Volume 8, Issue 1

Competition Commission of Pakistan

Creating a level playing field

CETERIS PARIBUS

"all other things being equal"

Official Newsletter of the Competition Commission of Pakistan

January - July 2024

WWW.CC.GOV.PK

TABLE OF CONTENTS

MULTIFACETED STRATEGY

Fight Against Cartels

The Commission is entrusted with the mandate of regulating the markets in order to promote competition in all spheres of commercial and economic activities. The objective of the Commission is to re-distribute resources across various sectors of the economy by identifying cartels and removing obstacles and all forms of exploitative practices which hinder equilibrium in demand and supply mechanism in the markets. Therefore, the Commission has chalked out a comprehensive strategic roadmap consisting of overhauling the litigation process, focused hardcore enforcement and a proactive advocacy of the Competition Law to improve voluntary compliance.

Since the appointment of full time Chairman in July 2023, the Commission has focused on clearing the backlog of court cases across various sectors in Pakistan. On one hand, the Commission has submitted early hearing applications in the Competition Appellate Tribunal (CAT) and High Courts. On the other hand, the Commission has taken the initiative to expedite decisions on cases challenging the legality of the Competition Act in the Supreme Court. Due to these dedicated efforts, the number of outstanding cases has significantly reduced in recent times thus, making a substantial progress in fight against cartels and mafias.

The Commission has accorded special importance for keeping a professional rapport with the international agencies, sector regulators and public sector organizations. In this connection international collaborations with China, Russia, South Korea among others have been increased. Memoranda of Understanding have been signed with the Pakistan Institute of Corporate Governance (PICG) and Director of Legal Education for enhanced coordination and information sharing. More MoUs are being planned with other regulatory bodies as well.

For fulfilling its regulatory mandate, the Commission has paid special attention in improving efficiency and efficacy of its Mergers and Exemptions Functions. In January - July 2024, the M&A department has cleared forty three (44) mergers and initiated a Phase II review of the PTCL-Telenor merger. Similarly, the Commission has issued thirty four (34) exemption certificates after ensuring that the potential economic benefits outweigh any anti-competitive effects thereby promoting technical and economic progress.

On the advocacy front, the Commission is implementing a rigorous sensitization approach to raise awareness about market abuse practices nationwide. The Commission has organized seminars and workshops in partnership with the Chamber of Commerce & Industry, conducted workshops with business groups and trade associations, as well as delivered specialized lectures in universities and colleges. The series was well received by the pertinent stakeholders and highly projected by the national media.

CREATING A LEVEL PLAYING FIELD

Global Outreach Through International Collaborations

Recognizing the significance of potential collaboration with global agencies, the Commission embarks on a new journey to forge international partnerships and strategic outreach. In this regard, several initiatives were taken not only to establish agency-level contacts but also enhance networking in domains of capacity building, enforcement capabilities, and joint research initiatives.

CCP Signs Historic First MoU with Chinese Market Regulator

The recent visit of The Honorable Prime Minister Shehbaz Sharif's visit in June 2024 to China also witnessed the signing of CCP's Memorandum of Understanding (MoU) with China's State Administration for Market Regulation (SAMR). With this the Commission marked the first ever international MOU in its 16 years of history.

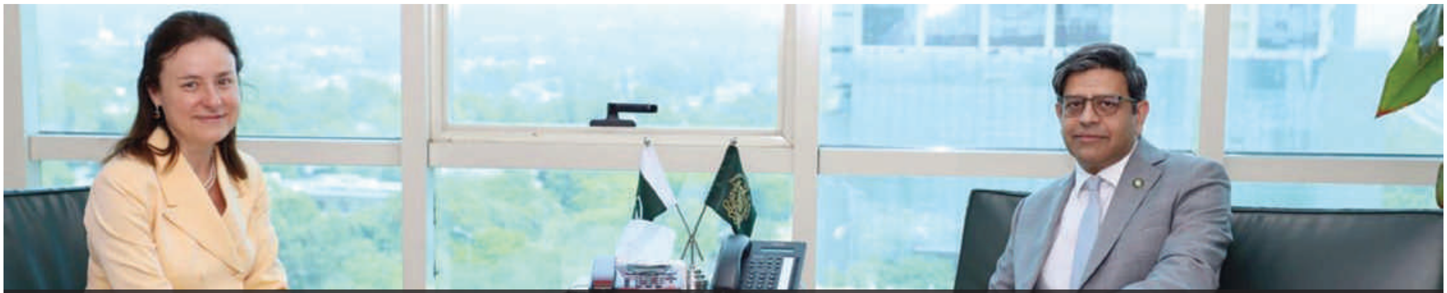
SAMR, a ministerial-level agency under China's State Council, is responsible for enforcing anti-monopoly laws and regulating markets. The MoU signifies a new era of collaboration in curbing anti-trust activities between the two nations.

The MoU was the outcome of the delegation level talks held on October 19, 2023 between Dr. Gan Lin, Vice Minister of SAMR, and her entourage with the Commission. Discussions between CCP Chairman Dr. Kabir Ahmed Sidhu and Vice Minister Gan Lin highlighted the strategic importance of a partnership focusing on enhancing market regulations, providing training and capacity building, sharing expertise in cartel detection, and collaborating on research projects to improve regulatory efficiency.

The MoU aims to enhance bilateral cooperation in the field of competition law and policy, marking a significant milestone in Sino-Pak relations. The collaboration will ensure sound and effective enforcement of competition law, which is crucial for market efficiency and consumer welfare. By fostering technical collaboration and information sharing, this partnership will strengthen bilateral ties and create favourable conditions for economic development.

China's substantial investments in Pakistan, particularly through the China-Pakistan Economic Corridor (CPEC), are expected to increase significantly with the second phase of CPEC. To accommodate this growth, CCP is developing a comprehensive legal and regulatory framework. The MoU outlines a framework for cooperation through bilateral meetings, training programs, workshops, research collaborations, and information exchange.

IMF's Resident Representative meets CCP Chairman



Ms. Esther Pérez Ruiz, IMF Resident Representative in Pakistan, with CCP Chairman Dr. Kabir Ahmed Sidhu to discuss collaborative efforts in enhancing market competition and supporting sustainable economic growth

Ms. Esther Pérez Ruiz, the IMF Resident Representative in Pakistan, visited the Commission and met with Dr. Kabir Ahmed Sidhu, Chairman CCP, to discuss matters of mutual interest.

During the meeting, Dr. Sidhu briefed Ms. Ruiz on CCP's ongoing initiatives for enhancing competition, aligning with the Government of Pakistan's policies for sustainable economic growth. The Chairman emphasized the critical role of taxation, remittances, and exports in attracting foreign direct investment, noting that market competition plays a vital role in this regard. He pointed out that for Pakistani products and services to compete effectively in international markets, a competitive domestic environment is essential. The Chairman also highlighted that inefficiencies arise when there is a mismatch between demand and supply, and it is society that ultimately bears the cost of such inefficiencies.

CCP has a major role to curb concerted and collusive practices to bring efficiency. In this regard, one of the recent initiatives include the establishment of a Market Intelligence Unit (MIU), marking a transition from reactive to proactive enforcement. Simultaneously, reviewing legal and regulatory frameworks in various sectors of the economy is another priority area for the CCP for promoting competition, said Dr. Sidhu. Ms. Ruiz underscored the significance of competition in driving exports and attracting foreign direct investment (FDI). The IMF representative further assured support for capacity building for helping enable economic growth.

KOICA and CCP to Reinvigorate Multispectral Collaborations

KOICA

Korea International Cooperation Agency

Mr. Je Ho Yeon, the Country Director of KOICA Pakistan Office, held a meeting with Chairman, Dr. Kabir Ahmed Sidhu. An understanding was reached that agency level collaboration efforts will be renewed. In this regard, Korea International Cooperation Agency (KOICA) will provide full support to the Commission in the domains of capacity building, enforcement capabilities, and joint research initiatives.

A key point of discussion was KOICA's interest in reinstating a capacity building program for the Commission's officers in Korea. In the past, KOICA's capacity building program enabled 30 CCP officers to participate in a three-year training program in Korea. The program covered various aspects of competition law and included training sessions conducted by competition experts and senior Korea Fair Trade Commission (KFTC) officials. KOICA will also facilitate an MOU between the KFTC and the Commission for information sharing, joint research, and advocacy programs.

Chairman CCP Dr. Kabir Ahmed Sidhu met with His Excellency Park Ki Jun, the Ambassador of the Repulic of South Korea to Pakistan, to discuss collaboration

The renewed cooperation is expected to further deepen the officers' expertise and broaden their perspective, enabling them to effectively address emerging challenges in competition law and policy. It will also facilitate the exchange of best practices between Korea and Pakistan, ultimately strengthening the enforcement framework and promoting fair competition in both countries.

Negotiations with Russia's FAS for Bilateral Cooperation

Mr. Andrey Tsyganov, Deputy Head of Federal Antimonopoly Service (FAS), with Mr. Salman Amin, Member Competition Commission of Pakistan (CCP)

The collaboration between the Commission and FAS aligns with the Commission's broader objectives of enhancing its international presence and promoting a positive perception of Pakistan on the global stage as an attractive marketplace for investors.

Under the leadership of Dr Kabir Ahmed Sidhu, the Commission intensified its efforts to forge partnerships with key regulatory bodies worldwide. This initiative aimed at enhancing the Commission's international standing, with a particular focus on improving its current rating of three stars out of five by the Global Competition Review (GCR).

After the Federal Government's nodd of approval for the commencement, the Commission began negotiations with the Federal Antimonopoly Service (FAS) of the Russian Federation for bilateral cooperation.

The FAS is at the forefront of implementing a robust digital agenda. Russia has enacted legislation to facilitate the digitalization of the economy. Pakistan stands to gain valuable insights and expertise from the Russian experience in this regard.

The signing of a Memorandum of Understanding (MoU) with the Russian regulator is expected to facilitate capacity building for the Commission, especially in matters of digitalization. The proposed MoU aimed to establish a framework for bilateral relations based on principles of equality and mutual benefit.

By partnering with FAS, the Commission aimed to gain valuable insights into emerging challenges such as digital markets and cross-border cartelization. This collaboration will also help in eliminating entry barriers and addressing anti-competitive practices, thereby creating opportunities for Russian companies to invest in Pakistan and contribute to the development and competitiveness of various markets in the country.

Nexus & Synergies

As part of the ongoing initiatives for increasing the Commission's capacities in key areas, the Commission signed MoU's with two major institutions, including Pakistan Institute of Corporate Governance (PICG) and Directorate of Legal Education (DLE), signed Memorandum of Understanding (MoU). Initiatives of these kind will continue with other regulatory agencies and certain research organizations for strengthening the Commission's research and information base.

CCP and PICG Agree to Enhance Coordination

The Commission and Pakistan Institute of Corporate Governance (PICG) agree to broaden the canvas of their collaboration with inclusion of competition law modules in other PICG trainings in addition to the existing Directors Training Program (DTP).

The understanding came after the meeting held between senior officials of the Commission and PICG in Karachi in May 2024. The meeting was led by Mr. Salman Amin, Member, along with Mr. Ahmed Qadir, DG, and Raja Taimur, Deputy Director. Whereas, PICG was represented by its President, Mr. Mehmosh Khawaja, Company Secretary, Ms Shafaq Fauzil Azim, and Manager Marketing and Director Relations, Ms Haani Jamal Khan.

It was discussed that competition law provides enabling environment and level playing field to all stakeholders in the economy. Therefore, it is very important for the decisionmakers, board members, entrepreneurs, corporate managers, officials of state-owned enterprises to have a good understanding of the Competition Law.

During the meeting, PICG officials apprised that they are launching an ESG Executive Track Programme in the last quarter of 2024 that will comprise of mandatory as well as optional modules. This programme is globally acknowledged to help enhance the knowledge and capacities of participants at the mid-career level too.

It was discussed that the existing collaboration between CCP and PICG will further expand and CCP will assist PICG in developing modules and will also provide resource persons to impart the trainings on modules pertaining to deterring deceptive marketing, process of reviewing mergers & acquisitions, the criteria for granting exemptions, and agreements that are prohibited under the completion law.

The Commission is committed to foster competition in all sphere of economic activities and is working closely with stakeholders like PICG, to create the awareness on competition law which will translate into benefits for the undertakings and economy at large.

CCP, DLE Ink MoU for Raising Awareness

The Commission and the Directorate of Legal Education (DLE) signed a Memorandum of Understanding (MoU) aimed at raising awareness among law students and lawyers.

The signing ceremony was attended by Federal Minister for Law and Justice, Azam Nazir Tarar, Federal Secretary Law and Justice, Raja Naeem Akbar, Chairman CCP Dr. Kabir Ahmed Sidhu, Member Salman Amin, Senior Legal Advisor Barrister Ambreen Abbasi, Director DLE Barrister Usama Malik, senior representatives of the Pakistan Bar Council, and senior officials from the Commission.

MoU signing ceremony witnessed by Federal Minister Azam Nazir Tarar, Federal Secretary Raja Naeem Akbar, Chairman CCP Dr. Kabir Ahmed Sidhu and Director DLE Barrister Usama Malik.

DLE is established by the Pakistan Bar Council under a Supreme Court order. It aims to enhance the quality of legal education by ensuring adherence to standards, promoting continued legal education, providing teacher training, and promoting legal research. The Commission regulates competition in markets, polices cartels, market abuse, and protects consumers from anti-competitive behaviour.

Under the MoU, the Commission and DLE will collaborate to enhance awareness through consultations and support within their respective mandates. They will conduct workshops, focus groups, lectures, and seminars on competition law for students and faculty of law colleges and universities. Additional initiatives will include integrating a competition law module into LL.B and LL.M programs, introducing competition law in the Bar Vocational Course, arranging guest lectures on competition law and policy, and promoting continued legal education.

Minister Azam Nazir Tarar welcomed the signing of the MoU, considering it a significant step towards capacity building within the legal community and improving the competition landscape in Pakistan. He said that it would equip lawyers with the necessary knowledge and skills to address complex competition issues. The Minister appreciated the Commission's efforts to promote competition in the economy.

Dr. Kabir Ahmed Sidhu emphasized that the market-based system, designed to create wealth for many, is often exploited by a few. Therefore, the Commission's efforts aim to educate the public about the importance of a market-based system.

