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Competition Commission of Pakistan
Creating a level playing field

CCETERIS PARIBUS

"all other things being equal"

Official Newsletter of the Competition Commission of Pakistan

January - June 2021

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“Price Fixing by Govt Entails *Unintended Consequences*”

Policy Note Issued to the Govt of Punjab for Fixing Maximum Retail Price of Sugar

In April 2021, the Government of Punjab issued a circular fixing the maximum retail price of sugar at PKR 85 per kilogram. The Commission, compelled by its mandate, deemed it necessary to caution and explain the unintended consequences of putting a price ceiling.

Using its powers under Section 29 (b) of the Competition Act, 2010, the Commission issued a Policy Note recommending that instead of fixing the sugar price, the Government should deregulate the sugar industry to promote free trade mechanisms where price signals can be effectively conveyed to all stakeholders to attract investment, increase competitiveness, and reduce distortions in local supply. The Commission observed that since Punjab is the only province to set a price ceiling, one immediate effect could be that sugar moves to other provinces where no price ceiling is in place and it can command a higher market price.

The Commission further observed that price control can also encourage hoarding by suppliers or impulsive buying by consumers, especially ahead of Ramadan, both of which would likely result in shortage in the market and even higher prices for consumers. In this regard, it was acknowledged that the promulgation of the Sugar (Supply-Chain Management) Order 2021 by the Punjab Government to prevent hoarding of sugar by the mills was a step in the right direction. The Policy Note further stated that various factors such as economies of scale, labour, equipment, productivity and access to crop vary between different mills, thus it might not be possible for all the mills to produce sugar at the same cost and offer the same rate. Imposing the maximum retail price could mean that some mills, which must purchase sugarcane at the minimum support price, may not be able to break even.

Moreover, the price of sugarcane is the major cost factor in production. Mills may be hesitant to buy sugarcane at the Government’s minimum support price (MSP) and pressurise farmers to sell sugarcane below the MSP, which could force farmers to shift from cultivating sugarcane to other crops thus setting the stage for reduced domestic production and undesirable shortages in the market in future. As a result of this, the Government may have to import sugar and pay the price in the shape of rising import bill for a commodity for which there is sufficient land and infrastructure available in the country. The Policy Note observes that the price fixing, particularly at the time of Ramadan, is also likely to benefit the industrial consumers and perhaps, not the target poor population, because the industrial consumers make up for about 70% consumption. For the end consumers, the prices may go up once such price fixing is lifted.

> ***Most of the problems in the sugar sector stem from both over-regulation and lack of competition. If the market is deregulated, with free entry and exit, regulations and repeated interventions would not be needed. In an environment of open market competition, even mandatory crushing laws would not be required.***

Pakistan’s protection of the domestic sugar industry through tariffs and subsidies has not allowed it to develop the necessary capability to compete in the international market for sugar by-products (like ethanol), for which demand is stronger. A more efficient agriculture policy may be considered, which would take all factors into consideration, including domestic exigencies as well as international reality and direction. This will be in line with the Federal Government’s desire to achieve effective deregulation. The Policy Note says that better options for Pakistan than setting a price ceiling lie in deregulation, removing subsidies, and ensuring competition in the market. Competitive sugar pricing and removing restrictions on the imports and exports of sugar (without subsidies) would give sugar producers market-based incentives to enhance their productive, technical and allocative efficiencies as well as focus on the necessary research and development to improve the sector.

The Punjab Government may consider the viability of non-price interventions at the farm level such as introducing a revenue-sharing policy between the millers and the farmers - for instance, in some countries, there is direct payment to farmers’ model. The CCP recommends to focus on R&D in Yield and quality and to make technological improvements in the processes at the mills to make the manufacturing process more efficient and cost productive.

The Policy Note stated that price controls, whether at the farm level or further down the supply chain are common among the major sugar producing countries i.e., Brazil, India, and Thailand. In Brazil, since 1997, the Government of Brazil announced that it would cease to, inter alia, set the price of sugarcane, set production quotas and to control exports. The Brazilian model is, therefore, one of higher domestic prices and a substantial surplus for ethanol production and exports. The sugar and ethanol industries are particularly closely integrated and commercially interdependent. This means that any support offered to one activity can benefit the other.

In Thailand, where price control mechanisms are in place, the retail ceiling exists to protect consumers from upwards price fluctuations. The fact that Thailand’s sugar industry is export-centric, they have to remain competitive. In India, the concept of Minimum Selling Price (MSP) of sugar was introduced in 2018 for sale by sugar mills at the factory gate (ex-mill price) for domestic consumption so that the sugar industry could get the minimum cost of production of sugar to enable them to clear the payment to farmers for sugarcane. Due to the surplus sugar, the Government has dispensed with the requirement of obtaining an export release order and import duties have been set quite high to deter imports of sugar. In the past also, the CCP through various policy notes and opinions has always supported full, free and fair interplay of market forces and making only institutional intervention necessary to correct any market malfunctioning as well as to maintain appropriate strategic reserves to draw upon where needed.

The Policy Note concludes that free trade in sugar would make consumers better off by discouraging hoarding and over-pricing in the domestic market. These measures would definitely impact the development of the competitive sugar industry in Pakistan, leading to economic efficiency.

BACKGROUND

25th MARCH 2021

Ordinance Issued by Punjab Government

Punjab Government introduced Punjab Sugar Supply Chain Management Order 2021 and the Prevention of Speculation in Essential Commodities Ordinance 2021.


The Punjab Gazette


DAWN

Govt empowers officials to act amidst impending sugar crisis

2nd APRIL 2021

Circular to Fix the Price of Sugar at PKR 85 per Kg

Punjab Government fixed minimum retail price of sugar at PKR 85 per Kg after the Federal Government calculated the ex-mill price of sugar at PKR 80 per Kg and asked the Punjab Government to fix the retail price accordingly.


The News

Punjab fixes sugar retail price at Rs85/kg

8th APRIL 2021

CCP's Policy Note Issued to Government of Punjab

The CCP, compelled by its mandate, deemed it necessary to caution and explain the unintended consequences of putting a price ceiling and issued a policy note to the government.

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.

UNINTENDED CONSEQUENCES OF PRICE CONTROLS

MOVEMENT OF SUGAR TO OTHER PROVINCES

Since Punjab is the only province to set a price ceiling, one immdeiate effect could be that sugar moves to other provinces where no price ceiling is in place and it can command a higher market price.

HOARDING BY SUPPLIERS OR IMPULSIVE BUYING

Price control could also encourage hoarding by suppliers or impulsive buying by consumers, especially ahead of Ramadan, both of which would likely result in shortage in the market and even higher prices for consumers.

DIFFICULTY FOR MILLS TO OPERATE

Various factors i.e. economies of scale, labour, equipment productivity and access to crop vary between different mills, it may not be possible for all the mills to produce sugar at the same cost and offer the same rate. Imposing the maximum retail price could mean that some mills, which must purchase sugarcane at the minimum support price, may not to be able to break even.

PRICE FIXING MAY BENEFIT INDUSTRIAL CONSUMERS ONLY

The price fixing may also likely benefit the industrial consumers and perhaps, not the target poor population, because the industrial consumers make up for about 70% consumption. For the end consumers, the prices may go up once such price fixing is lifted.

