



17<sup>th</sup> Meeting of  
**Competition Consultative Group**

CCG

**29 January, 2013**  
Sheraton Hotel,  
Karachi.

## Table of Contents

INTRODUCTION .....	3
THE 17 <sup>TH</sup> MEETING OF COMPETITION CONSULTATIVE GROUP (CCG) .....	3
IN FOCUS .....	3
THE PARTICIPANTS .....	3
THE CCP MEMBERS .....	4
ENFORCEMENT ACTIONS.....	4
1: ORDER ABOUT ICAP: .....	4
2: POLICY NOTE TO FBR & NTC:.....	5
3: SEARCH AND INSPECTION OF CNG ASSOCIATION:.....	5
4: PENALIZATION OF LOCAL COURIERS: .....	5
5: A DAY TO COME, 3rd INTERNATIONAL CONFERENCE:.....	6
ADVOCACY INITIATIVES:.....	6
A VIBRANT DISCUSSION: .....	6
PRESS CLIPINGS.....	6

## INTRODUCTION

The enhancement of economic efficiency while creating a level playing field is the main goal of the Competition Commission of Pakistan (CCP). The former is done by the optimal use of resources and protection of consumers from anti-competitive practices. In the due course of action an informal think tank has been created under the name of Competition Consultative Group (CCG) in 2008. The group strives to solicit feedback and guidance on competition related matters from representative of sector specific regulators, relevant professional bodies, business associations and the private sector. The CCG meetings held quarterly in various cities to ensure the wider interaction with the stakeholders and so far twenty meetings of CCG have been held since its establishment.

## THE 17<sup>TH</sup> MEETING OF COMPETITION CONSULTATIVE GROUP (CCG)

The feedback and suggestions from various strata of society were adjured through the platform provided by Competition Consultative Group (CCG) in its 17th meeting. This time the meeting was in Sheraton Hotel, Karachi. Representatives from business community, legal community, academia, media, regulatory bodies and the government attended the meeting.

## IN FOCUS

*“ENFORCEMENT OF COMPETITION LAW REMAINS TOP PRIORITY FOR CCP”.*

Was the focus of the meeting. Chairperson and Members of CCP briefed CCG members about:

- ✚ Recent enforcement actions,
- ✚ Initiatives in advocacy and
- ✚ The upcoming 3rd international conference of the Commission.

## THE PARTICIPANTS

The delegates included representatives of various public and private sector's organization. The presence of most of the invited guest indicates the incessant deepening of CCP in the national economy. Therefore, proves to be an integral part in building sound national economic infrastructure of the country. The participants include:

- 1) Shaukat Brah. KSBL.
- 2) Muneer Qureshi, CAP.

- 3) Dawood Usman Hercules, FPCCI.
- 4) M.Abdul Aleem, OICCI.
- 5) Kimihide Ando, OICCI.
- 6) Tulsi Lakhwami, PBC.
- 7) Samir S Amir, PBC.
- 8) Nasir Islam, Faysal Bank.
- 9) Khawar Saeed Khan, GSK.
- 10) Haroon tabreez, ICAP.
- 11) Kaukab Iqbal, CAP.
- 12) Abdul Qadeer Memon, Pakistan Tax Bar Association.
- 13) Huma Bukhari, Consumer Welfare Forum.
- 14) Asif Saad, Lotte Pak.
- 15) Ali Agha, ICI.
- 16) Afzal Sheikh, Ernst & Young Fertilizer.
- 17) M. Sajid, J.S Private Equity.
- 18) Shahid Naseem, Securities & Exchange Commission of Pakistan .
- 19) M. Ashraf Khan, STATE Bank of Pakistan.
- 20) Arshad Zubairi, Business Recorder.

## THE CCP MEMBERS

The meeting was chaired by the Chairperson, CCP, Rahat Kaunain Hassan, and attended by

- ✚ Abdul Ghaffar, Member Cartels & Trade Abuses,
- ✚ Dr. Joseph Wilson, Member Mergers & Acquisitions and International Affairs,
- ✚ Dr. Shahzad Ansar, Member Office of Fair Trade & Budgetary Affairs, and
- ✚ Mueen Batlay, Member Competition Policy & Research.

