



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

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Volume 2, Issue 2

CCETERIS PARIBUS

"all other things being equal"

Newsletter of the Competition Commission of Pakistan

www.ccp.gov.pk



CCP Starts Enquiry into Escalating Prices of Essential Food Items

Regulating the prices of commodities is not a mandate of the Competition Commission of Pakistan (CCP). Fixing prices is rather an anti-thesis of the Competition Law, which supports the idea of free market economy allowing the companies to compete freely and fairly. Consumers stand to gain the most out of competition as it results in innovation, more choices, better quality and lower prices.

Having said that, however, the Competition Law forbids the prices to be manipulated as a result of certain anti-competitive market practices. CCP is mandated under sections 3 and 4 of the Competition Act, 2010 to check business malpractices such as limiting and controlling production, tie-ins, predatory pricing, sharing of market, and collusive tendering etc. that have a direct impact

on the lives of the consumers in the form of price hike and shortage of commodities.

The prices of essential food commodities is the biggest concern for the Government of Pakistan since a large part

“The Competition Law forbids the prices to be manipulated as a result of certain anti-competitive market practices.”

of the population lives below the poverty line. In view of the concerns raised during a recent meeting of the National Price Monitoring Committee that despite a significant decline in the prices of petroleum products over the past four months, the prices of food commodities have not come down proportionately, CCP has started a

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country-wide inquiry into the possible anti-competitive behaviour behind rising prices of essential food commodities such as fruits, vegetables, milk and pulses. The fact-finding exercise has been initiated in the wake of concerns that some undertakings in the informal food markets might possibly be manipulating supply and prices of the food products against the law and public interest.

In the first phase of the investigation, crucial information regarding undertakings that manipulate pricing and supply of abovementioned commodities is being gathered. In this regard, provinces and district administrations have been approached and it is expected that CCP will have all the relevant information

and data required to take strict action as per the Competition Act.

Through this investigation, CCP will determine whether the price hike in the food commodities market is a result of anti-competitive practice such as cartelisation or abuse of dominance, or otherwise. Once the process is complete, CCP may impose substantial penalties if the involvement of undertakings was proven in anti-competitive practices resulting in price hike of food commodities.

CCP is mandated by the Competition Act to enforce the prohibitions against anti competitive practices in all spheres of commercial and economic activities and to protect consumers from anti competitive behaviour.

The 2nd issue of *Ceteris Paribus* is in your hands. In this issue, we take stock of the work done by CCP during the last five months.

In December 2014, the government appointed a new Chairperson and a Member at CCP, thus making it fully functional and enabling it to discharge its statutory obligations. Since then, CCP has moved decisively in terms of enforcement and issued 7 orders, held 13 hearings and one public hearing, cleared 16 merger applications, issued 24 exemptions and initiated 15 inquiries.

The cover story deals with the inquiry into the possible anti-competitive activities behind the price hike of essential food commodities despite a significant decline in oil prices over the past few months. The inquiry will address the particular concern of the government regarding the prices of essential food items being allegedly manipulated by the informal food sector.

A page in this newsletter has been dedicated to cover the developments pertaining to public procurement. The issue of public procurement is very close to the heart of CCP and is being closely monitored from the competition view point. Due to large size of public procurement and the increasing number of complaints received by CCP against bid rigging in the power sector, a public hearing was held at CCP head office. The highlights of the public hearing have been given.

Also outlined in this newsletter is how CCP deals with the deceptive marketing practices, one of its core enforcement functions that deals directly with the consumers. Some orders passed by CCP have been discussed in the OFT section.

Finally, we provide an overview of how CCP reaches out to the stakeholders as part of its advocacy programme. Highlights of advocacy events have been given in the advocacy section.

Happy reading!

Section 3

Abuse of Dominant Position

Practices that restrict, reduce or distort competition, i.e. :

- Limiting production
- Unreasonable increase in prices
- Tie-ins
- Predatory pricing
- Refusal to deal

Section 4

Prohibited Agreements

Agreements that affect competition i.e.

