the presentations, during question and answer session students and faculty members took an active part.



University of Sargodha

Government College University, Lahore

The interactive seminar was arranged with the faculty members and students of Government College University, Lahore. Senior faculty members included Uzair Ahson, (Assistant Professor), Dr. Saima Sarwer, (Assistant Professor), Qasim Jalil, (Lecturer), Nosheen Rasool, (Lecturer), Junaid Ahmed Noor, (Lecturer), and Waqar Ashraf, (visiting faculty).

Dr. Shahzad Ansar in his remarks stressed upon the dissemination of information which is essential for ensuring economic growth and consumer protection. He said, "the need of the hour is to have the capability to make an informed decision, this what the Commission is striving for". Ahmed Qadir, (Director General), gave an overview of the competition law in Pakistan. The



presentations were followed by a question & answer session. Students took keen interest and asked pertinent questions.

Students during the seminar at GC University, Lahore

University of Punjab, Lahore

University of Punjab hosted the seminar to enlighten their students about the relevance and importance of competition law with the economy. Main guests from the university were included Ms. A.R Chaudhary, (Dean, NCBA & E), Ms. Kalsoom Zulfiqar, (Incharge Chairperson Department of Economics), and Dr. Abdul Salam (Abdul Qadir Memorial Chair, State Bank of Pakistan).

Presentations were made to explain the important provision of competition law. Several questions were raised by students which were answered by the representatives of the Commission.

Module on Economics and Competition Law was also discussed with the senior faculty members of the university.

Participants from University of Punjab



During the session at Lahore College for Women University

Lahore College for Women University

Seminar series for Punjab ended with the advocacy session at Lahore College for Women University. The seminar was attended by senior faculty members from Economics and Management Sciences Department including Dr. Maryam Wasif, (Professor), Sameera Azmat, (Professor), Tahira Tauseef, (Assistant Professor), Uzma Shahid, (Assistant Professor), Ramsha Salim, (Assistant Professor), Rabia Asif and Sobia Hassan, (Assistant Professors).

Dr. Maryam Wasif welcomed the Commission's initiative to create awareness about competition law among students and faculty members. She also appreciated the proposed Module on 'Economics and Competition law'.



Institute of Business Administration, Karachi

The awareness lecture was delivered by Syed Umair Javed and Noman Laiq, Directors, CCP.

The discussion on Module on 'Economics and Competition Law' was chaired by Dr. Mohammad Nishat, Associate Dean, Dr. Khadija Malik Bari, Chairperson Economics and other senior faculty members were also present at the meeting. Dr. Nishat wrapped up the discussion by declaring 'excited and accepted' about the Module on 'Economics and Competition Law'. He also stressed



to share guidelines in order to strengthen the course outline.

After discussing the Module with Associate Dean and faculty members, IBA

Institute of Cost and Management Accountants of Pakistan, Karachi

Another seminar at ICMAP served the purpose of creating awareness and increasing capacity building of students with special reference to competition law. The (Executive Director ICMAP), Raza Baqir, and (Director CPD & CRC), Kamran Jamil welcomed CCP team and termed it a good opportunity for their students to get first-hand



knowledge from direct interaction with CCP's officials.

Basic statutes of competition law were explained in the presentations given by Ahmed Qadir, (Director General) and Noman Laiq, (Director CCP). Question and answer session remained interactive as queries were answered with reference to orders passed and inquiries completed by the Commission.



The seminar at ICMAP, Karachi ▲

Karachi School of Business and Leadership

During the seminar at KSBL, Karachi

The seminar at KSBL was attended by Dr. Zeeshan Ahmed, (Rector and Dean), Dr. Iqbal Tahir, (Registrar), Dr. Muhammad Athar Siddiqui, (Director), Dr. Muhammad Imran Chaudhry, (Assistant Professor), and a large number of students.

KSBL, being an eminent business school, was included in the Drive address the practicality of competition law and policy in the context of changing economic dynamics of Pakistan. Presentations were made to explain the main provision of the law. Later on, the questions were also answered by the Commission's team.



Institute of Business Management, Karachi

Students of IoBM, Karachi

The seminar at IoBM was attended by Prof. Dr. Shahida Wizarat, (Head of Economics Department), Muhammad Zubair, (Senior Lecturer), along with other faculty members and students. Dr. Wizarat welcomed the CCP team in an encouraging manner. CCP team was led by Dr. Shahzad Ansar, Ahmed Qadir,



(Director General) and Noman Laiq, (Director). Presentations elaborating the main Sections of competition law were explained to the participants.

A separate slot was allotted for the queries of students. The questions were answered by the CCP team.

