

ENQUIRY REPORT

(Under Section 37(1) of the Competition Act, 2010)

**IN THE MATTER OF PRIMA FACIE VIOLATION OF SECTION 4 OF THE
COMPETITION ACT, 2010 BY ALL PAKISTAN EDIBLE OIL TANKER OWNERS
ASSOCIATION (APEOTOA)**

Maliha Quddus | Aziz Ullah Nasir | Usama Afzal Khan

March 19, 2025

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1. BACKGROUND

1.This report has been prepared in pursuance of the enquiry authorized by the Competition Commission of Pakistan (the 'Commission') under Section 37 (1) of the Competition Act, 2010 (the 'Act') on 15 August 2024 against suspected violation of Section 4 of the Act by All Pakistan Edible Oil Tanker Owners Association ('APEOTOA' or 'the Respondent').

2.APEOTOA (formerly APOTOA) is an association whose members are involved in the transportation of edible oil and ghee from ports in Karachi to various locations across Pakistan. Its membership primarily comprises of transportation contractors who operate a fleet of food grade vehicles for this purpose. Various circulars issued by APEOTOA to its members, at different intervals, were found on social media pages. These notifications fix the transportation charges of edible oil, ghee and fats from the sea ports i.e., Karachi Port Trust ('KPT') and Port Qasim ('PQ') – (collectively referred to as 'Ports') to other cities of Pakistan. Upon scrutiny of the circulars it was noted that the transport service charges were regularly fixed by the association and subsequently intimated to its members. One such circular is reproduced below for reference.



APETOA/000/2021
Date: _____

کاپی نمبر _____
Date: _____

کاپی نمبر _____
Date: _____

اسٹیشن	سنگل	ڈبل	ڈبل	ڈبل	ڈبل	ڈبل
AP14	50	5072	50	5072	50	5072
AP16	54	5148	54	5148	54	5148
AP17	53	5127	53	5127	53	5127
AP18	56	5163	56	5163	56	5163
AP19	57	5201	57	5201	57	5201
AP20	58	5221	58	5221	58	5221
AP21	59	5211	59	5211	59	5211
AP22	60	5221	60	5221	60	5221
AP23	61	5231	61	5231	61	5231
AP24	62	5231	62	5231	62	5231
AP25	63	5231	63	5231	63	5231
AP26	64	5231	64	5231	64	5231
AP27	65	5231	65	5231	65	5231
AP28	66	5231	66	5231	66	5231
AP29	67	5231	67	5231	67	5231
AP30	68	5231	68	5231	68	5231
AP31	69	5231	69	5231	69	5231
AP32	70	5231	70	5231	70	5231
AP33	71	5231	71	5231	71	5231
AP34	72	5231	72	5231	72	5231
AP35	73	5231	73	5231	73	5231
AP36	74	5231	74	5231	74	5231
AP37	75	5231	75	5231	75	5231
AP38	76	5231	76	5231	76	5231
AP39	77	5231	77	5231	77	5231
AP40	78	5231	78	5231	78	5231

APETOA/000/2021
Date: _____

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6. APEOTOA being an association comprising of edible oil transporters through its circulars fixed transportation charges from the ports to various cities/locations in Pakistan. Any decision by an association to fix prices constitutes a *prima facie* violation of Section 4(2)(a) of the Act. Based on the above, an enquiry was initiated in the matter to ascertain any violations of Section 4 of the Act and submit a report in this regard. The following officers were appointed to the Enquiry Committee:

- a. Maliha Quddus, Sr. Joint Director (C&TA)
 - b. Aziz Ullah Nasir, Assistant Director (C&TA)
 - c. Usama Afzal Khan, Assistant Director (C&TA)
- (Hereinafter referred to as 'Enquiry Committee')

7. The Enquiry Committee (EC) contacted an individual affiliated with APEOTOA and information pertaining to transportation rates of edible oil and fats was sought. The individual informed that transportation rates are determined and fixed by the association from ports to different parts of the country. Soft copies of recent price circulars, dated 01.12.2024, were also obtained from the said individual (APEOTOA). These circulars were similar to the ones gathered earlier and included the transportation charges to 81 locations outside Karachi and 18 locations within the city. (Annex A).