OVER-REGULATION / LACK OF COMPETITION

Most of the problems in the sugar sector stem from both over-regulation and lack of competition. If the market is deregulated, with free entry and exit, regulations and repeated interventions would not be needed. In an environment of open market competition, even mandatory crushing laws would not be required.

SHORTAGE OF SUGAR RESULTING IN HIGHER IMPORT BILL

Mills may pressurize farmers to sell sugarcane below the minimum support price (MSP), which could force farmers to shift from cultivating sugarcane to other crops. As a result of this, the Government may have to import sugar which could raise the import bill.

EXPERIENCE WITH PRICE CONTROLS

Price controls have a direct distortionary effect on the supply-demand equation. Pakistan's historical experience with price controls provides sufficient evidence about the futility of such a measure, both in sugar and other commodities. The examples are, shortage of wheat in the late 2000s and shortage of sugar in 2009 due to the prices fixed by government which were below the cost.

INTERNATIONAL EXPERIENCE

Brazil

The Brazil Government since 1997 ceased to set the sugarcane price, set production quotas and to control exports. The Brazilian model is one of higher domestic prices and a substantial surplus for ethanol production and exports.

Thailand

In Thailand, retail ceiling exists to protect consumers from upwards price fluctuations. The fact that Thailand's sugar industry is export-centric, they have to remain competitive.

India

In India, the concept of Minimum Selling Price (MSP) of sugar was introduced in 2018 for sale by sugar mills at the factory gate (ex-mill price) for domestic consumption so that the sugar industry could get the minimum cost of production of sugar to enable them to clear the payment to farmers for sugarcane. Due to the surplus sugar, the Government has dispensed with the requirement of obtaining an export release order and import duties have been set quite high to deter imports of sugar.

RECOMMENDATIONS

MORE EFFICIENT AGRICULTURE POLICY

Pakistan's protection of the domestic sugar industry through tarrifs and subsidies has not allowed it to develop the necessary capability to compete in the international market for sugar by-products (like ethanol), for which demand is stronger. A more efficient agriculture policy may be considered, which would take all factors into consideration, including domestic exigencies as well as international reality and direction. This will be in line with the Federal Government's desire to achieve effective deregulation.

REVENUE-SHARING POLICY

The Punjab Government may consider the viability of non-price interventions at the farm level such as introducing a revenue-sharing policy between the millers and the farmers - for instance, in some countries, there is direct payment to farmers' model. An incentive based system where farmers are paid according to quality of crop may also be introduced.

REMOVING SUBSIDIES, ENSURING COMPETITION IN MARKET

Better options for Pakistan than setting a price ceiling lie in deregulation, removing subsidies, and ensuring competition in the market. Competitive sugar pricing and removing restrictions on the imports and exports of sugar (without subsidies) would give sugar producers market-based incentives to enhance their productive, technical and allocative efficiencies as well as focus on the necessary research and development to improve the sector.

FOCUS ON R&D

The CCP recommends to focus on R&D in Yield and quality and to make technological improvements in the processes at the mills to make manufacturing process more efficient and cost productive.

CONCLUSION

In the past also, the CCP through various policy notes and opinions has always supported full, free and fair interplay of market forces and making only institutional intervention necessary to correct any market malfunctioning as well as to maintain appropriate strategic reserves to draw upon where needed. The short-term benefit of fixing prices (if any) does not justify the long term loss caused by such policies.

Free trade in sugar would make consumers better off by discouraging hoarding and over-pricing in the domestic market. These measures would definitely impact the development of the competitive sugar industry in Pakistan, leading to economic efficiency.

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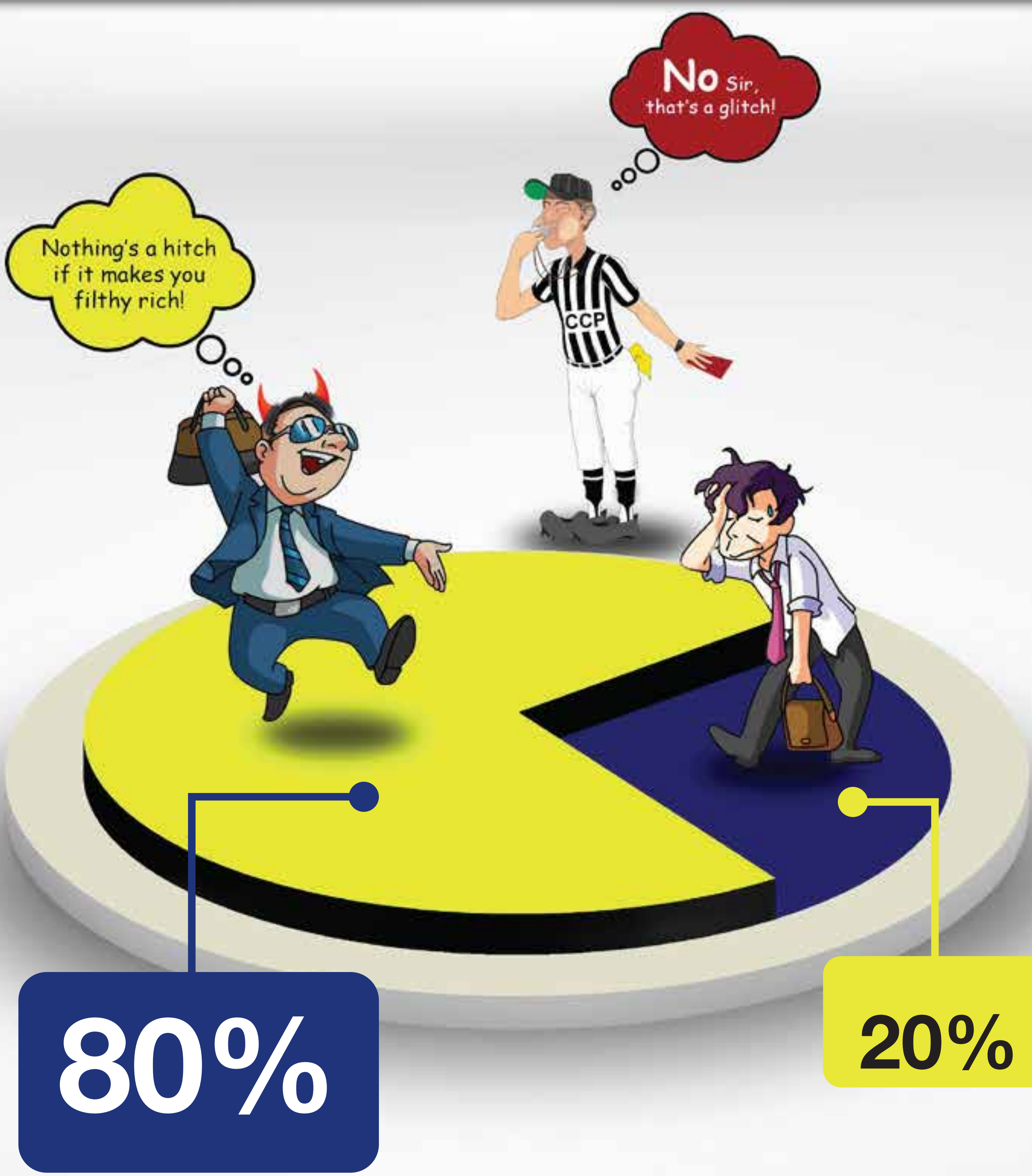
TACKLING CARTELS AND **MONOPOLISTIC BEHAVIOUR**



Enquiry Kicked off Against Suspected Cartelisation in Milk Sector

The Commission took notice of the media reports and concerns raised by a consumer association against the rise in the price of milk in Karachi and its adjacent areas by different dairy associations at farm, wholesale and retail levels. Reportedly, the Dairy Farmers Association (DFA) Karachi raised the price of milk from PKR. 110/ litre to PKR. 120/litre with an immediate effect, against the official government rate of PKR. 94/litre, resulting in a daily liability passed on to consumers to the tune of approximately PKR 130 Million and an annual impact of around PKR 47 billion. The absence of competition on prices resulted in market distortion and costlier milk for consumers irrespective of the milk quality.

