



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

IN THE MATTER OF SHOW CAUSE NOTICE ISSUED TO

M/S. TRANSPORTERS OF GOODS ASSOCIATION
M/S. LOCAL GOODS TRANSPORT ASSOCIATION

FOR PRIMA FACIE VIOLATION OF SECTION 4 OF THE COMPETITION ACT, 2010

(File No. 443/TGA-LGTA/C&TA/CCP/2022)

Date(s) of Hearing:

May 15, 2025

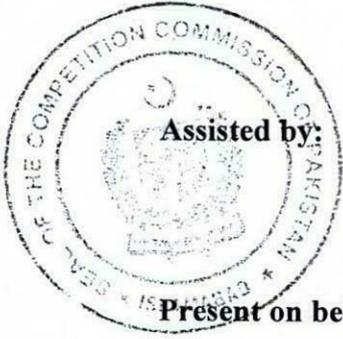
July 1, 2025

Bench:

Dr. Kabir Ahmed Sidhu
Chairman

Ms. Bushra Naz Malik
Member

Barrister Ambreen Abbasi
Senior Legal Advisor
Yousaf Naeem
Legal Advisor



Assisted by:
Present on behalf of Respondents:

M/s Transporter of Goods Association

Mr. Tariq Gujjar
President
Mr. Javed Khan
General Secretary

M/s Local Goods Transport Association

Mr. Muhammad Ismail
General Secretary
Ghulam Murtaza
Legal Advisor

ORDER

1. This Order shall dispose of the proceedings initiated under the Show Cause Notices (SCNs) No. 14/2024 and No. 15/2024, dated August 08, 2024, issued to M/s Transporter of Goods Association and M/s. Local Goods Transport Association under section 30 of the Competition Act, 2010 (the Act).

BACKGROUND

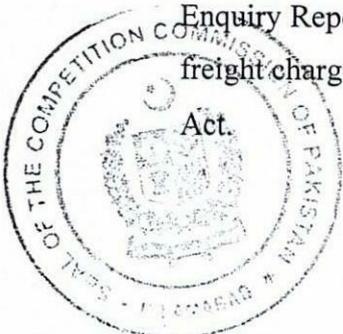
2. The Commission received an email dated December 19, 2021, from a cargo handling company stating that the transporter association has raised the price/freight rates for transporting products from various places inside Karachi city from Rs. 6000 to Rs. 8000 (per 12-hour rate). The company also alleged that the Transporters of Goods Association (TGA) were floating a freight list with freight rates for moving goods to various locations in Karachi. It was further alleged that TGA was also involved in collecting "Bhatta" (money from truck owners).
3. To ascertain the veracity of the claims made by the complainant, an individual affiliated with TGA was contacted telephonically and information pertaining to freight rates was sought. The information provided indicated that the freight rates are determined and fixed by the TGA from Karachi Port Trust (KPT) to different locations in Karachi and its surrounding areas. Soft copies of rate list, consisting of 12 pages, dated December 1, 2021, setting out rates for the year 2021 for transportation of goods through various size of containers/trailers from both sea ports i.e. Karachi Port Trust (KPT) and Port Qasim (PQ) (collectively referred as Ports) to different locations in Karachi and adjacent areas of Sindh and Baluchistan were obtained from the said individual of TGA. Subsequent investigation into the case led to the discovery of a Facebook page belonging to TGA. Notably, a post titled "*New Rate Available at TGA Office*" dated August 06, 2018, was found on this page. Information gathered from this and other social media posts and comments suggested that the transporters (members), operating under the TGA umbrella, were collectively making decisions. These findings indicate that the practice of issuing freight rates through coordinated action has been in place since at least 2018.



4. As part of the preliminary investigation, the Facebook page of another transporter's association, Local Goods Transport Association Karachi Port Qasim (**LGTA**) was also examined. The content of the page, including various posts and notifications, revealed that LGTA was actively involved in setting freight and transportation rates for routes from PQ to Karachi and the surrounding regions of Sindh and Baluchistan. A key notification dated October 28, 2021, indicated that LGTA members had unanimously agreed to increase freight prices. Furthermore, the same notification warned that any member (transporter) violating this collective decision would face strict penalties.
5. The Commission assessed the complaint under Regulation Nos. 17, 18, and 19 of the Competition Commission of Pakistan (General Enforcement) Regulations, 2007 (the **2007 Regulations**), to conclude that though the complaint was informal, however, it raised a valid concern, sufficient for the Commission to initiate a *suo moto* enquiry under section 37(1) of the Act.

