



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

# CC "all other things being equal" ETERIS PARIBUS

Official Newsletter of the Competition Commission of Pakistan

July - December 2020

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# Breaking Cartels & Tackling Price Fixing



# Probe Against Cartelization in Cement Sector Concluded

15 Dec 2020

The Commission took notice of various media reports on the increase in cement prices in the North region, especially in April 2020, and began an inquiry. The news coverage said that the All Pakistan Cement Manufacturers (APCMA) had decided to increase prices by PKR 45 – PKR 55 per bag.

The price hike took place in the context of other unusual factors that strengthened the suspicion of a collective decision by cement companies. These included a sudden rise in cement price in a period of low (or declining) demand for cement, a drop in the price of key inputs, most notably coal and

oil, and transportation, and a cut in the interest rates in response to the pandemic.

The Commission's inquiry found that the lower demand for cement in the first quarter of 2020 had caused financial losses for the companies in varying proportion based on their installed capacity and costs of production. Nonetheless, the price increase was remarkably similar and range-bound, raising concerns of collective decision making and price-fixing by the cement manufacturers.

## Search Inspection of APCMA, Member Companies

### NORTH REGION

On 24 September 2020, two different teams comprising the Commission's officers conducted search and inspections of the APCMA main office and the office of Senior Vice Chairman of the APCMA's Executive Committee, who is a senior employee of a major cement company, in Lahore. The evidence suggested the possibility of a cartel/collusive arrangement between the cement manufacturers.

### SOUTH REGION

The impounded record from the North region warranted conducting search and inspection in the South Zone as well for obtaining evidence relating to anti-competitive practices. On 19 November 2020, the Commission's teams carried out a search and inspection of the offices of Chairman and Vice-Chairman of APCMA located in Karachi and impounded the relevant record.

## FINDINGS OF THE ENQUIRY

*With the help of relevant government agencies, the Commission authenticated the evidence impounded during search & inspections through a forensic audit. It appeared that:*

- ▶ *APCMA and its member undertakings were collusively fixing prices of cement, dividing market by territory, and fixing dispatch quota in, prima facie, violation of Section 4 of the Act.*
- ▶ *APCMA increased the prices thrice: first in May, second in June, and third in August 2020, and pocketed billions of rupees of unjustified profits.*
- ▶ *Some top officials had established a WhatsApp group with the name of "APCMA Marketing Officials" to communicate and decide on the cement prices in the Northern Region.*

The enquiry report has been explained through infographics in the following pages.



“

*Cement manufacturers under the platform of APCMA deliberated changes in various underlying cost factors of cement including fuel price, axle load, government taxes (FED, GST) and collectively agreed on and decided on the quantum of impact to be passed on in the retail price of cement.*

## BACKGROUND

# Rs. 45-55

Price increase of 50 kg bag by cement manufacturers during the months of June and July 2020.



- Taking notice of media reports about increase in cement price by Rs.45-55 per bag (50 kg) by an alleged cartel of the cement manufacturers, CCP conducted a preliminary probe.

From the information gathered, it was also revealed that during the months of June-July 2019 there was a sharp increase in cement prices, as shown in table below.

City	Price Increase	Percentage Increase
Islamabad	Rs. 63	11.4%
Lahore	Rs. 101	18.6%
Karachi	Rs. 32	5.0%



### 18 May, 2020 Initiation of Enquiry

The Commission authorized an enquiry under Section 37(1) of the Act to ascertain whether there has been any prima facie violation of Section 3 and/or Section 4 of the Act by the cement manufacturers.

## Unjustified increase in Cement prices

The enquiry committee noted that the increase in the price of cement came into effect at a time when:



**1** Global coal prices dropped due to excess supply and low demand.



**2** Oil prices reduced considerably in the international and domestic markets between April - May 2020 (Petrol and Diesel reduced by Rs. 15 and Rs. 27 respectively).



**3** State Bank of Pakistan slashed the interest rates by 525 bps from 13.25% to 8% during the FY 2019-20.

## ISSUES TO BE PROBED

- Whether there was any abuse of dominant position behind the cement price hike?
- Whether there was cartelisation or collusive behaviour by the cement manufacturers?

# OVERVIEW OF THE CEMENT INDUSTRY

More than

40

Industries are associated with the Cement Sector.

These include steel, chemicals, wood, sanitary, marble, tiles, glass, aluminum, copper wire, bricks, stone crush, transport, architecture and electric appliances

Cement sector constitutes

9.5%

of the **Gross Domestic Product (GDP)** of Pakistan

3% approx.

people **employed in Pakistan** are in Cement sector

**Total local cement dispatches** in Pakistan during FY 2019-20

40  
million tons

**Total production of cement** in Pakistan during FY 2019-20

47.8  
Million Metric Tons

Total companies

19

operational companies

16

Cement industry is **divided in 2 regions**

North regions

76%

installed capacity

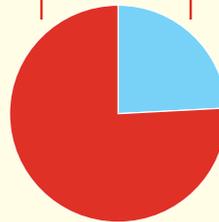
18  
Plants

South regions

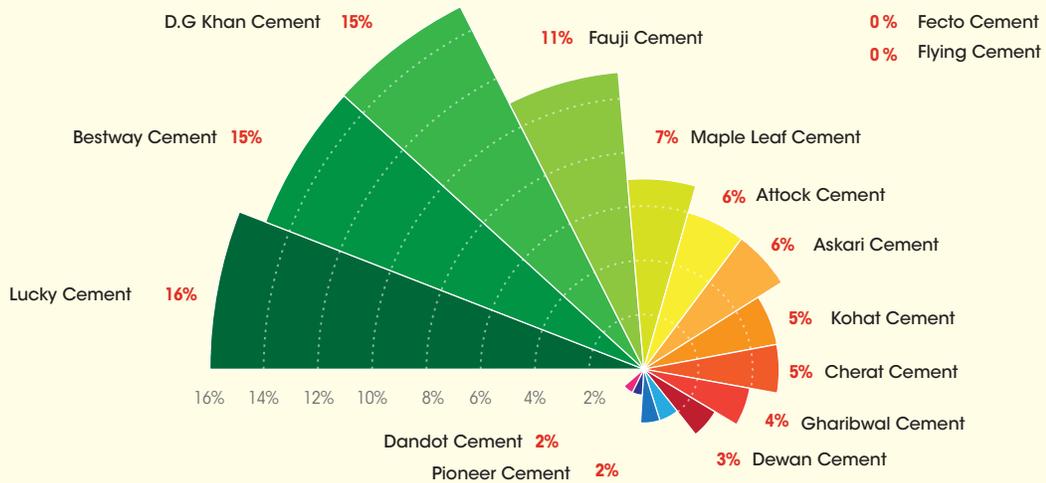
24%

installed capacity

6  
Plants

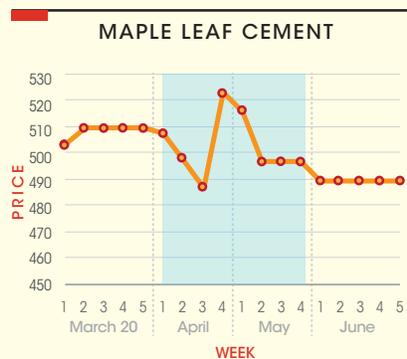
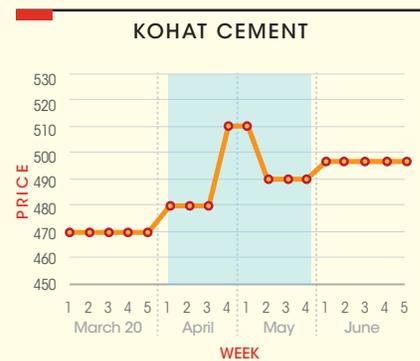
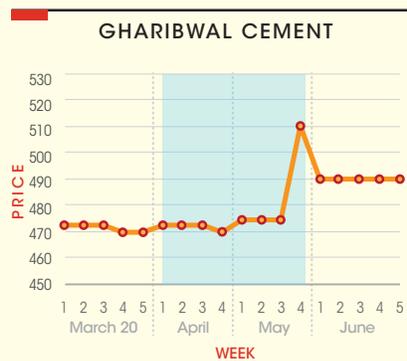
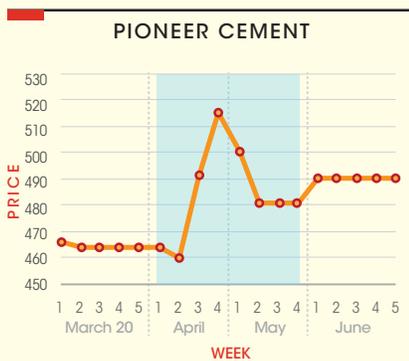
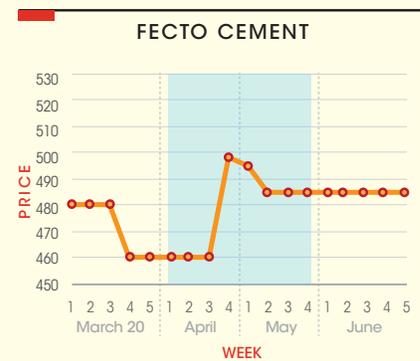
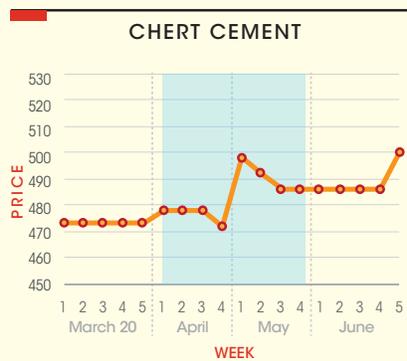
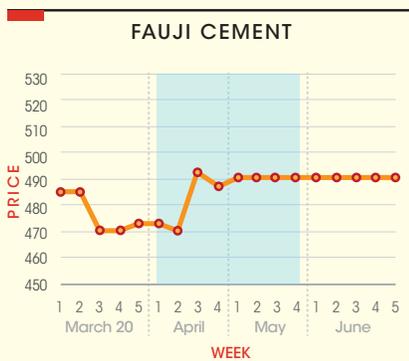
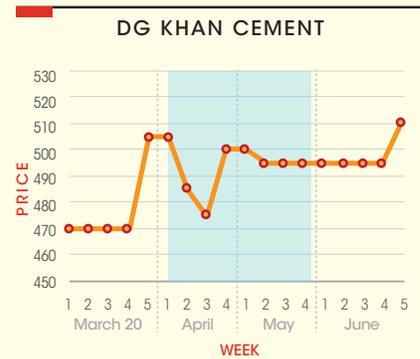
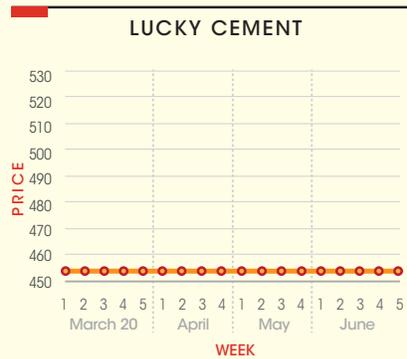
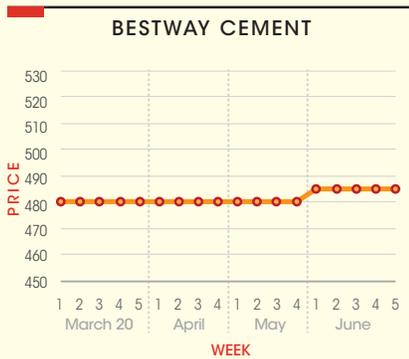