Applied Economics Research Centre, University of Karachi

Applied Economic Research Centre hosted an interactive seminar which was attended by Prof Dr. Samina Khalil, Director, Dr. Asghar Ali, Assistant Prof/ Research Economist, along with senior faculty members and students.

Dr. Samina Khalil encouraged the new initiative of the Commission for escalating awareness about a relatively new field i.e. competition law among their students. "We look forward to extending our support for future collaborations in the field of economics", Dr. Khalil said.

While discussing the Module on 'Economics and Competition Law', faculty members showed interest in adopting the course in their

curriculum. Furthermore, Dr. Khalil also suggested arranging workshops by using AERC platform.

During the question & answer session at AERC, University of Karachi



CCP Officials participate in Radio Programme

Since inception, media has remained supportive to the Commission in spreading awareness of the law and educating the stakeholders. From time to time the Commission's officials interact with the media to reach out to stakeholders and the general public.

In this regard, two senior officers of the Commission participated in a live current affairs show of Pakistan Broadcasting Corporation (PBC) 'Rabta' aired on 23rd November, 2016.

Ms. Shaista Bano, (Director General Cartels and Trade Abuses) and Mr. Asfandyar Khattak, (Director Advocacy and Media) explained the main provisions of the competition law and discussed at length measures taken by the Commission for enforcing and advocating the law. They also answered questions asked by the live callers.



CHAPTER 10

INTERNATIONAL AFFAIRS

The Office of International Affairs (OIA) was established as the focal coordinating point to liaise with UNCTAD, OECD, and the International Competition Network (ICN). In addition, the Office is responsible for exploring bilateral relations with competition agencies and with donor agencies for possible technical assistance. In essence, the Office is the communications focal point for all international activities.



CCP RETAINS ITS **3-STAR** RATING BY GLOBAL COMPETITION REVIEW

The Commission maintained its 3-star rating by showing consistent performance in the annual ranking of the World's top antitrust/competition authorities, by the Global Competition Review (GCR).

The Rating Enforcement is the annual ranking of the world's leading competition authorities that provides an extensive evaluation of their performance and how they compare with each other. According to GCR, authorities appear in Rating Enforcement only if they engage in a significant amount of enforcement activity.

The 3-star rating for CCP comes with a horizontal arrow showing that CCP performed as expected and indicating that not only has the authority retained its star rating, but also that GCR sees no reason for concern that it might be on the way to losing that rating anytime soon.

In its evaluation of the Commission's performance, the GCR noted that "a bright spot for the Commission's antitrust function in 2016 came in the form of the appellate system in Pakistan." The GCR further noted that the Competition Appellate Tribunal began hearing appeals against the Commission's orders last year - and much to the delight of the CCP, the tribunal upheld many of its decisions.

"Of these, the authority scored a particular victory when the tribunal upheld a nearly €1 million (PKR 100 Million) fine against the Poultry Association. In the financial year 2016-17, the tribunal adjudicated on 11 matters, ruling in favour of the Commission on eight of them. The Supreme Court of Pakistan has also sent all pending appeals against the Commission's orders to the Tribunal, bringing the Commission a step closer towards the resolution of the judicial review process."

While commenting on the powers available with the Commission to detect the anti-competitive practices such as cartelisation and abuse of dominance, the GCR said: "Sooner or later, the government will have to consider giving the Commission additional powers and tools for detection." The GCR noted that the Commission garnered applause for its continuing balanced approach to enforcement and advocacy, reaching out decisively to academia and private sector for better awareness of the law, its link with economics, and on improving compliance.

The Commission's three-star rating keeps it at par with the competition authorities of Turkey, Portugal, Switzerland, Sweden, Singapore, Poland, New Zealand, Austria and Mexico.



CCP's Contribution for 15th OECD Global Forum on Competition, Paris

The 15th OECD Global Forum on Competition took place in Paris on 1-2 December, 2016. High-level competition officials from more than 100 delegations worldwide came together to discuss emerging issues in antitrust/competition law and policy.

Mr. Ikram Ul Haque Qureshi (Member Legal, Cartels & Trade Abuses) represented the Commission at the Forum. Discussions were held on the following issues:

- *Promoting Competition and Protecting Human Rights;*
- *The Role of Market Studies as a Tool to Promote Competition;*
- *Independence of Competition Authorities from Design to Practices; and*
- *Sanctions in Antitrust Cases.*

Mr. Qureshi highlighted the mandate of Commission to conduct market/sector studies in public and private sectors. He also contributed on the subject of Sanctions in Antitrust Cases in Pakistan. With regard to market studies, he explained that the studies were conducted to discover if the market is working well for consumers and where it appeared unlikely, the Commission endeavoured to identify solutions to restore competition through policy reviews, advocacy, and enforcement. In case of suspicion of violation of the Competition Act, the Commission could initiate an inquiry to probe into the likelihood of anti-competitive practices including the abuse of dominance and cartelization.