ENQUIRY REPORT

6. On March 03, 2022, the Commission authorized an enquiry under section 37(1) of the Act. Subsequently, on the recommendation of the Enquiry Committee, the Commission, on May 16, 2022, authorized two teams of officers to conduct an 'enter and search' inspection of the premises in use of TGA located at Mezzanine Floor, Jumbo Centre Room No. 4 & 5, Opposite Custom House, Bhori Road, Karachi and LGTA located at Room No. 101, 102, 103, First Floor, Port Trade Tower Building, Near Tariq Road, Port Qasim, Karachi (collectively the '**Premises**'). This authorization was granted pursuant to the Commission's power conferred by section 34 of the Act to gather additional evidence regarding suspected violations of the Act.
7. On the basis of information and data gathered, the Enquiry Committee, at para 55 of the Enquiry Report, concluded that TGA and LGTA had collectively discussed, shared and fixed freight charges which *prima facie* constituted violation of section 4(1) read with 4(2)(a) of the Act.



8. Based on the recommendations in the Enquiry Report, the Commission initiated proceedings under section 30 of the Act.

SHOW CAUSE NOTICES

9. On August 09, 2024, the Commission issued SCNs under section 30 of the Act to the following undertakings:

- (a) TGA - **Respondent No. 1**
(b) LGTA - **Respondent No. 2**
(Collectively, referred as to the **Respondents**)

10. The SCNs, based on the detailed enquiry and collected evidence, alleged that the Respondents indulged in practices and entered into agreements with an object of preventing, restricting, and/or reducing competition in the relevant markets, which *prima facie*, constituted violation of section 4(1) read with section 4(2)(a) of the Act.

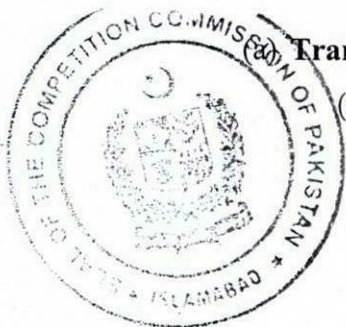
11. The Respondents were called upon to file replies to the SCNs as well as avail an opportunity to be heard through their duly authorized representatives at the office of the Commission in Islamabad. A copy of the Enquiry Report with all annexures was also shared along with each SCN for the undertakings. X

SUBMISSIONS

12. The Respondents submitted their written replies and denied all the allegations made in the SCNs and claimed that the actions of the Respondents were not in violation of section 4 of the Act. Below is a summary of the submissions made by each of the aforementioned Respondents.

Transporters of Goods Association (TGA) – Respondent No. 1

- (i) TGA is responsible to assist and handle issues related to accidents, police and custom related matters and issues with the port administration. Since the



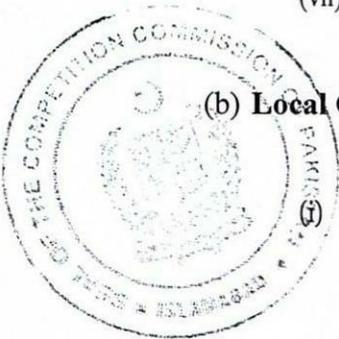
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majority of the association's members have limited educational backgrounds, they require support from the organization in order to resolve their conflicts in accordance with the association's bylaws.

- (ii) TGA is a welfare organization registered with the Sindh Registrar office, created to assist the members in case of accident or other related issues.
- (iii) Most of the members of the TGA are involved in transportation business to and from the ports and have to go through complete security clearance.
- (iv) TGA only issues an 'average rate list' to its members (transporters) based on average diesel costs. Karachi Goods Transport Alliance (KGTA) has been issuing rate lists based on the average price of fuel since 2023–2024. The freight rate list is determined by the combined efforts of the KGTA and all local goods transport associations. Members voluntarily adhere to the terms and conditions listed on the front page of the rate list; they are not enforced.
- (v) The members do not adhere to the TGA or KGTA freight list, instead, freight rates are negotiated by agreements between importers/exporters and transporters based on average diesel costs. These established pricing and agreements are unknown to the TGA (association).
- (vi) TGA performs its functions as per its byelaws and if further assistance is required, same can be sought from the President or General Secretary of TGA.
- (vii) The allegations against the TGA are false and baseless.

(b) Local Goods Transport Association (LGTA) – Respondent No. 2

The LGTA is registered under sections 1, 3 and 20 of the Society Registration Act, 1860. LGTA has 190 members involved in road transportation of goods



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through trucks, containers, trailers and long vehicles. As per the Memorandum of Association of the organization, the organization shall be a charitable organization.