Penalties Recovered

SR.	Names of Undertakings	Penalty Recovered
1.	Pak Muzaffar Cables	PKR 500,000/-
2.	Rana Electric Store	PKR 500,000/-
3.	Aplha Plus Cables	PKR 500,000/-
4.	Fast Cables (Pvt) ltd	PKR 500,000/-
5.	GM Cables and Pipes	PKR 500,000/-
6.	Irshad Trading	PKR 514,706/-
7.	NFCEHS	PKR 500,000/-
8.	Proctor & Gamble Pakistan	PKR 5,000,000/-
9.	UMT	PKR 5,000,000/-
10.	APNS	PKR 5,000,000/-
11.	Creative Engineering	PKR 1,000,000/-
12.	Nelson Paints	PKR 1,000,000/-
13.	Jotun	PKR 1,000,000/-
14.	Options International Limited	PKR 6,000,000/-
15.	Hero Cables	PKR 280,000/-
16.	Nation Cables	PKR 500,000/-
17.	Options International	PKR 200,606/-
18.	Master Foods	PKR 52,539/-
19.	Medialogic	Nil
20.	Sufi Cloth House	PKR 500,000/-
21.	Dawn Cables	PKR 500,000/-
22.	Gold Royal Cables	PKR 500,000/-
23.	Falcon Cables	PKR 500,000/-
24.	E-Flux Cables	PKR 500,000/-
25.	Zafar Cables	PKR 500,000/-
26.	Shainal Foods	PKR 5,000,000 + 100k per day
27.	Millat Industrial Products	PKR 2,000,000/-
28.	Century Engineering Industries (Pvt) Limited	PKR 2,000,000/-
29.	Eden Builders	PKR 2,500,000/-
30.	Neucon	PKR 2,500,000 + 100k per day
31.	Nimco Corner	PKR 25,000,000/-
32.	Dar-e-Arqam Schools	PKR 5,5000,000/-
33.	Kausar Brothers	PKR 500,000/-
34.	Baba Plastics	PKR 750,000/-
35.	Women Medical & Dental College, Abbottabad	PKR 7,500,000/-
36.	Bhittai Dental & Medical College, Mirpur Khas	PKR 7,500,000/-
37.	Pakistan Red Crescent Society & Pakistan Red Crescent Medical & Dental College	PKR 7,500,000/-

PKR
200 ,813,767/-
TOTAL RECOVERIES
UNTIL 9 AUG 2023

PKR
37,665,762/-
PENALTY RECOVERED FROM
9 AUG 2023 - JULY 2024

RECOVERED

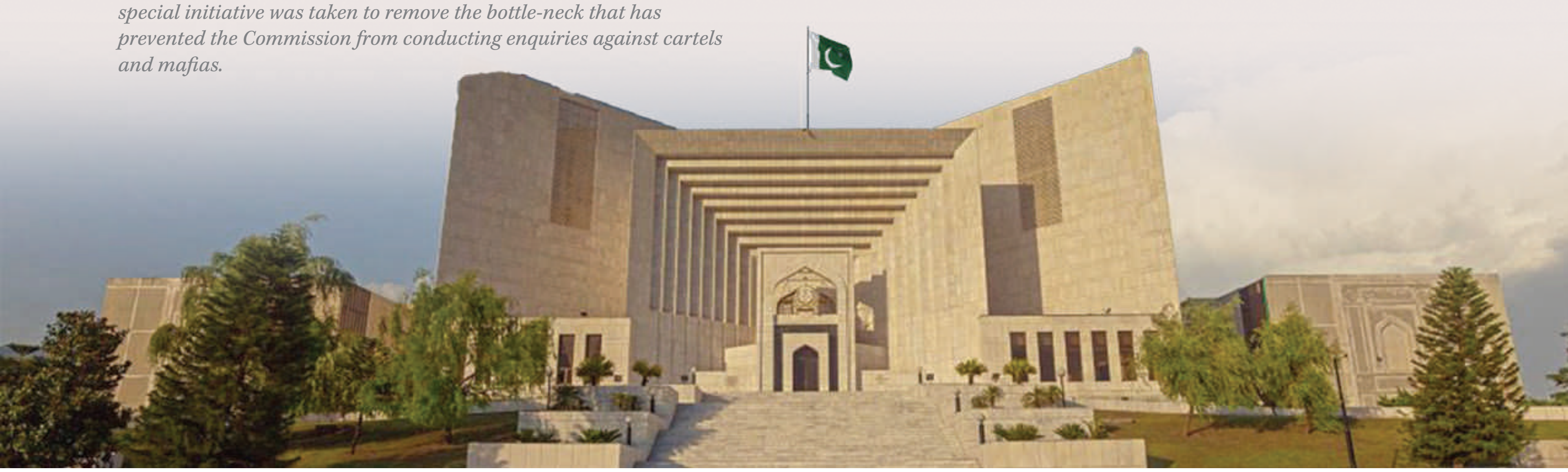
PARTIALLY RECOVERED

RECOVERY PROCEEDINGS INITIATED

High Courts and CAT Affirm CCP's Decisions

RECOVERIES - ORDERS	
Total CCP Orders in which penalties are imposed	69 Orders
Recoveries made until 9th August 2023	22 Orders
Recoveries made since 9th August till date	16 Orders
Recoveries Pending	29 Orders
Penalties set aside by CAT	02 Orders
RECOVERIES - AMOUNT	
Total Recoveries until 9th August 2023	PKR 200,813,767
Recoveries made since 9th August 2023 till date	PKR 37,665,762
Total Penalties recovered till date	PKR 238,479,529

To expedite the resolution of pending court cases, the Commission has made early hearing applications in Competition Appellate Tribunal (CAT), High Courts and Supreme Court of Pakistan. The special initiative was taken to remove the bottle-neck that has prevented the Commission from conducting enquiries against cartels and mafias.



Islamabad High Court (IHC) Upholds CCP Powers to Conduct Enquiries

The Islamabad High Court allowed the Commission to proceed with its enquiry against Transworld Associates (Pvt) Ltd for alleged abuse of dominant position.

The Commission initiated the enquiry and sent letters to Transworld regarding its suspected abuse of dominant position, potentially violating Section 3 of the Act.

Transworld had challenged the Commission's letters in court and obtained a stay order, halting the Commission from concluding its enquiry. During the court proceedings, the Commission informed the court that it had internally concluded that the complaint against Transworld raised suspicions of breaching Section 3 of the Act, warranting an enquiry.

The Court recognized the Commission's stance and allowed it to continue with the enquiry. However, it directed the Commission to communicate with Transworld by issuing a rectificatory letter, outlining the gist of the reasons for initiating the enquiry as held by the Honourable Supreme Court in the Dalda Foods Case.

In its Dalda Foods Judgment in 2023, the Supreme Court of Pakistan upheld the Commission's statutory powers regarding the gathering of information and conducting of enquiries.

The SC three-member bench emphasized that there is no restriction on the Commission's general regulatory powers to gather information. The Court also emphasized the obligation of undertakings to fully comply with the Commission's directives for the provision of information.

Lahore High Court (LHC) Upholds CCP Powers to Initiate Enquiry

Hon'ble Lahore High Court dismissed the writ petition filed by M/s Mezan Beverages Pvt. ltd against a Show Cause Notice issued by the Commission on alleged deceptive marketing practices.

The Commission initiated the enquiry after receiving a complaint from Pepsi Co Inc under section 37(2) of the Competition Act, 2010 (Act). The complaint stated that Mezan was copying the overall packaging of Pepsi's energy drink 'Sting' for its own energy drink 'Storm'. The subsequent completion of enquiry report recommended the issuance of show-cause notice to Mezan Beverages.

Mezan swiftly responded with legal maneuvers, filing a writ petition against the Commission's enquiry process and issuance of show-cause notice. In August 2021, Lahore High Court in its order suspended the show-cause notice, therefore, proceedings before the Commission were stalled. However, after hearing the parties at length, the Hon'ble LHC held that the Supreme Court of Pakistan in its judgement rendered in 'CCP v. Dalda Foods ltd', unanimously, upheld the statutory powers of the CCP relating to initiation of enquiries and gathering of information.

It is pertinent to mention here that on the issue of Commission's jurisdiction vis-à-vis the Tribunal created under Intellectual Property Organization of Pakistan Act, 2012 (IPO Act), it has been held that both the enactments i.e. the Act and IPO Act have conspicuously distinct in purpose, scope, and mandate. The Act relates to competition law, whereas, the IPO Act pertains to intellectual property laws. Each enactment has created a specialized regulatory body and has put in place a self-contained regulatory framework to administer duties and obligations imposed by law. The IPO Act consciously excludes the Act from its Schedule and as such, the legislature has intentionally kept the Act beyond the purview of the IPO Act. Hence, 'deceptive marketing practices' under section 10 of the Act constitute a necessary and essential element of competition law, jurisdiction of which is vested with the Commission under the Act.

Poultry Feed Cartel Inquiry Proceeds as LHC Vacates Stay Order

The Lahore High Court vacated a stay order previously granted to four poultry feed manufacturers, allowing the Commission to proceed with actions against them for alleged cartelization and price coordination.

In 2020, the Commission took suo motu notice upon concerns raised and complaints made regarding a parallel increase in poultry feed prices. An enquiry was initiated and data was gathered from market sources which showed that there was indeed a simultaneous increase in price by poultry feed mills. The average quantum of increase in prices also appeared to be similar, which raised suspicion of collusive decision making and a violation of Section 4 of the Act. The enquiry report was concluded on the basis of available evidence and show cause notices were issued to nineteen feed companies for, prima facie, violation of Section 4 of the Act.

Out of those nineteen, the specified four companies, while employing legal tactics tried to delay the proceedings initiated by the Commission by filing writ petitions against the Show Cause Notices. The stay was granted by the Court against the Show Cause Notices and as a result, the proceedings before the Commission's Bench were stalled.

Appeals Disposed off by Competition Appellate Tribunal (CAT)

Penalty Raised for Fraudulent Use of Starbucks Marks

The Competition Appellate Tribunal dismissed the appeal filed by Options International (SMC-Pvt.) Limited, increasing its penalty from PKR 5 million to PKR 6 million for fraudulent use of STARBUCKS' branding

STARBUCKS, a globally recognized chain of coffeehouses, lodged a formal complaint that the Lahore-based restaurants, Options International, was selling 'Starbuck Coffee' while fraudulently using 'STARBUCKS MARKS', in their branding. STARBUCKS clarified that it had not opened any franchise in Pakistan. The Commission's enquiry concluded that Options International had violated Section 10 of the Act by disseminating false and misleading information, deceiving consumers, and harming the business interests of the complainant. During the enquiry, Options admitted to the violation. Therefore, the Commission passed an Interim Order on STARBUCKS' request, directing Options International to stop using the labelling and packaging bearing the STARBUCKS trade name and logo.

In its final Order, the Commission's bench noted that although Options had stopped using STARBUCKS MARKS and committed to complying with its directions, yet the unauthorized use of the STARBUCKS MARKS spanned a substantial period. Consequently, the bench imposed a penalty of PKR. 5 million on the company.

CCP Penalty for Deceptive Trademark Upheld

Polycon lodged a formal complaint, alleging that Irshad Trading Co. was unlawfully using its registered trademark and brand name to manufacture, market, and sell water storage tanks, and was also misrepresenting itself as a joint venture of Polycon. The Commission's enquiry committee established the violation of Section 10 by Irshad Trading.

Irshad Trading admitted to the violation, citing a lack of awareness of copyright laws and Section 10. They admitted having manufactured water tanks using Polycon's trademark after the termination of the distribution agreement.

Taking a lenient view in light of Irshad Trading's commitment to refrain from such deceptive marketing practices in the future, the Commission imposed a penalty of PKR 5 million and directed the company to cease using Polycon's trademark, trade name, and products.

Although Irshad Trading challenged the Commission's order in CAT, yet it failed to appear before the Tribunal on the scheduled hearing dates, leading to the dismissal of the appeal for non-prosecution. The penalty imposed by the Commission was thus upheld.

CCP Penalty on Collusive Bidding Upheld

The Competition Appellate Tribunal dismissed another appeal and upheld the Commission's order against M/s Creative Engineering.

The Commission took suo moto notice of potential bid rigging in PESCO's tender for the procurement of power distribution equipment. Subsequently, an enquiry was conducted wherein it was concluded that the five undertakings, including Creative Engineering, colluded to divide the tender quantities amongst themselves and to bid at a uniform price, while giving an impression of a competitive bidding process. The Commission's order established the violation of Section 4(1)(2) (a), (b) and (e) of the Act. As a result, the Commission imposed a total penalty of PKR 10 million on the five entities (PKR 2 million each) involved in the collusion.

Creative Engineering challenged the Commission's order before the Tribunal. However, due to its persistent failure to appear on the scheduled hearing dates, the Tribunal dismissed the appeal for non-prosecution.

MAZHAR ALAM MIANKHEL
Chairman,
Competition Appellate Tribunal

Penalty Maintained for Limiting Choices for Consumers

The Competition Appellate Tribunal upheld findings of the Commission in the appeal filed by NFC Employees Cooperative Housing Society.

In 2016, the residents of the society complained to the Commission that they were being deprived of choice in terms of cable television. They were forced to subscribe to the sole cable television network provider i.e. MC Networks.

The Commission's order imposed a penalty of PKR 1 Million on the NFC Employees Co-operative Housing Society Limited for granting exclusivity to a cable service provider and restricting residents' choices, thereby violating Section 4(2)(a), 4(2)(b) and 4(2)(d) read with Section 4(1) of the Competition Act, 2010.

The CAT reduced the penalty to PKR 500,000/, keeping in view the compliance oriented approach of NFC Employees Cooperative Housing Society.

CAT Upholds Penalty Upheld for Misleading Claims

The CAT upheld the Commission's findings in the appeal filed by Reckitt Benckiser (RB) Pakistan regarding deceptive marketing practices for its flagship product, 'Dettol'.

The Commission received a formal complaint from Unilever Pakistan that RB's advertising campaign for "Dettol Soap" was deceptive, misleading, unsubstantiated, and generally unethical. Following an inquiry, it was concluded that RB failed to substantiate the claims made in its advertisement specifically that Dettol Soap kills up to 99.9% of germs and provides 24-hour protection against germs, cold, and flu.