## MARKET SHARES

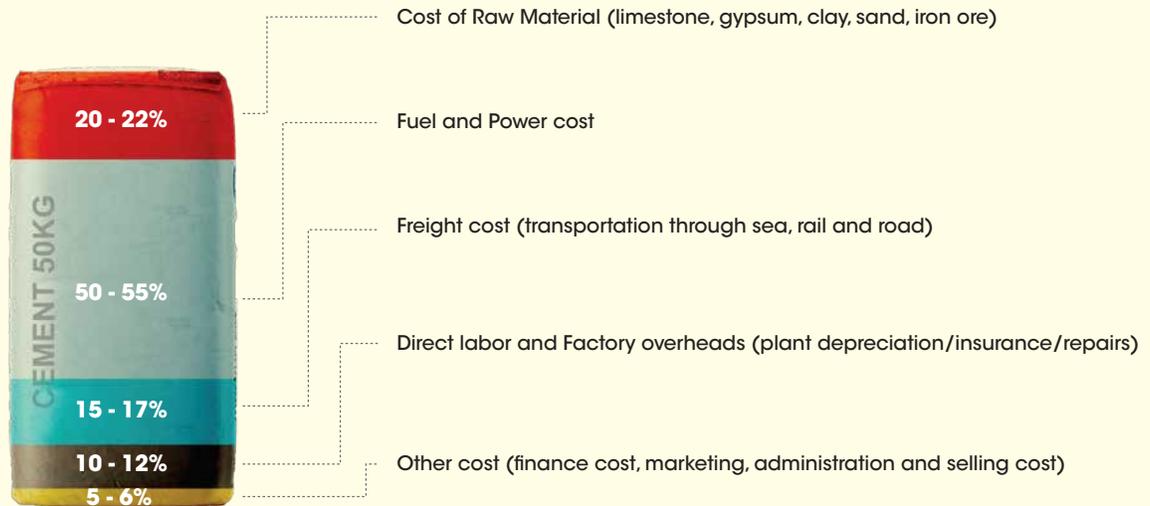


## PRICING DATA

Graphical representation of the cement price data as provided by the cement companies.



## COST DETAILS



## ENTER & SEARCH INSPECTIONS

### 24 September 2020 (North region) :

To gather proof of any collusive activity, the CCP conducted search and inspection at:

- i) The APCMA main office
- ii) The office of a senior employee of a major cement company who is also office bearer of APCMA executive committee representing the North region.

### 19 November 2020 (South region) :

The impounded record from North region, including whatApp messages and emails warranted conducting a search and inspection in the south zone as well, for obtaining evidence relating to anti-competitive activities. Hence, search inspections were held in Karachi at the following premises:

- i) Chairman of APCMA
- ii) Vice Chairman of APCMA

• **Evidence gathered during raids on the premises of APCMA office bearers demonstrates active participation in the collusive decisions by all major companies** including DG Khan, Askari Cement, Fauji Cement, Lucky Cement, Cherat Cement, Pioneer, Fecto and Bestway. Decisions were taken at the highest forums i.e. CEOs, chairmen and senior executives including Directors with orders for strict compliance and adherence of the same.





## FINDINGS OF THE ENQUIRY COMMITTEE

The enquiry report found hardcore evidence of cartelization in the cement industry and collusive behaviour in respect to production, division of markets by territory, fixing of dispatch quota and price fixation from the documents recovered during search and inspection in the North region.

### Price Fixing

- Analysis of the computer stored data on Mr. Shoaib Ahmed's smart-phone device (Marketing department official of D.G Khan Cement) highlighted the presence of a *WhatsApp group named "APCMA Marketing Officials"* which was created on 15 November 2018 and was used as a medium to communicate and decide on the fixation of price in the North region.

### Price increase between 16 April 2020 and 29 July 2020.

- The collective price increase by the cement manufacturing companies is also evident from the data obtained by the by the Enquiry Committee from Pakistan Bureau of Statistics (PBS) which shows the cement price per bag increased between 16th April 2020 and 29th July 2020.



Period (Weekly)	Islamabad	Lahore	Peshawer
16 April 2020	496	493	490
23 April 2020	496	500	519
30 April 2020	516	550	509
7 May 2020	516	540	509
14 May 2020	516	540	507
21 May 2020	520	530	499
28 May 2020	520	530	503
4 June 2020	520	530	503
11 June 2020	520	510	497
18 June 2020	500	510	497
25 June 2020	500	510	493
2 July 2020	520	510	497
9 July 2020	530	530	506
16 July 2020	547	530	510
23 July 2020	553	530	510
29 July 2020	553	540	507
<b>Net Increase</b>	<b>57</b>	<b>47</b>	<b>17</b>

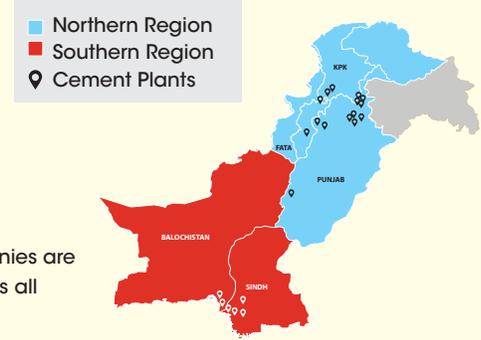
Source: Pakistan Bureau of Statistics (PBS)

Companies in the North region have been found discussing and deciding upon the cost components of cement which include; freight, axle load, fuel prices and taxes and duties.

## Division of Markets by Territory

### Market Segmentation

Cement companies located in the North region are being directed not to distribute cement in the South region apparently due to different price levels and quota arrangement.



### Division of Cities

The North region is further divided into major cities and for each city some companies are designated as 'premium brands' which allows them to sell at a higher MRP whereas all 'others' sell at a price lower than the premium brands.

## Fixing of Dispatch Quota



- From the examination of the impounded data it is noted that irrespective of the actual utilization of each cement plant, the percentage share in local dispatches of each cement plant remained equivalent to its installed capacity for FY 2018-19 and FY 2019-20.
- From the assessment of the impounded evidence, it is noted that the quota allocation agreed is implemented on a daily basis as prescribed by APCMA for manufacturers located in the North region.
- Dispatch quantities are discussed and agreed upon either through the whatsapp group or in meetings.

The Enquiry Committee has recommended that the Commission, in light of hard core evidence of collusive behaviour and cartelization of cement industry, consider initiating proceedings under Section 30 of the Act against the APCMA and its members' undertakings in terms of the findings of the Enquiry report.

## MEDIA COVERAGE



# Sugar Industry Examined for Collusive Practices

10 Nov 2020

Taking notice of the concerns and media reports about a sharp rise in sugar prices, the Commission initiated an enquiry in December 2019 to investigate the possible anti-competitive activities in the sugar industry.

The enquiry found that PSMA acted as a front-runner for cartelization in the sugar industry. Evidence gathered during search and inspections conducted on the premises of PSMA and a major sugar mill also seemed to suggest these anti-competitive activities were continuing since 2010. The impounded data indicated that a senior official was involved in sharing/receiving sensitive information regarding sugar industry since 2012 when he was nominated as the focal person for coordinating the sugar stock position by PSMA.

The enquiry found that the PSMA's platform was also being used by member sugar mills to collectively make commercially sensitive decisions such as the reduction in domestic stocks/supplies of sugar, which led to an ultimate increase or

maintenance of desired price levels in the relevant market.