- Price fixing
- Sharing of market
- Controlling production
- Collusive tendering & bidding

INQUIRIES INITIATED

CCP has initiated the following inquiries under Sections 3 and 4 of the Competition Act.

1. Food Prices

To probe whether anti-competitive practices are behind rising prices.

2. Packaged Milk Sector

To probe the rise in prices over the last 18 months.

3. Flour Prices

To probe anti-competitive practices in flour sector.

4. Transportation Sector

To probe why reduction in petroleum prices has not resulted in proportional decrease of transportation fares (for passengers and goods).

5. Engine oil

To probe why prices of engine oil and lubricants have not changed following the decrease in petroleum prices.

6. LPG Sector

To probe the increase in price of LPG.

7. Cement Sector

The cost structure of the sector is being examined to identify competition concerns.

8. Poultry feed

To investigate reasons for rise in prices.

9. Pakistan Broadcaster's Association (PBA)

A search and inspection of PBA premises was conducted to gather possible evidence of cartelisation among media broadcasting houses.

10. Non-Life Insurance Sector

To examine anti competitive activities in insurance sector

MESSAGE FROM THE CHAIRPERSON

As I see it, the mandate given to CCP consists of four pillars; enforcement, advocacy, curtailing deceptive marketing, and mergers and acquisitions. And we at CCP are here to protect the consumers and businesses from anti competitive and deceptive marketing elements/practices. Although, enforcement is our core focus, advocacy is the soft face of CCP that brings together different stakeholders to better understand our law and for us to better understand their perspective.

When a market system works well, companies compete against each other. If competition is fair, the ultimate benefit goes to the consumers like yourself and myself. We have more choices, and more choices invariably result in better prices and value. Competition Law, thus, is a way of organizing the economy and creating, what we have adopted as our slogan, a level playing field.

Two decades of working as a banker has made me sensitive to the challenges that regulation can impose on businesses. On the other hand, my experience as a regulator has made me aware that effective balanced regulation can be a real force for good, delivering tangible benefit to both consumers and businesses.

CCP is one of the younger antitrust agencies in the world, but despite the youth it has delivered in a short span of time - leading judgments against some well entrenched cartels,

taken actions against deceptive marketing practices, approved numerous merger cases and conducted many advocacy sessions including three international conferences.

Our work has been internationally recognized. The Global Competition Review 'GCR' (an international publication on competition) put CCP in the category of the best performing agencies of the world for two years in a row.

I would like to reiterate that CCP will continue to be a powerful voice for both competition & consumers in Pakistan. We will continue to address the heads of businesses on how to comply with our law. We will continue to make interventions to help consumers benefit fully from competition. We will continue to advise the government on how its own policies can facilitate competition or where its policies restrain it. Above all we will continue to enforce Competition Law as per the mandate given to us by the Competition Act.

I think you will agree that competition policy is about creating the best possible conditions for consumers, investors and innovative entrepreneurs in the market. You will also agree that regulation should not stifle businesses but also that businesses should not take unfair advantage of consumers.

So let us work together, as a team, to improve economic efficiency and freedom in Pakistan.

- Vadiyya Khalil

CCP gets Chairperson, New Member



Date of Appointment:
23 December, 2014

Chairperson

Ms. Vadiyya Khalil

Previous:

Member, Mergers & Acquisitions and Advocacy at CCP from 2010-2013

Education:

Master's Degree in Management Sciences from University of Kent, UK specializing in Corporate Strategy, Operations Research, Techniques of Management, Marketing, Global Modelling, and Accounting.

Summary:

Her time in the financial sector exceeds two decades in corporate and commercial banking and spans both international and national banks; ranging from Credit Agricole, ANZ Grindlays, MCB Bank Limited, Askari Commercial Bank, and the National Bank of Pakistan.



Date of Appointment:
17 December, 2014

Member

Mr. Ikram Ul Haque Qureshi

Cartels and Trade Abuses and Legal Department

Previous:

Director General (Legal) and Registrar of CCP from 2008-2014. DG (Corporate Affairs Department) from 2010-2013.

Deputy Legal Advisor in Pakistan Telecommunications Company Ltd, and Senior Legal Advisor at the Government's Infrastructure Project Development Facility (IPDF).