Milk is an essential commodity and a key ingredient in desi ghee, butter, cheese, various confectionaries, and several cosmetics. Therefore, a change in the price of milk affects all these and other products throughout the country.

An analysis of the milk supply chain in Karachi revealed that five cattle colonies in Karachi's outskirts supply fresh milk to the city. The supply chain consists of dairy farmers, wholesalers, and retailers. Milk is sold to retailers through an annual contract called 'bandhi', in which various dairy and retailer associations fix the rate and quantity for the purchase of milk.

As per the enquiry committee, the Commissioner Karachi Division notifies the prices at all tiers of the milk supply chain. The last such notification was issued on 14 March 2018, fixing the prices per litre at PKR 85 per litre for the dairy farmer, PKR 88.75 for wholesalers, and PKR 94 per litre for retailers. However, the official data shows that the notified prices were not adhered to mainly due to various associations involved in the milk supply chain.

The enquiry revealed that the Dairy & Cattle Farmers Association Karachi (DCFAK), Dairy Farmers Association Karachi (DFAK) and Karachi Dairy Farmers Association (KDFA) had allegedly formed a cartel and were announcing the rates of bandhi. Bandhi is an annual contract that binds retailers to a fixed price and quantity of milk. Therefore, an increase in the bandhi rate impacted prices at all other levels of the supply chain, including wholesalers and retailers.

The Commission's enquiry concluded that rate announcements or even recommendations by associations to fix the price of milk were in, prima facie, violation of Section 4(1), 4(2)(a) of the Act. As per the enquiry's recommendation, the Commission initiated proceedings under Section 30 of the Act against DCFAK, DFAK and KDFA.

Hearings Conclude in Sugar Cartelisation Case

In January 2021 the Commission commenced hearings in the proceedings against Pakistan Sugar Mills Association (PSMA) and 84 member mills for, *prima facie*, cartelisation, in violation of section 4 of the Act.

PSMA and its members were provided with an opportunity of hearing to plead their cases with reference to the, *prima facie*, violations indicated in their respective Show Cause Notices issued in November 2020. As per enquiry report of the Commission, PSMA and 84 sugar mills were found to be in, *prima facie*, violation of the Act, as through discussion of supplies and stock of sugar, they were collectively pre-determining export quantities of sugar. Such conduct allegedly amounted to the fixing or setting, controlling supply of sugar and lead to an increase or maintenance of a desired price level in the market.

The enquiry report also concluded that, *prima facie*, mills located in Punjab were sharing commercially sensitive stock information amongst themselves and that the decision of PSMA to create zonal divisions in punjab coordinated sales, stock positions and production quotas amongst punjab mills. Furthermore, certain mills are alleged to have used PSMA's platform to take a collective decision to divide amongst themselves the quantity of sugar to be supplied for 02 Utility Stores Corporation (USC) tenders. Another allegation is that 15 mills in Punjab Zone collectively decided to cease crushing activity from 30th December 2019 to 11th January 2020.

The Commission held hearings on 7th, 11th, 15th and 20th, 21st, 25th and 27th January 2021 respectively to hear PSMA and 56 sugar mills through their respective counsels. The matter was initially fixed for hearing on 20th, 24th and 25th November 2020, however, owing to respondents' requests adjournments were granted on various grounds. Owing to the importance of the matter, a full bench of the Commission comprising of Chairperson Ms. Rahat Kaunain Hassan and Members Ms. Shaista Bano, Ms. Bushra Naz Malik and Mr. Mujtaba Lodhi heard the matter.

The Commission concluded hearings in the matter in May 2021. The Bench will issue an Order regarding the*, prima facie,* violations of Section 4 of the Act.

FINDINGS OF ENQUIRY REPORT OF

DAIRY SECTOR CARTELISATION

CONCERNS & COMPLAINTS

- Cartelization/price fixing in dairy sector
- Price rise of milk at farm, wholeseale, retail level
- Dairy Farmers Association (DFA) Karachi allegedly raised milk price from Rs. 110 per litre to Rs. 120 per litre as against the official rate Rs. 94 per litre

Spillover effect:

- Milk price hike affects the prices of desi ghee, butter, cheese, a variety of confectionaries, and several cosmetics accross the country

IMPACT OF PRICE RISE ON CONSUMERS

Net Daily Impact	Net Annual Impact
PKR 130 Million	***PKR 47 Billion***

DAILY DEMAND OF KARACHI

SUPPLY CHAIN IN KARACHI

CATTLE COLONIES/ DAIRY FARMERS

SUPPLY TO

WHOLESALERS

SUPPLY TO

RETAILERS

SUPPLY TO

LEE(BOLTON MARKET)

BANDHI

PARALLEL SUPPLY CHAIN

OVERVIEW OF THE DAIRY SECTOR SUPLY CHAIN IN KARACHI

- Fresh milk in Karachi is supplied by ***five cattle colonies*** located on the outskirts of the city
- There are three major dairy farmers associations in Karachi namely:

  i) Dairy & Cattle Farmers Association Karachi (DCFAK)
  ii). Dairy Farmers Association Karachi (DFAK)
  iii) Karachi Dairy Farmers Association (KDFA)
- The supply chain of milk consists of dairy farmers, wholesalers, and retailers
- Milk is sold to retailers through an annual contract called ***'bandhi'*** in which the rate and quantity for purchase of milk is fixed by various dairy and retailer associations
- Milk can also be purchased from the mandi located at Lee (Bolton) market
- Commissioner Karachi Division notifies the prices at all tiers of the milk supply chain and fixing the prices per litre as ***Rs. 85 per litre for the dairy farmer, Rs. 88.75 for wholesalers, and Rs. 94 per litre for retailers***

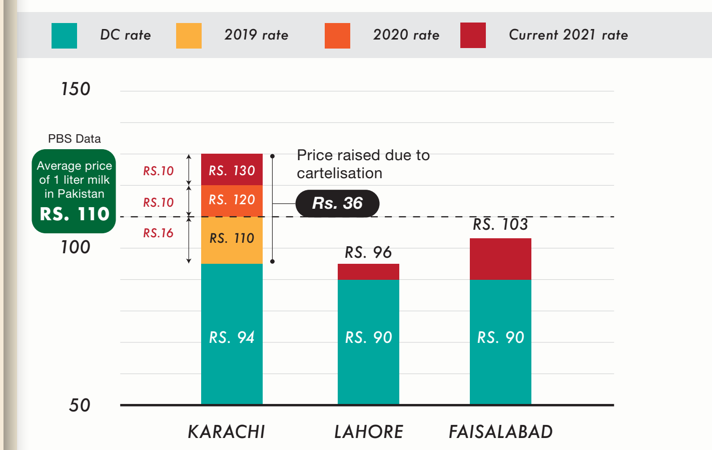
DAIRY ASSOCIATIONS, *PRIMA FACIE*, INVOLVED IN CARTELISATION

i) Dairy & Cattle Farmers Association Karachi (DCFAK)
ii). Dairy Farmers Association Karachi (DFAK)
iii) Karachi Dairy Farmers Association (KDFA)