## ENFORCEMENT ACTIONS

### 1: ORDER ABOUT ICAP:

The Chairperson while addressing the meeting said that enforcement remains top priority of the Commission and thus some crucial enforcement actions have been taken recently. She said that the order had been issued by the Commission relating to the Institute of Chartered Accountants of Pakistan (ICAP) in January 2013, in which the Commission imposed PKR 25 million fines on ICAP for putting a ban on the training of non-ICAP accountancy students by its approved training organizations. The Commission declared ICAP's prohibition to be in contravention of Section 4 of the Competition Act, 2010 and restrained it from issuing similar directives in the future. The CCG members were informed that the directive issued by ICAP in July 2012 in this regard also acted as an entry barrier for the market for accountancy services, which are

considered crucial to the business community and the economy as a whole. She further elaborated that after the Commission's order, there is no further need for ICAP to withdraw the Directive to enable accounting firms to train non-ICAP students since the same has been declared to be without any legal effect by the Commission.

## **2: POLICY NOTE TO FBR & NTC:**

The Chairperson further informed CCG members that the Commission had issued a Policy Note to Federal Board of Revenue and National Tariff Commission recommending rationalization and slash down of tariff structure of Poly Ethylene Terephthalate (PET) Resins to eliminate discrimination, particularly in respect of PET Film Grade, PET Bottle Grade and PET Yarn Grade. CCP took notice of concerns raised on classification of PET Resins under Pakistan customs Tariff Code (PCT Code) and customs duty levied on them under Notifications SRO 507(I)/2007 and SRO 687(I)/2010 which, prima facie, gave undue duty protection to the sole local manufacturer/supplier of PET Resins. The sole manufacturer of PET Resin is a vertically integrated unit having also presence in downstream market. The Policy Note examined whether resultant custom duty structure on PET Resin and its downstream products placed the competitors of the sole manufacturer of PET Resin at a competitive disadvantage.

## **3: SEARCH AND INSPECTION OF CNG ASSOCIATION:**

The CCG members were further informed that being a vigilant competition watchdog, the Commission as part of its enquiry conducted search and inspection of All Pakistan CNG Association in Islamabad, CNG Dealers Association, and CNG Station Owners Association in Karachi in December 2012 to see whether any CNG associations or its members were engaged in anti-competitive practices. Furthermore, CCP needed to verify whether the boycott was an individual decision of member undertakings or a collective withdrawal of services through associations to get their demands fulfilled; leading to the suspension of services from CNG stations. Closure of these stations has been witnessed across the country causing immense hardship to consumer. The participants were informed that the enquiry committee of the Commission has also been entrusted to review the policy framework in the CNG sector in order to identify policy distortions (if any) that are preventing, restricting or reducing competition in the market. The Chairperson informed the meeting that the enquiry committee will soon put up its report to the Commission.

## **4: PENALIZATION OF LOCAL COURIERS:**

The CCG meeting was also informed that the Commission's Office of Fair Trade (OFT) was actively dealing with cases pertaining to deceptive marketing. In a recent case of deceptive marketing, the Commission imposed a penalty of PKR 4.5 Million on five local courier service providers for violating Section 10 of the Competition Act. The Commission had received a complaint against seven courier service providers from DHL Pakistan (Pvt.) Limited for using its trademark without authorization. An enquiry conducted by CCP established that the trademark of

DHL was fraudulently being used by the accused courier service providers. The CCP Bench after hearing the parties at length and analyzing the documents placed on the record concluded that the alleged conduct of the Respondents was aimed at capitalizing on the goodwill attached to DHL trademark. Out of seven, two courier service providers were forthcoming and discontinued using the DHL trademark during the proceedings, therefore, the Commission while taking a lenient view did not impose penalty on them.

### **5: A DAY TO COME, 3rd INTERNATIONAL CONFERENCE:**

While briefing the CCG members on the advocacy initiatives of the Commission, the Chairperson informed that the 3rd International Conference was being organized with the collaboration of European Union – Delegation to Pakistan, in the second quarter of 2013. The title of the 2-day conference will be, “Role of Competition in Fostering Trade and Investment in Pakistan” and it will have four technical sessions on, “Nexus between Competition Regime and Trade and Investment”; Public Procurement: Creating a Level-playing Field”; “Detecting Cartels: Investigative Techniques, Leniency and Reward Programs”; and “Promoting Competition through Advocacy”.