- (ii) The enquiry proceedings were initiated by the Commission on the basis of an email from an unnamed cargo handling company dated December 19, 2021. Copies of the email/complaint were not shared with the Respondents, nor has any representative of the cargo handling company appeared before the Commission or the Enquiry Committee.
- (iii) LGTA has the right to cross examine the witness/representative of the cargo handling company, denying that would be a violation of Article 10-A of the Constitution and the prevailing law.
- (iv) LGTA vehemently denies the allegations of collecting 'Bhatta' or alleged violation of section 4 of the Act.
- (v) The Government/OGRA approved pricing for diesel and oil rose dramatically between 2018 and 2022, which raised the cost of its linked products, such as tires, spare parts, driver wages and daily costs, cleaner salaries, mechanic labor, heavy taxes, challans, etc. Our members made self-explanatory written submissions/applications to the association, asking the chairman to raise the transportation fee for various modes of transportation, because they found the rise in oil costs and related products to be excessively onerous. The association conducted General Body Meetings in response to the members' request, and following thorough deliberations, unanimously resolved to raise freight prices for 2019 and 2021-2022. The rate lists for 2018 and 2021-2022 were issued by the LGTA, which is not a violation of section 4(1) and 4(2) of the Act.



ISSUES

13. Based on the findings of the Enquiry Report, SCNs and replies/submissions made by the Respondents, the following issues arose for the Commission's deliberations, analysis and determination:
- I. Whether there has been a collective decision by the local goods transporters, through the platform of TGA and/or LGTA for price fixation of freight charges in *prima facie* violation of section 4(1) of the Act, read with section 4(2)(a) of the Act?
 - II. Whether the right to cross examine the informal complainant in case of *suo moto* proceedings exists under the Act?
 - III. Whether ignorance of law can be a valid excuse?

ANALYSIS

ISSUE I: Whether there has been a collective decision by the local goods transporters, through the platform of TGA and/or LGTA for price fixation of freight charges in *prima facie* violation of section 4(1) of the Act, read with section 4(2) of the Act?

14. Section 4(1) of the Act expressly prohibits undertakings from engaging in agreements, decisions, or concerted practices that have the object or effect of preventing, restricting, or distorting competition. Specifically, the provision states:

"4. Prohibited agreements. __ (1) No undertaking or association of undertakings shall enter into any agreement or, in the case of an association of undertakings, shall make a decision in respect of the production, supply, distribution, acquisition or control of goods or the provision of services which



have the object or effect of preventing, restricting, or reducing competition within the relevant market unless exempted under section 5."

15. Under Section 4(2)(a) of the Act, such agreements include, but are not limited to directly or indirectly fixing the purchase or selling price or any other restrictive trading conditions.
16. An agreement is anti-competitive if it facilitates price-fixing or other forms of collusion among competitors, whether through direct meetings, or other means. The context of such communications plays a critical role in determining whether they fall within the scope of section 4. The US Supreme Court in case of *United States vs. Socony-Vacuum Oil Co.*, 310 U.S. 150 (1940) at **paragraph 117** held that the market's price-setting mechanism is the central nervous system of the economy and any agreement among competitors having the purpose and effect of raising, depressing, fixing, pegging or stabilizing prices was unlawful *per se*. It is well established that coordinated discussions among competitors regarding pricing, whether in person or through other means, constitute a restriction of competition. Reliance is placed on *Catalano*, 446 U.S. at 648, *Cement Inst.*, 333 U.S. 683, *Sugar Inst., vs. United States* 297 U.S. 533 (1936), and *Plymouth Dealers Ass' n.*, 279 F.2d at 132 and *Arizona vs. Maricopa Cty. Med. Soc'y* 457 U.S. 332 (1982).
17. In the instant case, the Respondents have themselves conceded that the revision in freight rates was based on the inflationary increase in diesel and petroleum costs and its associated costs to run the business. It was due to the dramatic increase in fuel prices, that the TGA and LGTA along with its members collectively decided to increase the freight charges.
18. Technically, the price negotiation should have been left to individual transporter regardless of the fuel price whereas, the association in concert with its members, collectively fixed and announced increased transportation charges. The collective decision making took away individual discretion which tantamount to anti-competitive practices in violation of section 4 of the Act.



