

Competition - Pakistan

Recent Competition Commission policy notes

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One of the roles of the Competition Commission is to sensitise the government and regulatory bodies to potential competition concerns. The commission does this by reviewing the draft laws, regulations, programmes, policies, decisions and actions of various wings of the government, regulators and other public authorities and issuing corresponding policy notes.

The commission has to date issued 15 policy notes to various government departments. Some of the more recent policy notes cover the following areas:

- [Non-issuance of flare gas licence by the Oil and Gas Regulatory Authority \(OGRA\)](#) – the commission recommended that once new entrants to the flare gas market have completed all formalities and paid the prescribed fee to OGRA, OGRA should exercise its powers under the Oil and Gas Regulatory Authority Ordinance 2002 and take swift decisions regarding licence applications submitted by the new entrants.
- [Amnesty scheme for smuggled/seized vehicles](#) – the commission took notice of the amnesty scheme of the Revenue Division of the Ministry of Finance and Revenue and the subsequent concerns raised by the All Pakistan Motor Dealers Association. The scheme allowed for the release of smuggled/non-duty-paid motor vehicles with authentic engine or chassis numbers on payment of a 'redemption' fine along with duty and taxes. The commission opined that for several reasons, the amnesty scheme discriminated against legitimate vehicle importers; the commission thus recommended that the scheme be withdrawn.
- [Rationalisation of duty structure on polyethylene terephthalate \(PET\) resin](#) – the commission recommended that the tariff structure for PET resin, particularly bottle-grade, film-grade and yarn-grade PET, be rationalised and reduced to a uniform rate to eliminate discrimination in terms of classification and rates of duty and thereby create a level playing field for all competitors in the PET bottle and biaxially-oriented polyethylene terephthalate film markets.
- [International clearinghouse exchange arrangement](#) – the Ministry of Information Technology issued a directive establishing an international clearinghouse exchange arrangement for incoming international calls for long-distance international, fixed-line local loops, wireless local loops and mobile operators. The commission opined that the directive and proposed arrangement promoted price fixing and market sharing (ie, quota allocation), and therefore recommended that the directive be withdrawn.
- [Complete ban on establishment or enlargement of sugar mills in Punjab](#) – the commission opined that the government of Punjab had created a legal barrier to market entry by imposing a complete ban on the establishment of sugar mills in the province, as well as a barrier to expansion by prohibiting existing sugar mills from enlarging their capacity. The commission recommended that the notification establishing the ban be withdrawn.
- [Reform of pricing practices for fresh milk](#) – the commission observed that the authorities were setting the price of fresh milk after consulting dairy farmers' associations. The commission recommended that provincial and district governments issue strict guidelines directing that:
 - association members, associations themselves or any market stakeholders not be invited to and not participate in any formal or informal meeting in which the price of fresh milk is set; and
 - the price of fresh milk be based on careful and independent analysis undertaken by officers of the government's Price Review Committee.

By issuing these policy notes, the commission aims to provide advice that is pre-emptive and precautionary in order to ensure that potential effects on competition are identified in advance, thereby deterring potentially anti-competitive activities.

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