ENQUIRY FINDINGS

1. In February 2021, an informant shared some video footages of representatives of DCFAK announcing the revised prices of milk in Karachi
2. Evidence shows that all the three dairy associations in Karachi (i.e. DCFAK, DFAK & KDFA) had formed a cartel and were announcing the rates of bandhi
3. In July 2020 and February 2021, decisions to fix the prices of fresh milk in Karachi were primarily taken by DCFAK.
4. Other two dairy farmers associations-DFAK and KDFA followed suit and raise the prices of milk
5. A city-wise comparison among Karachi, Lahore and Islamabad-Rawalpindi shows that only Karachi has a uniform milk price, which points towards rate fixation by the various dairy associations

MILK PRICE DATA ANALYSIS (CITY WISE)



Price data shows that In July 2020 prices rose from average of Rs.110 per litre to Rs. 120 per litre and in March 2021 prices rose from Rs. 120 to Rs. 130 per litre

CONCLUSION

1. Decisions to fix the rate of bandhi in the relevant market is a, prima facie, violation of Section 4 of the Competition Act 2010.
2. Rate announcements by associations to fix price of milk is prima facie violation of Section 4(1) read with Section 4(2)(a) of the Competition Act, 2010

ENQUIRY COMMITTEE RECOMMENDATION

In light of the findings, the enquiry committee recommended the Commission to consider initiating proceedings under Section 30 of the Act against DCFAK, DFAK and KDFA

Abnormal Increase in Prices of Poultry Products Triggers Cartel Investigation

The Commission took notice of a drastic increase in the prices of various poultry products, including broiler chicken, table eggs, and day-old broiler chicks and started an enquiry. It was noted that from March 2020 to May 2021, the prices of chicken and eggs were increased of 110% and 42% respectively. While exercising its power under Section 34 of the Act, two teams of the Commission entered and searched the premises of PPA and an undertaking to impound relevant record for scrutiny.

As part of the investigation the Commission conducted a search and inspection of Pakistan Poultry Association (PPA) and an undertaking in Lahore on June 1st, 2021.

The impounded data consisted of minutes of the meetings of PPA and computer-stored information of the representatives of both, PPA and an undertaking. The record and material seized by the Commission's investigation teams may possibly provide verification of anti-competitive practices, including price fixing of the day-old chicks, broiler chicken, and eggs. Furthermore, it may also indicate a conceivable role of PPA and other undertakings in the recent price hike of poultry products.

It is pertinent to mention that the National Price Monitoring Committee (NPMC), being focused on prices of essential commodities, also held meetings under the chairmanship of the Federal Finance Minister and stringent notice was taken by the provincial governments; including Punjab and Khyber Pakhtunkhwa. In due course, the findings of another Commission's enquiry in feed mills cartelisation also helped in bringing chicken broiler prices from PKR. 325/kg to PKR. 233/kg over the past two weeks.

> “*The record and material seized by the Commission's investigation teams may possibly provide verification of anti-competitive practices, including price fixing of the day-old chicks, broiler chicken, and eggs*

Enquiry Unearths Poultry Feed Mills' Collaboration to Fix Prices

The Commission took suo motu notice of the concerns and complaints regarding a concurrent increase in the price of poultry feed and initiated an enquiry. Overall since December 2018 to December 2020, the average cumulative increase in prices per bag is PKR 836/- which is a 33% increase. Moreover, data obtained from the Pakistan Bureau of Statistics (PBS) suggested that chicken prices rose by 18.31% and eggs by 5.2% in September 2020. The rise in these prices coincided with an increase in feed prices by almost PKR 100 per bag.

In October 2020, a fresh increase by poultry feed mills in the prices of layer by PKR 125 and broiler feed by PKR 175 resulted in a 26.62 per cent increase in the chicken prices and a 23.81 per cent increase in egg prices compared to September 2020. In November 2020, the poultry feed prices rose again by Rs. 150 per bag, causing the prices of chicken and eggs to rise by 20.76 per cent and 5.23 per cent, respectively. Similarly, in December 2020, the poultry feed prices rose by Rs.250 per bag, causing the chicken and egg prices to rise by 3.21% and 14.08%. Sources shared the concerns that some of the top poultry feed mills' officials met at different locations and fixed the poultry feed prices. The Commission carried out a search and inspection of the two major poultry feed mills based in Rawalpindi and Lahore on 4 February 2021 to impound the proofs of their suspected involvement in collusive activities and collective fixing of poultry feed rates.

The impounded record revealed that the feed mills were part of an active Whatsapp group for the sake of bilateral discussions on intended price changes. Furthermore, the official price list submitted by the mills, during the investigation, also provided evidence that the price changes discussed over the forum of Whatsapp group were actually implemented simultaneously.

The enquiry report concluded that from December 2018 to December 2020, the poultry feed mills collaborated to fix the price of poultry feed, which constitutes a prima facie violation of Section 4 of the Act. On the enquiry's recommendations, the Commission issued show cause notices to the feed companies.

> "*19 feed mills were using an active WhatsApp group to announce a collective rise in prices, the effective date and the amount of the increase.*

Search & Inspection of Poultry Feed Mills

On 3 February 2021, exercising its powers under Section 34 of the Act, the Commission authorized a search and inspection of two leading poultry feed mills based in Rawalpindi and Lahore. Two different teams conducted the inspections and impounded relevant print and electronic data. The search team members suspected that the impounded data might include evidence pointing towards price change coordination among the feed companies. A cursory glance at the impounded record revealed that some officials of 19 feed mills used an active WhatsApp group to collectively announce the fixed prices, the effective date, and the increased/fixed amount. The official price lists of these companies corroborated these findings.

FINDINGS OF ENQUIRY REPORT ON

POULTRY FEED SECTOR CARTELISATION

CONCERNS & COMPLAINTS

- The CCP took a suo motu notice of the concerns and complaints received through the PM Citizens Portal and the CCP's own online complaint management system, alleging that some of the leading mills in the country collusively raised poultry feed prices.
- The complainants also included poultry farmers whose business were hit by the costlier feed prices.