In its order, the Commission held RB liable for distributing false and misleading information that was capable of harming the business interests of other undertakings as well as distributing misleading information to consumers. For violations, the Commission imposed a penalty of PKR 30 million on RB.

RB filed an appeal against the Commission's order with the CAT. The Tribunal upheld findings of the Commission regarding RB's violations of Section 10 of the Act. However, it reduced the penalty to PKR 15 million.

Penalty Upheld against Exclusive Arrangements Limiting Services

The Competition Appellate Tribunal dismissed the appeals filed by Defence Housing Authority (DHA) Lahore and Wateen Telecom, upholding the Commission's penalties. DHA Lahore was fined PKR 10 million and Wateen Telecom PKR 5 million for an exclusive arrangement limiting telecommunication and media services to Wateen Telecom alone.

The proceedings were initiated following numerous complaints from DHA Lahore residents about the lack of choice in service providers other than Wateen Telecom and the unsatisfactory quality of services offered. Investigations by the Commission revealed an exclusive arrangement between DHA Lahore and Wateen Telecom, granting the latter sole rights to provide telecommunication and media services in certain phases of DHA.

The exclusive agreement between DHA Lahore and Wateen Telecom was found to be in contravention of Section 4 of the Act. Consequently, the Commission, vide its order dated 22 March 2011, imposed penalties of PKR 10 million on DHA and PKR 5 million on Wateen. The provisions of the agreement granting Wateen exclusive rights, including the right of way and soil digging permissions, were declared void and without legal effect.

Penalty Upheld for Fixing the Minimum Resale Price

The Competition Appellate Tribunal affirmed the decision of the Commission against Reliance Paints Pakistan for fixing the retail prices of its products.

The Commission initiated an inquiry after Akzo Nobel Pakistan Ltd's formal complaint which alleged that Reliance Paint was fixing the minimum resale price for its products and also monitoring and penalizing the dealers/distributors/retailers for non-compliance with its price directives. The Commission's enquiry report concluded that these practices were restricting competition not only between the dealers and retailers but also between Reliance and its competitors as the retail price became inflexible and no discounts could be offered by dealers to consumers for Reliance's products. The Commission observed that the agreements/arrangements enforced by Reliance Paints restricted intra-brand competition amongst its dealers or distributors/retailers as the same impairs their ability to compete on prices in the sale and distribution of Reliance Paint's products. Consequently, the Commission imposed a penalty of PKR 5 million on Reliance Paints.

Reliance Paints filed an appeal against the CCP's order with the Competition Appellate Tribunal. The Tribunal upheld findings of the Commission regarding Reliance Paint's violations of Section 4 of the Act. However, it reduced the penalty to PKR 2.5 million.

Decision Upheld for Deceptive Labelling & Packaging

The Competition Appellate Tribunal dismissed the appeal filed by Neucon Pakistan, affirming the decision of the Commission regarding fraudulent use of trademark and labelling and packaging.

The Commission issued a Show Cause Notice to Neucon Pakistan after receiving a formal complaint from Ferozsons Laboratories Ltd, the authorized distributor of Biofreeze Gel and Spray in Pakistan, a product originally developed by USA-based Performance Health Inc. Ferozsons alleged that Neucon was marketing a deceptively similar product under the name 'BYQFREEZ,' mimicking the trademark, packaging, and labeling of Biofreeze.

Following a comprehensive inquiry, the Commission confirmed that Performance Health Inc. is the rightful owner of the Biofreeze trademark and that Ferozsons was the only registered distributor in Pakistan. As Neucon lacked authorization to use the Biofreeze trademark, the Commission imposed a penalty of PKR 2.5 million on Neucon Pakistan for violation of the Act.

Neucon subsequently challenged the Commission's order in an appeal before the Tribunal However, the Tribunal dismissed the appeal.

Decision Upheld Against Media Industry Giants

The Competition Appellate Tribunal dismissed the appeal filed by the Pakistan Broadcasters Association (PBA), upholding the Commission's directive to major media industry players to refrain from violating competition laws.

The Commission's action stemmed from a thorough enquiry initiated by a complaint from M/s Bol Media Network, M/s Labbaik (Pvt) Limited, and M/s Bol Enterprises (Pvt) Limited against PBA, Broadcaster Advertisers Council (BAC) and Medialogic (Pvt) Limited. Bol alleged in its complaint that Medialogic had denied it ratings through an arrangement concealed within three distinct agreements involving the PBA, BAC, Pakistan Advertisers Society (PAS), and Medialogic.

The Commission declared the three agreements null and void, finding them to be anti-competitive and in violation of Section 4 of the Act. These agreements effectively excluded non-PBA and non-BAC members from receiving ratings and services from Medialogic, creating barriers to entry for non-members and new entrants. Medialogic was also threatened with monetary penalties if it provided ratings to non-PBA members.

PBA challenged the Commission's order in an appeal before the Competition Tribunal. However, the Tribunal dismissed the appeal.

Penalty Upheld for Concealing Information

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

Following a thorough enquiry, the CCP concluded that the absence of this vital information prevented consumers from comparing and differentiating the quality, suitability and price of the batteries. This omission not only deceived consumers but also disrupted fair competition in the market. Therefore, the CCP imposed the penalties, citing violations of Section 10 of the Competition Act, 2010.Millat Industries and Century Engineering filed an appeal against the CCP's order before CAT. However, CAT while dismissing the appeal, directed both undertakings to deposit the main penalty of PKR 1 Million along with per day penalty of PKR 100,000, starting from 31.05.2018 to 12.06.2018, within 60 days from the date of CAT's order.

The CAT found the CCP's penalties - PKR 1 Million each along with per day penalty of PKR 100,000 - fair and proportionate, and has directed Millat Industrial Products Ltd and Century Engineering Industries (Pvt) Ltd to deposit the amount of penalty within the stipulated time period.

The Competition Appellate Tribunal (CAT) has unanimously upheld the level of penalty imposed by the Competition of Pakistan (CCP) on 'Dry & Acid-Lead' Battery manufacturers for concealing crucial product information from consumers.

Against the CAT's order, both parties have filed appeals before the Supreme Court of Pakistan, which are currently subjudice.

Penalties Upheld for Hiding Cash Coupons

In another case, CAT dismissed the appeals filed by electric cable manufacturers against the CCP's order, which fined these manufacturers for hiding cash coupons in their products without informing consumers.

The Commission conducted an enquiry against 18 electric cable manufacturing companies for inserting cash/cash coupons inside bundles of electric wire without disclosing this on the packaging or promotional material. This practice only benefited electricians who typically open the packs, deceiving end consumers who paid for the value of the coupons without being aware of it.

During the hearings, most of these manufacturers admitted to the deceptive practice and committed to ceasing it in the future.

On 26 March 2019, the Commission imposed penalties of PKR 5 million each on Fast Cables and G.M Cables, and PKR 500,000 each on E-flux Cable, Gold Royale Cable, Hero Cables, Alfa Plus Wires & Cables, and Falcon Cables for engaging in deceptive marketing practices by distributing false and misleading information to consumers, in violation of Section 10 of the Act. These companies had deceptively inserted tokens/cash coupons in their product packaging without disclosing their existence, at the expense of consumer benefit.

The companies appealed the Commission's order before the Competition Appellate Tribunal. After hearing the parties at length, the Tribunal dismissed the appeals filed by E-Flux, Gold Royale Cables, Hero Cables, Alfa Plus Cables, and Falcon Cables, without modifying the penalties imposed by the Commission. However, the appeals filed by Fast Cables and G.M Cables were partially upheld, with the penalties reduced to PKR 500,000 each.

Penalty Upheld against Restrictive Trading Conditions

Evacuee Trust Property Board (ETPB) filed a complaint with the Commission, wherein it was alleged that Regulations and Circulars formulated by APNS were in violation of section 4 of the Act. The Commission's enquiry established that APNS had imposed restrictive trading conditions, and certain rules, regulations, and circulars enforced by APNS were in contravention of the Act.

On 6 June 2018, the Commission passed an Order and held that APNS had engaged in anti-competitive activities such as applying unfair trading conditions and imposing dissimilar conditions on equivalent transactions with other trading parties through its circulars, rules, and regulations. The Commission also recognized APNS's cooperation and compliance-orientated approach as the mitigating factor, thus imposed a penalty of only PKR 10 million.

The Commission's Order also nullified all such circulars, rules, and regulations and directed APNS to formulate new ones and seek exemption from the Commission under Section 5 of the Act. Additionally, the Order stipulated that failure to comply would result in an additional penalty of PKR 25 million and a daily penalty of PKR 100,000.

APNS appealed the Commission's order before the Competition Appellate Tribunal (CAT). After a detailed hearing, the Tribunal partially allowed the appeal by reducing the penalty to PKR 5 million. The CAT further directed APNS to submit its amended circulars, rules, and regulations to the Commission within one month. The Tribunal also held that the additional penalty of PKR 25 million and the daily penalty would not apply if the Commission endorsed the amended rules and regulations within 60 days.

Penalty Upheld for Unsubstantiated Claims

The CAT upheld the Commission's Order against Proctor and Gamble Pakistan (P&G) for engaging in deceptive marketing practices. The Tribunal dismissed P&G appeal to set aside the Commission's ruling. In its ruling, the Tribunal also stated that the Commission has the authority to determine the legitimacy of a complaint and to decide whether to accept or dismiss it based on the complaint's merits.

Previously, the enquiry was begun based on a complaint filed by Reckitt Benckiser Pakistan Limited, alleging that P&G's advertisement campaign for Safeguard was misleading. The Commission concluded that P&G's advertisement campaign violated Section 10 of the Act by creating the overall impression that Safeguard was Pakistan's top-rated anti-bacterial soap. It also lacked reasonable basis to substantiate the claim. Subsequent to the findings of enquiry, the Commission imposed a penalty of 10 million rupees on P&G.

P&G took the matter to CAT. Considering P&G's compliance-oriented approach and the fact that P&G had dropped the No-1 claim shortly after the initiation of enquiry by the Commission in 2014, the Tribunal reduced the penalty to five million rupees. Therefore, CAT not only upheld the Commission's Order but also dismissed P&G appeal to set aside the Commission's ruling.

Office of International Affairs

The Office of International & External Affairs (OI&EA) serves as the interface between the Commission and the international development agencies, multilateral agencies, and other international competition authorities. It identifies areas of mutual interest, and facilitates agreements and partnerships between the Commission and its international counterparts.

Representation in three international events includes:

A 'Competition Law workshop for New Staff' held from 9-11 April, 2024 in Hanoi, Vietnam, organized by Organization for Economic Cooperation and Development (OECD) Korea Policy Centre (KPC)

The European Union (EU) webcast series on competition, a presentation by BRET-D on the Consumer Protection initiative by the World Bank, and the DOJ-FTC Enforcers Summit 2024 by the U.S. Federal Trade Commission.

CCP officials also participated in **four webinars** and online workshops on Artificial Intelligence and Consumer Protection organized by UNCTAD.

CCP delegation attends a 'Roundtable on Antimonopoly Regulation in the Digital Economy' held from 8-12 April, 2024, organized by the Federal Antimonopoly Service (FAS) in Kazan, Russia

Mr. Hafiz Naeem, Senior Legal Advisor attending Workshop on Competition Policy at World Trade Organization, Geneva, Switzerland

Policing Cartels and Detecting Anti-Competitive Practices

"While trade associations can play a crucial role for the development of their industry, they must refrain from collusion/cartelization and other anti-competitive behavior. It must be appreciated that cartelization is the most egregious form of anti-competitive behavior and is detrimental for all stakeholders in the market and the public in general. Cartelization drives up prices and reduces choices for consumers",

- CCP Order.

CCP Enquiry to Address Urea Price Uniformity amid Subsidy Concerns

Urea prices are a critical factor in determining the cost of essential food commodities. Any arbitrary increase in these prices by fertilizer companies can escalate costs for farmers, ultimately leading to higher food prices for consumers.

The Commission issued Show Cause Notices to the Fertilizer Manufacturers of Pakistan Advisory Council (FMPAC) and six leading fertilizer companies for a, prima facie, violation of Section 4 of the Act.

The Commission's enquiry identified that FMPAC and its member firms, including Engro Fertilizers Limited, Fauji Fertilizer Company Limited, Fatima Fertilizer Company Limited, Fauji Fertilizer Bin Qasim Limited, Agritech Limited, and Fatimafert Limited, were potentially in breach of Competition Law.

The enquiry was prompted by an advertisement from FMPAC in November 2021, which announced a 'Maximum Retail Price of Urea at PKR 1768 per 50kg bag' amidst rising prices and reported shortages. The enquiry revealed that urea prices had been deregulated under the Fertilizer Policy of 2001, and the advertisement's contents were interpreted as a collective decision by the association on urea pricing, violating Section 4(2)(a) of the Act.

Further findings pointed to a pattern of uniform pricing and price parallelism among urea companies, indicating possible collusive behavior. Despite receiving subsidized feedstock gas from the Government of Pakistan, with rates varying for each plant, these companies reflected price uniformity in certain instances, raising concerns about their cost structures and the appropriate use of subsidies.

The bench conducted hearings on the matter, with a decision expected in the coming fortnight. This decision will be crucial in addressing these issues, ensuring that the market remains competitive, fair, and transparent, and protecting the interests of farmers and consumers from unjustified price increases.

Steel Sector Under Scrutiny

On June 12, 2024, the Commission conducted dawn raids on two of the country's leading steel producers, seizing evidence pertinent to an ongoing enquiry into cartelization in the sector. These actions were taken following numerous complaints from stakeholders about collusive activities among major players, leading to simultaneous price increases and product shortages. Such collective price-setting is a, prima facie, violation of Section 4 of the Competition Act, 2010.

"From a competition law perspective, the announcement of prices by an association, even if relaying government-set prices, is considered a commercial decision beyond permissible activities. Therefore, the Commission has repeatedly directed business associations to refrain from engaging in price fixing or other collusive practices.