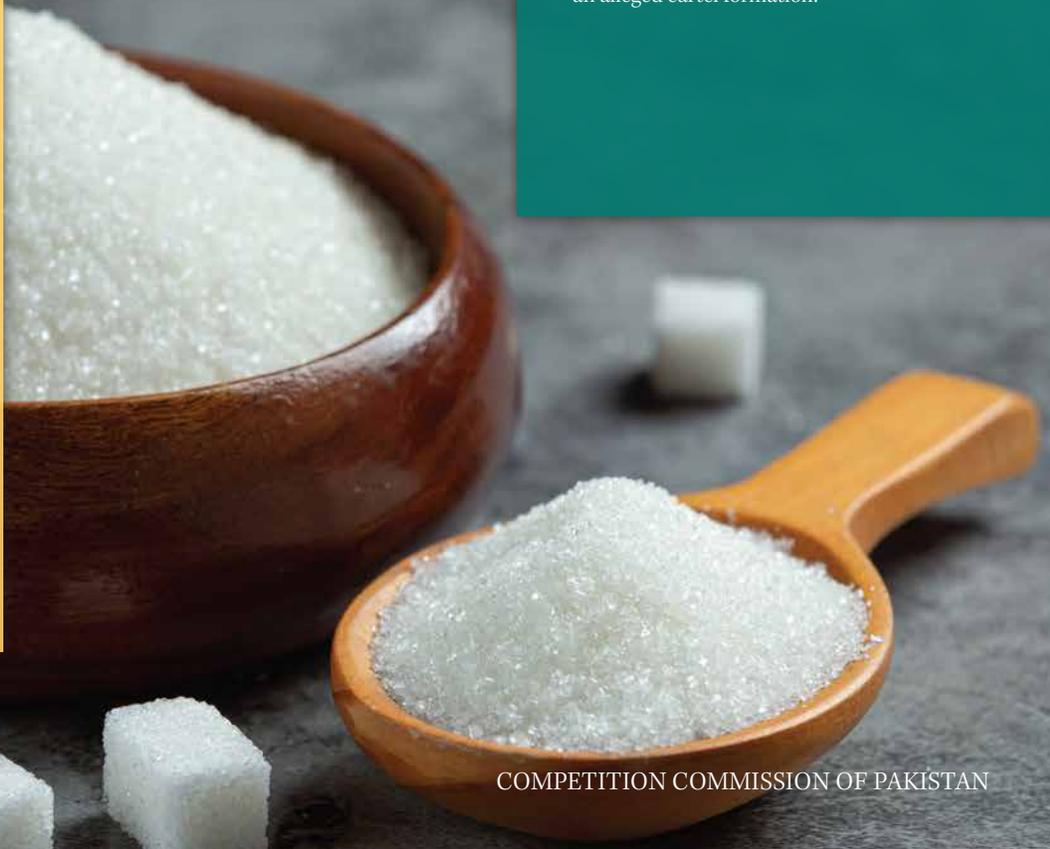
Moreover, in the crushing season 2019-20, 15 sugar mills in Punjab under the auspices of PSMA, collectively decided to delay the crushing of sugarcane leading to the reduction in quantity supplied in the market. The Commission's enquiry further found that in Punjab, 45 sugar mills used PSMA's platform to share business sensitive information with each other.

This is the second instance where the Commission conducted an enquiry against cartelization in the sugar industry. Back in 2009, the Commission had found PSMA and its members of fixing prices and collusion in the purchase of sugarcane, production of sugar, and sale or trade of sugar.

Detailed infographics in the following pages will help readers better understand the sugar enquiry report.

“

*Through its various enforcement orders, the Commission warned the industry's associations from indulging in activities, which may violate the Competition Act, 2010. The rule of thumb is that the associations are not allowed to discuss, deliberate or share sensitive commercial information or take collective business decisions that may allow its members, who are competitors, to co-ordinate business policy or discussion on economic aspects.*



## Search Inspections at PSMA Offices

As part of an enquiry, the Commission carried out search and inspections of Pakistan Sugar Mills Association (PSMA)'s Lahore and Islamabad offices on 14 September 2020. Two different teams simultaneously carried out the search and impounded the relevant record including the correspondence done through letters, emails, and WhatsApp messages, between various members and office bearers of PSMA. On 25 Sep 2020, the Commission carried out another search and inspection of a sugar mill's head office in Lahore and impounded proofs of the group's suspected involvement in anti-competitive activity.

The impounded data included exchange of emails between a senior official of one of the Sugar Mill (Member of PSMA) and PSMA Punjab zone office bearers regarding sensitive commercial information such as mill-wise, district-wise sugar stock position, and even the quantity of cane crushed, sugar produced, recovery percentage, carry forward old/raw sugar, total sugar, quantity sold, balance and sold percentage.

The Commission suspected that the compilation and distribution of sensitive information through PSMA's platform could lead to the possible corroboration of cartelization. After analyzing the impounded data, the Commission issued Show Cause Notices to PSMA and its 84 member mills for an alleged cartel formation.

# OVERVIEW

## OF SUGAR SECTOR IN PAKISTAN

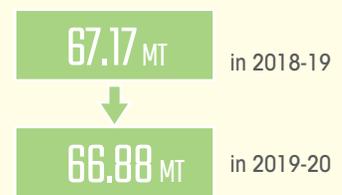
### Province wise share in sugarcane production



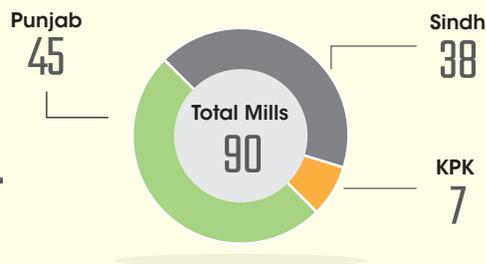
### Sugarcane contribution

0.7%	Contribution to GDP
2.9%	Contribution in Agriculture
4.2%	Contribution in Manufacturing Sector

### Decrease in sugarcane production



### Sugar mills in Pakistan

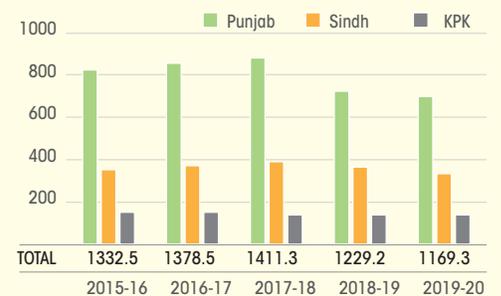


**78** Operational unit during 2018-19 & 2019-20

### Sugar Stocks, Production, Exports, Consumption (Million Tons)



### Area under cultivation sugarcane (000 hectares)



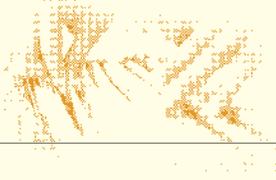
### Employment in Sugar Industry

Industry employs  
**> 1.5** Million  
People directly

Creates Jobs for  
**> 9** Million  
People indirectly



# TIMELINE OF ENQUIRY REPORT

	<b>19</b> /DEC 2019	<b>ENQUIRY AUTHORIZATION</b> The Commission authorized an enquiry into "Possible anti-competitive activities in the Sugar Industry"
<b>REQUEST FOR INFORMATION</b> The enquiry committee requested 82 sugar mills to provide relevant information regarding cost and production	<b>27</b> /JAN 2020	
	<b>08</b> /APR 2020	<b>FIRST REMINDER</b> First reminders were sent to 20 sugar mills
<b>SECOND REMINDER</b> Second reminders were sent to companies that did not respond.	<b>17</b> /JUN 2020	
	<b>07</b> /SEP 2020	<b>RECONSTITUTION OF COMMITTEE</b> Enquiry committee was reconstituted
<b>FIRST SEARCH AND INSPECTION</b> Search and Inspection was conducted at PSMA's offices in Lahore and Islamabad	<b>14</b> /SEP 2020	
	<b>25</b> /SEP 2020	<b>REPORTS BY FIA</b> The digital forensic analysis reports in the matter were promptly provided by FIA
<b>SECOND SEARCH AND INSPECTION</b> Another Search and Inspection was conducted at JDW Sugar Mills	<b>25</b> /SEP 2020	
	<b>05</b> /OCT 2020	<b>REQUEST FOR INFORMATION FROM FBR</b> FBR was asked to provide information on month-wise quantity of sugar dispatched (local and exports) for the year 2018 and 2019
<b>FBR RESPONSE</b> FBR provided information on export dispatches only	<b>14</b> /OCT 2020	
	<b>21</b> /OCT 2020	<b>PUBLICATION OF ENQUIRY REPORT</b> Findings of Enquiry report published



## TOR's of Enquiry Report

1. Overview of the sugar industry in Pakistan and its state of competition.
2. Whether any industry player(s)/undertaking is prima facie dominant or there exists collective dominance in the relevant market in terms of Section 2(1)(e) of the Competition Act, 2010 (the Act). If yes, has there been any abuse in terms of Section 3 of the Act.
3. With respect to Section 4 whether there has been any prima facie violation on account of:
  - a. Collusive/collective decision making behind the sugar shortage/crisis and price hike.
  - b. Any other anti-competitive conduct identified during the course of the investigation.
  - c. Any collusion or collective decision by sugar mills for not supplying sugar to tenders floated by USC or any form of bid rigging.
  - d. Major players in the sugar industry collectively deciding to cease crushing of sugar-cane during crushing season 2019-20,