8. Given the strong indications of a potential violation of Section 4 of the Act, evidenced by circulars / notifications issued by APEOTOA and the likelihood that this platform was being used to facilitate collective decision-making and the implementation of transportation rates, the Enquiry Committee submitted a working paper recommending the Enter and Search of APEOTOA's premises under Section 34 of the Act.

9. The Commission vide its resolution dated 24th January, 2025 authorized a team of officers for enter and search of the premises in use of APEOTOA at Plot No. C-52, 1st Floor, Block 1, Shireen Jinnah Colony, Clifton Karachi, under the power granted to it under Section 34 of the Act in order to collect any further evidence regarding the suspected violation of the Act.

10. The aforesaid inspection was carried out on 10th February, 2025 and the authorized team impounded all the pertinent material including inter alia: Price circulars, agreements and computer stored data. The APEOTOA extended full cooperation to the authorized team during enter and search of its premises. Copies of respective authorization and inventory list are placed at Annex-B.

11. The documentary evidence and materials seized during enter and search of APEOTOA's premises form an integral part of this enquiry report. These findings are critical to the investigation and have been thoroughly examined to support the conclusions drawn in this report. A meeting was also held with representatives of APEOTOA, on 28 February 2025, to gain clarification regarding membership and various functions performed by the association. (Minutes of Meeting Annex C)

2. ISSUES

12. Based on the above, the following issues have been identified and deliberated in the enquiry report:

- i. Determination of Relevant Market in terms of Section 2(1)(k) of the Act?
- ii. Whether APEOTOA is an Undertaking(s) in terms of Section 2(1)(q) of the Act?
- iii. Whether APEOTOA has taken any decision(s) which constitute a *prima facie* violation(s) of Section 4 of the Act?

ISSUE I: RELEVANT MARKET

13. For the purpose of defining the relevant market under this enquiry, we refer to the relevant market as defined under Section 2(1)(k) of the Act.

"Relevant market means the market which shall be determined by the Commission with reference to the product market and a geographic market and a product market comprises of all those products and services which are regarded as interchangeable or substitutable by the consumers by reason of the products characteristics, prices and intended uses. A geographic market comprises the area in which the undertaking concerned are involved in the supply of products or services and in which the conditions of the competition are sufficiently homogenous and which can be

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distinguished from neighboring geographic areas because, in particular, the conditions of Competition are appreciably different in those areas”;

14. Pakistan is the fourth-largest importer of palm oil importing 3.2 MMT in 2023 ¹ primarily from Malaysia and Indonesia via sea to the two ports in Karachi. As per the representative of APEOTOA, mill owners import edible oil based on their specific requirements. This imported oil is then stored at storage facilities available at the port. Subsequently, mill owners engage contractors to facilitate the supply of the edible oil to their mills. These contractors are part of an association known as the Edible Oil Carriage Contractors Association (‘EOCCA’), which comprises of approximately 160 members. The contractors act as guarantors, ensuring the timely and reliable delivery of edible oil to the mills. To achieve this, the contractors coordinate with APEOTOA to arrange the transportation of the edible oil from the ports to the mills. Consequently, APEOTOA, through its network of members, provides transportation services and deliver edible oil from the ports to mills across the country.
15. Since these products are in liquid form their carriage requires food grade tankers. At present the only medium of transportation from ports to up country is by road through tankers. There are two major players currently operating in the market for the transportation of edible oil / fats via road from ports to various destinations across the country; APEOTOA and National Logistics Corporation (NLC). APEOTOA’s members have the larger market share with daily deployment of around 250–300 vehicles as compared to NLC’s 50-60 vehicles approximately. The services provided by APEOTOA members and NLC are of a similar nature, as both transport edible oil / fats from ports to respective mills across the country. Given that, both the entities fulfill the same functional need and operate within the same market, they can be considered substitutes in terms of their characteristics and intended use.
16. Based on the foregoing and as evident from the definition, the relevant product market consists of all those products and services that are considered to be substitutable by consumer in terms of their prices, characteristics and intended uses. In the instant matter,

¹ <https://www.pacra.com/view/storage/app/Edible%20Oil%20-%20PACRA%20Research%20-%20Feb%2724-11707486164.pdf>

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the relevant product market appears to be the "*Edible oil, ghee and fats etc., transportation services via road*" provided by transporters from ports to various destinations in the province of Sindh and across the country.