Education:

LL.M in Corporate Law Degree in Criminal Justice from USA.

Summary:

Diverse experience spans the fields of law, administration, and regulatory affairs. Conducted several trainings for officers of the NAB and Civil Servants at the Institute of Management Academy, Peshawar.

Competition in Public Procurement in Power Sector CCP Holds Public Hearing

Ensuring Competition in Public Procurement a Priority of CCP



CCP Chairperson Vadiyya Khalil and Members during the open hearing

CCP conducted an open hearing at its head office on 17 February 2015, to address the concerns raised by manufacturers and suppliers of electric power equipment regarding the conditions floated in the tenders by public sector organizations, such as NTDC & DISCOs, for the supply of electric power equipment. Section 29 of the Competition Act mandates CCP to hold open hearing on matters affecting the state of competition in Pakistan.

The open hearing was chaired by Ms. Vadiyya Khalil, the Chairperson, along with Dr. Joseph Wilson, Member Competition Policy and Research, Mr. Mueen Batlay, Member Mergers and Acquisitions, Dr. Shahzad Ansar, Member OFT and Advocacy, and Mr. Ikram Ul Haque Qureshi, Member, Cartels & Trade Abuses and Legal. Representatives of the power sector, regulators, ministries and media were among the participants of the hearing.

Section 29 of the Competition Act mandates CCP to hold open hearing on matters affecting the state of competition in Pakistan.



Participants at the open hearing



CCP Officials

The participants were allowed enough time to express their views and highlight the pertinent issues, thus a candid discussion was witnessed in the hearing.

While concluding the open hearing, the Chairperson said that CCP was acting as an observer in the hearing and will later come up with its recommendations to promote competition and level playing field in this sector. CCP will issue its considered opinion, laying out recommendations for the protection and promotion of competition in public procurement of power equipment in the best interest of all stakeholders including the government, public sector organizations, manufacturers and suppliers, and above all the consumers and public at large.

Public procurement is the process of buying goods and services for the government. In developing countries, where public procurement amounts on an average between 25% and 30% of Gross Domestic Product, the presence of fair and open competition leads to quality, efficiency and value for money to the procuring agencies in the use of public money. The absence of fair competition increases the cost to the public and reduces the quality of work and services. Through collusive bidding, business undertakings raise the price of goods and services above competitive levels. Since, public procurement is done with public funds, the additional cost is borne by the tax payers. It is, therefore, imperative that this practice is curbed.

CCP is uniquely situated to detect and prosecute instances of collusive bidding. It has both a legal mandate under Section 4 of the Competition Act, and the powers to prosecute collusive bidding. A significant hurdle faced by CCP in addressing competition issues in public procurement is the dearth of reliable, consistent, and regular information about the latter. Many forms of bid rigging can only be detected if, historical data regarding similar bids and past bidding trends was available. The legal framework that regulates public procurement is also, at best, inadequate to provide for competition in the market.

Given its mandate, CCP is looking into public procurement to ensure competition and fair play in the bidding process and has taken up various cases of violations of competition rules and regulations by procuring agencies. The highest number of instances of bid rigging have so far been found in the power sector. Since Pakistan is an energy deficient country, procurement worth billions of rupees takes place every year. Over the past few years CCP has addressed the issue of bid rigging in public procurement by acting on complaints and ensuring compliance by the various procuring agencies, particularly in the power sector, with the competition rules and regulations.

INSPECTION POWERS OF CCP

Inspections, commonly known as dawn raids in Europe, are widely used by the competition agencies to gather documentary evidence in an anti-trust probe. Inspections are viewed as an effective investigative tool to detect anti-trust infringements, which is why most competition laws have the provisions for them.

Inspections are conducted generally when there is a strong suspicion of serious anti-trust violations, prompting competition authorities to do a fact finding exercise to gather the proofs of violations. These violations could be cartel agreements, abuse of dominance or any other anti-competitive activity that a competition agency may believe to warrant inspection. Inspections are unannounced and the element of surprise is kept to

maximize the chances of its success.