Hearing on Alleged Price Collusion by Poultry Companies

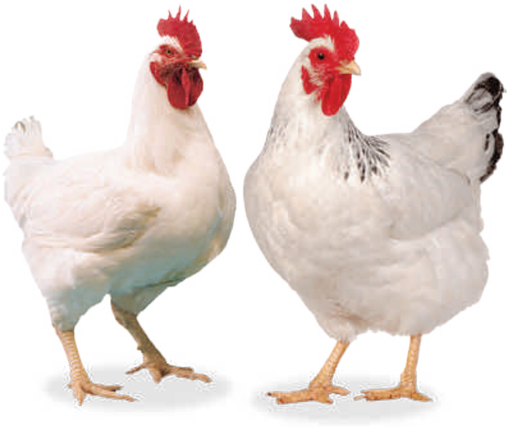
The Commission conducted a hearing in the poultry cartelization case, wherein the Pakistan Poultry Association (PPA) defended itself against allegations of price fixing. This hearing was fixed after Show Cause Notices were issued to PPA and eight other entities for cartelization.

The Commission's investigation revealed, prima facie, collusion and price fixing of day-old broiler chicks by a suspected cartel of eight hatcheries from 2019 to June 2021. The eight entities include Hitech Group, Islamabad Group of Companies, Olympia Group, Jadeed Group, Supreme Farms (Season's Foods), Big Bird Group, and Sabirs' Group.

The enquiry was initiated following a surge in prices and complaints from broiler farmers through the Pakistan Citizens Portal, alleging on cartelization in the sector. Subsequently, search and inspections were conducted at the premises of PPA and forensic analysis of the evidence uncovered that an official of one of the member firms played a central role in the cartel by coordinating mutually agreed prices of day-old broiler chicks. These rates were communicated daily to other hatcheries and PPA through SMS and WhatsApp, with pricing discussions also conducted through these mediums.

The enquiry also found PPA in, prima facie, violation of Section 4 of the Act, as its official was involved in the pricing discussions and announcements. The general principle is that if price sensitive information is being discussed, an undertaking/trade association must be seen to distancing itself from the collusive practices.

Most of the hatcheries involved in the suspected cartel are also vertically integrated and active in the entire poultry supply chain, from breeding to the production of broiler chicken including poultry feed and eggs production.



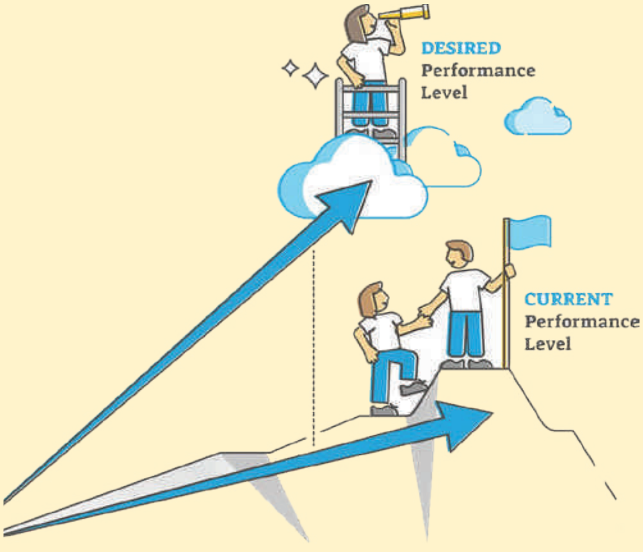
ENQUIRIES CONCLUDED

Under Section 3 & 4

- Pakistan Film Producers Association & others for Refusal to deal.
- Procurement of Steel Structure by DISCOs
- Transporters of Goods Association & Local Goods Transport Association, Karachi.
- Fertilizer Manufacturers of Pakistan Advisory Council
- New Age Cables & GM Cables Pvt. Ltd. for RPM
- Engro Polymer for alleged abuse of dominance
- PIFFA & ACAAP for alleged abuse of dominance

The Cartels & Trade Abuse (C&TA) department required revamping for efficient and effective discharge of its functions. To achieve this objective, the processes of the department have been thoroughly reviewed for Gap Analysis. Accordingly, the departmental SOPs and checklists have been introduced to streamline the operations and stimulate performance of the department.

Furthermore, The C&TA department conducted multiple sector studies to monitor and identify potential competition issues with respect to abuse of dominance and/ or prohibited agreements of a selected sectors. These studies provided valuable insights into market dynamics and helped in detecting anti-competitive practices, enabling the department to take proactive measures. This has significantly improved the operational efficiency and capability of the department.



Granting Exemptions

The exemptions granted by the Commission also plays a pivotal role in promoting competition through rigorous analysis and issuance of exemption certificates, contributing to a dynamic and competitive economic landscape. Through detailed evaluation, it ensures economic benefits as well as safeguarding consumers' interests particularly in the case of undertakings with dominant market position.

Microfinance Bank Gets the Time-Based Nod on Non-Compete Clause

The Commission granted exemption over specific clauses of Sale Share Agreement (SSA) signed between MNT Halan Pak B.V and Advans S.A SICAR as to non-compete clauses for a period till Dec 2025.

Advans Pakistan Microfinance Bank is duly licensed by the State Bank of Pakistan (SBP) to carry out the business as a microfinance bank. The Bank has been acquired by MNT Halan Pak B.V. Meanwhile, MNT Halan Pak B.V a Netherlands based financial holdings company is already offering various financial services through its two Pakistani subsidiaries namely Halan Wallet Pvt ltd and Halan Finance ltd. MNT group has a diversified portfolio in other countries on digitalizing traditional banking and innovative business solutions and is also at the forefront of Egypt's growing fintech ecosystem.

Under the non-compete and non-solicitation covenants, Advans S.A SICAR, a Luxembourg based company and also the seller of Advans Pakistan Microfinance Bank, undertakes not to engage in certain competing businesses for a specific period of time. MNT Halan Pak accordingly submitted an application to the CCP seeking exemption on relevant non- compete clauses of SSA Agreement. The Commission while granting the exemption included conditions that inter alia included certain disclosures and due compliance to be ensured to the SBP's license.

While allowing time-bound exemption along with conditions therein, the Commission aims to facilitate 'relevant market' towards an improved financial inclusion as incoming MNT group is likely to leverage its expertise for the provision of financial services to the peripheral customers that intend to avail microfinance credits. Moreover, the existing customers will also be able to benefit from the innovative tech driven solutions being offered by the MNT group to its customers globally.

The Commission granted exemption under Section 9 of the Competition Act, 2010, ensuring that such exemption offers and translate into economic benefits that outweigh any anti-competitive effects besides they promote technical and economic progress. It is envisaged that this exemption will facilitate 'relevant market' of microfinance banking in Pakistan wherein player like MNT with vast experience on consumer financing and effective digital fintech would yield more choices, better and advanced services for customers.

CCP Grants Conditional Exemption in Uber-Careem Deal

The Commission grants exemptions under Section 9 of the Competition Act, 2010, ensuring that such exemptions offers economic benefits that outweigh any anti-competitive effects besides they promote technical or economic progress. CCP also give due consideration that exemption being granted should allow consumers fair share of the resulting benefits.

The Commission granted an exemption until December 2025 on specific clauses of Non-Compete Deeds of Covenant and the Common Stock Purchase Agreement (CSPA) signed between Emirates Telecom group, Careem Networks FZ-LLC, Careem Technologies Holding Limited, Managing Founders and Uber Technologies Holding Limited.

Emirates Telecommunications Group Company is a UAE-based public joint-stock company which offers a range of communication services across the Middle East, Africa, and Asia. Under the three separate Non-Compete Deeds of Covenant, the Emirates Telecommunications Group, the Managing Founders, and the Uber Group commit not to engage in certain competing businesses under the covenants. They accordingly submitted an application seeking exemptions on those Non-Compete clauses of the agreements. The businesses covered under the agreements included delivery of food, groceries, physical goods, providing micro-mobility ride services via Super-App, and offering digital wallet or other financial products and services. Under the agreement, ride-sharing exclusivity will also be retained.

The Commission, while granting exemption till Dec 2025, specified certain conditions therein to be met also. These, inter alia, included matters related to super-app and its availability for the consumers along with certain disclosures to be made. It is expected that the entry of the Emirates Telecommunications Group into the relevant market will further foster technical progress, leading to enhanced services for customers for delivery of food, groceries, physical goods, and micro-mobility ride services in the territory of Pakistan.

Time-Bound Approval to Product Supply Agreement: Aramco & GO Petroleum

aramco
trading

The Commission granted a time-bound exemption on the relevant clauses of product supply agreement between Aramco Trading (ATC) Fujairah FZE Ltd and Gas & Oil Pakistan Ltd (GO Petroleum) for importing and selling Gasoline and diesel products to Pakistan.

ATC Fujairah, registered in the United Arab Emirates, is one of the world's largest integrated energy and chemicals companies. Gas & Oil Pakistan Ltd, an Oil Marketing Company (OMC) registered in Pakistan that operates a network of retail outlets across the country that sell petrol, diesel, and lubricants.

Under the referred agreement, ATC Fujairah intended to meet GO Petroleum's demand for essential petroleum products for its outlets, which primarily included gasoline and diesel. The parties submitted that this arrangement was expected to achieve economies of scale in procurement for GO Petroleum, potentially resulting in better prices for Pakistani consumers. Accordingly, the exemption sought was on exclusivity aspects of the commercial agreement to supply 100% demand of imported products for GO Petroleum's retail outlets.

The Commission granted an exemption on the product supply agreement with certain conditions included therein. Importantly, the exemption did not include approval on any pricing terms and mechanisms related to the products. The applicants were directed to ensure required approvals on their terminals and storage facilities by relevant authorities to be used in the execution of this agreement. Subject to these conditions, the Commission granted exemption until June 2026.

Approval of Technology Transfer Agreement: SSGCL v Itron Inc. to Enable 100% Localization of Gas Meters

The Commission granted a time-bound approval to the exemption application for the technology transfer and license agreement between the Sui Southern Gas Company Limited (SSGCL) and USA-based M/s Itron Inc. with certain conditions to be complied to facilitate the manufacturing of gas meters in Pakistan.

The Commission, in its approval, directed SSGCL to achieve 100% localization of gas meters as a result of this agreement along with maximum import substitution through adequate local production of gas meters to meet local demand, including the demand of Sui Northern Gas Pipelines Limited (SNGPL), the other gas utility company in Pakistan. The Ministry of Energy has also issued directions to SSGCL in this regard.

The Commission, in its exemption, also directed that both parties shall make concrete efforts to capitalize on the export potential of the gas meters and apprise annually to the Commission on the matter during the exemption period. The gas meters must be manufactured according to the specifications approved or allowed by the relevant regulator(s) and international standard.

The Commission's conditions set by the Commission were aimed to promote localisation and facilitate consumer interests in the relevant market besides economic benefits of import substitution to meet the local demand of gas meters with exports potential also.

Exemptions in Major Sectors

- Automobile
- Health & Pharma
- FMCG
- Logistics & Communications
- Banks & Financial services
- Food & Beverages
- Oil & Gas
- Chemical Manufacturers
- Telecommunications
- Petroleum products

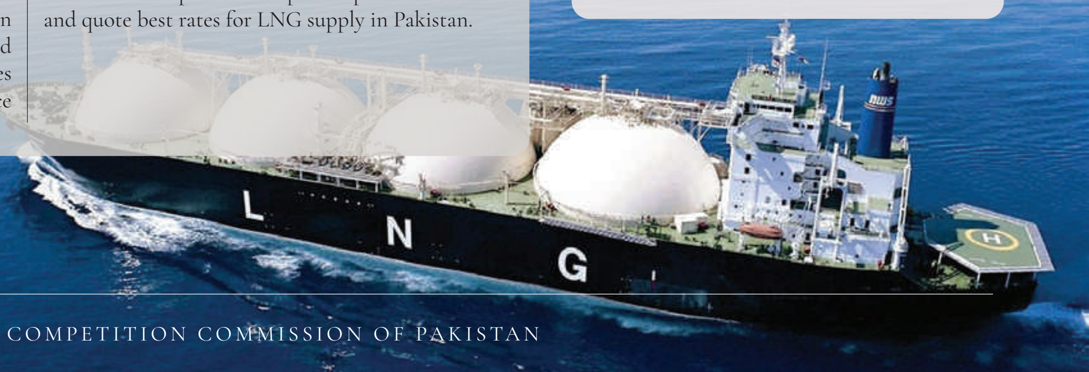
LNG Supply Chain Arrangement Gets the CCP's Time Based Nod Inducing FDI in Oil & Gas Sectors

The Commission granted approval until December 2025 on the LNG supply chain component of the Share Purchase Agreement (SPA) signed between M/s Diamond Gas International Japan Co. Ltd and M/s Bison Energy FZCO.

An SPA was signed between Diamond Gas and Bison Energy in December 2023 for sale/purchase of shares of Tabeer Energy (Pvt) Limited (TEPL) and Tabeer Energy Marketing (Pvt) Limited (TEMPL). Mitsubishi intended to continue to be part of Pakistan's LNG supply chain after the selling of shares of TEPL and TEMPL to Bison Energy.

Under the SPA, Bison Energy granted the right to Diamond Gas International to be part of procurement process for supply of LNG post acquisition of TEPL and TEMPL. The Commission's, exemption, included conditions to ensure transparency and fair competition in the LNG procurement process by both Diamond Gas and Bison Energy with adequate disclosures made in the LNG bidding documents on existence of the referred arrangement. The Commission further specified that in case of any change in the regulatory regime for TEPL and TEMPL or change in the pipeline capacity allocation for new LNG terminal by Cabinet Committee on Energy (CCoE) on 8 Oct 2021 and later by Federal Cabinet on 27 Oct 2021, the matter will be subject to Commission's review to access the implications, if any, in the relevant market. Moreover, this exemption granted did not entail any approval on down-stream commercial agreements in LNG supply chain as those were distinct from this arrangement approved by CCP.

In allowing this time-bound exemption along with conditions therein, CCP aimed to facilitate 'relevant market' to have more certainty in LNG supply chain with an international group like Mitsubishi Corporation be part of process to match and quote best rates for LNG supply in Pakistan.