Mr. Qureshi's contribution on Sanctions in Antitrust Cases highlighted the Commission's function and its enforcement priorities. The paper also explained the substantive and procedural tools, which the Commission applies to determine fines and pass administrative directions under the Competition Act. While determining the amount of fines, the Commission takes into account the enormity of the contravention, its context, and its dissuasive effect. Based on the principle of proportionality, the objectives pursued by the Commission while imposing fines include, inter alia, deterring the wrongdoer and other market participants from indulging in anti-competitive practices and reflecting the seriousness of harm to competitive process and consumers. In addition to fines, the Commission may grant leniency to cartel informants.

CCP Participates in UNCTAD's Intergovernmental Group of Experts Meeting

The Chairperson Vadiyya Khalil Competition Commission participated in the United Nations Conference on Trade and Development (UNCTAD's) Intergovernmental Group of Experts meeting in Geneva, Switzerland in October 2016. This was also the first IGE on consumer protection and the Commission contributed a written submission on 'Capacity building in consumer protection: trends and challenges'.

The document examined the different legal frameworks in the four provinces and CCP's role in ensuring consumer protection and welfare. Consumer protection continues to attract much attention but the legal framework has not been developed to address changes in interaction between consumers and sellers. Coupled with a lack of general awareness of consumer rights, this has resulted in an inadequate consumer protection regime in the country.

Legislative measures introduced by the federal and provincial governments require Pakistan to

set up consumer protection councils as a cornerstone of the protection regime. The council, among other things, must create awareness about consumers' rights and responsibilities and minimising the marketing of faulty products and substandard services. After this, Consumer Courts must be formed to redress consumer complaints. These tend to work parallel to ordinary courts. Only Punjab has made considerable progress in this, setting up eleven consumer protection councils and consumer courts in eleven districts, both functioning under a provincial consumer protection council and the Lahore High Court.

The Competition Act, 2010 ensures consumer protection by prohibiting deceptive marketing practices, which not only include distribution of false and misleading information but also a false or misleading comparison of goods during advertising. Moreover, the fraudulent use of another's registered trademark, firm name, product labelling or packaging are also addressed in Section 10 of

the Competition Act dealing with Deceptive Marketing Practices. With e-commerce on the increase, there is a need to redefine National policies while keeping in view the changing dynamics of consumers in both real and virtual transactions. The policies should be framed keeping in mind the consumer's economic interest, allowing the transparent disclosure of material information. Consumer protection bodies must be empowered to initiate independent probes into defective or sub-standard products or services and provide speedy resolution of complaints.



UNITED NATIONS
UNCTAD

CHAPTER 11
FINANCIAL STATEMENTS





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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPETITION COMMISSION OF PAKISTAN

Opinion

We have audited the financial statements of Competition Commission of Pakistan (the Commission), which comprise the Balance Sheet as at June 30, 2017 and income and expenditure account, the statement of comprehensive income, the statement of changes in fiscal and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of the Commission as at June 30, 2017, and its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Members of the Commission for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan 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 or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concerns and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Members of the Commission are responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,



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individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users relying on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Members of Commission regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Arjun Rajman
 ARJUN RAJMAN
 Chartered Accountant

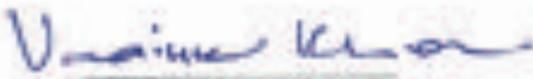
Engagement Partner Waqar Waqar
 Islamabad
 Date: January 28, 2019

COMPETITION COMMISSION OF PAKISTAN
BALANCE SHEET
AS AT JUNE 30, 2017

	2017	2016
	Rs. 000	Rs. 000
ASSETS		
Non-current assets		
Property and equipment	4,568,288	3,568,227
Long-term loans, advances and deposits	46,689,254	27,331,647
Current assets		
Debtors, prepayments and other receivables	69,811,239	41,364,651
Short-term investments	171,288,499	286,491,293
Current tax receivable	-	699,634
Cash and bank balances	20,739,280	3,673,211
	<u>467,745,770</u>	<u>395,155,723</u>
	467,745,770	395,155,723
FUND AND LIABILITIES		
Equity		
Reserve fund	64,764,593	29,091,394
Grants-in-aid	29,358,568	26,123,219
Reserve	75,364,894	56,287,911
Government grant (HRC)	343,734	103,720
	<u>169,720,669</u>	<u>111,506,244</u>
	169,720,669	111,506,244
Current liabilities		
Current tax payable	3,287,398	-
Current and other liabilities	34,258,912	7,311,639
	<u>37,546,310</u>	<u>7,311,639</u>
	37,546,310	7,311,639
NET ASSETS	<u>1,042,714</u>	<u>106,773,299</u>
	1,042,714	106,773,299
REPRESENTED BY		
Cash accounts	1,042,714	106,773,299
Contingent debts	1,042,714	106,773,299

CONTINGENCIES AND COMMITMENTS

No material items from 1 to 12 form an integral part of these financial statements.