Poultry feed producing mills in Pakistan
350

- **150** registered mills
- **200** unregistered mills

Cost of broiler meat and eggs comprise of
75 - 80%
Poultry feed cost

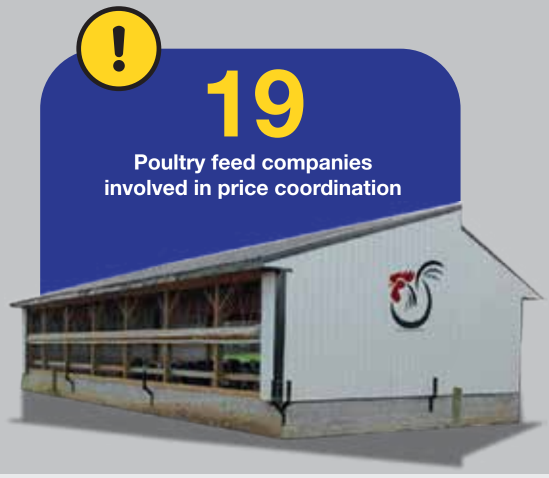
Pakistan's annual poultry feed consumption for 2019-20	Annual turnover of poultry feed	Annual turnover of poultry feed	Current investment in sector is more than
6.6 Million tons	**11th** Largest producer in the world	PKR **396** Billion	PKR **700** Billion

SUPPLY CHAIN

Poultry feed producers

- Through dealers
- Direct sales to poultry farmers

FINDINGS OF THE ENQUIRY REPORT



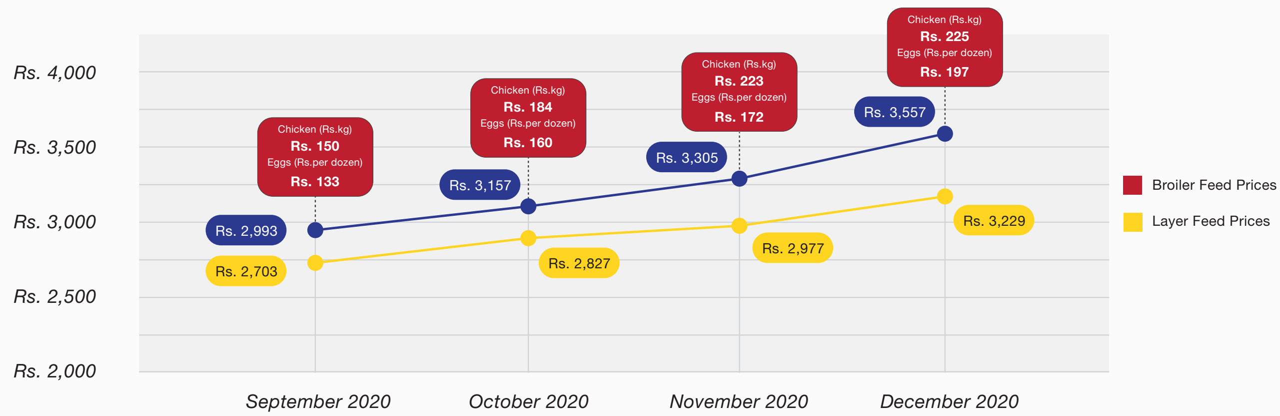
*Findings of the enquiry report revealed that **19 poultry feed companies** have been involved in price coordination*

*Officials of 19 feed mills were using an active **WhatsApp group** to discuss and fix the prices of feed.*

Price discussions included not only the effective date of increase but also the amount of increase to be made.

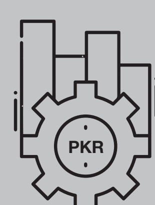
Enquiry revealed that from December 2018 to December 2020, the feed mills colluded to raise the poultry feed prices by Rs. 836 thus making the feed 33% costlier for the poultry farmers.

FINDINGS OF THE ENQUIRY REPORT



INPUT COSTS ANALYSIS OF POULTRY FEED

- *An analysis of poultry input costs shows that maize, which is the primary component of feed, constitutes 55-60% in terms of physical usage in feed, approximately 40% of the cost.*
- *Maize witnessed a bumper crop in FY 2019-20 and was abundantly available.*
- *Moreover, in FY-2019-20, maize prices fell by 7% compared to prices in the previous year and in the first quarter of FY21, were 12% lower than 2019-20.*
- *On the other hand, soybean meal, another critical raw material, saw higher prices.*
- *However, a rise in input prices cannot be used as a justification to increase feed prices uniformly as each mill has a different cost structure and business model.*



CONCLUSION

As per findings, from December 2018 to December 2020 the undertakings have acted in a collective manner to fix the price of poultry feed which constitutes a, prima facie, violation of Section 4 (1) read with Section 4 (2) (a) of the Competition Act, 2010.

The undertaking's argument that the increases were on account of rising input costs does not hold merit.

ENQUIRY COMMITTEE RECOMMENDATION

The Enquiry report recommended the Commission to initiate further proceedings against the all poultry feeding mills for their alleged involvement of anti-competitive practices under Section 30 of the competition Act, 2010

DHA-I Islamabad Directed to Give Right of Way to Nayatel for Network Deployment

The residents of DHA-1 Islamabad expressed their concerns about the absence of competition in CIT services in the area. They stated in their complaints that the DHA-1 administration had allowed only two operators, i.e. Pakistan Telecommunication Company Limited (PTCL) and DHAI Teleman, to operate in the area. According to them, Nayatel, which was interested in offering its services in DHA-1, was not being given the Right of Way.

Right of Way (ROW) is a platform for internet service providers to provide CIT services. According to complaints, DHA management had given ROW to PTCL and DHAI Teleman in DHA-1 while denying it to Nayatel on equal terms and conditions.

Taking notice of the concerns, the Commission conducted an enquiry, which concluded that DHA management had prima facie, abused its dominant position in violation of Section 3 of the Competition Act, 2010 by not allowing Nayatel to operate in the relevant market. On enquiry's recommendations, the Commission initiated proceedings against DHA-1 Islamabad under Section 30 of the Act.

The Bench in its Order examined the issue in light of the 'essential facility doctrine' to the matter. It observed that the CIT services are an essential need for the citizens, both for personal and commercial use in the current era. The Order further stated that the residents of DHA-I were demanding CIT services from Nayatel, being a Fiber-to-the-Home ('FTTH') based CIT service provider. However, DHA-I's management, abusing its dominant position, refused to issue a NOC to Nayatel to install its infrastructure within DHA-I Phase-I and other sectors.

The Order stated that DHA-I was holding a dominant position in the relevant market and had granted ROW to PTCL, Transworld, Wateen and its subsidiary, DHAI Teleman, for providing (G-PON) and allied CIT service to DHA-I residents. The licensee seeking the ROW was Nayatel. The already existing service providers were on a cost-sharing basis with DHA-I rather than on a revenue-sharing basis. The Order observed that DHA-I had failed to explain any logic as to why there had been a disparity between the charges offered to Nayatel and other incumbents, which amounted to discrimination and application of dissimilar conditions to the same transaction, under Section 3(1)(3)(e) of the Act.

The Order found support from a directive issued by the Ministry of Information Technology and Telecommunication in October 2020, called the "Public and Private Right of Way Policy Directive" ('the Policy Directive'). The Policy Directive stated that "the Public Authority shall not discriminate any licensee towards charging of right of way fee and there shall not be any differential or preferential treatment in right of way fee for any type of licensees including other utility service providers and those wholly or partially owned by the Federal or Provincial Government or the Pubic Authority."

The Commission gave a chance to DHA-I to correct its behaviour and offer Nayatel within 90 days from the date of the Order to use the ROW on terms and conditions no less favourable than the incumbent service providers. It did not impose any penalty on DHA. Nevertheless, in case of non-compliance, DHA-I would be liable to pay PKR 2 Million for violating Section 3 of the Competition Act, 2010, in addition to appropriate penalties for non-compliance under Section 38 of the Act.

"

The Commission directed DHA-I to correct its behaviour and offer Nayatel within 90 days from the date of the Order to use the ROW on terms and conditions no less favourable than the incumbent service providers.

2 Curtailing Deceptive **Marketing Practices**

PKR 150 Million Penalty Imposed on Reckitt Benckiser Pakistan

Square Distribution & Marketing System sent a formal complaint alleging that Reckitt Benckiser Pakistan Limited had been disseminating misleading information to the consumers by promoting its product 'Strepsils' as a drug for sore throat and cough.