Curbing Deceptive Marketing Practices

The Office of Fair Trade (OFT) promotes fair competition and trade practices, intervening against hardcore offenders. It reviews marketing practices, ensuring that businesses adhere to competition law and correcting misleading information to protect both businesses and consumers, fostering confidence in the economy.

ENQUIRIES

The Commission completed three formal enquiries, recommending show cause notice be issued to the undertakings found involved in deceptive marketing practices.

FMCG SECTOR

Colgate Palmolive Pakistan Limited filed a complaint against 3-M Pakistan Limited for alleged violation of Section 10 of the Act. It was alleged in the complaint that 3-M Pakistan claimed that after a 20 minute wash test, the product of the Complainant, i.e., Max Scrub (MS) disintegrated/wore out badly as compared to the Respondent's product, i.e., Scotch Brite (SB). The Commission's enquiry established that by drawing a false comparison of the quality of products between Scotch Brite and Complainant's Max Scrub, the 3-M Pakistan has engaged in false comparison of goods in the process of advertising, prima facie, in violation of Section 10

SERVICES SECTOR

Bureau Veritas filed a formal complaint against Bureau of Inspection & Certifications-Pakistan for alleged deceptive marketing practices. The Bureau of Inspection & Certifications adopted a similar trademark as that of the Complainant's registered trademark in, prima facie, violation of Section 10 of the Act. The Commission's enquiry established that Bureau of Inspection & Certification-Pakistan committed the act of passing off, hence violating the provisions of Section 10 of the Act.

PHARMACEUTICALS SECTOR

The Commission started an enquiry on Pharmevo's formal complaint against Pharmigo, the Commission initiated an enquiry. Pharmevo alleged that Pharmigo had fraudulently used its registered trademark and firm name, potentially violating Section 10 of the Act. However, the Commission's enquiry found that Pharmigo was the lawful owner of its firm name and that both trademarks had distinct appearances. The enquiry report concluded that there was no evidence of deceptive marketing practices by Pharmigo. Thus, it was recommended that the complaint be dismissed in accordance with law.

Deceptive Practices in Real Estate Sector Increasingly under CCP's Lens

Open Hearings Conducted in Punjab Region

The Commission received a large number of complaints and concerns from consumers against the housing societies for making high claims in their marketing and advertising campaigns but offering little on ground. The Commission also took certain enforcement actions against housing societies. However, it decided to consult all stakeholders at large to get their viewpoint and form its opinion on pertinent issues.

The Commission took the lead in providing a platform to all stakeholders including the consumers, investors, real estate developers, marketers, and the concerned government bodies to discuss the issues surfacing in the real estate sector. In this regard, series of open hearings were conducted in Lahore, Sheikhupura, Nankana Sahib, and Kasur regions from June 04 to June 07, 2024 where stakeholders including consumers participated in large number. These hearings provided an essential oppurtunity to interact with the general public and document their grievances.

Punjab Government to Provide Information for Investigation into Deceptive Housing Schemes

The Punjab Government will provide updated information about the housing schemes in Punjab to facilitate its ongoing investigation against housing schemes engaged in deceptive marketing practices. The decision was taken in a meeting held under the chairmanship of Secretary Housing, Urban Development & Public Health Engineering Department, Government of Punjab, Capt. (Retd.) Asad Ullah Khan.

The meeting was attended by the Commission's Member (Office of Fair Trade) Mr. Saeed Ahmad Nawaz, Secretary (LG&CD) Shakeel Ahmad Mian, DG Lahore Development Authority Tahir Farooq, and senior officials from LG&CD and CCP.

Mr. Nawaz briefed the participants about actions taken by the Commission against illegal housing schemes. He informed that the Commission is investigating the housing schemes that are violating Section 10 of the Act by misleading consumers. He desired that updated information about housing schemes may be provided and necessary support for conducting Public Hearings may also be provided.

Secretary HUD&PHED, Secretary LG&CDD and D.G LDA agreed to provide necessary support and venue for public hearing. It was also decided that two Proformas soliciting basic and detailed information about the housing schemes under investigation containing basic information shall be provided.

Policy Note Recommends Mandatory Disclosure of Manufacturing and Expiry Dates on Cement Packaging

The Commission issued a Policy Note, under Section 29 of the Act, to the Ministry of Science and Technology and Pakistan Standards and Quality Control Authority (PSQCA) for mandatory inclusion of important dates on cement bags. The Policy Note recommended to amend the Pakistan Standard Specification for all five types of cement and make it mandatory for the cement manufacturers to disclose the 'manufacturing/ packaging and expiry/best before' dates on their cement bags.

The Commission observed that cement is inherently hygroscopic and begins to significantly lose its strength after 4 to 6 weeks of storage in bags in normal conditions and considerably sooner under adverse weather conditions or high humidity. The Commission, therefore, noted with great concern that the cement manufacturers do not voluntarily print the manufacturing/packaging and expiry/best before dates on their cement bags.

Currently, all types of cement in Pakistan must adhere to packaging standards set by the PSQCA. Printing manufacturing and expiry dates on cement bags is expected to empower consumers to make informed choices and enhance competition among brands. Additionally, it would facilitate just-in-time inventory management and improve consumer confidence in the quality of cement purchase.

The Commission emphasized that the practice of omitting material information amounts to deceptive marketing, as it impairs consumers' ability to make informed decisions. Therefore, the Commission advocates for the mandatory printing of expiry dates on cement bags to protect consumers' interests and promote fair competition in the cement industry. As advisory has been accordingly sent to the All Pakistan Cement Manufacturers Association (APCMA) and its members requiring them to prioritize consumer safety and satisfaction by ensuring that all packaging clearly displays the 'manufacturing/ packaging and expiry/best before' dates of their products.

MoST to Forward CCP's Proposal to PSQCA for Review

The Ministry of Science and Technology decided to send the Commission's proposal of revision of national cement standards for disclosure of 'manufacturing/expiry dates' on cement bags to the PSQCA for deliberation in the Technical Committee.

After the issuance of the Policy Note, Mr. Saeed Ahmad Nawaz, Member OFT, held a follow-up meeting with Ali Tahir, Additional Secretary (In-charge) of the Ministry of Science and Technology (MoST). The Ministry pledged full assistance to the Commission in protecting consumer interests as mandated in Section 10 of the Act. It was decided in the meeting that the matter will be referred to PSQCA for deliberations in Technical Committee meeting.

Multi-Stakeholder Session on Cement Bag Labeling

The Commission organized a maiden stakeholder engagement session focusing on disclosure of 'Manufacturing/Packaging and Expiry/Best Before' dates on cement bags.

Mr. Saeed Ahmed Nawaz, Member CCP presided over the session. While, the attendees included representatives from Pakistan Standards and Quality Control Authority (PSQCA), All Pakistan Cement Manufacturers Association (APCMA), Construction Association of Pakistan, Islamabad Chamber of Commerce and Industry (ICCI), Lucky Cement, Cherat Cement, Fecto Cement, Fauji Cement, Gharibwal Cement, Kohat Cement, Maple Leaf Cement, Attock Cement, Bestway Cement, among others legal fraternity, real estate sector and academia. During the session, the CCP team also provided an overview of the Act. The modalities for implementing the Commission's recommendations were also discussed with the participants.

While the industry's executives apprised that the date of packaging would be made public through the 'Track & Trace System' of FBR, the representatives of APCMA opined that the disclosure of such dates could potentially hurt the consumer's interests. All other stakeholders agreed that the date of packaging and disclaimer about storage requirements and need for re-testing, where necessary, should be clearly mentioned on the cement bags. The house unanimously decided to allow the APCMA a period of three weeks to consult its members and apprise the Commission about the future course of action.

Notices Issued to Twelve Beauty Product Firms

The Commission took cognizance of deceptive marketing by the beauty products' manufacturers and issued notices to 12 companies regarding their false and misleading claims.

The Commission's preliminary probe revealed that these undertakings were, prima facie, engaged in 'greenwashing', advertising their products as 'Natural, Organic, Sustainable, Pure, and Chemical Free' without any scientific evidence to support their claims. Such unsubstantiated marketing claims not only mislead the consumers but also pose potential health risks to unwary users. The notices issued may set a significant precedent for responsible marketing practices that prioritize environmental integrity and consumer trust.

The undertakings in this business strategically omit the material information about the chemical/synthetic ingredients in their products from labels and marketing communications or use misleading terminology, imagery or labelling practices to hide the presence of inorganic components or chemical additives. Hence, the consumers are significantly attracted by their environment friendly assertions like '100% Organic, 100% Natural, 100% Pure, 100% Satisfaction guaranteed, Pakistan's No.1 Skincare Brand, Pakistan's Best Organic and Natural Brand, Pakistan's No.1 Online Organic Brand' and related claims.

Marketing claims must be substantiated with valid scientific evidence to prevent the distribution of false or misleading information to consumers. The companies must compete on the basis of safety, innovation, value for money, quality and effectiveness of their products. The Commission is fully committed to enforce the law and any company found guilty of deceptive marketing practices will face strict enforcement actions including penalties.

Misleading Packaging By Fifteen Beverage Manufacturers

The Commission took notice of the differences in packaging of same product sold in Pakistan and for sale in the international markets. Variations were also observed in the description and pictures of ingredients on the same label. Notably, two well-known manufacturers omitted similar fruit graphics on products intended for international markets, indicating a deliberate attempt to mislead Pakistani consumers.

The initial scrutiny revealed that these manufacturers prominently display images of multiple fruits, vegetables and medicinal plants on their packaging, creating the impression that the products are purely extracted from the pictured ingredients or contain their pulps, pastes, or natural flavours.

Such misrepresentations mislead consumers about the true nature and nutritional value of the products, especially when these claims are not substantiated. The unfounded use of ingredients' pictures on the product packaging falls under the domain of deceptive marketing practices in the light of Section 10 of the Competition Act, 2010.

The Commission accordingly required the manufacturers to have uniformity in the packaging of their products for local as well as international markets with minor variations to meet the specific labelling requirements of the foreign jurisdictions in order to maintain consistency and avoid double standards. It is imperative that any imagery or descriptions used on product packaging accurately reflect the product's true content.

CCP Takes Notice of Beverages Ads Without Safety Warning Disclaimers

The Commission took notice of dangerous stunts performed in the TV Commercials (TVCs) of leading beverage manufacturers. These stunts promote soft and energy drinks without advising viewers not to attempt similar stunts independently on their own, as they have been performed by professional experts under proper safety arrangements and are fictional displays.

The Commission issued letters to the various beverages firms to explain their position vis-à-vis showcasing physical stunts with bikes, cars and other extraordinary performances enabled by or for a few sips of the advertised drinks.

Although the, screening of such stunts is not a violation of Pakistan's Competition Law, the absence of proper disclaimers advising viewers to avoid attempting such stunts amounts to withholding material information from them, especially young adults.

The Commission warned these companies of their potential violation of Section 10(2) (b) of the Act. This section prohibits the dissemination of false or misleading information to consumers. The non-disclosure of material information or relevant disclaimers also amounts to deceptive marketing practices and constitutes a violation of this section.

The Commission also explained that 'misleading information' refers to statements that can give a wrong impression, lead to errors in conduct, thought or judgment, misinform due to vagueness or omission, and may not necessarily be deliberate.

Consumers Cautioned about Multi-Level Marketing (MLM) and Pyramid Schemes

The Commission took notice of false and misleading offers of easy money and earning enormously high quick returns in advertisements about multi-level marketing (MLM)/ pyramid schemes with several levels of compensation.

Applicants were required to pay money upfront in order to enrol. They, in turn, could make money from enrolment fees paid by the new recruits enrolled by them and sale of products. Commission was paid on sale of the products as well as for sales by the recruits of a participant. Investors in a pyramid scheme, however, generally make money primarily from enrolment fees paid by the new recruits enrolled by them rather than by selling any product.

Participants who join these schemes at the initial stages may earn the promised benefits and receive the anticipated income for a limited period. However, the majority of them who join later stand to lose their entire investment without realizing any returns. These schemes are structured in a way that requires new members to continuously enrol more recruits to generate profits for existing members. Once the schemes reach a certain size leaving no room for significant new recruitment, which serves as the primary source of profits, the entire system collapses. Eventually, only a select few individuals positioned at the top of the pyramid seize financial gains and the remaining of the participants bear the loss of all their investments. Such schemes are often advertised through print, electronic and social media platforms. Albeit attractive, these offers are risking and patently false.

Influencers Warned For Endorsing Deceptive Claims

In light of recent trends and consumer behaviours, the Commission issued a stern warning to the influencers, content creators, and advertisers regarding false and misleading endorsements that are being publicized by them while advertising different products or services across various platforms. Similarly, Consumers are encouraged to remain vigilant and report any instances of deceptive advertising to the Commission.

An influencer-driven marketing campaign is a promotional strategy that leverages the popularity, credibility, and reach of social media influencers to endorse or promote a brand, product, or service. Online endorsements by celebrities play an important role in helping consumers make their shopping decisions.

However, with the proliferation of influencer-driven marketing campaigns, there is a rise in deceptive marketing practices that pose serious risks to unwary consumers. The Commission noticed that certain influencers and endorsers are making false and misleading endorsements to attract consumers. It is, prima facie, a violation of Section 10 of the Act for being deceptive marketing practice.

The Commission has already issued comprehensive 'Guidelines on Section 10: Deceptive Marketing Practices', wherein it has been clarified that false or misleading 'Endorsements/ Testimonials' are prohibited.

CCP Supports the Code for Advertisers

The Commission supported the Pakistan Advertisers Society's (PAS) self-regulatory mechanism that ensures compliance with the Competition Law by their member organizations in their marketing practices.

The understanding was reached after a meeting held among the Commission's and PAS officials in November 2023. The Commission delegation was led by Mr. Salman Amin (Member) accompanied by DGs, Mr. Shahzad Hussain and Mr. Ahmed Qadir. The PAS was represented by Mr. Qamar Abbas, Executive Director, Ms. Afsheen Rizavi, GM whereas the two PAS council members who joined were Mr. Asif Aziz Chief Business Officer-Jazz and Syed Usman Qaiser, Head of Marketing, Jubilee Life Insurance Company Ltd.

PAS membership comprises of various leading local and international brands, representing various sectors of the economy including FMCG, Banks, Insurance, Telecommunication, Oil marketing, and electrical goods. This forum brings together marketing and advertising professionals with the objective of promoting good industry practices towards responsible marketing and advertising.