### **ADVOCACY INITIATIVES:**

The CCG members were also briefed by CCP Member Dr. Joseph Wilson on a key advocacy initiative of the Commission for introducing competition law as an elective subject in universities. It was emphasized that the introduction of an academic course regarding competition law at premier academic institutions will further create awareness, and ignites interest, in this field of law which has assumed increasing importance in economic regulation.

### **A VIBRANT DISCUSSION:**

The CCG members appreciated the performance of the Commission and stated that effectiveness of the Commission’s actions was being widely felt. Due to its effective advocacy approach, the Commission was not an unknown entity anymore. The CCG members emphasized that the government needs to support the Commission by strengthening the institution and play its role in resolving the pending issues, most importantly, the issue of funding to the Commission.

### **PRESS CLIPINGS**



## BUSINESS RECORDER

Editor-in-chief: M.A. Zubair

31 Jan 2013

Page # 21

# CNG industry policy framework reviewed

ISLAMABAD: An inquiry committee of the Competition Commission of Pakistan (CCP) on CNG sector has been tasked to review the policy framework in the CNG industry to identify policy distortions preventing, restricting or reducing competition in the market.

The Chairperson Competition Commission of Pakistan (CCP), Rahat Kaunain Hassan Wednesday said that enforcement of competition law has been the top priority of the Commission to promote healthy business activities in the country.

The CCP Chairperson was chairing the 17th quarterly meeting of the Competition Consultative Group (CCG) in Karachi, according to CCP statement issued here on Wednesday.

The CCG is an informal think-tank set up by the Commission to solicit feedback and suggestions on competition related matters from the business community, legal community, academia, media, regulatory bodies and the government.

Kaunain briefed the participants about the crucial enforcement actions taken by the commission recently.

She said that the order had been issued by the Commission relating to the Institute of Chartered Accountants of Pakistan (ICAP) in January 2013, in which the Commission imposed PKR 25 million fine on ICAP for putting a ban on the training of non-ICAP accountancy students by its approved training organizations.

The Chairperson further informed CCG members that the Commission had issued a Policy Note to Federal Board of Revenue and National Tariff Commission recommending rationalization and slash down of tariff structure of Poly Ethylene Terephthalate (PET) Resins to eliminate discrimination, particularly in respect of PET Film Grade, PET Bottle Grade and PET Yarn Grade.

The CCG members were further informed that being a vigilant competition watchdog, the Commission as part of its enquiry conducted search and inspection of All Pakistan CNG Association in Islamabad, CNG Dealers Association, and CNG Station Owners Association in Karachi in December 2012 to see whether any CNG associa-

tions or its members were engaged in anti-competitive practices.

The CCG meeting was also informed that the Commission's Office of Fair Trade (OFT) was actively dealing with cases pertaining to deceptive marketing.

In a recent case of deceptive marketing, the Commission imposed a penalty of Rs 4.5 million on five local courier service providers for violating Section 10 of the Competition Act.

While briefing the CCG members on the advocacy initiatives of the Commission, the Chairperson informed that the 3rd International Conference was being organised with the collaboration of European Union-Delegation to Pakistan, in the second quarter of 2013.

According to CCP press statement, among others the meeting attended by Abdul Ghaffar, Member Cartels and Trade Abuses, Dr. Joseph Wilson, Member Mergers and Acquisitions and International Affairs, Dr. Shahzad Ansar, Member Office of Fair Trade and Budgetary Affairs, and Mueen Batlay, Member Competition Policy & Research.—PR

## Daily Times

Page # B3  
31 Jan 2013

17th meeting of Competition Consultative Group

**Enforcement of competition law remains top priority: CCP**

Staff Report

ISLAMABAD: Enforcement of competition law remains top priority of the Competition Commission of Pakistan (CCP) and as a result, some crucial enforcement actions have been taken recently.

CCP Chairperson Khar Kamran Hassan said this while chairing the 17th quarterly meeting of the Competition Consultative Group (CCG) an informal think tank set up by the Competition Commission of Pakistan (CCP) to solicit feedback and suggestions on competition related matters from the business community, legal community, academia, media, regulatory bodies and the government, held in Karachi.

The meeting was attended by Caneels and Trade Advisor Member Abdul Ghafoor, Members Head Acquisitions and International Affairs Member Dr Joseph Wilson, Office of Fair Trade and Budgetary Affairs Member Dr Shahzad Anwar and Competition Policy and Research Member Muzen Balay.