19. In the case of Pakistan Automobile Manufacturers Authorized Dealers Association (PAMADA) and its Members Undertakings cited as 2016 CLD 289, when PAMADA, due to inflation, increased the prices for body repairs and paint jobs, the Commission at paragraph 53 held that:

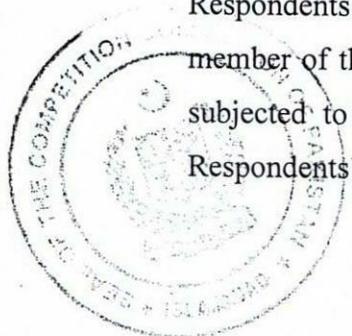
“53. With respect to the above, we feel it necessary to clarify in the most certain terms, that it is not the fact of a price increase that poses a competitive concern, but rather the collective determination and fixation of prices. Inflation may unquestionably be accounted for by individual dealerships, but an association of the same must not take a decision to do so. Commercial decision making by an association for or on behalf of its members, for any reason, remains prohibited under the Act. The implementation of such a decision is not a consideration in the making out of a violation under Section 4 (1) read with Section 4 (2) (a) of the Act, as explained in paragraphs 37 and 41 above. In light of the documentary evidence as well as the submissions made, there is no doubt that two instances of collusive decision making by PAMADA with respect to fixing the price of body repairs and paint jobs, one in 2010 and one in 2013, in violation of Section 4(1) read with Section 4(2)(a) of the Act can be identified.”

(Emphasis Supplied)

20. Economic hardship or inflation cannot justify coordinated price rise. The proper response would be for each undertaking to independently assess and adjust its pricing strategy in response to market forces. What transpired instead was a coordinated price adjustment, a classic example of horizontal collusion, which stifles competition by aligning the pricing behavior of otherwise competing undertakings. 

21. It is well-established in competition jurisprudence that any form of collective pricing decision, including non-binding recommendations or association-endorsed rates, can amount to a violation where it has the effect of harmonizing market behavior.

22. Moreover, the Enquiry Report, particularly at paragraphs 7, 37–38 and 53, establishes that the Respondents enforced the issued freight lists through coercive means. Any transporter (i.e., member of the association) who does not adhere to the rates prescribed in the freight list is subjected to threats of punitive action and social boycott. This directly undermines the Respondents' claim that transporters follow the freight list voluntarily. 



23. During the hearing, the Bench questioned the Respondents on the purpose of issuing the freight list if, as claimed, it was not meant to be binding. In response, the Respondents contended that the freight list merely reflects indicative average prices and is not obligatory. They further stated that transporters individually negotiate rates with importers/exporters, and the final agreed rates remain confidential.
24. The Bench further inquired about the documents recovered during the search and seizure operation (referenced in paras 7, 37, 38, and 53 of the Enquiry Report), which revealed that members were compelled to comply with the issued freight list. In cases of non-compliance, members were required to submit written apology letters along with undertakings to conform to the freight list in the future. The Respondents failed to provide any satisfactory explanation for the existence of these apology letters.
25. In light of the foregoing, the Bench concludes that the Respondents not only issued a uniform pricing structure for all association members, contrary to section 4 of the Act, but also engaged in coercive practices to enforce compliance. This conduct, as evidenced by the Respondents' own submissions, and the findings of the Enquiry Report, constitutes a decision by an association of undertakings with the objective of price-fixing. Accordingly, the Respondents' actions are in clear violation of sections 4(1) and 4(2)(a) of the Act.

ISSUE II Whether the right to cross examine the informal complainant in case of *suo moto* proceedings exists under the Act?

26. The Bench notes that, while the complaint received may have been informal in nature, it nonetheless raised valid concerns regarding a possible violation of the Act. Under section 37(1) of the Act, the Commission is empowered to initiate a *suo moto* enquiry where there exists a reasonable basis to suspect a contravention of the Act. In this case, the allegations were of collective price fixing of freight charges by the Respondents which were serious enough to merit regulatory intervention, irrespective of the formality of the complaint.

27. Accordingly, the Commission exercised its lawful discretion and constituted an Enquiry Committee to investigate the matter. The findings of the Committee, following a detailed



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inquiry, concluded that the Respondents had collectively discussed, shared, and fixed freight rates, which *prima facie* amounts to collusive behavior in violation of section 4(1) read with section 4(2)(a) of the Act, which explicitly prohibits agreements that have the object or effect of fixing prices or restricting competition.

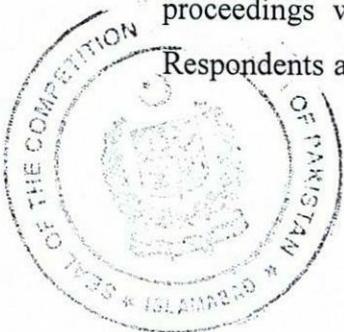
28. Following the enquiry, SCNs were duly issued to the Respondents in accordance with section 30 of the Act. All material collected during the enquiry was transparently provided to the Respondents. Moreover, the Respondents were afforded full opportunity of a fair hearing, including submission of written replies and oral arguments, in strict compliance with the principles of natural justice and procedural fairness.