## FINDINGS

### 1 State of Competition in Sugar Industry

- Pakistan Sugar Mills Association (PSMA) seems to still actively pursue a policy of protectionism allowing the most inefficient mills to get a due share in production and sales.
- With the presence of a large number of mills (about 89) the sector could have expected to have intense competition both in the purchase of sugarcane and the sale of refined sugar ideally pushing prices down.
- Costing analysis reveals that large variation exists between different mills. Setting of retail prices based on generalized costing information could not be relied upon, since it rewards inefficient mills at the expense of consumers who end up paying a higher price.
- Apart from the harm to ordinary consumers, high sugar prices also adversely impact cost of production and competitiveness of industrial consumers i.e. beverages, confectionary etc.
- Each unit in the industry provides livelihood to around 100,000 people; consequently political choices may play important role in shaping the industry.
- The role of Government to be limited to policy formulation and monitoring the implementation of policies. Any restrictions on exports or imports be removed and the market be allowed to function under the demand and supply forces.
- Mills have the latitude and ability to act independently in making payments to growers above the support price, setting ex-mill price, quantity of sales, product/byproducts development or branding. In this regard they are also free to compete inter alia on the basis of efficiencies and economies of scale.
- The sugar industry in Pakistan has not been able to achieve much success in creating a competitive environment whereby it can aim at achieving higher levels of technical and price efficiencies through economies of scale and development and utilization of by-products.

### 2 Individual or collective dominance

Group Name	Number of Mills	Market Share
Al-Moiz / Thall Group	5	7%
JDW Group	6	16%
Tandlianwala Group	3	5%
Shakarganj Group	2	5%
Omni Group	7	1%
RYK Group	3	6%



#### Relevant Market

Relevant market comprises of white refined sugar as product market and the whole of Pakistan as the geographic market.

#### Dominant position in terms of Section 2(1)(e) of the Act

Market share of single undertaking  $\geq$  40%  
OR

Another test for dominance is to assess whether any undertaking is capable of acting independently of its competitors, consumers or suppliers.

#### Findings

- No individual undertaking has the capacity to meet the large domestic consumption approximated at 5.2MMT per annum alone.
- No evidence on record that seems to suggest that a few large groups have economic linkages

#### Result : No Abuse of Dominance

In the absence of any individual or collective dominant position in the relevant market the question of abuse of dominance for the purpose of this enquiry does not arise.

### 3. (a) Collusive/collective decision making behind the sugar shortage/crisis and price hike

- From 2010 to date PSMA seems to have exceeded its legitimate mandate and continued indulging in anti-competitive activities.
- The Commission's previous enquiry report into the sector (October 2009) found evidence and instances where PSMA indulged in collective decisions in matters of purchase of sugarcane, production of sugar and sale or trade of sugar.
- In the past, PSMA's focus was on price fixing and in the instant matter it has sought to control supply.
- PSMA devised collective strategy to pursue exports with the objective of controlling the supply and to maintain price levels of sugar in domestic market.
- PSMA members exchanged stock information to decide export quantities.
- Normally, if individual mills had taken this decision, there would have been no issue as far as competition law is concerned.
- However, the sugar mills are using the PSMA platform to take collective decisions to use exports as a means of sustaining or controlling prices or keeping them 'stable' in the relevant market.

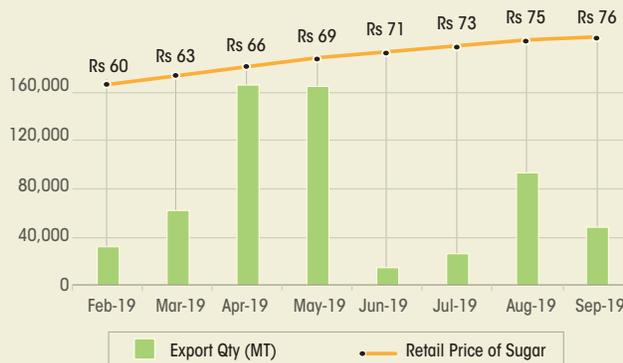
#### SECTION 4

#### PROHIBITED AGREEMENTS

- (1) No undertaking or association of undertakings shall enter into any agreement or, in the case of an association of undertakings, shall make a decision in respect of the production, supply, distribution, acquisition or control of goods or the provision of services which have the object or effect of preventing, restricting or reducing competition within the relevant market unless exempted under section 5.
- (2) Such agreements include but are not limited to-
- (a) fixing the purchase or selling price or imposing any other restrictive trading conditions with regard to the sale or distribution of any goods or the provision of any service;
  - (b) dividing or sharing of markets for the goods or services, whether by territories, by volume of sales or purchases, by type of goods or services sold or by any other means;
  - (c) fixing or setting the quantity of production, distribution or sale with regard to any goods or the manner or means of providing any services;"

Competition Act, 2010

#### Export & Domestic price levels



Whenever exports were allowed prices increased.

PKR  
**18**/KG

Price increase during  
Feb-19 to Sep-19

PKR  
**40** Billion

additional gain in  
Sugar Mills revenue

#### Minutes of 54th AGM held on 18th December 2019:

" In late 2019 price structure improved after export. The average month wise ex-mill rate of sugar in Punjab and Sindh during the start of the sugar year (Oct-2018) was Rs. 48.9/kg and ended at Rs. 69.26/kg by Sep-2019, up by 41.64%. Similarly the whole sale price improved from Rs. 51.41 to Rs. 70.91, a 37.91% increase."

Evidence impounded

Chairman PSMA

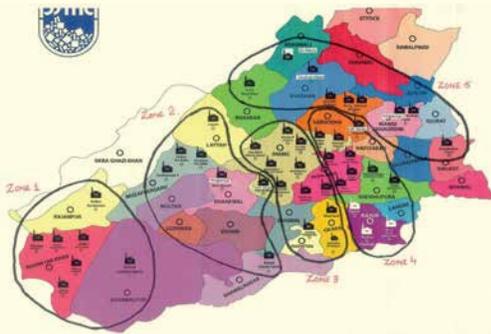
#### Violation

- Since 2012 to date, PSMA and its members have been collectively discussing stock positions to decide the quantity to be exported. (fixing or setting/controlling supply within the relevant market which is a prima facie violation of Section 4(2)(c) of the Act).
- Furthermore, this reduction in domestic stocks/supplies leads to an increase in or maintenance of desired price level in the relevant market, as admitted by PSMA through evidence available. (a prima facie violation of Section 4(2)(a) of the Act by PSMA members).

### 3. (b) Any prima facie violation on account of any other anti-competitive conduct identified during the course of the investigation

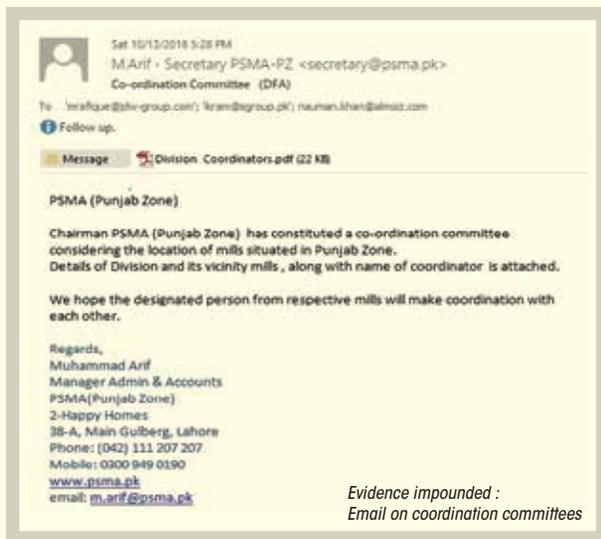
#### Zonal Divisions

- From the evidence available, it appears that since 2017 **PSMA Punjab Zone** has.
  - > **Created zonal divisions** for the purposes of coordination among respective mills on local sales.
  - > Share of each zone vs total production in Punjab is mapped out which shows that the coordination in sales is based on share in production’.
  - > **Stock positions** of each mill in each zone are mapped out on a monthly basis.



Evidence impounded :  
Presentation of PSMA discussing Zonal divisions 2017

- > Mills are also coordinating for start of crushing activity in the respective zones.



Evidence impounded :  
Email on coordination committees

#### Violation

Zonal division and coordination on sales, stock positions and production quota appears to be none other than monitoring the position with respect to each mill to control local sales and quantity to be sold which is a prima facie violation of Section 4(2)(a) of the Act.

#### Monitoring of production/consolidation of stocks—Sharing of sensitive commercial information to limit supply in the market:

- Sugar production is highly cyclical in nature with crushing undertaken in three months and sales made over a period twelve months.
- Sugar consumption/demand is fairly constant, as has been observed from consumption data over the years, hence it is the supply situation which actually affects price of sugar in the market. Moreover, sugar cannot be produced throughout the year which makes stock positions crucial for determining supply and price in the market.
- Stock position of each mill is highly sensitive in nature.
- It allows sugar mills to assess and coordinate on future sales volumes and pricing strategies.
- The coordination of stock positions is also used to influence policy decisions regarding allowance of exports (in case of surplus stock) and import decisions (in case of an impending shortage).
- It appears that since 2012 sugar mills in Punjab are using the platform of PSMA to share highly sensitive stock information in order to control supply of sugar in the market and are acting visibly in concerted and coordinated manner.