The participants of the CCG meeting included senior representatives of Civil Aviation Authority, Securities and Exchange Commission of Pakistan (SECP), State Bank of Pakistan (SBP), Faysal Bank, Overseas Investors Chamber of Commerce and Industry (OICCI),

Enro Polymer and Chemicals Pvt Ltd, ICI Pakistan Limited, Pakistan Business Council, Federation of Pakistan Chamber of Commerce and Industry (FCCI), Consumer Forum, Consumer Association of Pakistan, Karachi School of Business and Leadership, Ernst and Young, Ford Rhodes, Sidat Hyder, Trade Pakistan Ltd, IS Private Equity, Lotte Pakistan, Institute of Chartered Accountants of Pakistan (ICAP), and Taxation and Company Law Consultants.

The chairperson and members of CCP briefed CCG members on the recent enforcement actions, initiatives in advocacy and the upcoming third international conference of the commission.

She said that the order had been issued by the commission relating to ICAP in January 2013, in which the commission imposed Rs 25 million fine on ICAP for putting 2 ban on the training of non-ICAP accountancy students by its approved training organisations. The commission declared ICAP's prohibition to be in contravention of Section 4 of the Competition Act, 2010 and restrained it from issuing similar directives in the future. The CCG members were informed that the directive issued by ICAP in July 2012 in this regard also acted as an entry barrier for the market for accountancy services, which are con-

sidered crucial to the business community and the economy as a whole. She further elaborated that after the commission's order, there is no further need for ICAP to withdraw the directive to enable accounting firms to train non-ICAP students since the same has been declared to be without any legal effect by the commission.

The chairperson further informed CCG members that the commission had issued a policy note to Federal Board of Revenue and National Tariff Commission recommending rationalisation and slash down of tariff structure of Polyethylene Terephthalate (PET) Resins to eliminate discrimination, particularly in respect of PET Film Grade, PET Bottle Grade and PET Yarn Grade. CCP took notice of concerns raised on classification of PET Resins under Pakistan Customs Tariff Code (PCT Code) and customs duty levied on them under Notifications SRO 3071(II)/2011 and SRO 0811(II)/2010 which, prima facie, gave undue duty protection to the sole local manufacturer or supplier of PET Resins. The sole manufacturer of PET Resin is a vertically integrated unit having also presence in downstream market. The policy note examined whether resultant custom duty structure on PET Resin and its downstream products placed the competitors of the sole manufacturer of PET Resin at a

competitive disadvantage.

The CCG members were further informed that being a vigilant competition watchdog, the commission as part of its inquiry conducted search and inspection of All Pakistan Compressed Natural Gas Association in Islamabad, CNG Dealers Association and CNG Station Owners Association in Karachi in December 2012 to see whether any CNG association or its member was engaged in anti-competitive practices. Furthermore, CCP needed to verify whether the boycott was an individual decision of member undertakings or a collective withdrawal of services through associations to get their demands fulfilled, leading to the suspension of services from CNG stations. Closure of these stations has been witnessed across the country causing immense hardship to consumers. The participants were informed that the inquiry committee of the commission has also been entrusted to review the policy framework in the CNG sector in order to identify policy distortions (if any) that are preventing, restricting or reducing competition in the market. The chairperson informed the meeting that the enquiry committee will soon put up its report to the commission.

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Office of Fair Trade (OFT) was actively dealing with cases pertaining to deceptive marketing. In a recent case of deceptive marketing, the commission imposed a penalty of Rs 4.5 Million on five local courier service providers for violating Section 10 of the Competition Act. The commission had received a complaint against several courier service providers from DHL Pakistan (Pvt) Limited for using its trademark without authorisation. An inquiry conducted by CCP established that the trademark of DHL was fraudulently being used by the accused courier service providers. The CCP bench after hearing the parties at length and analysing the documents placed on the record concluded that the alleged conduct of the respondents was aimed at capitalising on the goodwill attached to DHL trademark. Out of seven, two courier service providers were forthcoming and discontinued using the DHL trademark during the proceedings, therefore, the commission while taking a lenient view did not impose penalty on them.

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The CCG members appreciated the performance of the commission and stated that effectiveness of the commission's actions was being widely felt. Due to its effective advocacy approach, the commission was not an unknown entity anymore. The CCG members emphasised that the government needs to support the commission by strengthening the institution and play its role in resolving the pending issues, most importantly, the issue of funding to the commission.