The powers of inspection have been vested in CCP under sections 34 and 35 of the Competition Act. Following is an explanation of the two sections.

Section 34, Power to Enter and Search Premises:

Under this section, CCP can authorize any officer or a team of officers to enter and search any premises, access accounts, documents and computer stored information, and impound the documents and accounts for as long as it may be necessary for the investigation. Although the element of surprise is there under this section, the authorized officer cannot use force to enter the premises and impound the data. Rather a reliance is placed on the cooperation of the undertaking being inspected.

Section 35, Forcible Entry:

Section 35 comes into force when the officers conducting an inspection are denied access to the record. This section says:

“in the event that an undertaking refuses without reasonable cause to allow the Commission to exercise the power contained in Section 34, an investigating officer may by written order, signed by any two Members enter any place or building by force, if necessary.”

CCP's enforcement history documents a high rate of detection of competition law infringements in cases where inspections were undertaken. Major investigations in which inspections were conducted, include sectors such as poultry, cement, sugar, banking, jute, and electric power.

Conditional Approval Granted to Global Merger

GlaxoSmithKline (GSK) sought CCP's approval under Section 11 of the Competition Act, to acquire the global vaccines business (excluding influenza business except in China) from Novartis AG. Sensing competition concerns, CCP decided to take the matter to phase-II review to determine whether the proposed merger could substantially prevent or lessen competition in the relevant market.

CCP had the following Competition Concerns:

- i. GSK's position would become further dominant in the market for Meningococcal (ACWY) vaccine, enabling it to control supply and raise price.
- ii. New entry or expansion for Meningococcal (ACWY) vaccine products requires substantial investment in research and development, given that it took many years before Sanofi Pasteur could enter the relevant market in Pakistan.
- iii. Moreover, the effectiveness of each vaccination program differs in terms of age usage and duration of protection, therefore, it is important to have all meningococcal (ACWY) vaccinations available in the market.

Remedies/Conditions:

Following a hearing on 20 February 2015 by the CCP full bench, the Phase II review was concluded and GSK was directed to take the following measures: **i.** To ensure reliable availability of its vaccine (Meneveo) in Pakistan. **ii.** To divest its worldwide MenACWY vaccine business to a suitable purchaser, who will be an independent third-party vaccines supplier with the capability to maintain and continue to develop the divested business as a viable and active competitive product line, as committed by GSK to the European Commission on 21 January 2015. **iii.** To enter into an agreement with a third-party purchaser within a period of 6 months from the receipt of the EU clearance decision. An independent divestiture trustee, who will be appointed by the European Commission, will have the mandate to sell the Divestment Business at no minimum price within another 6 months. **iv.** The purchaser must have an established presence in distribution channels used in the vaccine business in Pakistan. CCP will assess the effects of the transaction on the relevant market after one year from the date of the closing of the transaction.

CURTAILING DECEPTIVE MARKETING

One of the CCP's core enforcement areas is to curb deceptive marketing practices under Section 10 of the Competition Act. The Office of Fair Trade (OFT) of CCP is entrusted with the responsibility of detecting and investigating the cases of deceptive marketing practices by individuals, firms, and associations. The OFT has acted on a large number of complaints pertaining to deceptive marketing practices and has remained successful in bringing a corrective behaviour in businesses in most of the cases.



INQUIRIES UNDER SECTION 10

CCP has recently initiated inquiries under Section 10 in the following sectors:

Fast Moving Consumer Goods (FMCG)	4
Education Sector	1
Chemical Industry	2
Service Providers (marketing)	1
Paint Industry	1
Manufacturing sector	1
Dairy Industry	1

Paint Company fined PKR 1 Million for Deceptive Marketing Practices

The proclamation of “No.1” in advertising without having reasonable basis is a violation of Section 10 of the Competition Act. In several orders passed by CCP, companies were asked to avoid deceptive claims in advertising their products. CCP continues to take action against companies deceiving the consumers by using slogans such as “100%”, “No 1”, which are not backed by facts.