CHAIRMAN


DIRECTOR GENERAL (FINANCE)

1 COMPETITION COMMISSION OF PARAGUAY
 2 INCOME AND EXPENDITURE ACCOUNT
 3 FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016	
	Notes	Expenses	
Income from operations	16	109,764,270	111,011,011
Investment grant		28,000,000	30,000,000
Total income		137,764,270	141,011,011
Operating costs	16	(104,442,376)	(99,244,470)
Costs from operating activities		14,000,000	24,000,000
Income tax	17	20,000,000	20,000,000
Income tax	18	-	(75,000)
Total before taxes		33,321,894	41,791,541
Income tax	12	(7,500,000)	(7,500,000)
Total after taxes		25,821,894	34,291,541

1 The amount adds to the 1 & 27 from an integral part of the financial statements.


 VIRGINIA KUCI
 CHAIRPERSON


 DIRECTOR GENERAL OF FINANCE

**COMMISSION COMMISSION OF PAKISTAN
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017**

	2017	2016
	Rs. in crore	Rs. in crore
Profit after taxation	96,298,041	44,161,679
Other comprehensive income		
Less: net finance income of previous year	(25,398,372)	(15,593,180)
Total comprehensive income for the year	70,899,669	28,568,499

The amount shown here is 100% share of company part of this financial statement

Umar Farooq Khan
CHAIRPERSON

Umar Farooq Khan
DIRECTOR GENERAL (FINANCE)

**COMPETITION COMMISSION OF PAKISTAN
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2017**

Description	Revenue Rupees	Total Rupees
Balance as at June 30, 2015	(29,014,632)	(29,014,632)
Profit for the year	46,142,678	46,142,678
Other comprehensive loss for the year	(21,301,140)	(21,301,140)
	35,771,317	35,771,317
Balance as at June 30, 2016	(14,023,098)	(14,023,098)
Balance as at July 01, 2016	(14,023,098)	(14,023,098)
Profit for the year	46,298,021	46,298,021
Other comprehensive loss for the year	(79,306,172)	(79,306,172)
	29,991,841	29,991,841
Balance as at June 30, 2017	1,868,753	1,868,753

The amount under items 1 to 11 form an integral part of these financial statements


CHAIRPERSON


DIRECTOR GENERAL (FINANCE)

**COMPETITION COMMISSION OF PAKISTAN
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017**

	2017 Rupees	2016 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	300,867,445	471,056,698
Adjustments for non-cash items:		
Depreciation	7,288,124	7,276,387
Profit on sale of fixed assets	(98,749)	(4,441,756)
Provision for grants	23,454,384	10,043,153
Provision for loans receivable	3,823,271	6,176,180
Provision for provision	30,892,399	26,156,132
Provision for working capital changes	365,136,281	34,547,379
Changes in working capital		
Increase in advances, prepayments and other receivables	(1,346,886)	(3,778,200)
Increase in accrued and other liabilities	4,955,841	494,807
	399,136	(3,283,393)
Payments from provident fund	(20,633,328)	(20,019,814)
Payment of grants	(6,434,238)	(2,715,424)
Payment of loans receivable	(607,323)	(611,967)
Revenue tax paid/advanced	(1,377,664)	(517,363)
Net cash generated from operating activities	127,668,281	42,334,874
CASH FLOW FROM INVESTING ACTIVITIES		
Receipts from long term loans and advances	11,365,277	11,011,680
Receipts of short term investments	(184,756,200)	(211,677,350)
Refunds on fixed assets	14,348,576	(3,111,150)
Increase in fixed assets (loans)	-	(1,669,088)
Receipts from sale of fixed assets	150,000	10,731,819
Net cash used in investing activities	(158,947,847)	(193,694,111)
NET CASH FLOW FROM FINANCING ACTIVITIES		
Receipts (payments) on cash and cash equivalents during the year	(1,851,948)	(60,777,441)
Cash and cash equivalents at the beginning of the year	4,476,331	10,142,834
Cash and cash equivalents at the end of the year	2,624,383	9,465,393

(The amount under the '+' or '-' sign is negative part of their financial statement)


CHAIRMAN


DIRECTOR GENERAL (FINANCE)

**COMPETITION COMMISSION OF PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 amended into Competition Act 2015. The law sets out the principles and issues of sound competitive behavior as well as the strategy to which these issues are to be referred. It provides a legal framework in which a business environment based on healthy competition through 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, 8th and 9th floor of IFC Building, Hayat Mall, Islamabad.