Reckitt acquired Strepsils from Boots in 2005, and at that time, it was a prominent trademark known in Pakistan as a drug for curing throat ailments. However, upon acquisition, Reckitt de-registered it as a drug and re-launched the product with the disclaimer' Non-medicated Lozenges' without the pharmaceutical ingredient. However, the company allegedly made no effort to educate and inform the consumers regarding the discontinuation of its medicinal ingredient.

The Commission's enquiry found Reckitt's marketing campaign for Strepsils as, prima facie, deceptive in terms of Section 10(2)(b) of the Act, which prohibits the distribution of false and misleading information to consumers. Moreover, in its marketing campaign, Reckitt made the general public believe that 'Strepsils' was still a medicated sore throat remedy. The respondent's misleading campaign was also capable of harming the business interests of other undertakings in prima facie violation of Section 10(1) in general, and in particular, Section 10(2)(a) of the Act.

Emphasising the role of branding in marketing campaigns, the Order stated that the change in the product formula had changed the character from being a medicine to a non-medicated product. The Bench agreed with the enquiry finding that the marketing campaign could mislead consumers and be harmful to the businesses. It also observed that the disclaimer on the product box was inadequate. Barely printing 'Non-Medicated Lozenges' on the product box and that too in a tiny font did not discharge the onus of making due and sufficient disclosures of such material change in the product's character. Moreover, the respondent had failed to satisfy the Commission on how and to what extent efforts were made to inform the general public about the change in the product formula.

Given the findings for each of the violations of Section 10 read with Section 10(2)(a) and (2)(b) related to deceptive marketing practices, the Bench imposed a total penalty of PKR 150 million [PKR 75 million for each of the violations]. The Bench further directed the respondent to stop misleading marketing practices of the product and required the respondent to print the disclaimer/disclosure, 'NON-MEDICATED', in English and also Urdu in bold words, on the product box as well as on the strips in print and/or in electronic advertising/marketing material. Moreover, it required Reckitt to place in Urdu the disclaimer "ye dawa nahi, dawa ke liye doctor se ruju Karen".

The Bench gave 40 days to the respondent for compliance with the Order. It also directed the respondent to publish advertisements in at least three English and Urdu newspapers having nationwide circulation regarding the change in the product's character from medicated/drug to food category in Pakistan. Such advertisements were directed to be given once a week until compliance was ensured within the time specified.

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Barely printing 'Non-Medicated Lozenges' on the product box and that too in a tiny font does not discharge the onus of making due and sufficient disclosures of such material change in the product's character

- CCP's Order

Show Cause Notice Against PakWheels Disposed of

The Commission passed an order deciding the matter of alleged deceptive marketing practices by PakWheels for fraudulently using the trademark of OLX Classified Pakistan (OLX).

The Commission's two-member Bench passed the order after hearing both the parties. It set aside the enquiry report and disposed of the show cause notices issued to PakWheels for the absence of reliable evidence.

OLX had complained against PakWheels for copying advertisements/listings and photographs bearing its watermarked logo and posting on their website without authorization. OLX alleged that such unauthorized use of its trademark by PakWheels violated Section 10 of the Competition Act, 2010.

The Commission's enquiry found that PakWheels was, ***prima facie,*** fraudulently using the registered trademark and logo of OLX along with the photographs and description without its authorization or consent. Consequently, PakWheels had, ***prima facie,*** engaged in distributing false and misleading information to the consumers related to the properties and place of production in violation of Section 10. The Commission issued a show cause notice to PakWheels and held hearings in the matter.

PakWheels denied these allegations by stating that online platforms usually allow relative freedom and anonymity to the users in posting their advertisements even on more than one website. Pleading its innocence in the matter, PakWheels further stated that possibly, due to lack of knowledge or awareness of the relevant laws, the users/third parties might have inadvertently posted OLX watermarked photos on its website. Moreover, the old online content relied upon by OLX as evidence would be difficult to judge as true or false because a listing/advertisement is generally removed from the website once the transaction is complete. Therefore, it was not possible to verify the evidence provided by the Complainant.

The Bench constituted a Technical Committee to ascertain the facts about the matter and give an expert opinion vis-à-vis the technical nature of the evidence available on record. The Committee filed its report in which it concluded that PakWheels had not copied or reproduced advertisements/listings posted initially on the OLX website.

Given the finding of the Technical Report and the absence of reliable evidence, the Bench set aside the enquiry report and disposed of show cause notices against PakWheels.

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Show Cause **NOTICES ISSUED**

Nestle Pakistan Limited

Parents Pakistan filed a complaint alleging that Nestle Pakistan was distributing false and misleading information to the consumers about three of their products i.e. Nido FortiGrow, Nido 3+ and Bunyad, through product packaging, labeling, advertisements on their website and social media platforms.

The Commission initiated an enquiry and discovered that although Nido 3+, complying with the Supreme Court Orders, changed the labelling of their product to "Growing up Formula" instead of "Growing up Milk." However, they were still advertising their product with the old packaging (seen on their Facebook page), hence, disseminating false and deceiving information to their consumers.

It is pertinent to mention that the August Supreme Court of Pakistan had initiated proceedings where various dairy products including Nido FortiGrow were subject to testing. The result of those proceedings was that Nido FortiGrow did not qualify as milk and it was mandated to change its label to include a statement that the product was not natural milk. However, despite this mandate, Nestle continued to market its product as milk.

The enquiry committee also discovered that the product link provided on Nestle's Facebook page was not updated rather the packaging before 2018 was available stating Nido FortiGrow as "Full Cream Powder Milk." Hence, the advertisement was in, prima facie, violation of Section 10 of the Act. As for the case of Nestle Bunyad, it also had inaccurate nutritional information on their product. Moreover, Nestle's advertising flyers failed to mention that the fat content in their product is predominantly sourced from vegetable oils and not skimmed milk. On the contrary, the product's advertisement constantly included statements like, "jis mein doodh ke saath saath…"

Based on the findings of the enquiry, the Commission initiated proceedings against Nestle Pakistan for, ***prima facie***, violation of Section 10 of the Act.

Unilever Pakistan Limited

The Commission received a complaint from Reckitt Benckiser alleging that Unilever Pakistan was making absolute claims regarding its products, Lifebuoy Soap, and hand wash.

The Commission conducted an enquiry and found that Unilever Pakistan was harming other undertakings' business interest and deceiving consumers by making misleading claims about the quality and properties of their products. Their claims included: '100% guaranteed protection from germs', and 'World's no. 1 germ protection soap'. It was also revealed that in comparison to the claim of "World's No. 1 Germ Protection Soap", which was printed visibly, the disclaimer was printed in tiny fonts.

Based on the fact findings of the enquiry, the Commission considered Unilever Pakistan to be, ***prima facie***, violating provisions of Section 10 of the Act. Thus, a Show Cause Notice was served to Unilever Pakistan.

Hyundai Nishat Motor

The Commission took a Suo Motu notice of the advertisements campaign for 'introductory price' of Hyundai Tucson with a disclaimer, 'for a limited period only'. In these advertisements, though the 'introductory price' was visibly printed, yet the disclaimer was not noticeable for being in a much smaller font size. It was further brought to the Commission's attention that the 'introductory price' lasted only for 24 hours, after which the price was raised by PKR 200,000. Within 24 hours the company took off the listing for the introductory price from all their social media platforms and claimed that all units of the Tucson at the introductory price were booked in the first 24 hours.