CCP passed an order against a paint company, Jotun Pakistan (Pvt) Limited, for making the claim of being “No 1 paint” in its advertising campaign without having reasonable basis. Complaints were received from Akzo Nobel and Diamond Paint Industries accusing Jotun of running a deceptive marketing campaign for its paint products by claiming to be ‘No 1 Paint’ without reasonable basis. After following the due process of law, CCP imposed a fine of PKR 1 Million on Jotun for violating the law and directed the company to stop the deceptive campaign.

CCP took a lenient view of the case due to the commitment and compliance undertaken by Jotun during the proceedings, and restricted the fine to just PKR 1 Million, warning the company that future violations may invite stricter penal consequences.

CCP continues to take action against companies fleecing the consumers by using slogans such as “100%”, “No 1”, which are not backed by facts.

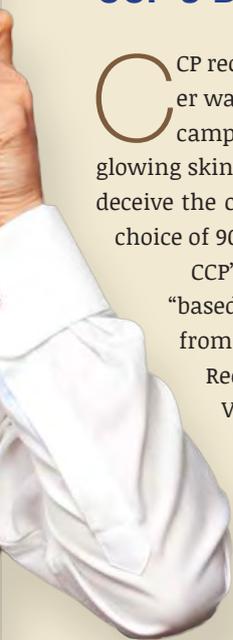


Deceptive Marketing Campaign Withdrawn on CCP's Directives

CCP received a complaint from Wyeth Pakistan Ltd., alleging that Reckitt Benckiser was running a deceptive campaign for one of its products, Veet cream. In the campaign, Reckitt Benckiser claimed that “9/10 Women prefer Veet for smooth glowing skin,” which, according to Wyeth, was false and misleading as it attempted to deceive the consumers into thinking that Veet as a depilatory cream is the preferred choice of 90% of women.

CCP's inquiry revealed that a disclaimer of Reckitt Benckiser, which stated, “based on the survey conducted by Oasis Insight on the Veet Users,” was omitted from the marketing campaign, which made it deceptive. During the hearing, Reckitt Benckiser made a commitment to stop its marketing campaign for Veet cream and to withdraw all the materials regarding the campaign from the public domain.

CCP directed Reckitt Benckiser to file a compliance report within two weeks from the date of the Order and reprimanded the company not to indulge in deceptive marketing practices in future in order to avoid penal consequences.



Section 10

Deceptive Marketing Practices

This section deals with consumer protection and prohibits companies from:

- Distribution of false or misleading information lacking reasonable basis
- Misleading comparison of goods in advertising,
- Fraudulent use of trademark, firm name, or product labeling or packaging

Deceptive TV Commercial Discontinued in Compliance with CCP's Order

CCP initiated an inquiry against Al Haaj Dr. Mian Liaquat Ali of Liaquat Hospital Lahore after receiving complaints that he was allegedly involved in deceptive marketing practices through television commercial in violation of Section 10 of the Competition Act. As part of its inquiry, CCP contacted Pakistan Medical and Dental Council and College of Surgeons and Physicians.

CCP inquiry revealed that in his tv commercials, Mr. Liaquat Ali called himself a “Doctor” instead of “Homeopathic Doctor”, claimed to cure diseases like Hepatitis A, B and C, Sugar, obesity, dandruff, and vitiligo or phulbehri, assured guaranteed birth of a male child through his treatment, and also offered treatment to people via telephone. All of his claims without having reasonable basis were in violation of section 10 of the Competition Act.

During the hearings, Mr. Liaquat Ali's lawyer assured CCP of making suit-

able alteration in the tv commercial of his client to address CCP's concerns, but no such action was taken. On 16 January 2015, CCP issued an interim order in the matter directing the homeopathic doctor to immediately stop his deceptive tv commercial deceiving the masses through his absolute claims.

After concluding its proceedings in the case, CCP passed the final order disposing off the show cause notice issued to Al Haj Mian Liaquat Ali after he stopped airing tv commercials on all channels and filed a satisfactory written commitment with CCP that he would comply with its directions.