2. BASIS OF PREPARATION

2.1 Summary of compliance

These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. Approved accounting and reporting standards comprise of Islamic Accounting and Financial Reporting Standards for Small-Sized Entities (ISAFS for SSE) issued by Institute of Chartered Accountants of Pakistan (ICAP).

During the year, the Commission has changed the accounting and financial reporting standards as last year financial statements were prepared in accordance with Revised Accounting and Financial Reporting Standards for Small-Sized Entities (AFRS for SSE) issued by ICAP. Such change has resulted in certain improvements in presentation and disclosure without a significant impact on these financial statements.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except recognition of employee benefits for post-employment benefits.

Recognition of employee benefits for post-employment benefits at present rates.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the Commission's functional and measurement currency.

2.4 Use of significant accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and accounting assumptions are based on historical experience and various other factors that are believed to be reasonably under the circumstances, the results of which form the basis of making judgments about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and including assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and one or more future periods.

Judgments made by the management in the application of accounting policies that have significant risk of material misstatement in the statements are discussed in the ensuing paragraphs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation/amortization and accumulated impairment in value, if any. Depreciation is charged on straight line method over the estimated useful life of the asset. Dates of depreciation are specified in note 4 to the financial statements.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Commission and the cost of the item can be measured reliably. All other repairs and maintenance costs that do not meet the recognition criteria are charged to income and expenditure statement as and when incurred.

**COMPETITION COMMISSION OF PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Depreciation/amortisation is charged to income and expenditure account commencing when the asset is ready for its intended use, applying the straight line method over the estimated useful life.

Depreciation on additions to property and equipment is charged from the year in which the asset is put to use while no depreciation is charged for the year in which the asset is decommissioned/disposed off.

Assets are decommissioned when disposed off or when no future economic benefits are expected to flow from its use. Gains and losses on disposal of an asset or property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised net or net basis within "Other income" in income and expenditure account.

1.2 Investments

Investments in debt instruments are usually recorded at cost which approximates to fair value and are subsequently carried at amortised cost using the effective interest rate method less impairment loss, if any. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the investment to its net carrying amount.

1.3 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cheques in hand and balances with banks.

1.4 Employer benefits

1.4.1 Pension fund

The pension is payable to employees of Federal Monopoly Control Authority (FMCA). An employee is eligible for pension after the completion of qualifying service of ten 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 reasons. Pension is made annually to cover obligation under the scheme on the basis of actuarial valuation and is charged to income and expenditure account. The most recent valuation was carried out as at June 30, 2017 using the "Projected Unit Credit Method".

1.4.2 Provident fund

During the year the Commission has established provident fund as per clause (2) of chapter (7) of the Competition Commission (Service) Regulations, 2007. **provident fund (PF)** and transfers all qualified employees to the scheme. Equal monthly contributions are made both by the Commission and employees as per the rates 10% of the basic salary. The Commission's contribution to the scheme is charged to the income and expenditure account.

1.4.3 Staff gratuity

The Commission operates an unfunded staff gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover the obligation under the scheme and is charged to income and expenditure account.

The amount of gratuity obligation to an employee, shall be the sum equal to one month's last drawn gross salary immediately preceding the date of his leaving to be in the service of the Commission or his death, for each completed year of service in the Commission. Current year obligation has been measured being last drawn gross salary of all eligible employees of the Commission.

1.4.4 Leave encashment

The Commission provides for compensated absence of its employees on extended leave of accumulated leaves in the period in which the leave is earned. Actual to cover the obligation is made using the current salary levels of the employees.