#### Minutes of AGM held on 10<sup>th</sup> December 2012

AGM held on 10th December 2012, "PSMA fortnightly report was also discussed and after detailed deliberation on the subject a committee was constituted headed by Mr. Muhammad Rafique of JDW Sugar Mills Ltd, to collect data from the mills and supply it to the PSMA centre office for compilation of fortnightly reports on regular basis and its further distribution to the quarters concerned. It was also agree that the sugar mills may loose its membership in case it did not provide the production data".

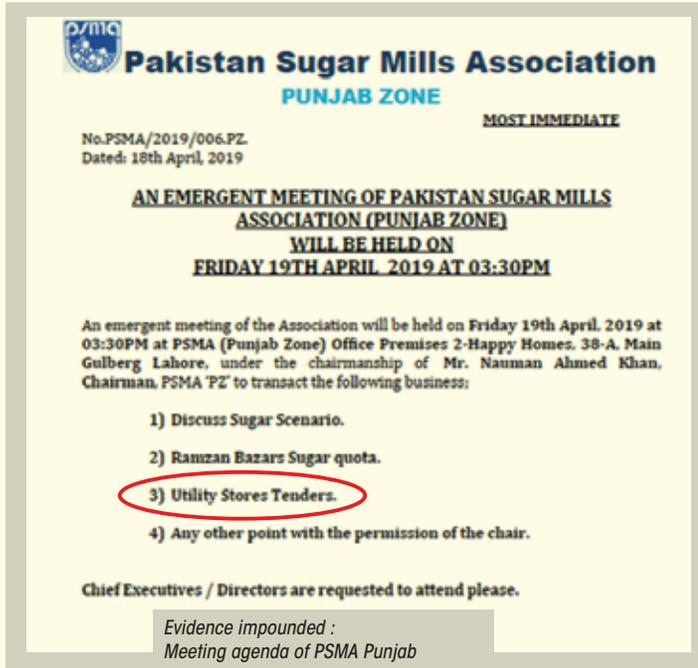
Evidence impounded : Minutes of Meeting

#### Violation

Stock information has a direct bearing on the current and future price of sugar thereby used to control prices and restrict and distort competition in the relevant market in prima facie violation of Section 4(2)(a) of the Act.

### 3. (c)

## Whether there has been any collusion or collective decision by sugar mills for not supplying sugar to tenders floated by USC or any form of bid rigging



### Violation

- For tender of 20,000 MT of sugar (closing date of which was 28th March 2019) it appears that **mills of PSMA Punjab Zone took a collective decision** to fix and divide the quantity of sale, among the members mills who participated in the tender, thus prima facie violating Section 4(2)(c) of the Act.
- For tender dated March 20, 2010 for 100,000 tons of sugar, it appears that vide its letters, dated 26th and 29th March 2010, to USC, PSMA and its members have taken a collective decision on dividing and sharing quantity to be supplied which is a prima facie violation of Section 4(2)(c) of the Act.

### 3. (d)

## Did major players in the sugar industry collectively decide to cease crushing of sugarcane during crushing season 2019-20?

- During the crushing season of 2019-20, PSMA Punjab Zone ceased to crush sugar from 30th December 2019 to 11th January 2020.
- It is evident from the data received from the Cane Commissioner Punjab, this closure was a collective decision on part of PSMA Punjab wherein 15 mills appear to have ceased crushing on the call of the association.
- Evidence impounded from PSMA indicates that during this period PSMA Punjab held back to back meetings with the agenda of sugarcane procurement.
- The purpose of holding these meetings appears none other than to coordinate on crushing and procurement of sugar cane. Procurement is a commercial decision and does not appear to hold relevance for collective deliberation using the association platform.
- The evidence shows that prima facie PSMA Punjab Zone particularly the 15 units named by the Cane Commissioner Punjab, are taking a collective decision on procurement.

### Violation

PSMA Punjab Zone particularly the 15 units named by the Cane Commissioner Punjab, are taking a collective decision on procurement in violation of with Section 4(2)(a) of the Act.

**RECOMMENDATIONS**

1. Sugar - being an essential commodity - is an important item in the consumer basket of goods. However, despite abundant supply it is not available to end consumers at an affordable price. Additionally, the related industries such as beverages, confectionaries etc. being the largest consumers of sugar are also affected due to lack of competition in the sugar industry. This affects their international competitiveness due to higher cost of production and high prices.
2. To ensure its availability to consumers at a reasonable price, large amount of public money is spent on subsidizing sugar through USC, Ramzan bazars and imports. As per findings of this enquiry report, there is a huge disparity in the cost structure of the efficient and inefficient sugar mills. However, due to the existence of cartel the inefficient mills have been protected and the benefits of the efficiencies are not being passed to the end users.
3. Therefore, it is in the public interest to initiate proceedings under Section 30 of the Act for the afore-stated violations in terms of the finding of the enquiry report.

**MEDIA COVERAGE**



## Paint Dealers Stopped from Setting Minimum Resale Price Maintenance

6 July 2020



The Commission received a copy of an agreement titled 'Agreement for Retail and Wholesale Rate Fixing,' signed by Diamond Paints and its Multan dealers based in Multan.

To assess the nature and extent of possible contraventions of the Act, the Commission conducted search and inspections of the premises of Diamond Paints in Lahore and Multan and impounded relevant documents and records.

The enquiry found that the dealers of Diamond Paints had apparently signed an agreement between themselves wherein they had placed a price floor on the onward sales of products. On the other hand, Diamond Paints entered into an agreement with its dealers imposing an obligation of "Minimum Resale Price Maintenance (RPM)" on them for the sale of its products. This agreement introduced a restrictive trading condition that appeared to facilitate a downstream cartel with the object or effect of restricting competition in the relevant market.

On the recommendation of the enquiry, the

Commission issued Show Cause Notices to Diamond Paints and its ten dealers for, prima facie, violating Section 4 of the Act.

During the hearing, the paint dealers though admitted to have executed the impugned agreement, but they denied actually having acted upon the terms of the agreement. They also showed interest and intention in filing a request for leniency under Section 39 of the Act. Diamond Paints was not found to be party to the impugned agreement.

Considering the compliance-oriented approach by the dealers, the Commission did not impose any penalty on the dealers. However, the Commission directed the Registrar to circulate the Urdu transcript of the Order to all paint manufactures and chamber of commerce across Pakistan for creating awareness.

As per the the directions of the bench, an advocacy session was arranged with the management of Diamond Paints and its dealers on 10 July 2020.

## Bahria Town Ends Exclusive Agreement with Airlift

17 July 2020



The residents of Bahria Town Lahore sent a complaint regarding the exclusive rights given to Airlift Pvt. Ltd to provide public transportation services within Bahria Town, Lahore. The exclusive rights were given to Airlift through a Memorandum of Understanding, thus depriving the residents from a choice of any alternate service provider in the area.

Taking notice of the complaint, the Commission asked Bahria Town to explain its position on the matter. In their reply, Bahria Town admitted of having signed an exclusive agreement with Airlift, but assured that the agreement had been terminated and legal formalities in this regard were being fulfilled. Bahria town also provided the copies of the public notices published in various newspapers regarding the termination of the said agreement.

The Commission was of the view that the anti-competitive implications of such agreements might take the form of high entry barriers and denial of level playing field at the cost of consumer welfare. The revocation of the said agreement and a firm intention not to repeat it was therefore done in the spirit of compliance with the Act. After addressing the competition concerns and ensuring compliance by Bahria Town, the case was closed.

”

*The Competition Act 2010 prohibits those business agreements that have the object or effect of preventing, restricting or reducing competition within the relevant market. However, the Commission grants exemptions under Section 5 of the Competition Act to notified agreements between companies from the prohibition of Section 4 of the Act, on the basis of an individual assessment.*

# Preventing Deceptive Marketing & Protecting Consumers

## Show Cause Notice to Firm Set Aside

15 Sep 2020

Chevron Pakistan Lubricants (Pvt.) Limited filed a complaint against Hi – Tech Lubricants Limited and its subsidiary, Hi – Tech Blending (Pvt.) Limited contending that certain marketing and advertising claims made by Hi-Tech Lubricants and Hi-Tech Blending for their products under the brand name 'Zic' were deceptive. Chevron also alleged that the choice of words such as, "behtreen" in Hi-Tech's marketing claims had created unsubstantiated comparison between Zic and its competing products.

The Commission's enquiry found that certain claims of Hi-Tech carrying the urdu words, "behtar" and "behtreen" without any reasonable basis were in, prima facie, violation of Section 10 of the Act. On the recommendations of enquiry report, a Show Cause Notice was issued to Hi – Tech Lubricants Limited and Hi – Tech Blending (Pvt.) Limited and hearings were held in the matter. The Commission in its Order established that the claims made by Hi-Tech for promoting its products fell under 'puffery'. Puffery is a term used to describe wildly exaggerated or vague claims about a product or service that the consumer is unlikely to take seriously. Puffery claims are generally allowed and do not warrant enforcement action by the competition agencies, provided that they are not materially misleading.

The Order further stated that the usage of urdu word "behtreen" also carrying other meanings such as "alaa", "umdah" or "mumtaz" indicated

that the term "behtreen" was general and vague, and not absolute as was alleged in the complaint. Furthermore, the term "behtreen" is not the correct translation of the word "best" in English, which carries absolute meaning. Nonetheless, it was decided that only the claims, which are objective, quantifiable and capable of substantiation in terms of characteristics of the advertised products would be actionable under Section 10 of the Act.