29. It is important to emphasize that the standard for admissibility and evaluation of evidence in regulatory and quasi-judicial proceedings, such as those conducted by the Commission, is distinct from the evidentiary standards applicable in civil or criminal trials. In such contexts, the focus is on whether the evidence presented is relevant, credible, and probative, not whether it conforms to the strict rules of evidence under the Qanun-e-Shahadat Order, 1984. This position has been affirmed by the Lahore High Court in the case of *LPG Association of Pakistan v. Federation of Pakistan* cited as **2021 CLD 214**. In paragraph 54 of the judgment, Justice Ayesha Malik clarified that:

“As per the dicta of the august Supreme Court of Pakistan we find that the CCP was not established as part of the judicial hierarchy of courts nor are its function to exercise judicial power. It is established to carry out the administrative function of the executive to ensure economic efficiency and promote consumer welfare and in doing so it discharges quasi-judicial functions with the sole objective to regulate anti-competitive behaviour. Although the process followed by the CCP while hearing cases must follow due process, they are not bound by the formal laws of evidence and procedure.”

(Emphasis Supplied)

30. Considering the aforementioned, the Bench believes that the Respondent’s claim of the right to cross-examine the cargo handling company representative is erroneous because the proceedings were started *suo moto* and all pertinent information was provided to the Respondents at the time of the investigation, thus upholding the principles of natural justice



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and fairness. The Bench rejects the Respondents' argument because it finds it to be without merit.

ISSUE III Whether ignorance of law can be a valid excuse?

31. The Respondents argued that most of the members of the association have limited educational background and are unfamiliar with the nuances of the competition law, therefore, in case of any violation, the Commission should consider this as a defence.
32. The law is quite clear on this issue. The Honorable High Court in the case of Salman Khan and 2 others v. University of Swat through Vice-Chancellor and 5 others cited as **PLD 2023 Peshawar 40**, at para 8, held that:

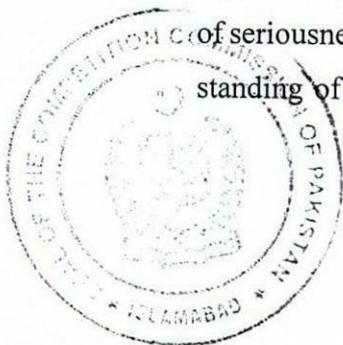
"8. Not only the college administration but the University too is bound to act upon the regulations, the student of an institution cannot be allowed to set up the case on the ground of unawareness of the law because the ignorance of law is of no excuse at all. It is an established law that a plea of ignorance of law could not be construed or sustained as a bona fide excuse. This view is fortified on the principle of the "Muhammad Ameen and another v. Jawaid Ali and 5 others" (2017 YLR Note 429) and "Zaman and 2 others v. Muhammad Khan" (2017 YLR 353)."

(Emphasis Supplied)

33. Reliance can also be placed on the cases of **PLD 2010 SC 19** (at para 18) and **2009 SCMR 678** (at para 9). In view of the above, the Commission is of the view that ignorance of law is not an excuse and cannot be used as a defence.

DECISION AND PENALTY

34. The Bench, while determining the quantum of penalty, has duly considered Guidelines on Imposition of Financial Penalties, which emphasize that fines should serve both as a reflection of seriousness of the infringement and as a deterrent. The Bench took into account the financial standing of the Respondents and the gravity of the contravention. The conduct of fixing of



uniform freight rates through collective deliberation and agreement within the association amounts to a clear violation of section 4 of the Act.

35. Having considered the evidence collected in the Enquiry Report, as well as the submissions and materials provided by the Respondents, the Bench holds that the collaborated fixation and public announcement of uniform freight rates constitutes a clear breach of section 4 of the Act. Therefore, the Bench imposes a penalty in the sum of PKR five million on each of the Respondents.
36. The Respondents are directed to deposit the penalty amount within thirty (30) days from the date of this Order. Failure to comply shall render the Respondents liable to a further penalty of PKR 10,000/- (Ten Thousand Rupees only) per day from date of issuance of this Order and initiation of criminal proceedings against the Respondents pursuant to section 38 of the Act before the court of competent jurisdiction.
37. It is so ordered.



Dr. Kabir Ahmed Sidhu
Chairman



Ms. Bushra Naz Malik
Member

Islamabad, October 07, 2025.