1.5 Revenue recognition

Revenue is recognised to the extent that the economic benefits will flow to the Commission and revenue can be reliably measured. Revenue is recognised at fair value of consideration received or receivable. Revenue from different sources is recognised on the following basis:

**COMPETITION COMMISSION OF KENYA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

- 10. *Incomes from tax and royalties received and unaccounted gains from government are accounted for as exempt items.*
- 11. *Profit on investments is accounted on the basis of effective yield of investments.*
- 12. *Profit on foreign currency is recognized on realization.*
- 13. *Statutory grants received are debited and recognized as income or expenditure, have to match those with the related expenses which are intended to be compensated.*
- 14. **Provisions**
Provisions are recognized when the Commission has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are measured at each reporting date and adjusted to reflect the current best estimate.
- 15. **Foreign Currency**
Transactions in currencies other than KSh are recorded at the rates of exchange prevailing on the dates of transactions. At each reporting date, monetary assets and liabilities are revalued to foreign currencies on the basis of the rate prevailing on the reporting date. Gains and losses arising on revaluation are included in income and expenditure account for the year.
- 16. **Taxation**
The charge for income tax is based on taxable income at the various rates of taxation after taking into account applicable tax credits, reliefs, losses and exemptions available, if any.
- 17. **Contingencies**
The Commission has provided significant contingent liabilities for the pending litigation and claims against the Commission based on its judgement and the advice of the legal advisors for its continued financial statements. The actual outcome of these litigations and claims will have an effect on the carrying amounts of the liabilities recognized at the reporting date. However, based on the best judgement of the Commission and its legal advisors, the likely outcome of these litigations and claims is uncertain and there is no need to recognize any liability in the reporting date.
- 18. **Impairment**
The Commission reviews at each balance sheet date whether there is any indication that assets except deferred tax assets, trade receivables and stocks and spare parts may be impaired. If such indication exists, the carrying amount of each asset is reviewed to assess whether they are recorded at more than their recoverable amount. Where carrying value exceeds the recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of profit or loss except for the impairment loss on goodwill assets which is allocated against the goodwill valuation subject to the caveat that the impairment loss does not exceed the original cost less accumulated depreciation of that asset. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined had no depreciation/amortization had the impairment loss been recognized in the year in prior years. Reversal of impairment loss is recognized in statement of profit and loss.

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COMPETITION COMMISSION OF PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

4 PROPERTY AND EQUIPMENT

Description	Meters					Total
	Furniture and fixtures	Computers & accessories	Office equipment	Office refurbishments	Vehicles	
Cost						
Cost as on July 01, 2015	66,704,817	20,400,711	5,276,700	11,055,328	20,314,228	123,751,884
Additions	787,200	4,113,049	206,379	314,415	41,960	1,373,003
Depreciable transfers	11,568,456		561,055	255,000	212,119,118	29,615,629
Cost as on June 30, 2016	78,059,473	24,513,760	6,043,134	14,624,743	62,747,306	185,988,416
Cost as on July 01, 2016	15,777,349	20,022,700	4,993,401	17,004,000	9,370,516	67,167,966
Additions	2011,311	1,746,130	191,704	100,702	2,007,600	6,357,457
Depreciable transfers		579,655			296,620	876,275
Cost as on June 30, 2017	17,988,660	22,348,485	5,185,105	17,104,702	11,674,736	73,307,688
Depreciation						
Balance as on July 01, 2015	42,003,308	11,113,048	3,563,411	8,673,671	20,948,708	86,302,146
Change for the period	4,278,466	3,525,312	571,242	1,908,111	504,000	10,787,131
On disposals / transfers	(170,000)		(172,500)	(81,000)	(22,119,214)	(19,072,714)
Balance as on June 30, 2016	15,791,774	14,638,360	3,961,153	9,500,782	19,233,494	67,167,966
Balance as on July 01, 2016	11,702,247	10,063,000	3,707,345	8,150,402	9,074,472	52,787,466
Change for the period	1,318,000	3,046,360	513,808	1,350,380	730,107	7,058,655
On disposals / transfers		(357,900)				(357,900)
Balance as on June 30, 2017	13,020,247	13,752,460	4,221,153	9,500,782	9,804,579	69,701,221
Carrying amount June 30, 2017	2,400,000	2,526,196	763,950	1,413,920	1,870,157	9,977,023
Carrying amount June 30, 2016	1,045,993	4,500,642	1,272,000	1,710,000	684,897	9,213,532
Rate of depreciation per annum	20%	15%	20%	15%	20%	