The Commission's Order established that the case against Hi – Tech Lubricants Limited and Hi – Tech Blending (Pvt.) Limited was not made out under Section 10 of the Act. Hence, the Commission set aside the Show Cause Notice issued to Hi – Tech Lubricants Limited and Hi – Tech Blending (Pvt.) Limited.

## Show Cause Notices Issued

### Al-Hafeez Oil Mills & Muslim Corporations

20 July 2020

Nawaba Oil Industries lodged a complaint against Al-Hafeez Oil Mills and Muslim Corporations wherein, it was alleged that both the respondents copied/imitated the registered trademark and copyrighted packaging/trade dress of the complainant, and by doing so distorted healthy competition in the market.

Based on the preliminary fact finding, the Commission initiated an enquiry in accordance with the provisions of sub section (2) of Section 37 of the Act. The Commission's enquiry concluded that both respondents were involved in the fraudulent use of the complainant's trademark, product labeling, and packaging/trade dress, which amounts to, prima facie, violation of Section 10 of the Act. It was further established in the enquiry that such practices not only deceive consumers but also affect their purchasing decision, thus, may inflict harm to the business interest of companies.

In light of the findings of the enquiry, the Commission initiated proceedings against Al-Hafeez Oil and Muslim Corporations under Section 30 of the Act.

### Qasim Iron Works

21 Sep 2020

Dadex Eternit Ltd complained against Qasim Iron Works for initiating a malicious and deceptive campaign on various social media platforms. It was alleged that Qasim Iron Works was circulating certain misleading videos through its website, Facebook page, YouTube, and WhatsApp comparing the quality of its Fibre Cement Sheets with those produced by Dadex Eternit. The company claimed that its product was superior in terms of quality, efficacy, and fitness, without providing any shred of evidence to substantiate its claims.

The Commission's enquiry concluded that the claim "Dura Sheet is superior to Dadex, in terms of quality, efficacy and fitness" in the advertisement campaign was, prima facie, disseminating false/misleading information without a reasonable basis. It was also observed that Qasim Iron Works was, prima facie, making false/misleading comparison of goods and was suggesting consumers through its advertisements to use their product instead of Dadex Eternit's products.

In light of the above findings, it was recommended to initiate proceedings against Qasim Iron Works under Section 30 of the Act.

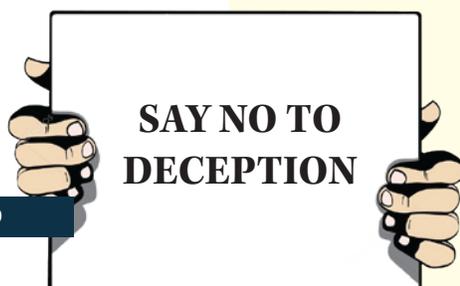
### Hilal Food (Pvt.) Ltd.

8 Oct 2020

Dabur India Limited and Dabur Pakistan (Pvt.) Limited jointly filed a complaint against Hilal Food (Pvt.) Limited for alleged violation of Section 10 of the Act.

As per the complaint, it was alleged that the Sindh High Court had passed an interim order to permit both the complainant and respondent to use the trademark "HAJMOLA". However, Hilal Foods in its recent letters to the Pakistan Broadcasting Association (PBA) and through advertisements published in national newspaper deceptively conveyed to the consumers that the trademark "HAJMOLA" was its exclusive right. By doing so, Hilal Foods distorted healthy competition in the market. It was established in the enquiry that the conduct of the respondent, prima facie, amounts to disseminate false and misleading information regarding the exclusivity and affiliation of the brand name "HAJMOLA" despite of the interim order of the Court which is, a violation of Section 10 of the Act. Moreover, it was concluded that the conduct of the respondent, prima facie, had the potential to inflict harm upon the goodwill and business interest of the complainant and cause confusion among customers through dissemination of false and misleading information related to ownership of the disputed brand name "HAJMOLA".

Hence, it was recommended to initiate proceedings against Hilal Food (Pvt.) Limited under Section 30 of the Act.



# Reviewing Policy Frameworks

## Pro-competitive Measures Recommended for the Wheat Flour Sector

26 Aug 2020

The Commission issued a Policy Note making important recommendations to the federal and provincial governments to address the issue of distortion in the wheat sector that is leading to a shortage of the commodity and the provision of substandard wheat flour to the consumers. The recommendations include concrete measures to ensure a level playing field by providing a fair share in the wheat quota to chakkis (grinding mills), which cater for 2/3rd of total wheat flour supply to consumers. The provincial governments need to consider putting in place an effective and simple procedure of registration and quota allocation. The provincial governments may consider enhancing the supply of wheat flour by limiting production of flour to whole wheat only, against the Government issued wheat at subsidized rates.

Other important recommendations include removing regulatory road blocks to synergize quality control measures, ensuring adequate testing for moisture content, enforcing adequate labelling and proper disclosure in packaging, withdrawing of support price regulation, optimizing gov't intervention and reforming the supply mechanism, streamlining the export policy and improving export potential, and putting in place fool proof methods that can ensure that the subsidy provided by government could reach its intended target i.e. the ordinary end consumer.

The Policy Note has been explained in the following pages through infographics.



## POLICY RECOMMENDATIONS IN THE WHEAT SECTOR

### Recent Measures by the Government in Wheat Sector

In June 2020, the government allowed the private sector to import wheat, a function primarily performed by Trading Corporation of Pakistan.

The following duties and taxes were also abolished to facilitate wheat import.

**60%**  
Regulatory  
duty

**11%\***  
Custom duty

**17%\***  
Sales tax

**6%\***  
Withholding  
tax

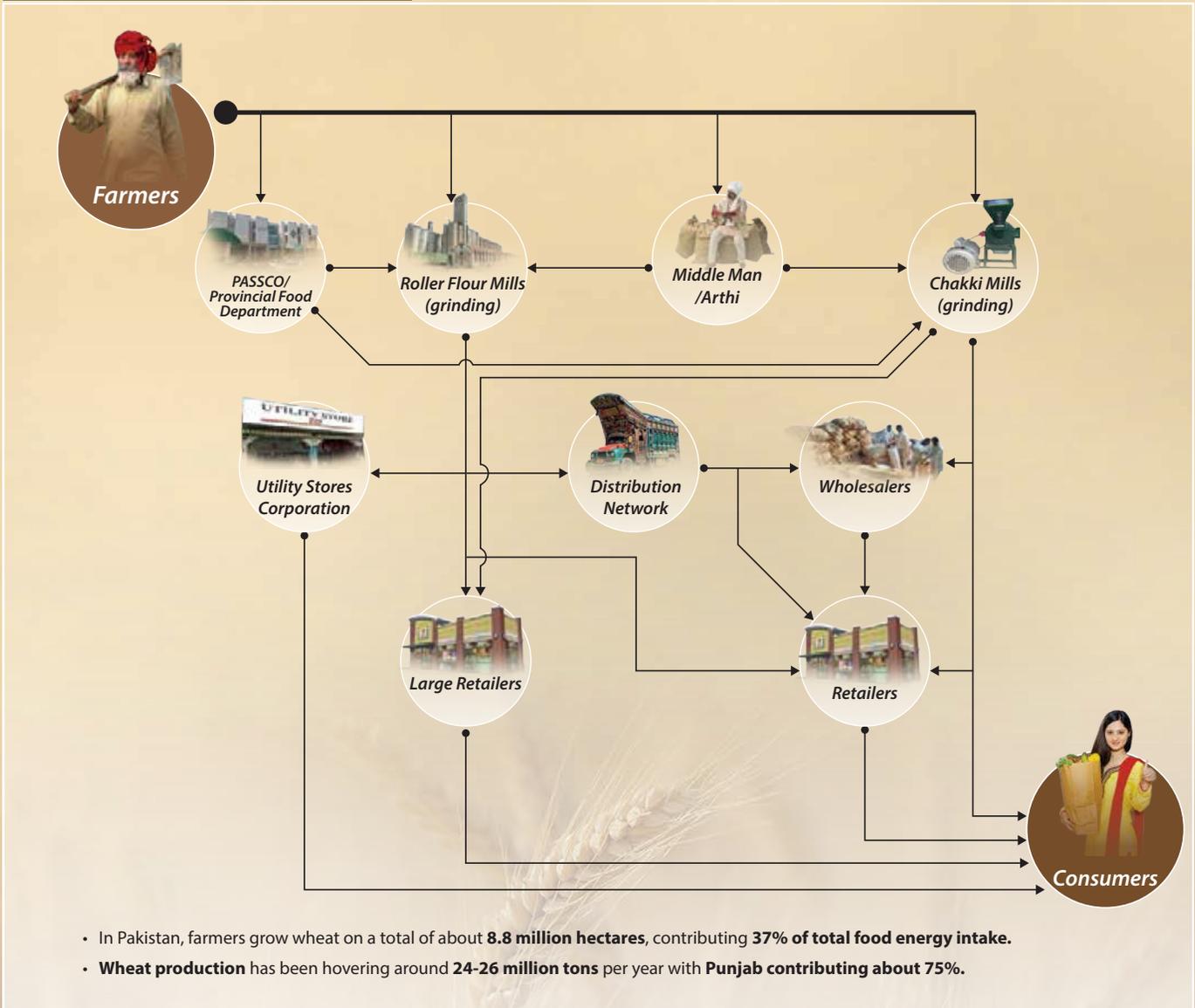
\* One time for import of 1.5 mmt of wheat



The Commission is mandated under Section 29(b) of the Competition Act, 2010 to review policy frameworks for fostering competition and making suitable recommendations to the federal government and provincial governments to amend laws that effect competition in the country.