The Nation on Web

# The Nation

Page # 16

31 Jan 2013

## Enforcement of competition law top priority of CCP

OUR STAFF REPORTER

ISLAMABAD - The 17th quarterly meeting of the Competition Consultative Group (CCG), an informal think tank set up by the CCP to solicit feedback and suggestions on competition related matters from the business community, legal community, academia, media, regulatory bodies and the government, was held in Karachi.

The meeting was chaired by CCP Chairperson Rahat Kurnain Hassan, and attended by Abdul Ghaffar, Member Cartels & Trade Abuses, Dr Joseph Wilson, Member Mergers & Acquisitions and International Affairs, Dr Shahzad Ansar, Member Office of Fair Trade & Budgetary Affairs, and Mueen Batlay, Member Competition Policy & Research.

The participants of the CCG meeting included senior representatives of Civil Aviation Authority, Securities & Exchange Commission of Pakistan (SECP), State Bank of Pakistan (SBP), Faysal Bank, Overseas Investors Chamber of Commerce & Industry (OICCD), Engro Polymer & Chemicals Pvt. Ltd., ICI Pakistan Limited, Pakistan Business Council, Feder-

ation of Pakistan Chambers of Commerce & Industry (FPCCD), Consumer Forum, Consumer Association of Pakistan, Karachi School of Business & Leadership, Ernst & Young Ford Rhodes Sidat Hyder, a local English daily, Linde Pakistan Ltd., JS Private Equity, Lotte Pak PTA, Institute of Chartered Accountants of Pakistan, and Taxation & Company Law Consultants.

The chairperson and members of CCP briefed CCG members on the recent enforcement actions, initiatives in advocacy and the upcoming 3rd international conference of the Commission.

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# جہانِ پاکستان

31 January 2013

## تیسری عالمی مسابقتی کمیشن کانفرنس رواں سال کے وسط میں ہوگی

کراچی (کامرس ڈیسک) مسابقتی کمیشن آف پاکستان (سی سی پی) کی چیئر پرسن راحت کونین حسن کا کہنا ہے کہ مسابقت کے خلاف مختلف اداروں کی سرگرمیوں پر کمیشن نے اہم قانونی کارروائیاں کی ہیں جو کمیشن کی بنیادی ذمہ داری ہے۔ اس سلسلے میں کمیشن نے انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (آئی کیپ) پر ڈھائی کروڑ روپے جرمانہ عائد کیا تھا۔ کمیشن کے حکم کے بعد اکاؤنٹنگ فرمز آئی کیپ کے علاوہ بھی طلبا کو اکاؤنٹنگ کی تربیت دے سکیں گے۔ مسابقتی مشاورتی گروپ (سی سی جی) کے 17 ویں سہ ماہی اجلاس سے خطاب کے دوران راحت کونین نے شرکاء کو کمیشن کے متعدد احکامات اور فیصلوں کی تفصیلات سے آگاہ کرتے ہوئے کہا کہ کمیشن نے مسابقت کے خلاف سرگرمیوں پر اسلام آباد میں آل پاکستان سی این جی ایسوسی ایشن، سی این جی ڈیلرز ایسوسی ایشن اور کراچی میں سی این جی اوئرز ایسوسی ایشن کے خلاف تحقیقات کی تھیں۔ اس ضمن میں ایک انکوائری کمیٹی بھی تشکیل دی گئی تھی جو عنقریب اپنی رپورٹ کمیشن کو پیش کرے گی۔ انہوں نے بتایا کہ یورپی یونین کے اشتراک سے کمیشن کی تیسری عالمی کانفرنس 2013 کی دوسری سہ ماہی میں ہوگی جس میں ماہرین مقالات پڑھیں گے۔ سی سی پی کے رکن ڈاکٹر جوزف ولسن نے کہا کہ کمیشن یونیورسٹیز میں مسابقتی قانون کو بطور نصاب شامل کرنے کی کوشش کر رہا ہے۔ ملک کے اعلیٰ تعلیمی اداروں میں مسابقتی قانون پڑھانے سے مسابقت پر مزید آگہی بڑھے گی۔ سی سی جی کے ممبران نے کمیشن کی کارکردگی کو سراہتے ہوئے کہا کہ حکومت کمیشن کو مضبوط اور مستحکم کرنے کی غرض سے مالی اعانت سمیت التوا میں پڑے تمام مسائل حل کرے۔