17. The geographic market is the area in jurisdiction in which the edible oil transportation services are provided by the undertaking. In the given case, the edible oil transportation services are provided by transporters from sea ports (K.P.T and P.Q) to various destinations in the province of Sindh and across the country. Thus for the purpose of the said enquiry, the relevant market can be defined as the "*Edible oil transportation services for the movement of edible oil, ghee & fats from ports to various locations in the province of Sindh and across the country*".

18. In terms of spillover effect, it is noted that the edible oil arriving at ports are then supplied at various locations in province of Sindh and across the country. Based on this fact, any anti-competitive practice on part of the association with respect to the fixing of transportation rates / charges effect the consumers across Pakistan, hence the requirements of spillover effect appear to be satisfied.

ISSUE II: UNDERTAKING(s)

19. All Pakistan Edible Oil Tankers Owners Association (formerly APOTOA) is an association of tanker owners (transporters) registered under the Societies Registration Act, XXI of 1860, on 21-08-2013 (the registration certificate is attached as Annex-D). This association is engaged in the transportation of various food-grade liquid cargo, primarily edible oil, ghee, fats, molasses etc., from ports to various destinations within the province of Sindh (including Karachi) and across the country. The Association currently has approximately 2,362 registered vehicles (list attached as Annex-D-I). According to a member of the Association, while it does not maintain data pertaining to the exact number of members, he estimated that this figure was 1,700 vehicle owners.

20. The members of APEOTOA are tanker/vehicle owners. During a meeting with the Enquiry Committee, a representative of APEOTOA explained that individual members own tankers

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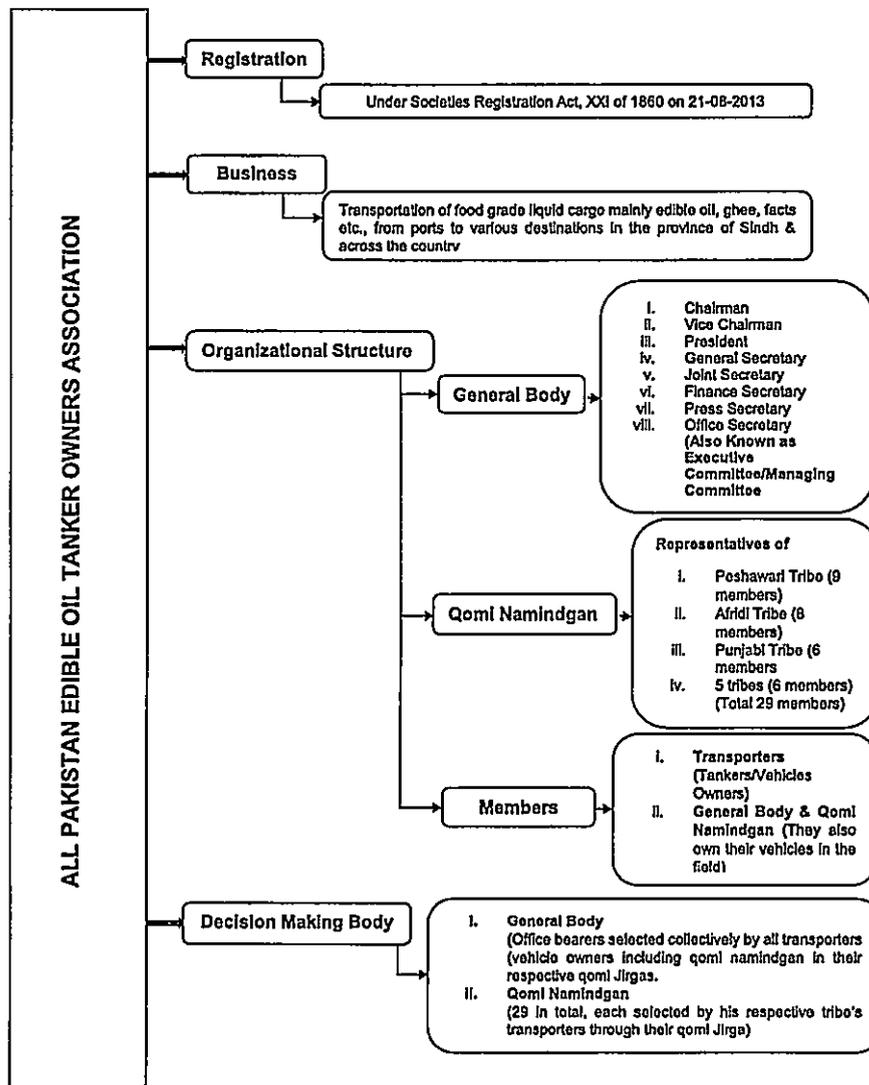
in the range of 01 to 60. However, it was emphasized that the association maintains data only on the tankers/vehicles, not on the individual members themselves. The administrative functions and operations of the association are managed by a general body comprising of 08 members (also known as the executive or managing committee of the association – a list of which is attached as Annex-D2). The field operations are overseen by bodies known as “Qomi Namindgan” or caste representatives. There are four Qomi Namindgan bodies within the association, comprising a total of 29 members from different castes (list attached as Annex-D3).