To build on the abovementioned positive policy shift, the Commission is recommending additional policy measures to enhance economic efficiency and eliminate distortions in the wheat sector.

### Supply Chain of Wheat and Wheat Flour





### Primary Concerns/Issues

- The **prices of wheat grain** and flour in the country **increased sharply** between **November 2019** and **January 2020**, mainly due to tight market availability, below average outputs in 2018 and 2019, higher transportation cost, a hike in domestic prices of petroleum products and transport disruptions related to the COVID-19 pandemic.
- The Federal Committee on Agriculture **set production target of 27.03 million metric tons** for the year 2020, but unseasonal heavy rains and delayed harvesting operations causing localized damage to standing crops and the **national production remained 26.1 million metric tons.**
- The Government **set a target of around 8.5 million metric tons** on support price but despite extensive efforts and using the regulatory arm of district administration, the **procurement concluded at around 6.5 million metric tons.**
- The procurement by Government was **39% of the marketable surplus** of wheat as compared to **25% during last year.**



### Costly Support Policies and Subsidies

- Almost **75% of the total subsidy cost** – the differential between wheat procurement cost minus the release price to millers – is paid to banks for retiring outstanding wheat procurement loans.
- **More than 95% of the wheat subsidized quota** is issued to roller flour mills annually.
- Market dynamics show that the contribution of roller flour mills in wheat flour supply – **earlier considered almost 60%** - has been declining and that of Chakki mills increasing.
- The **share of Chakki mills** has grown to **around 2/3rd** of the total supply of wheat flour.



### Lack of Adequate Testing Mechanism

- PSQCA has prescribed standards for wheat flour, whole wheat flour, maida and fortified wheat flour. As per prescribed standards the allowed ratio of the moisture in the **wheat flour is 13.5%.**
- The increased moisture level reduces wheat quality, decreases shelf life and also becomes breeding ground for fungus and decay. As per market sources, **the existing testing mechanism for the moisture content is rudimentary and inaccurate.**



### Lack of Mechanism for Monitoring and Enforcing Extraction Rates

- As per Punjab Food Department, **flour mills are to produce 65% wheat flour, 13% bran, and 22% of maida** and fine flour. This ratio slightly differs in other provinces.
- Government is mainly **regulating the price of 65% wheat flour** only, which is used to make bread (rotis).
- **The mills take advantage of inadequate mechanism for monitoring.** This ultimately distorts the market and reduces supply of wheat flour against the wheat issued by the Government on subsidized rates as per allocated quota.



### Gradual Exit of Government from Interventions including Minimum Support Price & Price Determinations

- Minimum support price for the wheat crop of **FY2019-20 was set to PKR 1,400 per 40 kg.**
- As per IFPRI policy research paper, **the top 40 percent of wheat farmers produce 79% of wheat** in the Punjab. They sell **84% of the total production** in the province to the Government.
- Bottom 40% of the farmers produce **11.0% of wheat in Punjab and sell only 6.4% to the Government.**
- Similar is the situation in Sindh where **top 40% farmers account for 88% of the total wheat production** in the province.

## CONCLUSIONS AND RECOMMENDATIONS

### 1 Measures to Ensure a Level Playing Field

- **Chakki mills should be provided a fair share in the wheat quota.**
- **Provincial governments may simplify the procedure of registration** and quota allocation to chakki.
- **To incentivize expansion of Chakki mills, provision of soft loans for installation** of equipment and arranging trainings for their capacity.



### 2 Removal of Regulatory Road Blocks to Synergize Quality Control Measures

- **The issue of overlap in regulatory regime should be addressed** by removing ambiguities in the role and responsibilities of regulators.
- **A comprehensive review and revision in the regulatory regime** is vital in this regard.
- **PSQCA must prescribe/update the standards for wheat** to provide parameters to provincial governments to monitor the quality of wheat.



### 3 Ensuring Adequate testing for moisture content

- In order to ensure that the moisture content does not exceed the prescribed limit set by the Government, it may set minimum standards for the testing procedure and provide for the same accordingly. Testing required for identifying the moisture content is not resource heavy in terms of cost and is therefore quite practical to implement if the Government so considers.



### 4 Enforcement of Adequate Labelling and Accuracy in Packaging

- **Adequate labelling, comprehensible to an 'ordinary consumer'**, must be given due importance and enforced stringently.
- Mills claiming to sell 'premium atta' in various package sizes other than that prescribed by the Government, they **must give proper disclosure** that it contains wheat flour produced by wheat procured from open market as against that purchased from Government at less than market value or subsidized rate



### 5 Withdrawal of Support Price Regulation

- A **gradual removal from price regulation** would encourage competition between traders, millers and stockiest.
- **Government should consider gradually removing** itself from price regulation, particularly at the farm level.
- **Price fixing at the farmer's level** not only leads to competition issues, but subjecting farmers to the pre-season support price, could deprive him of gains that could be made when the price is higher in the open market.
- The federal and provincial governments **may consider reducing their role to ensure food security** through strategic reserves, as well as maintaining fair and transparent competition, and helping to raise agricultural productivity through research based interventions.
- **Government must have room/flexibility in its pricing policy** so that at the time of its actual procurement, the price of wheat could be rationalized against factors such as prevailing market value, and export parity among others.



### 6 Subsidy to be targeted

- Government must consider exploring fool proof methods that can ensure that the **subsidy provided by Government could reach its intended target**, i.e. the end consumer.
- Provincial governments should **enhance transparency** in issuance of quota for production of wheat flour on subsidized price.
- Provincial governments must **ensure that the wheat sold to the mills at reduced rate**, as per their allotted quotas is solely grinded to be sold to the ordinary consumers, for whom it is intended, rather than the millers diverting it to open market and gaining undue profits.
- In order to ensure the above, a reconciliation process may be helpful. This **reconciliation may be achieved through audit**, or any other means that the Government may deem fit.
- The Government may consider **putting in place a deterrence mechanism for any violations** in this regard.
- Furthermore any **subsidy extended to mills for exporting wheat and wheat products may be done away** with and the same may be adjusted in the support price as suggested above.

**Minimum standards for export quality** wheat and wheat products may be put in place instead, to increase international competitiveness.



## CONCLUSIONS AND RECOMMENDATIONS

### 7 Measures to Optimize Governments intervention and Reform the supply mechanism

- The federal and provincial **governments may only intervene by making judicious use of their strategic reserves**, when there is dire shortage of wheat in the market due to abnormal market conditions.
- The **Government's role may henceforth be restricted to oversight in terms of standard/quality, fostering R&D initiatives** to enhance domestic as well as international competitiveness and holding of strategic stocks to be used in emergencies or stabilizing the market in times of volatility.
- **The reform of the procurement system** may open the way for the transition to bulk handling rather than the current bag-based system. However, the move from bags to bulk will require investments in trucks, loading-unloading equipment, and modern silos.
- **A public-private partnership model for grain storage facilities** may be carefully and perhaps urgently considered by the Government. The Public-Private Partnership Act was amended recently, and the Public-Private Partnership Authority was constituted to implement the Act. The Government of Punjab also has a Public-Private Partnership Authority. These two authorities may be tasked to solicit proposals for the wheat storage silos.



### 8 Streamlining the Export Policy and Improving Export Potential

- **The Federal Government may notify a wheat export policy** to allow expeditious export of wheat in years of abundant domestic supplies.
- The **export policy** in this regard may also consider **export potential of wheat**, such that any export parity that may be required can be catered for.
- In addition, the Government may help private traders to **implement a wheat standard and branding** to compete in specific segments of the international wheat market.
- The PSQCA may also consider **working closely with regional countries** to harmonize the wheat standards.
- There has to be **strong communication** between the Ministry of National Food Security and Research and the Provincial Food Departments, Provincial Agriculture Departments and other key stakeholders in this regard, so as to allow the Government to take timely and optimum decisions in respect of wheat export.
- A strong crop **monitoring, forecast and reporting system** will help streamline the export policy and improve export potential.



# Advocating the Law

## Forging Partnerships

# MoU Signed with SDPI



SDPI Executive Director Mr. Abid Qaiyum Suleri & CCP Chairperson Ms. Rahat Kaunain signing MoU

The Commission signed a Memorandum of Understanding (MoU) with the Sustainable Development Policy Institute (SDPI) for further strengthening analysis of policy actions that results in distortions in the economy and combating anti-competitive practices.

The MoU was signed by Ms. Rahat Kaunain Hassan, Chairperson and Abid Qaiyum Suleri, Executive Director (ED), SDPI in a ceremony held at the Commission's Head Office and attended by the Commission's Members Ms. Shaista Bano and Mujtaba Ahmad Lodhi, and senior officers of both sides.

The MoU was signed to forge a strategic partnership between the two institutions for sharing of information on matters of mutual benefit relating to their respective mandates. SDPI has been ranked as the number-1 policy research think tank in Pakistan and many of SDPI's publications and research activities are relevant to the Commission's work.

The Commission is cognizant of the need to identify areas where regulations restrict economic activities and distort competitive forces. Through the vehement collaboration with SDPI, the

Commission intends to trace out barriers to market efficiencies and distortionary policy designs.

Through this MoU, both institutions will endeavour to make collaborative efforts, co-operating with each other in launching new research on economic priority areas, conducting regulatory impact analyses, policy analyses, policy outreach, and capacity building activities.