In this recent development, the Commission reiterated its commitment to foster competition in all spheres of economic and commercial activities in Pakistan. The major development of this engagement was the Commission's support extended to the PAS's Code of Advertising Practice (COAP).

The Commission supported the Code as it aims to promote the best professional and ethical practices in the field of advertising. The contents of the code are largely aligned with the provisions of the competition law and are to be self-monitored and implemented by the PAS council. The main focus is to deter misleading and deceptive marketing toward consumers and ensure that best advertising practices are in place.

Granting Approvals to Mergers & Acquisition

The Commission is mandated by statute to evaluate mergers and acquisitions. Transactions meeting the threshold outlined in the CCP Mergers Regulations undergo a review process. Typically, transactions are approved after a Phase I Review if there are no competition concerns. However, if a transaction results in the strengthening or creation of dominant position post-merger, the Commission initiates a Phase II Review.

FACILITATING Foreign Direct Investment

FDI Attracted From	Sectors	FDI Amount (PKR)
United States of America	IT Services	999,990
United Arab Emirates	LNG	661,779,000
Netherlands	Microfinance Banking	3,376,002,671
Singapore	Oil Marketing Company	24,863,066,700
	Total	29,001,848,361

44 MERGERS GRANTED

Second Phase Review of PTCL-Telenor Merger

The Commission concluded the first phase review of the pre-merger application of Pakistan Telecommunication Company Limited (PTCL) acquiring 100% shareholding of Telenor Pakistan and Orion Towers from Telenor Pakistan BV.

The Commission's Phase-I review showed that the proposed transaction met the presumption of dominance as defined in the Act. Consequently, a Phase II review was initiated to thoroughly analyze the effect on competition in the telecom sector as well as telecom services to consumers in Pakistan.

The Commission also identified the relevant product markets as 'Retail LDI Fixed-line Telecommunication Market, Retail Mobile Telecommunication Market, Wholesale Domestic Leased Lines, Wholesale IP Bandwidth and Individual Mobile/Fixed Interconnect' within the geographic market of Pakistan.

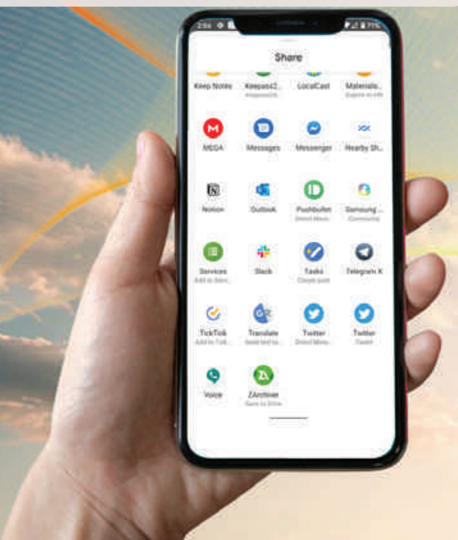
telenor

اتصالات etisalat

ptcl

Mergers in Major Sectors

- Automotive
- LNG
- FMCG
- Steel
- Fertilizers
- Real Estate
- Telecom
- Healthcare
- Textile
- Renewable Energy



Aramco Acquires 40% Shares in GO Petroleum

The Commission approved Saudi Aramco's 40% equity stake acquisition in Gas & Oil Pakistan Ltd (GO). A global leader in integrated energy and chemicals, this transaction marks Aramco's first entry into Pakistan's fuels retail market, underscoring its confidence in the country's economic potential and its commitment to its growth.

Aramco Asia Singapore Pte. Ltd., a Singaporean company wholly owned by Saudi Aramco, filed the pre-merger application with the Commission. GO, the target Pakistani company, is a licensed oil marketing company operating in Pakistan. GO is also a prominent operator of downstream fuels, lubricants, and convenience stores, making it one of Pakistan's largest retail and storage companies.

The Commission's merger analysis determined that the acquisition would not result in the acquirers' dominance in the relevant market post-transaction, leading to the authorization of the merger.

Aramco's acquisition indicates a significant milestone in Pakistan's energy sector, bringing advanced expertise and technology to the fuels retail market. This development is expected to boost competition, elevate service standards, and provide consumers with a broader range of high-quality products.

Privatization of PIA - Scheme of Arrangement Approved

The Commission approved a Scheme of Arrangements in May 2024 for the acquisition of 100% shareholding of Pakistan International Airlines Corporation Limited (PIA) by PIA Holding Company Limited (Holdco). This approval is part of the Government of Pakistan's ongoing privatization process for PIA.

Holdco, a public limited company wholly-owned by the Government of Pakistan, was recently incorporated to succeed to specified assets, liabilities, and subsidiaries of PIA, including its business, property, rights, and obligations both domestically and internationally. PIA, a public listed company, provides aviation and allied services such as engineering, handling, cargo, flight kitchen, and training.

The Federal Government approved the transaction based on the 'Divestment of PIACL - Legal Segregation Plan and Transaction Structure' submitted by the Privatisation Division on February 6, 2024. As per the approved Scheme, Holdco will acquire 100% shareholding of PIA, and Non-Core Assets and Non-Core liabilities of PIA will also be transferred to Holdco.

The relevant market identified in this case was the real estate market in Pakistan, as PIA owns properties across the country with homogenous competition conditions. However, the core aviation activities and allied services of PIA will remain with the company and will not be transferred to Holdco.

The Commission's assessment concluded that the proposed transaction will not lead to the dominance of Holdco in the relevant market post-transaction, as defined under Section 2(1)(e) read with Section 3 of the Act.

Saudi Group to invest in Shell Pakistan Limited

The Saudi Group Asyad Holding, through UAE-based Wafi Energy Holding Ltd, acquired 77.42% shareholdings and control of Shell Pakistan Limited.

The Commission approved the acquisition, thus solidifying the input of the said transaction to boost the retail oil sector in Pakistan.

M/s Shell Pakistan Limited, listed on the Pakistan Stock Exchange, maintains a substantial business footprint in retail supply of motor fuels and lubricants across Pakistan. Whereas, M/s Wafi Energy LLC is a wholly-owned affiliate of Asyad Holding Group which specializes in the management and operation of fuel stations in Saudi Arabia. The Group has established M/s Wafi Energy Holding limited to flex its wings for investment purposes in Pakistan.

The Commission's Phase I competition assessment identified 'Retail Fuel, Vehicle Lubricants and Industrial Lubricants' as the relevant product markets. It was also revealed that Shell Pakistan has distinct shares in all three relevant markets but that will remain unchanged post-transaction.

The analysis further confirmed that Wafi Energy Holding Limited will not gain dominant position in the relevant markets even after attaining the direct control of Shell Pakistan. Therefore, the Commission quickly authorized the said acquisition under Section 31 of the Competition Act, 2010.

Chairman, Dr. Kabir Ahmed Sidhu said that this development is expected to boost competition by elevating service standards in the retail fuel supply chain and thus, contribute immensely in flourishing Pakistani markets.

Market Intelligence Unit

A Proactive Leap in Regulating Cartels and Ensuring Fair Competition

Dr. Kabir Ahmed Sidhu, Chairman of the Commission, took the initiative of establishing the Market Intelligence Unit (MIU), with the sole function of market surveillance.

Its objectives include monitoring markets to identify cartels, detecting deceptive marketing practices, and identifying mergers bypassing CCP approval. This marks a paradigm shift from a reactive to a proactive regulatory approach, aligning the Commission with global best practices.

Since its inception, the MIU has made significant strides in detecting potential violations, as detailed below:

Detection Activities	Description	No. of Cases
Cartel Activities	Price fixing in violation of Section 4 of the Act	09
Deceptive Marketing	Distribution of misleading information in violation of Section 10 of the Act	47
Mergers	Transactions attracting Section 11 of the Act	33
Exemptions	-	03
	Total Leads	92

Out of the 92 leads identified, feedback was received on 74 cases, with 67 of those deemed actionable. Additionally, 17 markets are currently on the watch list due to initial red flags indicating potential cartel activities.

This proactive approach underscores the Commission's commitment to safeguarding competition and protecting consumer interests in Pakistan.

Research Studies

The Research Department of the Commission conducts Competition Assessment Studies under Section 28 (1) (b) of the Competition Act, 2010 that mandates the Commission to conduct market studies for promoting competition in all sectors of the economy, and Section 29(b) that empowers the Commission to promote competition by reviewing policy frameworks and making suitable recommendations to foster competition.

Currently the Research Department is conducting 4 studies under the IMF's Public Investment Management Assessment (PIMA) Action Plan for Pakistan. IMF's PIMA Report, 2023 inter alia, recommends implementing the SOE Triage Report, 2021 and suggests to prepare reports on the state of competition in key markets. These markets include Insurance, Power, Road Construction, and the Liquefied Natural Gas (LNG).

The competition assessment aims to evaluate the government's footprint in these 4 key markets through the presence of State-owned Enterprises (SOEs) and its implications for competition and the overall economic landscape. These competition assessment studies also aim to gauge market competition, identify market dominance, and barriers to competition, the regulatory framework and its implications for competition.

The Road Construction Sector

in Pakistan is of critical importance to foster economic growth and connectivity. It plays a pivotal role in facilitating trade, enhancing regional integration, and promoting socio-economic development. Given the substantial investments involved and the significance of road networks, it is imperative to evaluate the effectiveness of State Owned Enterprises (SOEs) contributions and the regulatory mechanisms governing their operations. The purpose of this study is to assess the competitive landscape of the SOEs operating in this sector and to evaluate any anti-competitive activities hindering other private sector entities from entering the market, as distortions are detrimental to fair competition in the market.

Liquefied Natural Gas (LNG) Sector

Natural gas accounts for around 35% of the primary energy supply, and plays a critical role in the country's energy mix. The LNG Report the attempts to evaluate the dynamics of market competition, especially in light of the significant presence of SOEs in the sector. This research study aims to identify barriers to free and fair competition in the sector, and proposes actionable recommendations based on comprehensive market analysis, international best practices, and the regulatory framework evaluations. By drawing parallels with global best practices, the research seeks to offer practical insights that may contribute to a more competitive and effective LNG market in Pakistan. With the goal of adding to the continuing conversation on energy policy and market liberalization, this research will provide a critical analysis of the current state of the market concentration, entry obstacles, and regulatory framework.

The Insurance Sector

is vital for managing risk and capital generation. It plays a pivotal role in development of economy. Despite its significance, Pakistan's insurance industry has yet to realize its full potential due to regulatory constraints and competition barriers. The insurance penetration in Pakistan remained at 0.9 percent in 2022, much lower than other regional countries such as India where it was 4 percent, regional average of 2.2, and the global average of 6.7. The Commission's study on Insurance sector aims to review the competitive landscape of the sector, identify any anti-competitive practices, legal and regulatory framework, and barriers to competition in insurance sector. It also examine the role of SOEs in insurance and reinsurance markets, and analyses why this sector is underdeveloped in Pakistan. With a population of over 240 million, the insurance market in Pakistan has a substantial opportunity to reach out to the masses and improve its performance.

The Power Sector

is an integral part of Pakistan's economy, serving as a cornerstone for industrial growth, commercial activities, and domestic livelihoods. Despite its primary importance and rising power demand in the country, the sector faces multiple challenges, including losses in revenue recovery, dependence on imported fuel, high circular debt and increasing tariffs. These challenges have raised concerns. The sector is largely dominated by SOEs in some of its segments, and is highly regulated. Recognizing the importance of fostering healthy competition in the power sector, the competition assessment study evaluates the competitive dynamics within the power sector. By conducting the competition assessment, the Commission seeks to analyze the prevailing competitive landscape of the power sector, identify any barriers to competition, and assess the market conduct of SOEs. The study aims to provide insights and recommendations to enhance competition, promote market efficiency, and safeguard consumer interests within the power sector.

The recommendations drawn from these four competition assessment studies, given the SOEs presence, performance and any leverage to them through regulatory frameworks or otherwise vis-à-vis the private sector will be forwarded to the Federal Government for further necessary action in order to create a level playing field for all market players.

Consultation Meetings

To conduct the research, 20 extensive meetings/consultations and focused group discussions were held with the stakeholders. Data from stakeholders was also gathered through unstructured questionnaires to gauge the competition concerns of the relevant industry. Consultations held with the relevant government & regulatory bodies included: SECP, OGRA, CPPA, NHA, PQA, SSGC, PSO, PLL, PRCL, Federal Insurance Ombudsman, Privatization Commission, Planning Division, Petroleum Division, Power Division, and the Central Monitoring Unit, Ministry of Finance. Consultations held with the private sector stakeholders included market players in construction, insurance, and the LNG markets.

CCP's Research Team headed by, Director General, Ms. Kishwar Khan, during consultation meetings with various stakeholders.

Advocacy & Awareness

CCP And ICAP Join Hands to Implement Compliance Framework for CA Professionals

The Commission and Institute of Chartered Accountants of Pakistan (ICAP) joined hands to develop a compliance framework on Competition law to be adopted by CA professionals working in various sectors of the economy.

The seminar was part of the series of the Commission's advocacy and ICAP's CPD activities agreed between the both. The first seminar of this series was held in ICAP Karachi which also got a great response from the stakeholders.

This session held in ICAP Lahore was attended by CEO, CFOs, Board members, entrepreneurs, professionals from finance, marketing and legal fraternity. A comprehensive presentation was made by the Commission's officials and a brief video was also displayed on core components of the Competition law.

Addressing the session, Mr. Salman Amin, while emphasizing that the role of competition in commercial and economic activities, highlighted the benefits emerging for the economy and consumers as a result of open competition. Later, Mr. Ahmed Qadir elaborated on component of the Competition Law in his presentation.

The panel discussion was moderated by Ms. Ammara Gondal, NRC-ICAP. Ms. Afsheen Rizavi of the Pakistan Advertisers Society (PAS) discussed the self-regulation in marketing practices and PAS's collaboration with the Commission in developing a code to self-regulate advertising practices in Pakistan. Ms. Rida Aslam Bhatti from law firm RIAA Barker Gillette highlighted the constitutional aspect of having open and equal opportunity to a fair competition. Engineer Khawaja Atif Ahmad from the Pakistan Petroleum Dealers Association highlighted issues within the petroleum sector and emphasized the need for the Commission's intervention and facilitation in certain practices. Mr. Nosherwan Khawaja (FCA) stated the importance of understanding Competition Law for financial advisors while rendering of advice to their clients on various aspects, including on merger and acquisition and in due-diligence.