CCP Urges Health Sector, Media Regulators to Devise Guidelines

In its order passed in the matter of deceptive marketing by homeopathic doctor, CCP recommended to the Pakistan Medical and Dental Council (PMDC), National Council for Homeopathy (NCH), and Pakistan Electronic Media Regulatory Authority (PEMRA) to devise guidelines regarding the advertisements/marketing practices by medicinal and healthcare service providers, in order to stop deceptive marketing practices.

The guidelines must bind the companies that their advertisements should be accurate and avoid false claims or misrepresentations of material fact, must not create false or unjustified expectations, must make necessary disclosure if its absence would render the advertisement misleading, and, must have a reasonable basis regarding the claims.

CCP stated that deceptive health-care advertising poses significant risks to the public. Fraudulent claims may entice consumers to undergo costly, ineffective, and even more importantly, dangerous medical procedures, which cannot be ignored.

ADVOCACY

CCP CELEBRATES WORLD COMPETITION DAY



Federal Minister Ishaq Dar speaks at the Seminar as Chief Guest

CCP held a Seminar to mark the World Competition Day on 5th December, 2014 at Marriott Hotel Islamabad. Every year on 5th December, Competition agencies around the world organize seminars and other events to increase consumer awareness regarding competition issues and the role competition agencies can play for making markets competitive resulting in consumer welfare. It was on the 5th of December, 1980 that the UN General Assembly, at its thirty-fifth session in its resolution 35/63 adopted the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business.

“Competition sends a positive signal to foreign investors. When foreign investors observe that the government is serious in implementing the competition regime they will be confident in investing in Pakistan.”

- Senator Ishaq Dar

The seminar was graced by Federal Finance Minister Senator Ishaq Dar as the

chief guest, H.E. Lars-Gunnar Wigemark, Ambassador of EU Delegation to Pakistan, and attended in large number by representatives of the government, regulatory bodies, business community, academia and legal community.

The first session on “Unfair trade practices and loss to consumer welfare,” was addressed by Mr. Khalid Mirza, former Chairman CCP, Ms. Syma Ahmed, Assistant Professor FC College University, Mr. Saad Amanullah, Former CEO Gillette and Dr. Shahzad Ansar, Member CCP. The speakers highlighted the need for creating a competition culture whereby consumer’s interests were safeguarded.

The second session was on “Public Restraints and its Impact on Competition”. The debate focused on how regulatory barriers such as tax and duty exemptions were hampering competition. The speakers were Dr. Syed Ismail Shah, Chairman Pakistan Telecommunication Authority, Dr. Tariq Hassan, Advocate and former Chairman SECP, Dr. Manzoor Ahmad Pakistan’s former Ambassador to the WTO and the Mr. Mueen Batlay, Member CCP, .

While addressing the seminar Senator Ishaq Dar noted that competition results in lower prices and more choices for consumers; it fosters innovation, promotes entrepreneurship and helps prepare domestic firms for international competition. He added that he was impressed by the progress the CCP has made in creating a pro-competition environment in the country.

“Competition sends a positive signal to foreign investors. When foreign investors observe that the government is serious in implementing the competition re-



Panelist Ms. Syma Ahmed receiving souvenir from the Minister



H.E. Lars-Gunnar Wigemark expressing his views



Participants at the World Competition Day Seminar

gime i.e. it will not be providing domestic entities with preferential treatment over others, they will be confident in investing in Pakistan”, the Minister added that the CCP had the support of the government in discharging its statutory obligations. He also gave away shields to the speakers of the seminar.

H.E. Lars, while addressing the seminar as keynote speaker stated that Pakistan has a competition agency that it can be proud of. He said that the effective enforcement of Competition Law required a strong Competition Commission. He was of the view that Pakistan should get rid of discriminatory SROs.

Dr. Joseph Wilson, (then Acting Chairman) highlighted the purpose of the seminar i.e. to create awareness of Competition Law and enforcement issues. He stated that the promulgation of Competition Law in Pakistan, among other reasons, is the fulfillment of UN Resolution 35/63 of the 5th December 1980.

Capacity Building of CCP staff

As part of its efforts to strengthen its enforcement capacity, CCP in collaboration with the USAID, US Department of Commerce's Commercial Law Development Program (CLDP) and US Federal Trade Commission (FTC) conducted a two-day workshop on Competition Law for its professional staff.