# SMEs in Focus on World Competition Day

On 5 December 2010, the International Network of Civil Society Organization on Competition (INCSOC) announced and proposed the first World Competition Day in remembrance of “the United Nations set of Principles on Competition” adopted on 5th December 1980. Subsequently, each year, the world’s competition community celebrates 5th December as the ‘World Competition Day’ by holding events, issuing statements and taking other outreach measures with the aim to support consumers and promote fair play in the market. This year’s international theme was “Competition Policy and Access to Healthcare.”

The Commission decided to dedicate this year’s World Competition Day to SMEs with the theme, “Enhancing Economic Efficiency of SMEs.”

The Commission resolved to play an active role under its mandate to strengthen and support SMEs

through collaborative efforts and through policy recommendations to help develop the SME sector of Pakistan by ensuring SMEs’ access to market. As a mark of commemoration, the Commission designed a special message for its official Twitter account, @ccp\_pakistan and its official website, www.cc.gov.pk.

The competition law of Pakistan is a pro-business, pro-growth statute and the Commission believes in stimulating economic performance and creating a level playing field by eradicating market distortions and eliminating entry barriers. Competition encourages businesses to compete to continuously look for better ways to satisfy their consumer base with improved quality, durability, service, and price which come to fruition in innovation. This in result, enhances the economic efficiency of businesses and particularly enables the small businesses to compete and grow.



## Virtual Meeting With the Officials of OICCI

An online meeting was held with the OICCI on 13 August 2020. The meeting was attended from CCP by the Chairperson, Ms. Rahat Kaunain Hassan, Member Mergers & Acquisitions and International Affairs, Mr. Mujtaba Ahmad Lodhi, and Director General, Competition Policy Mr. Ahmed Qadir, and from OICCI by its Secretary General, Mr. Abdul Aleem and Deputy General Secretary, Mr. Moeen Mohajir. OICCI shared the results of its Business Confidence Index (BCI) Survey 2019, which showed the negative effects of the overall Business Confidence Score (BCS)

in the Covid-19 pandemic. OICCI officials also gave an overview of the process behind the BCI Survey and how the reports were compiled. On the occasion, several matters of mutual interests were also discussed and views were exchanged.

The meeting ended with the note that the Commission and OICCI shall work together to educate the stakeholders on the importance of competition compliance through advocacy initiatives.

## Round Table Session with the Chairperson

The Chairperson had an interactive session with the officers working in different departments of the Commission. The purpose of the session was to discuss and share thoughts on the current environment within the different departments, opportunities for improvements, barriers, if any, to success, role clarity and culture. Key objectives of the meeting were:

- Greater exposure to line level talent
- Create awareness and connectivity across teams
- Cross-pollination of thoughts
- Understanding of how work is accomplished and barriers to success
- Ground-level understanding of engagement, work satisfaction, development, etc.

Around 12 officers from different departments attended the meeting and shared their thoughts and opinions on different subjects and gave various suggestions. The Chairperson encouraged them to focus on self-improvement, team work, and adopting the habit of reading and doing work related research.

## Guidance on Competition Compliance Workshop with Management of Diamond Paints

The Commission held an online bilateral session on the Guidance on Competition Compliance with the senior management of Diamond Paints.

The participants from Diamond Paints included CEO Mr. Shoaib Ahmed, Ms. Sana Ahmed, Director Marketing, Huzaifa Ahmed, Director Operations, Khuzaima Ahmed, Director Sales, Irfan Hassan, CFO, Irfan Yousaf, Manager Marketing, and Azam Niaz, Manager IT. CCP Member, Ms. Bushra Naz Malik, while opening the session said that the 'Guidance on Competition Compliance' is an easy-to-understand guide on the do's and don'ts of competition law. She said the guidance provides an operative and

meaningful voluntary competition compliance programme that helps businesses and other stakeholders to promote a culture of compliance and minimize their risk of involvement in competition law infringements.

Presentations were given on an overview of Competition Act, 2010, CCP's role and its functions, Mr. Shoaib Ahmed thanked the Commission for taking the initiative of launching the GCC for the education and awareness of businesses. In the Q&A session, the participants actively took part in the discussion and asked several questions.



Mr. Hashim Raza, CEO of SMEDA, called on the Chairperson Ms. Rahat Kaunain Hassan and discussed pertinent issues in the SME sector. CCP can play a role under its mandate through policy recommendations to strengthen and support SMEs.



Syed Asghar Abbas Naqvi, Regional Head - Islamabad, PSX, called on the Chairperson Ms. Rahat Kaunain Hassan



The interns working in different departments of CCP, at the orientation session organised by the Advocacy Department

## Workshop on Guidance on Competition Compliance with Indus Motor Company

The webinar with Indus Motor Company was attended by Syed Omar, General Manager Marketing, Ali Asghar Damani, General Manager Aftersales, Anam Fatima Khan, Head of Legal Affairs, Salman Shaikh, Senior Manager Legal, and Babar Salem, Head of Corporate Affairs. The Commission's presentations focused on the compliance matters, and substantive provisions of the Competition Act.

Babr Saleem, Head Corporate Affairs IMC, thanked the Commission for organizing the awareness session with Indus Motor's key officials. He said the Commission's compliance programme is quite helpful for the corporate sector.



## Orientation Sessions for Interns

The Advocacy Department organized an orientation session for interns working in various departments of the Commission. The Registrar Syed Umair Javed and DG Advocacy Mr. Asfandyar Khattak briefed the participants about the Commission's core functions, salient features of the Competition Act, and the Commission's major achievements and contributions since its inception. The participants shared their experiences in the respective areas



# Training and Capacity Building



## KOICA Fellowship programme on “Strengthening the Competition Regime in Pakistan”

Korean International Cooperation Agency (KOICA) and Korea Fair Competition Federation (KFCF), under the international cooperation program of the Korean Government, jointly organized a training workshop for the Commission's officers.

The workshop was held under a three-year capacity building program titled, “Strengthening the Competition Regime in Pakistan” (2018-2020) especially designed by the Government of Korea for the Commission.

The objective of the program was to strengthen the Commission's capacity in enforcement procedures, compliance matters, leniency, mergers

& acquisitions, and advocacy.

The first two batches attended the training programs in Korea in 2018 and 2019. The third and final batch attended the program online due to travel restrictions amidst COVID-19 pandemic.

The week-long training program was attended by 21 officers from the Commission's different departments. The resource persons from KFTC delivered online lectures on important topics such as, competition advocacy, merger control regime, bid-rigging, leniency program, investigation of cartels, deceptive marketing, and abuse of market dominance. The participants were also briefed on

Korea's experience of competition enforcement and other advocacy activities.



# International Affairs

## CCP's Officers Attended International Webinars July - December 2020

- 1 ICN Agency Effectiveness Working Group webinar on "Enforcement priorities in Actions: Agency Effectiveness Perspective"
- 2 ICN Webinar on " Competition Agency Procedures"
- 3 ICN Webinar on "Procedural Infringements of Merger control proceedings"
- 4 ICN Merger Working Group Webinar on " Sound Decision Making"
- 5 ICN Cartel Working Group webinar on " Horizontal Agreements sustainability in a world on fire"
- 6 OECD Global Forum for Competition
- 7 ICN Virtual Annual Conference





COLOURS OF  
*Pakistan*

CALENDAR 2021



The “Colours of Pakistan” was the theme of this year’s calendar printed by the Commission. The calendar 2021 gives a glimpse of the different hues that make Pakistan unique and distinct.

## SECTION 3

Abuse of Dominant Position

Prices have gone up because of our decision to reduce supply

**3(a). Unreasonable increase in prices**



Ladies and gentlemen, let's collaborate to fix prices

## SECTION 4

Prohibited Agreements

**2(e). Bid Rigging**



## SECTION 10

Deceptive Marketing Practices

You're wearing almost the same cap as mine. Are we wearing the same brand?

**2(d). Fraudulent use of another's Trademark, Firm name, or Product labeling or Packaging**



## SECTION 11

Approval of Mergers

Something big must be happening in corporate acquisitions

**1. No undertaking shall enter into a merger which substantially lessens competition by creating or strengthening a dominant position in relevant market**



[www.cc.gov.pk](http://www.cc.gov.pk)



**Competition Commission of Pakistan**

Creating a level playing field

# CCP issues show cause notices to PSMA, 84 mills over cartelisation

Staff Report

The Competition Commission of Pakistan (CCP) has issued show cause notices to Pakistan Sugar Mills Association (PSMA) and 84 mills over cartelisation.

quantity of cane crushed, sugar produced, recovery percentage, carry forward old/raw sugar, total sugar, quantity sold, balance and sold percentage. Moreover, an analysis of the

in Pakistan. Similarly, they violated the Act by reducing stocks of sugar through export hence collectively raised maintained prices of sugar Pakistan

# CCP holds consultative meeting on competition distortions in wheat sector

By APP August 24, 2020



# CCP conducts inspection of Pakistan Sugar Mills Association's offices

# CCP thanks govt, AGP for help as HC upholds Competition Act 2010

ISLAMABAD  
STAFF REPORT

the bench also upheld section 62 of the Act which validated and granted consistency to all actions, orders, proceedings etc. of the CCP since the date of the promulgation of Competition Ordinance 2007

the ratio of the Sheikh Riaz case is complied with.

# Issues in wheat sector discussed at CCP meeting

ISLAMABAD: The Competition Commission of



# CCP seizes record of cement

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