21. Qomi Namindgan are individuals associated with field operations who also own their own vehicles. They are selected by the tanker/vehicle owners of their respective castes through a Qomi Jirga. The Qomi Jirga proposes three candidates, from which the vehicle owners select one. Each caste typically selects multiple number of members. The selection of the general body is made through collective decisions by the caste representatives and their associated transporters (tanker owners) in multiple Jirgas. After these discussions, the chairman and other members of the general body are chosen. Both the general body and the caste representatives are selected for terms of 2-3 years; however, any member’s position can be terminated if their performance is unsatisfactory. It is noteworthy that, like the caste representatives, the members of the general body also own their own vehicles/tankers. Among other responsibilities, such as addressing transporters’ issues, meetings with government authorities, and managing the queue system at ports. The structure of APEOTOA is summarized below:





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22. To manage the routine expenses, APEOTOA charges Rs.1000 from tanker/vehicle owners on a per trip basis on return at Zulfiqarabad Oil Terminal (ZOT) for registering its turn through queue system. The association' representative in a meeting with the Enquiry Committee apprised that there are 250-300 vehicles/day of the association visiting ports for loading and transportation of edible oil, ghee and fats etc. If we take the minimum number i.e. 250 vehicles/day, it means that the daily income of APEOTOA would be Rs.250, 000/day, accumulating to approximately Rs. 91 million on annual basis.

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23. APEOTOA's membership comprises of individual transporters owning tankers and are involved in the supply of edible oil, ghee and other liquid cargo from ports in Karachi to cities across Pakistan. Since these transporters are involved in an economic activity they fall within the definition of undertakings within Section 2(1)(q) of the Act. Since APEOTOA's membership comprises of transporters engaged in an economic activity, the association qualifies as an undertaking in terms of Section 2(1)(q) of the Act.

24. In light of the above, the structure of the APEOTOA is such that there is an understanding between members and association w.r.t authority and compliance of decisions of the association.

ISSUE III: Whether there has been any violation of Section 4 of the Act by APEOTOA.

(a) Whether APEOTOA has fixed transportation charges in violation of Section 4(1) read with 4(2) (a) of the Act.

25. Section 4 of the Act defines a prohibited activity as follows:

"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.