In the end Mr. Zeeshan Ijaz, Vice President of ICAP, expressed the gratitude and the benefits of this seminar on Competition law as it again leads to ethical practices and fair competition in the economy.

After the session a group photograph of Mr. Salman Amin, Member CCP, with CA professionals from Institute of Chartered Accountants of Pakistan (ICAP)

Directors Training Program (DTP)

Three specialized sessions were organized aiming to educate directors participating in the program about the fundamental principles and implications of Competition Law within the corporate governance framework. The sessions included:

1. Pakistan Institute of Corporate Governance (PICG)

Through interactive discussions and practical examples, the two sessions equipped directors with the knowledge and tools necessary to navigate competition-related challenges effectively in their respective organizations.

2. ICAP at Bhurban, Murree

Mr. Salman Amin, Member (Advocacy & Exemption) also delivered a session on Competition Law as part of the Directors Training Program (DTP) of ICAP at Bhurban, Murree.

Participants received detailed insights into various aspects of Competition Law, including its core components, prohibited anti-competitive practices, and the role of the CCP in ensuring fair competition.

Sector-Specific Workshop for Micro Financial Banks

Dr. Kabir Ahmed Sidhu, Chairman CCP, along with CCP officials and participants after the sector specific workshop for Micro Finance Banks

The Commission held a one-day workshop on Competition Law, tailored specifically for the microfinance banks that are associated with the cellular companies operating in Pakistan.

The participants included representatives from Mobilink Microfinance Bank Limited, U Microfinance Bank Limited, and Telenor Microfinance Bank Limited. The event discussed the relevant provisions of the Competition Law pertaining to mergers & acquisitions, prohibited agreements, abuse of dominance, and deceptive marketing practices. The opening session was also attended by Dr. Kabir Ahmed Sidhu, Chairman and Mr. Salman Amin, Member.

The participants were officials dealing with marketing, legal, compliance, risk management, investigation, branding, and financial affairs. The workshop enhanced the knowledge of the participants on Competition Law and gave them practical insights into provisions of the Competition Law.

In the closing session, Mr. Athar Mehmood Asif, Ammar Bin Saqib, and M. Haroon Khan from U Microfinance Bank, Telenor Microfinance Bank, Mobilink-Microfinance Bank, respectively, thanked the Commission for such a useful session with major takeaways.

Awareness Session for ACCA – Approved Learning Partner's (ALP) Students and Faculty Members

The Commission conducted an awareness session for ACCA – Approved Learning Partner's (ALP) students and faculty members from TMUC, SBM, and SKANS.

During the session, presentations were delivered covering key topics such as abuse of dominant position, prohibited agreements, deceptive marketing practices, mergers and acquisitions, and competition advocacy. In his closing remarks, Mr. Salman Amin highlighted the significance of such awareness sessions for future accountants and finance professionals, emphasizing the importance of a strong understanding of competition law for their success.

Mr. Asad Malik expressed ACCA's enthusiasm for collaborating with Commission, stressing the importance of awareness sessions for building students' professional capacity. He underscored the importance of understanding competition law in making informed business decisions, particularly given the future roles of students in dealing with competition matters in their professional capacities.

Mr. Salman Amin, Member CCP, along with CCP officials and participants after the awareness session for ACCA - Approved Learning Partner's Students and Faculty Members

Study Tour of 1st Specialized Training Course (STC) Officers of Pakistan Administrative Service (PAS)

The Commission hosted the 1st Specialized Training Course's (STC) Officers of the Pakistan Administrative Service (PAS) from Civil Service Academy (CSA) to provide them with a comprehensive briefing on the administrative structure and functioning of the Commission.

During the tour, the officers were introduced to the Commission's organizational setup, its mandate, and its role in promoting fair competition in Pakistan's markets. They gained insights into the Commission's regulatory framework, enforcement mechanisms, and its efforts to ensure a level playing field for businesses.

Group Photograph of Mr. Saeed Ahmad Nawaz, Member CCP, with Specialized Training Course's (STC) officers of the Pakistan Administrative Service (PAS) from Civil Service Academy

Interactive Session with Civil Services Academy's Probationary Officers

Mr. Saeed Ahmad Nawaz, Member CCP, presenting souvenir to Mr. Rehmat Ali Khan, Faculty Incharge, representing a syndicate group of 20 probationary officers from Civil Services Academy

As part of their training under the 51st Common Training Programme (CTP), a syndicate group of 20 probationary officers from the Civil Services Academy visited the Commission for an interactive session.

Mr. Saeed Ahmad Nawaz, Member (Office of Fair Trade, MIU), presided over the session. While speaking on the occasion, he discussed the proactive measures undertaken by the Commission, including the establishment of a Market Intelligence Unit (MIU), to effectively implement the Competition Law. The syndicate group also benefited from a comprehensive presentation delivered by Mr. Shahzad Hussain, DG (Advocacy)/Registrar.

The syndicate group was led by the faculty in charge, Mr. Rehmat Wali Khan, Deputy Director. The group members, who are currently researching the 'Implications of Fifth Industrial Revolution (IR 5.0) on Public Sector Management in Pakistan', asked multiple questions. While responding to the questions, Mr. Nawaz underscored the significant challenges and opportunities presented by the advent of the Fifth Industrial Revolution.

Interactive Session with UK Alumni

Dr. Kabir Ahmed Sidhu, Chairman CCP, Mr. Salman Amin, Member CCP, along with Mr. Louie Dane, Senior Economic Advisor British High Commission at the interactive session with UK Alumni

The Commission held an exclusive session for UK Alumni. The session provided an opportunity to engage directly with the Commission and gain insights into core components of Competition Law.

The participants included seasoned professionals from different sectors who graduated from UK based various universities. Officials from academia, legal fraternity, banking, and public & private sector entities attended the session.

Dr. Kabir Ahmed Sidhu while addressing the alumni emphasized on the Commission's role in policing cartels to enhance competition in various sectors of economy. Dr. Sidhu further said that the Commission strives to ensure free and fair competition with the aim to open up sectors, leading to better services and products for the consumers.

Mr. Salman Amin (Member), Mr. Louie Dane (Senior Economic Advisor) from British High Commission also attended the session.

The event discussed the relevant provisions of the Competition Law pertaining to prohibited agreements, abuse of dominance, deceptive marketing practices, and mergers & acquisitions. Presentations were given by Mr. Ahmed Qadir (DG, Competition Policy) and Ms. Maryam Zafar (Senior Joint Director, CCP).

Mr. Salman Amin thanked the participants for raising important questions on Pakistan's regulatory environment. Mr. Louie Dane (Senior Economic Advisor, British High Commission) in his closing remarks highlighted the shared linkages of around 1.6 million UK based Pakistani population. He further underscored the importance of healthy competition regime in Pakistan's overall economic trajectory yielding to enhanced productivity with lower prices but improved technology.

Business Community Briefed on Competition Law

Advocacy Session with Pakistan Advertisers Society (PAS)

Mr. Salman Amin, Member CCP, with the participants from Pakistan Advertisers Society (PAS)

A case-study-based advocacy session was conducted in collaboration with the Pakistan Advertiser Society (PAS) for its member companies at Karachi while aiming to enhance understanding of competition compliance.

Along with the detailed insights two case studies related to deceptive marketing practices and abuse of dominant position were shared with the participants. PAS also shared insights into the Code of Advertising Practice (COAP).

The Commission's delegation included Mr. Salman Amin, Member (Advocacy and Exemptions), Mr. Ahmed Qadir, Director General, Competition Policy, Ms. Maleeha Quddus, Senior Joint Director, Cartels and Trade Abuse Department, and Mr. Raja Taimur Hassan, Deputy Director (Advocacy).

Awareness Session with Gujrat Chamber of Small Traders and Small Industries

On the invitation of Gujrat Chamber of Small Traders and Small Industries (GCSTSI), the Commission's team comprising of Mr. Shahzad Hussain (DG, Advocacy/ Registrar of the Commission) and Dr. Ikram ul Haq (DG Admin and HR) visited the Chamber.

The purpose of the visit was to brief and aware the members of the Chamber on the role and functions of the Commission and how it can support and facilitate small businesses.

Mr. Shahzad Hussain delivered a comprehensive presentation covering the core components of competition law. During the interactive session, participants actively engaged by posing questions related to various aspects of competition law. Notable queries revolved around issues of price control, ties-in agreements, and concerns related to the hospital services. Furthermore, participants also expressed specific concerns related to the steel sector and wanted to file a formal complaint with the commission against the steel sector.

Mr. Shahzad Hussain, DG CCP, and Dr. Ikram ul Haq, DG CCP, during the awareness session at Gujrat Chamber of Small Traders and Small Industries

Advocacy Session with Islamabad Chamber of Commerce & Industries

Dr. Kabir Ahmed Sidhu, Chairman CCP, presenting souvenir to Mr. Ahsan Zafar Bakhtawari, President ICCI, after the advocacy session for business community

In the recent visit to the Islamabad Chamber of Commerce & Industry (ICCI), Chairman Dr. Kabir Ahmed Sidhu called upon the business community to support the Commissions' efforts in policing cartelization and anti-competitive practices.

The Chairman addressed businessmen and members of ICCI during an advocacy session attended by President ICCI Mr. Ahsan Zafar Bakhtawari, ICCI executive committee members, the Commission's Member Salman Amin and other senior officials.

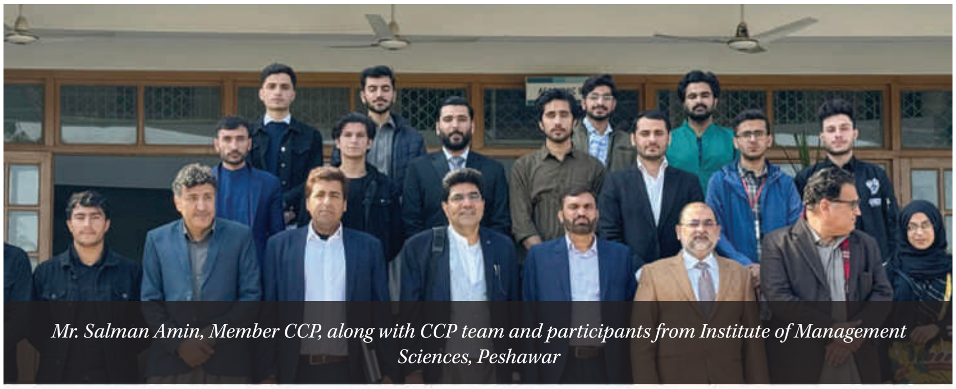
Dr. Sidhu emphasized the Commission's vital role in ensuring free and fair competition across all commercial and economic activities, aiming to prevent market abuse and promote good governance. He also highlighted the significant role that chambers of commerce can play in whistleblowing to identify cartels.

Mr. Ahsan Zafar Bakhtawari, President of the ICCI, while addressing the session, welcomed the Chairman and his team at ICCI. Mr. Bakhtawari affirmed the ICCI's full support for the Commission's mission, recognizing the Commission's essential role in driving economic growth and protecting businesses and consumers from anti-competitive behaviour.

Member Salman Amin underscored the importance of advocacy and training for the corporate sector, stating that the Commission aims to ensure corrective behaviour and sustainable compliance through these measures.

Bringing Academia Onboard

Awareness Session at Institute of Management Sciences (IM-Sciences), Peshawar



Mr. Salman Amin, Member CCP, along with CCP team and participants from Institute of Management Sciences, Peshawar

An awareness session was held at the Institute of Management Sciences (IMSciences), Peshawar, targeting final year graduate students and faculty members from various departments including Management, Islamic Business & Finance, MBA, Economics, and Project Management.

The primary aim of the session was to enhance awareness among participants about Competition Law's significance in shaping a competitive business landscape. Key topics covered during the session included an overview of Competition Law and its core components.

Awareness Session with Students and Faculty Members of Business and Law Schools of Bahria University, Islamabad

The Commission conducted an awareness session on Competition Law for the students and faculty members of the Business and Law Schools of Bahria University at Islamabad. The session aimed to educate participants on the core components of Competition Law and its crucial role in ensuring fair competition within Pakistan's economy.

The seminar was attended by the final year students of business and law schools and their respective faculty members which included Dr. Khalid Mumtaz Principal, Business School, Dr. Muhammad Fayaz, Dean & Principal, Law School, and Ms. Qudsia Adalat, department of Management Studies.

The CCP delegation of Mr. Ahmed Qadir, DG (Competition Policy), Mr. Shahzad Hussain, DG (Advocacy)/Registrar, Mr. Asfandyar Khattak, DG (Media), and Mr. Raja Taimur Hassan, DD (Advocacy) were welcome by the Bahria faculty.

Opening remarks were given by Mr. Shahzad Hussain, Director General (Advocacy)/Registrar, whereas, a detailed presentation was given by Mr. Ahmed Qadir, DG (Competition Policy). Participants actively engaged during the Q&A session, posing questions on the Commission's enforcement actions, particularly in the context of deceptive marketing practices.

Dr. Muhammad Fayaz, Dean & Principal of the Law School at Bahria University emphasized the criticality and significance of Competition Law for Pakistan's economy and advocated for its inclusion in higher education, namely at LLB and LLM levels. In his closing remarks, Dr. Khalid Mumtaz, Principal of the Business School, underscored the need for ongoing collaboration between the Commission and Bahria University.

CP team with Dr. Muhammad Fayaz, Dean & Principal of the Law School, Bahria University Islamabad ▶

Insights Shared with Students and Faculty Members of Air University

Dr, Kabir Ahmed Sidhu, Chairman CCP, Mr. Salman Amin, Member CCP, along with Dr. Mueen A. Zafar, Dean Air University School of Management (AUSOM) after the seminar on Competition Law.

The Commission conducted a seminar on competition law for students and faculty members of the Air University School of Management (AUSOM) at the Commission's headquarters.