US FTC is the US federal agency responsible for anti-trust and consumer protection. The workshop was conducted by experts from the FTC Mr. Russell Damtoft, Associate Director, Office of International Affairs and Mr. Krisztian Katona, Counsel for International Anti-trust.

The aim of the workshop was to build capacity of CCP's professional staff in key enforcement areas i.e. investigating cartel agreements, abuse of dominance, merger review, deceptive marketing and to enable them to learn from international best practices. Mr. Damtoft presented the analysis deployed by the FTC in identifying and investigat-



A Group photograph taken at the end of workshop



Mr. Krisztian Katona receiving souvenir from the Chairperson



Participants of workshop

ing cartels and dealing with deceptive marketing practices. Mr. Katona focused on how to identify instances where a firm was abusing its dominant position and merger review. The international experts shared the analytical techniques and practices deployed by the US FTC, which could also be adopted by the CCP.

The Chairperson Ms. Vadiyya Khalil thanked Mr. Joe Yang, Attorney Advisor, CLDP and the experts from US FTC for organizing the training and hoped that such collaboration between the two agencies would continue in the future. She also awarded certificates to the participants of the workshop.

ADVOCACY SESSION AT OICCI

As part of its outreach program to sensitize the business community on Competition Law, an advocacy session was held at the Overseas Investors Chamber of Commerce and Industry (OICCI), at Karachi. OICCI General Secretary Abdul Aleem and OICCI members attended the session and were briefed on CCP's performance. They were also informed about the revision in regulations i.e. (i) Competition (Leniency) Regulations, 2013 (ii) Competition (Exemption) Regulations, 2014 (iii) Competition (Reward Payment to Informants) Regulations, 2014.

Section 29

Competition Advocacy

This section caters the promotion of competition advocacy through:

- Creating awareness and imparting trainings.
- Reviewing policy frameworks.
- Making suitable recommendations.
- Holding open hearings.
- Updating website for public information.

INSTITUTIONAL CAPACITY BUILDING

CCP initiated a Master Trainers (MT) Programme in collaboration with the International Trade Centre (ITC), Geneva with funding from the EU's Trade Related Technical Assistance (TRTA) II programme. The objective of the MT Programme is to develop training modules that would build the institutional capacity of CCP as well as creating overall awareness of Competition Law.

Three training modules are currently being developed by CCP officers, the Master Trainers, are being mentored by renowned international competition law experts. The module topics are as follows:

- Substantive enforcement of competition law:** Merger Review: For the development of this module a Master Trainer is currently on a three month internship with EU Director General Competition.
- Module on academic aspects of competition law:** the purpose of this module is to develop a competition law course for law colleges in Pakistan. The Master Trainer attended two weeks of LLM and LLB competition law courses at Kings College London.
- Module on Competition Authority operations:** the purpose of this module is how to increase agency effectiveness.

Competition Assessment of the Private Healthcare Sector in Pakistan

Ms. Kishwar Khan
Director (Competition Policy & Research)



This study finds that the market for medical consultation and general treatment is relatively less concentrated. The supply side of specialized treatment (e.g. cancer, kidney/ liver transplant, heart diseases, etc.) displays a higher concentration. Profits are contingent upon the nature, quality and diversity of services. The survey reveals that a majority (60%) of patients are satisfied with the private sector's services.

The main variables that influence cost are the experience and reputation of the consultant, the number and proclaimed quality of services, location, etc. The report finds that standards for cost determination have not been developed. No regulatory mechanisms are in place to set quality standards relative to cost. The sector is prone to information asymmetries. Generally, objective information is not disclosed to the buyers. An average

consumer is not in a position to detect or prevent over-treatment and unnecessary medical tests. Regulators expressed their inability to check the cost owing to the lack of legal provision. The National Health Policy does not articulate a 'standards' framework for private healthcare. This has led to an absence of appropriate regulation at the federal and provincial levels. To improve the state of competition, the study recommends revisiting the national health governance paradigm. Competition can be enhanced by increasing transparency about market participants. This can be done by reducing information asymmetries. The Report recommends maintaining a centralized database containing information on healthcare facilities, particularly their quality. The presence of such an autonomous information repository shall facilitate consumers in making more informed choices.