Handwritten initials: *BR* and *SK*

**COMMISSION COMMISSION OF PAGIDAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

		2017	2016
		₱	₱
3. LONG TERM LOANS, ADVANCES AND DEPOSITS			
Loans to employees - consolidated pool	51	27,262,362	24,775,821
Insurance deposits		1,794,866	2,641,176
		<u>29,057,228</u>	<u>27,416,997</u>
3.1 Loans to employees - consolidated pool			
Closing balance		21,222,124	24,775,821
Advances during the year		29,668,292	26,734,688
Repayments during the year		(23,428,805)	(23,428,786)
Closing balance		27,461,611	28,081,723
Short-term portion of loans to employees - consolidated pool		<u>(13,999,379)</u>	<u>(13,492,225)</u>
		<u>13,462,232</u>	<u>14,589,498</u>
3.1.1 Loans to employees include loan for house building, house rent, general purpose, motor car and motor cycle provided to employees as per chapter 10 of the Commission Governance System, Regulations, 2007 Terms and Conditions			
4. ADVANCES, PREPAYMENTS AND OFFICE RECEIVABLES			
Short-term portion of loans to employees - consolidated pool		1,000,000	1,000,000
General purpose fund advances - consolidated pool		86,349	86,349
Staff advances		847,340	771,063
Prepayments		20,000,714	18,007,626
Loans receivable - loans to employees - consolidated pool		1,611,333	789,214
Other receivables - consolidated pool		1,775,366	1,775,366
		<u>25,320,762</u>	<u>22,930,218</u>
7. OTHER FINANCIAL ASSETS			
Term deposits (except bank account investments)	7.1	29,688,696	24,000,000
Loans receivable on investments - consolidated pool		1,265,498	1,479,135
		<u>30,954,194</u>	<u>25,479,135</u>
7.1. The aggregate face value of TDRs having face value of ₱ 100 million, ₱ 40 million with three months maturity and one TDR having face value of ₱ 40 million with six months maturity (2017 - these TDRs having face value of ₱ 40 million, ₱ 40 million, and ₱ 20 million with three months maturity and one TDR having face value of ₱ 40 million with six months maturity due on August 30, 2017, September 06, 2017, September 16, 2017, September 26, 2017, September 26, 2017, and July 05 - 2017 respectively. These TDRs carry an effective interest rate ranging from 3.60% to 5.00% per annum respectively (2016 - 3.7% to 5.00% per annum)			
8. CASH AND BANK BALANCES			
Cash at hand		8,342	11,367
Cash at bank			
Current account		7,744,373	8,207,963
Deposit account		1,279,347	1,174,403
		<u>7,823,715</u>	<u>9,382,366</u>
9. PENSION FUND			
Closing balance		200,880,884	200,110,887
Change to expense for the year		36,961,336	26,324,167
Change to other recognized income-bearing assets		76,886,372	39,390,144
Payments during the year		(118,111,576)	(117,694,144)
Closing balance		<u>296,617,016</u>	<u>248,131,054</u>

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	2017 Rupees	2016 Rupees
9.1 Change in defined benefits obligation:		
Current service cost	1,962,130	1,146,375
Net interest cost	29,489,688	22,176,227
Net actuarial loss recognized	79,308,372	73,391,346
	<u>81,359,190</u>	<u>96,713,948</u>
9.2 Actuarial Assumptions		
Valuation discount rate	10.75%	10.74%
Safety margin rate	10.75%	10.74%
Expected credits on plan assets	10.75%	10.74%
Personnel advancement factor	7.80%	7.80%
Mortality rate	10.00	10.00
	<u>2000-2005</u>	<u>2000-2005</u>
10 LEAVE ENCASHMENT	<u>2017</u>	<u>2016</u>
Opening balance	26,202,258	27,726,366
Expenses for the year	4,803,871	4,598,342
Provision during the year	(697,223)	(1,818,328)
Closing balance	<u>29,308,906</u>	<u>30,506,380</u>
10.1 The gross salary for computation of Provision for Leave Encashments includes basic pay, provision pay and fixed allowances as per Appendix I of CP Service Regulations, 2007.		
11 GRATUITY		
Opening balance	24,283,910	11,661,264
Expenses for the year	21,438,808	18,682,262
Provision during the year	(8,438,238)	(2,205,628)
Closing balance	<u>37,284,480</u>	<u>28,137,901</u>
11.1 The gross salary for computation of Provision for Leave Encashments includes basic pay, provision pay and fixed allowances as per Appendix I of CP Service Regulations, 2007.		
12 INCOME TAX PAYABLE/(RECEIVABLE)		
Opening balance	(899,658)	927,363
Less: Tax paid/adjustment during the year	(4,433,645)	(877,365)
Tax deducted at source during the year	(184,263)	(1,708,361)
	<u>(5,517,566)</u>	<u>(2,658,363)</u>
Provision for income tax - current year	4,764,648	4,006,926
	<u>1,287,382</u>	<u>(651,437)</u>
13 RECEIVED AND OTHER LIABILITIES		
Accrued expenses	9,885,971	1,119,660
Warranty pay receivable	16,472	1,001
Other liabilities	4,694,649	4,171,056
	<u>14,597,092</u>	<u>5,291,717</u>

12.1 Other liabilities includes an amount of Rs. 2.00 million (2016: 2.00 million) payable to 11,079 retired or granted provident fund of MC-3 employees who did not provide CPF when they retired.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

Several cases are pending adjudication in the appellate forum against the various orders or orders passed by the Commission. Recovery of cases amount of penalties imposed by the Commission will be determined after the decision of the appellate forum by the respective forum whereby the Commission will be liable to return the penalty. All penalties to be recovered shall be credited to the Public Accounts of the Government of the State of the Commission for 2016.