The attendees included students from the 6th semester of the BBA program, accompanied by Dr. Mueen A. Zafar, Dean of AUSOM, Dr. Amir Ishaque, Chair of the Department of Business Studies, and Mr. Mehmood Karim, visiting faculty member. The participants were welcomed by Dr. Kabir Ahmed Sidhu, Mr. Salman Amin, along with the Director Generals and senior management of the Commission.

In his opening remarks, Mr. Salman Amin praised the participants for their enthusiasm to familiarize themselves with competition law. He emphasized the growing importance of competition law in the field of economics and highlighted the benefits students can gain from understanding its principles.

The main objective of the seminar was to introduce students to the Commission's mandate and operations. Presentations were delivered on various aspects of competition law, including abuse of dominance, prohibited agreements, deceptive marketing practices, and mergers and acquisitions. These presentations were supplemented with case studies, providing students with a practical understanding of the topics discussed.

CCP Aims To Propose Digital Competition Bill For Pakistani Market

The Commission launched a 'Competition Assessment of Digital Markets and Digital Services in Pakistan'. The study aims to understand the impact of digital markets and services on competition, economic growth, and employment opportunities. It will make policy recommendations to help the government ensure global regulatory harmonization.

At the end of this research study, the Commission aims to propose a draft bill on digital markets. Other countries such as Russia, the UK, the USA, and India have already done so to regulate their markets.

Pakistan's shift towards digital markets necessitates proactive policies to promote competition. This requires establishing and enforcing clear rules to prevent anti-competitive behaviour by major digital platforms and service providers. Digitalization has not only created new markets but also transformed existing ones, changing the nature of competition. The study will analyze the opportunities and challenges presented by the digital economy for competition. It aims to suggest pro-competition policies that account for the unique dynamics of these markets. The emergence of a few powerful platforms, the centrality of data (both personal and organizational), and the use of algorithms have given rise to significant competition concerns. The digital economy has also introduced novel practices that may not fit neatly into existing types of abuse, necessitating a debate about appropriate legal remedies.

Efforts to enhance consumer data portability, adopt open standards, and share data with competitors will benefit consumers and foster competition in Pakistan's digital ecosystem.

OECD
BETTER POLICIES FOR BETTER LIVES

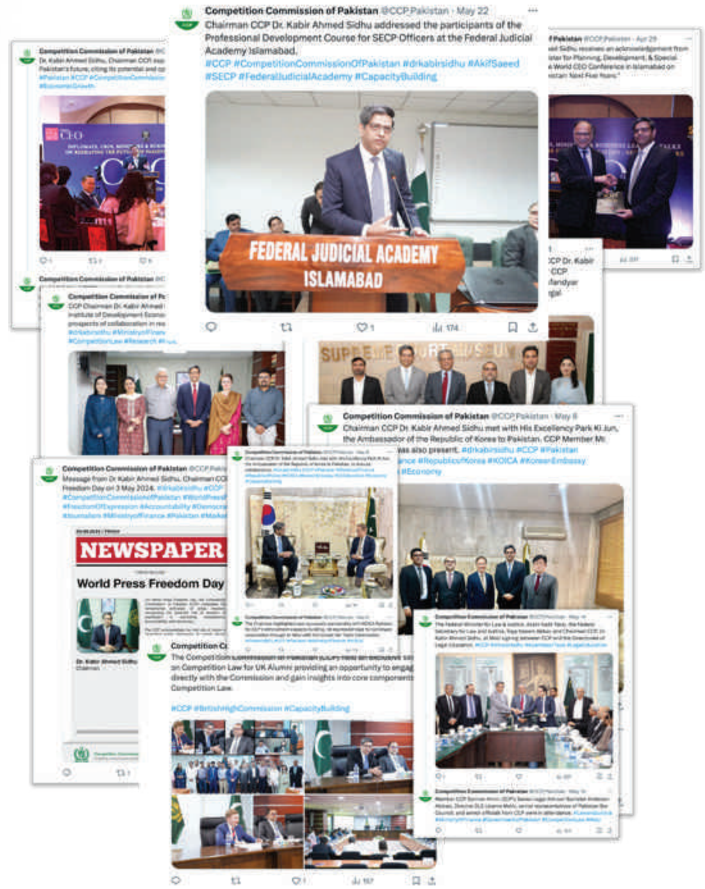
The OECD/Korea Policy Centre celebrated its 20th Anniversary at Seoul from 28 - 30 May 2024. The CCP was repesented by Ms Ambreen Abbasi, Sr. Legal Advisor. Participants from fifteen competition authorities across Asia-Pacific attended the workshop on advocacy organised for the occasion.

Capacity Building

1\. *Two officers of the Commission attended a comprehensive training program, 'Seminar on China's Competition Policy and Enforcement for Developing Countries', held in China, from 29th October till 18th November, 2023. The seminar provided a unique opportunity to exchange insights and best practices in competition policy enforcement.*

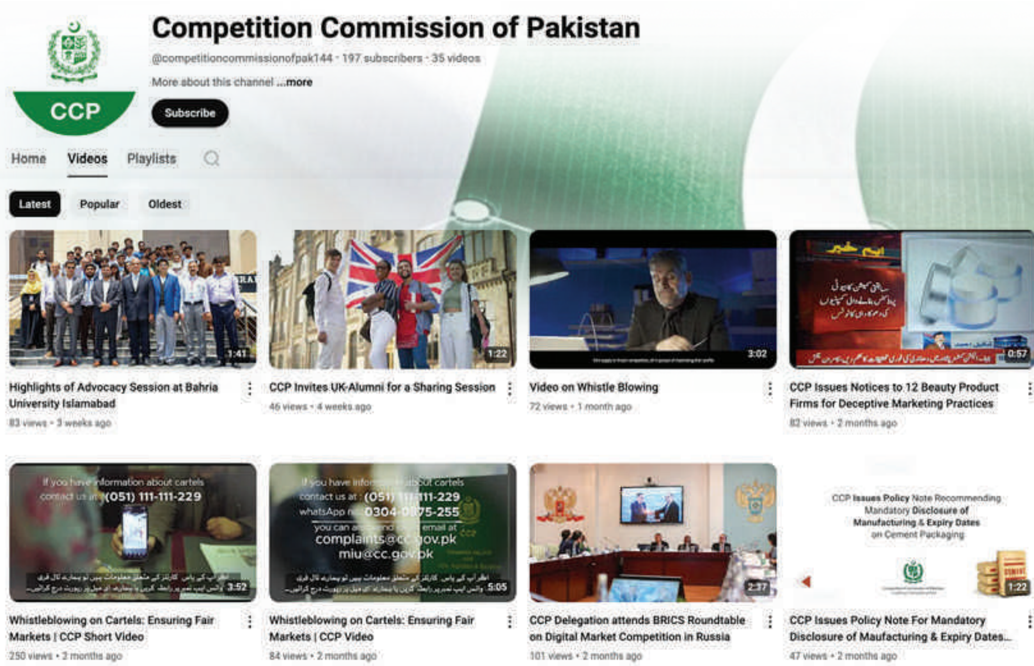
2\. *As part of its skill enhancement plan, the Commission conducted an introductory course titled 'Introduction to Competition Law and Economics' for newly inducted officers. This course covers core principles of competition law aiming to ensure a baseline understanding of competition law among employees in line with revitalized Human Development policies.*

Media Interactions



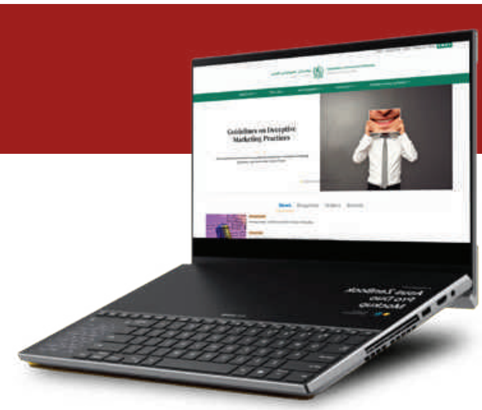
Multimedia Awareness Campaign

The Commission launched an extensive multimedia campaign aiming to sensitize public, investors and policymakers. The campaign comprised of short videos on cartels and deceptive marketing practices.



Contribution

By: Engr. Asma Kiran,
Management Executive,
IS&T



How EnfTech can Revolutionize Competition Law Enforcement in Pakistan

Enforcement Technology (EnfTech) enables enforcement agencies to conduct investigations, surveillance, and apply remedies using advanced technology. This article explores how EnfTech is being used by various competition agencies and draws lessons for the Competition Commission of Pakistan (CCP).

Utilization of EnfTech

EnfTech applies advanced technological tools for competition law enforcement through:

1. **Data Analytics:** Utilizing big data to monitor market behaviours and detect anti competitive conduct.
2. **Artificial Intelligence (AI):** Using AI for predictive analysis, trend identification, and anomaly detection.
3. **Digital Forensics:** Employing digital tools to analyse electronic evidence in cartel or market manipulation cases.
4. **Automation:** Streamlining data collection, processing, and compliance monitoring.
5. **Visualization Tools:** Presenting complex data sets for decision-making and enforcement actions.

Global Adoption of EnfTech

Various competition agencies utilize EnfTech, including:

1. US Federal Trade Commission and Department of Justice: Use big data analytics and AI to monitor market behaviors.
2. European Commission: Utilizes data analysis tools and AI for mergers and cartel investigations.
3. UK and Singaporean competition agencies: Employ data science, AI, and digital tools.
4. Australian Competition & Consumer Commission: Monitors market activities using data analytics.
5. South Korean Fair-Trade Commission: Uses digital forensics and data analytics.
6. Brazil's Administrative Council for Economic Defence: Leverages data analytics and AI.
7. Competition Commission of India: Explores data analytics and AI for detecting anti-competitive practices.

Benefits of EnfTech for Competition Agencies

EnfTech enhances efficiency, enables quicker responses, and adopts a proactive approach. It streamlines operations, swiftly identifies violations, facilitates evidence gathering, and becomes essential in large digital commercial environments.

Stages of EnfTech

- **Generation 1:** Basic tech with heavy manual processing.
- **Generation 2:** Automated input data generating diagnostic insights.
- **Generation 3:** Full automation for predictive analysis.
- **Generation 4:** Real-time monitoring with advanced AI techniques.
- **Generation 5:** Fully machine-enabled decisions.

Challenges for CCP

To enhance CCP's enforcement capacity, AI can be transformative but requires high-quality structured data, which CCP may lack. Developing these data sets is crucial. Human intervention remains essential, allowing technology to handle repetitive tasks while humans focus on complex issues. CCP should create e-labs, and offices of technology, hiring experts to develop or use AI tools for enforcement.

Way Forward for CCP?

In future, EnfTech will become inevitable for CCP due to its potential for efficient enforcement. However, adopting technology requires specific skills and infrastructure. Like other competition agencies, the CCP will have to:

1. Select the appropriate technology.
2. Decide whether to outsource expertise or develop in-house skills.
3. Promote a culture that is ready to adopt EnfTech.
4. Ensure to have the right data to avoid discrimination in implementation.
5. Integrating AI effectively into the daily work.

To initiate the adoption of EnfTech, the CCP should collaborate with competition agencies already using it, and participate in experience sharing and training sessions to develop the skills. For technical assistance, the CCP can reach out to UNCTAD and the European Union. Implementing EnfTech will greatly benefit both consumers and businesses in Pakistan.

Digital Transformation of the Commission

Following the appointment of the Commission in August 2024, the Information Systems and Technology department (IS&T) has undertaken a significant shift to align with the management's visionary goal of transforming the organization through digitization and automation.

This strategic shift aims to enhance efficiency, transparency, and accessibility, aligning with global best practices. In order to automate manual processes, IS&T department has undertaken number of development initiatives that will not only enhance the efficiency of the commission but also facilitate internal and external stakeholders. The details of key initiatives are listed below;

1. E-office Implementation

The E-office suite has been successfully deployed at CCP which will be first step toward paperless environment. In a recent report published in July 2024 by NITB, CCP was ranked 16th out of top 30 organizations for its implementation of the E-office suite. This positioning highlights the significant stride CCP has made in digitizing its operations.

2. E-Exemption Filing System

This project will facilitate submission of online exemption applications. The E-Exemption Filing System is designed to replace the traditional, paper-based application process with a streamlined, user-friendly online platform. This one-window operation simplifies the submission process, ensuring efficiency, transparency, and ease of access for all stakeholders. The module will be implemented after necessary amendments in relevant regulations.

3. Up gradation of CCP Website

CCP has upgraded its website, introducing a modern platform that boasts enhanced security features, robust functionality, web accessibility tools, and an improved user interface. This significant update reflects CCP's commitment to providing a seamless and secure online experience for its stakeholders.

4. Online Complaint Management System

This innovative solution is designed to streamline the process of lodging and managing complaints, enhancing the CCP's ability to safeguard fair competition. The module can be accessed through Commission website.

5. Digitization of HR

CCP has made significant progress in modernizing its recruitment processes through the development of an internally created Job Portal. This innovative platform has transformed how the CCP attracts, screens, and hires talent, ensuring a more efficient, transparent, and user-friendly recruitment experience. All latest inductions at CCP have been done through this Portal.

6. OFT Record Application

This innovative solution has been designed to streamline the management and retrieval of records related to fair trading practices, enhancing the OFT's operational capabilities.

Future Plans

iOS

- *CCP is currently in the process of developing an iOS app, aimed at enhancing accessibility and user experience for stakeholders. This app will provide convenient mobile access to CCP's services, including the E-Merger system, E-Exemption system, complaint management system and other digital resources.*
- *Development of artificial intelligence-based tools for detection of deceptive marketing practices has been initiated.*

EDITORIAL TEAM

Coordinating Editor:
Marryum Pervaiz

Editor:
Ayesha Nayab

CONTACT

7th, 8th, 9th, 3rd Floors South, ISE Towers, 55-B, Jinnah Avenue, Islamabad
Ph: (+92) 51-9100260-3
Fax: (+92) 51-9100251
Email: advocacy@cc.gov.pk
web: www.cc.gov.pk

DISCLAIMER

The contents of this publication are only informative in nature and not meant to substitute for professional advice. Information and views in the newsletter are fact based and incorporate necessary editing. For details about CCP's enforcement orders, please log on to the website at www.cc.gov.pk