The Commission's enquiry found advertisement to be problematic as the disclaimer could potentially mislead the consumers. Moreover, the company neither clearly indicated the period for application of introductory prices, nor the number of vehicles that were available at that price point. Therefore, prima facie, violated Section 10 of the Competition Act. Given the findings of the enquiry, the Commission issued a Show Cause Notice to Hyundai Nishat Motor and were granted 14 days, from the date of issuance, to respond.

Kennol Petroleum, Japan Lube Petroleum and Technolube llc. & Dewan Oil Store

The Commission received a complaint from a France-based company, KENNOL Performance Oil against four Pakistani firms: Kennol Petroleum, Dewan Oil Store, Techno Lube, and Japan Lube Petroleum for copying the package of their product, 'KENNOL ULTIMA 20W60'. KENNOL Performance Oil claimed that their product is registered in France and in Pakistan with the Intellectual Property of Organization (IPO) and they had not authorized any firm in Pakistan to use it locally. Therefore, copying the package of their registered product could lead to deceive consumers and may harm their business interests.

The Commission's enquiry concluded that three out of the four Respondents i.e. Kennol Petroleum, Japan Lube and Dewan Oil Store were counterfeiting the packaging style and design of KENNOL Performance. Hence, they were in, ***prima facie***, violation of Section 10 of the Act. However, ***prima facie,*** violation against TechnoLube was not established since there was no adequate evidence to support the claims made against them.

As per the enquiry's recommendation Show Cause Notices were served to Kennol Petroleum, Dewan Stores and Japan Lube they were directed to respond to the notices. However, in the case of TechnoLube the Commission decided to dismiss the case in accordance with the law.

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ADVOCATING THE LAW

22nd Competition Consultative Group (CCG) Meeting Held

After the gap of six years, the Commission held its' 22nd Competition Consultative Group (CCG) meeting on 24 June, 2021. The CCG is an informal think tank which the Commission established in 2008 to consult with the stakeholders on competition-related matters.

The participants included: Mr. Tariq Iqbal Khan Chairman Audit Oversight Board, Ms. Birgitt Lamm Country Head Friedrich Naumann Foundation Pakistan, Sardar Yasir Ilyas President of Islamabad Chamber of Commerce and Industry, Shahraiz Ashraf Malik Vice President of Rawalpindi Chamber of Commerce and Industry, Mr. Abdul Aleem General Secretary OICCI, Mr. Rifat Parvez Additional Secretary/Executive Director General Board of Investment, Mr. Sajjeed Aslam Head ACCA Pakistan, and senior officials from SECP, PPRA, NEPRA, IPO, PTA, IFPRI, IDE, Pakistan Microfinance Network, and SDPI.

The participants were briefed on the Commission's initiatives, performance and strategic vision. A presentation on the Commission's draft report on Small and Medium Enterprises (SME) sector, exploring the ways and means of improving competitiveness and economic efficiency of SME's by providing recommendations to the draft SME Policy Framework was also given.

Furthermore, the draft report titled, "Promoting Economic Efficiency of Small and Medium Enterprises (SMEs) in Pakistan", drew comparisons between the 2007 SME Policy and the updated Draft SME Policy 2020 and offered recommendations under the Commission's mandate to further improve the draft SME Policy Framework.

The meeting was chaired by Ms. Rahat Kaunain Hassan and the Commission's Members, Ms. Shaista Bano, Ms. Bushra Naz Malik and Mr. Mujtaba Ahmad Lodhi and Director Generals were also present in the meeting.

Mr. Hashim Raza CEO SMEDA, while joining the meeting online, praised the initiative and assured his full support to Commission. Mr. Rifat Parvez, Additional Secretary/Executive Director General BOI, said that the Commission's job was vital in establishing an enabling environment for foreign direct investment in Pakistan. The OICCI General Secretary Mr. Abdul Aleem, assured OICCI's full help to the Commission in establishing a competitive business environment.

While briefing the participants about the Commission's strategic vision, the Chairperson informed that while enforcement and policy intervention remain the top priority, the other key areas of focus include the essential commodities for removing anti-competitive distortions in the market, public procurement for reducing collusive practices and promoting fair competition, concession agreements for regulating exclusivity, digital markets and e-commerce for consumer protection, improving the economic efficiency of SMEs and SOEs, collaborations and partnerships for providing guidelines, improving compliance by strengthening the Leniency Framework, and knowledge-based advocacy.

The Chairperson further shared with the participants that the Commission has initiated the process of hiring sectoral specialists in around 12 sectors, i.e., automobile, cement, energy (electric power and renewable energy), cooking oil, sugar, wheat, banking, pharmaceutical, poultry, education, road construction, and steel. The Commission also plans to develop and declare e-commerce policy guidelines to educate consumers on electronic marketplace and encourage fair trade practices to address the potential conflict of abuse and deceptive marketing practices in the e-commerce domain.

It was also briefed that during July 2020 – June 2021, the Commission completed 20 enquiries, initiated 21 new ones, conducted 12 search and inspections, issued 120 show-cause notices, completed hearings of 80 sugar mills in the sugar cartelisation case, and passed four Orders. During the same period, the Commission also managed to issue two Policy Notes to the government in the sugar and wheat sectors and processed 49 mergers & acquisitions and 40 exemption applications.

L to R: Ms. Bushra Naz (Member), Mr. Mujtaba Ahmed Lodhi (Member), Ms. Rahat Kaunain Hassan (Chairperson) and Ms. Shaista Bano (Member)

The participants of CCG Meeting

Chairman IPO, Mr. Mujeeb Ahmed Khan and Chairperson CCP, Ms. Rahat Kaunain Hassan and Member CCP, Ms. Bushra Naz Malik while signing the MoU

MoU Signed with Intellectual Property Organisation for Information Sharing & Capacity Building

In February 2021, the Commission signed a Memorandum of Understanding (MoU) with the Intellectual Property Organization of Pakistan (IPO) for capacity building of enforcement staffs to effectively deal with the competition law and intellectual property violations.

The MoU was signed by the Commission Chairperson Ms. Rahat Kaunain Hassan and IPO Chairman Mr. Mujeeb Ahmed Khan in a ceremony held at the Commission's office in Islamabad. In attendance were the Commission's Members Ms. Bushra Naz Malik and Ms. Shaista Bano as well as senior officials from both the Commission and IPO. The major thrust of the MoU was to promote mutually beneficial cooperation between the Commission and IPO in the areas of advocacy, research, capacity development, awareness and outreach programs. The MoU will allow the two regulators to not only exchange information on pertinent issues, but also consult on matters relating to their statutory roles. Furthermore, the MoU covers training of staffs of both regulators with regard to their respective mandates, and aims at developing and bolstering partnerships with other organizations that may assist in capacity building of both parties.

The Commission is a statutory body mandated to protect and promote competition in Pakistan's economy by, inter alia, curbing anti-competitive practices including deceptive marketing practices. Whereas, IPO is a statutory body with the responsibility of managing intellectual property rights through copyright, trademarks, patents and other general types of intellectual property regulations. The MoU reaffirms the long-standing association between the two agencies and leverage each agency's comparative advantage to promote fair business practices in the economy.