The Commission's revenues for the year 2012, 2013 and 2014 have been awarded by an agreement among member states demand of Rs. 11,111,002, Rs. 22,000,000 and Rs. 15,500,000. The cases awarded consist of charging tax on government gas, which was declared exempt by the Commission.




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Five appeals received by the Commission before Commercial Inland Revenue Appeals have been received. The commission has submitted several appeals before Appellate Tribunal Inland Revenue (ATIR), which are pending for adjudication. While pending of appeals, an amount has been recovered Rs. 23,545,137 and Rs. 13,847,224 out of the demand of tax year 2011 and 2014 respectively through attachment of bank accounts. Outcome of the appeals pending before ATIR cannot be ascertained at this stage.

14.2 Commitments:

There are no financial capital commitments as on June 30, 2017 (2016 Nil).

	Notes	2017 Rupees	2016 Rupees
14 FEE AND REGULATORY INCOME			
Excise duty	14.1	232,862,888	203,033,344
Fee from Security and Exchange Commission of Pakistan	14.2	307,202,373	5,618,628
		540,065,261	208,651,972

14.1 Fee income

Excise duty	232,862,888	73,756,678
Excise duty fee	30,495,888	122,059,114
Stamp duty/registration fee	5,394,388	14,800,000
Compliance helping fee	478,888	500,000
Insurance charging fee	334,888	53,000
Copying fee	42,888	3,000
	307,202,373	208,651,972

14.2 Under Section 202(1) of the Competition Act, 2007 read with S.R.O. 12021/2008 dated 25-12-2008, a recovery charge of 7% of the fee and charges collected by the Securities and Exchange Commission of Pakistan (the SECP), the National Electric Power Regulatory Authority (the NEREA), the Oil and Gas Regulatory Authority (the OGRA), the Pakistan Telecommunication Authority (the PTIA), and the Pakistan Electronic Media Regulatory Authority (the PEMRA) is payable to the Commission. The Commission has consistently and persistently followed up payment with all regulatory bodies. The regulatory bodies have not yet paid the recovery charge to the Commission. However, during the year SECP has made a payment of Rs. 507.3 million (2016: 40.42 million) to the Commission in respect of the said recovery charge.

	2017 Rupees	2016 Rupees
15 OPERATING COSTS		
Salaries and benefits	294,898,899	244,340,073
Traveling and conveyance	28,847,288	11,364,474
Rent for office building	41,542,269	17,275,343
Office building services charges	3,082,994	4,442,321
Communications	3,449,364	3,605,324
Utilities	4,935,877	4,897,693
Printing and stationery	2,476,177	1,688,476
Legal and professional charges	7,443,648	7,114,489
Fee and subscription	403,428	1,150,334
Advertisements and publicity	3,994,447	367,428
Conferences, work-shop and seminar	17,508	276,794
Repair and maintenance	1,178,296	1,784,191
Office supplies	1,481,345	854,741
Newspaper and periodicals	1,024,774	857,387
Insurance of vehicles	44,588	127,273
Tolls fee	224,888	200,000
Bank charges	4,296	12,172
Depreciation	7,396,578	7,678,887
Provision for	3,278,184	484,139
Miscellaneous expenses	4,483,844	456,842
	543,463,574	389,219,471

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**COMPETITION COMMISSION OF PAKISTAN
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	2017 Rupees	2016 Rupees
17. OTHER INCOME:		
Profit on sale of fixed assets	95,360	15,811,738
Interest income on investments	33,609,800	30,573,241
Interest income on advances to employees	47,909	7,861
Miscellaneous income	82,376	575,344
	<u>34,435,445</u>	<u>32,068,184</u>
18. FINANCE COST:		
Interest expense on General Provident Fund	-	473,099
Others	-	7,811
	<u>-</u>	<u>480,910</u>

19. AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements are authorized for issue by the members of the Commission on 26 May 2017.

20. NUMBER OF EMPLOYEES

The total number of employees at the end of the year were 116 (2016: 113).

21. GENERAL

11.1 All above figures are rounded off to the nearest rupee.

11.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of consistency.


CHAIRPERSON


DIRECTOR GENERAL (FINANCE)



**Competition Commission of Pakistan
Creating a level playing field**

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