The Commission

by: Ayesha Nayab

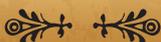
*Unfair is foul and foul is unfair
Hover through the mist and
uncompetitive air.*

*When shall we three meet again?
The restrictive, the exclusive,
the deceptive errs.*

*When the enquiry is done
When the Commission took its
concerns.*

*Whence shall thou turn the
Commission's knob?
When the market lost its leveled
playing toss.*

*What else gets covered under
Commission's mandate?
The abuse of dominance, the
prohibited agreements, the
misleading jolts.*

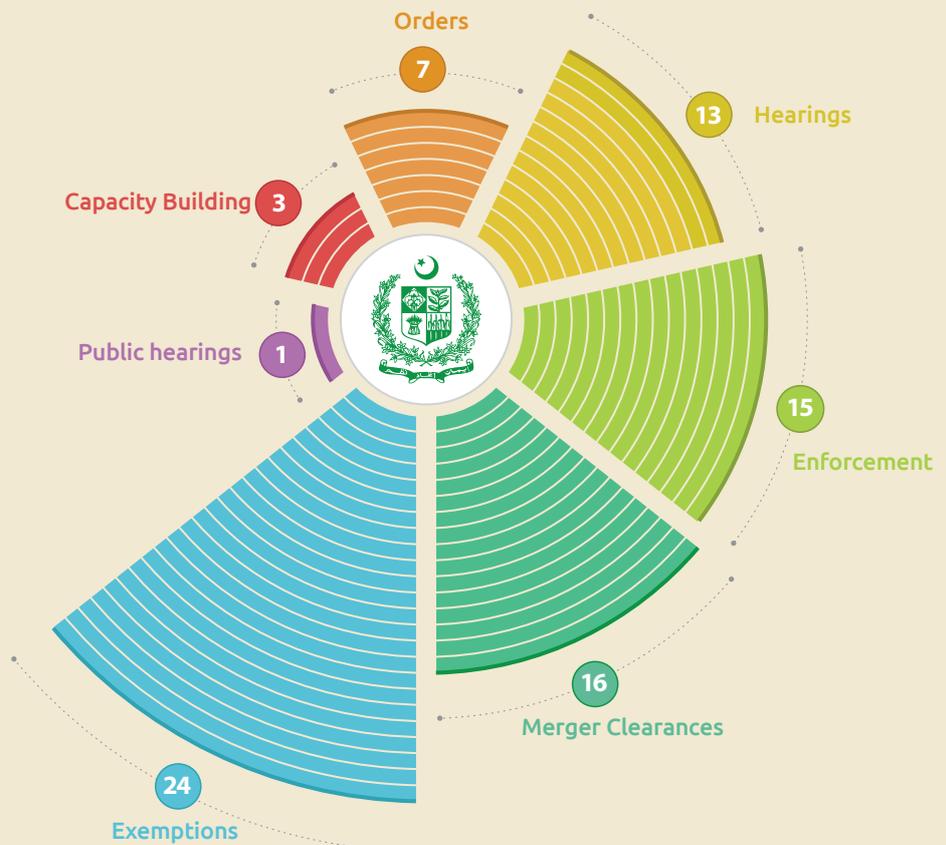


WORK DONE

January - March 2015

CCP works to enforce the substantive provisions of the Competition Act, 2010, which can be classified in two broad categories: enforcement and advocacy. Enforcement pertains to addressing possible violations of §3- Abuse of Dominance; §4-Prohibited Agreements, and §10- Deceptive Marketing. Premerger clearances are covered under §11-Approval of Merger. Advocacy and research activities fall under the ambit of §29-Competition Advocacy.

CCP was running on Acting Charge basis at the start of the financial year and had three Members. The process to appoint Members against two vacant position was completed on 17 December 2014. From amongst the five Members, a chairperson was appointed on 23 December 2014. Since then, the work of CCP has accelerated significantly and key indicators for the period January-March 2015 reflect this.



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