Members of Council of Economic & Energy Journalists (CEEJ) Visit CCP

The office-bearers of the Council of the Economic and Energy Journalists (CEEJ), Karachi, visited CCP. The Chairperson Ms Rahat Kaunain Hassan briefed them on the CCP's work and extended her appreciation to the print and electronic media for highlighting competition issues.

INTERNATIONAL WOMEN'S DAY 2021 CELEBRATIONS AT CCP

Women's Contribution in 'Achieving an Equal Future' Highlighted

To mark International Women's Day 2021, the Commission held a series of events from 8 to 10 March at its head office in Islamabad. The events featured a variety of activities including inspirational speeches by the successful women from different fields of professions, candid discussions between the female employees and the Commission Members, a documentary depicting the contributions of women in CCP, and the compilation of views of female staff members in the form of a booklet.

Speakers Underscore Women's Role in Public & Private Sector

The third and final day was marked by the presence and participation of three eminent women in leadership roles,

Ms. Shahnaz Wazir Ali, the recipient of Sitara-e-Imtiaz, shared her extensive experience while serving in civil society and the government in the fields of education, politics, healthcare, and women's development. She spoke about the current change and role of women in politics and what struggle women have faced in reaching where women are today. She emphasized that: "What matters is, the clarity as to what you want and the position you earn will follow you".

Similarly, Ms. Sadia Khan, who was the youngest female Executive Director in SECP where she is currently serving as the first female Commissioner, shared that "perseverance, professionalism, and passion have contributed to leading her where she is today". She also pointed out that "on the aspect of corporate governance there is a change in awareness, however, boards ought to be encouraged to have more and more female representation."

Lastly, Ms. Maheen Rahman who was awarded a place in Forbes '40 Under 40 Female Executives 2015 list, being the youngest CEO of an asset management company in Pakistan, shared her own experiences. She emphasized "the need for women to be in policymaking and leadership roles" and also emphasized that women should accept the challenge and not let go of any opportunity that comes their way for fear of failure."

Ms. Rahat Kaunain Hassan, the Chairperson, in her concluding remarks highlighted that "from status quo to change and progress, it lies within our power to opt and choose. Women must exercise their choice and choose to challenge all that is not acceptable". She added that it is also important to acknowledge, appreciate and express gratitude to all those who help in bringing change and creating an enabling environment.

A Candid Session with the Chairperson

On 8 March, the Chairperson Ms. Rahat Kaunain Hassan held a candid session with the female officers, who comprise approximately one-third of the Commission's workforce. In the session, the Chairperson launched an in–house documentary titled, "Achieving an Equal Future" made by the Commission's Advocacy Department on the role of women in the Commission since its beginning. The documentary encapsulates the contributions of women in all roles including leadership, functional and staff support.

Balochistan's 1st Female AC Shares her Experiences

For the session on 9 March, Ms. Batool Asadi, the first female Assistant Commissioner from Balochistan, was invited for a session with the Commission's female staff. During the session, Ms. Asadi shared her challenging experience of being the first female Assistant Commissioner of Quetta, Balochistan and becoming a beacon of hope for the younger generation. She also shed light on her struggle throughout her career.

A group photograh with the guest speakers on the occassion of International Women's Day

5 INTERNATIONAL AFFAIRS

Capacity Building Programme by UK's Competition and Market Authority (CMA)

CCP officers attending the virtual workshop organized by United Kingdom's Competition and Market Authority(CMA)

As part of a collaboration with the United Kingdom's Competition and Market Authority (CMA), the Commission held capacity-building workshops for its enforcement staff. The CMA's experts, in two different sessions on "Generating Case Leads" and "Planning Cartel Investigations" trained the Commission's staff on different enforcement techniques and methodologies.

The CMA team comprising Mr. Alex Schofield, Principal Policy Advisor, Ms. Eva Nickel, Assistant Director, Cartels, and Gary Bracken, Assistant Director, Investigation, gave presentations in these sessions.

In the first session, Ms. Eva Nickel focused on the UK's cartel regime and leniency program, stages of a CMA leniency application in practice, and ex-officio investigations and campaigns. In the second session, Mr. Gary Bracken briefed the participants on planning investigations, issues in delivering effective enforcement outcomes, and effective methods of conducting inspections and interviews.

The Commission acknowledged the CMA's efforts in enhancing collaboration and building cooperation between the two agencies.

Webinars/ Capacity Building Programme`s

- *ICN Webinar on 'How to detect and assess bidding Cartels*
- *CMA,UK Interactive session on ' Generating Case Leads leniency application or ex officio – carrots and sticks*
- *CMA,UK Interactive session on 'Planning Cartel Investigation Techniques'*
- *ICN CWG Webinar on 'Hub and Spoke Cartel Cases'*
- *UNCTAD Working Group Webinar on 'Cross Border Cartels'*
- *Advocacy Working Group Webinar on Competition Compliance*
- *ICN Agency Effectiveness Working Group webinar on Digitalization, Innovation and Agency Effectiveness*
- *20th International Conference by Bundeskartellamt, Germany*
- *ICN AEWG Webinar on "Market Studies: Economist's Perspective"*
- *ICN MWG Workshop - Heads of Agency Webinar on Merger Remedies*
- *SESRIC Workshop on 'Competition vs. Regulation and the Appropriate Organizational Structure of a Competition Agency'*
- *JFTC Webinar on "Competition Law Enforcement and Competition Regulation: The Digital Challenge"*
- *19th session of Intergovernmental Group of Experts, UNCTAD on' International Experiences and best practices in competition law enforcement against cross border cartels'*

Work Underway to Develop E-Commerce Policy Guidelines

The COVID-19 pandemic has accelerated the shift towards a more digital world. Pakistan is no exception where there has been a rapid shift to digital business models, a surge in online transactions, and changes in consumption patterns. Therefore, it is deemed urgent to ensure that consumers are just as safe when shopping online as when shopping offline.

In this regard, the Commission will work with businesses to develop and declare e-commerce policy guidelines to build consumer confidence in the electronic marketplace and encourage fair trade practices to prevent any possible abuse and deceptive marketing practices in the e-commerce domain.

In order to assess the principal aspects governing the online transactions, the Commission has approached around 35 major online platforms in Pakistan and relevant information was sought. These aspects inter alia include the basic disclosures regarding business operations, product(s) specifications and verification process, warnings (product safety etc.), warranties, disclosures and disclaimers, essential terms and conditions of online business in the pre-purchase, purchase, and post-purchase stages, payment modalities and security of payment systems, delivery mechanism, return policy and consequences of delays in delivery, easy access to fair and effective dispute resolution.

Moreover, the Commission also wants businesses to explain what personal data protection and privacy safeguards are in place and whether information on products and services is presented in a transparent, accurate, easily accessible, and visible manner to help consumers make informed choices.

The Commission's aim is to strengthen consumers' trust in the expanding electronic marketplace by providing the guiding principles for e-commerce business for preventing fraud, unfair trade practices and protecting the legitimate rights and interests of consumers. They must provide truthful, accurate and complete information to consumers, and avoid deceptive, misleading or unfair claims, omissions or practices.

Once the information is received within the stipulated time, the Commission will hold consultative sessions with all the stakeholders prior to formalization of any policy in this regard.

> *"The Commission's aim is to strengthen consumers' trust in the expanding electronic marketplace by providing the guiding principles for e-commerce business for preventing fraud, unfair trade practices and protecting the legitimate rights and interests of consumers*

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Creating a level playing field