(2) Such agreements include but are not limited to-

(a) fixing the purchase or selling price or imposing any other restrictive trading conditions with regard to the sale or distribution of any goods or the provision of any service";

(b) dividing or sharing of markets for the goods or services, whether by territories, by volume of sales or purchases, by type of goods or services sold or by any other means;

26. Before moving further with the analysis it is pertinent to give a brief of past actions by the Commission w.r.t edible oil transportation.

Past actions

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27. An enquiry in 2011 against PVMA for violation of Section 4 of the Act, found evidence of an agreement between PVMA, APOTOA /APEOTOA and EOCCA and also a separate agreement with NLC for the transportation of edible oil from the ports. The agreements contained a formula linking change in transportation rates to a change in diesel prices. Individual mills were also not allowed to have independent arrangements with transporters. The enquiry found that these arrangements restricted competition between the members of a transporters association *inter se* and also distorted competition between members of different transporters associations and NLC in prima facie violation of Section 4(2)(a) of the Act. PVMA had pleaded that the association had no choice but to enter into these arrangements since APOTOA /APEOTOA was using strong arm tactics against its members. The Commission's Order in the matter, dated 30.06.2011, made the following observation w.r.t to these agreements:

"However, keeping in view the facts and documents placed before us and allegations made against transporters' associations, we are of the considered view that no determination with respect to this issue can be made unless all parties concerned are probed on this account. Subject to such enquiry, if any adverse finding is given in terms of, prima facie, violation under the Act, the Commission may then proceed in accordance with law against parties concerned²".

28. Evidence of these arrangements was available with the Commission in its proceedings against PVMA yet the Commission did not draw any conclusion or make out a violation vis a vis PVMA.

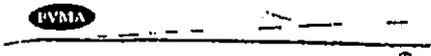
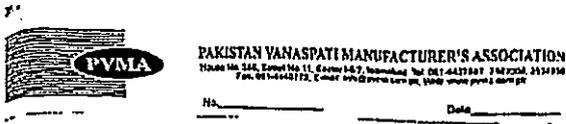
Price circulars

29. The enquiry committee impounded a number of circulars issued by APEOTOA fixing transportation rates (for edible oil and ghee) for the period 2019-2025 (for multiple dates). These circulars bear the letterhead of APEOTOA and are signed and stamped by its General Secretary. These price change circulars are issued by the association in response to change

² Paragraph 54, In the matter of Show Cause Notice Issued to Pakistan Vanaspati Manufacturers Association (PVMA).



in rates of diesel and petrol and are undertaken based on a formula agreed upon between APOTOA / APEOTOA, EOCCA and PVMA originally vide agreement dated 23.11.2011 ('Old Agreement') and a revised agreement between APEOTOA and PVMA dated 16.12.2022 ('Revised Agreement')³. Under the Old Agreement, the price change formula was as follows: "...diesel rate formula is set at 0.75%. For example if diesel rate increases or decreases by Rs.1 then freight rate will increase or decrease by 0.75 % (Rs. 0.75)". Under the revised agreement, the formula was altered and is now: "Rs.1 reduction in diesel rates will result in 0.50 % (Rs.0.50) reduction in transportation charges. Rs.1 increase in diesel rates will increase transportation charges by 0.75% (Rs.0.75)". (Reproduced below)



صاحبان عیسے، APOTOA، EOCCA، PVMA

آج بروز 23 مئی 2011ء کو PVMA کے دفتر واقع کراچی میں سٹریٹجی کے شعبے پر ایسا میٹنگ ماہرین - سٹریٹجی ایسی ایس ایس اور اوپن ایسی ایس ایس کے ساتھ منعقد کی گئی جس میں درج ذیل باتیں طے ہوئیں۔

1. اس بارے میں وہ سب کے ذمہ داران کو مطلع کیا گیا۔

2. اس بارے میں ایسی ایس ایس کے ذمہ داران کو مطلع کیا گیا۔

3. اس بارے میں ایسی ایس ایس کے ذمہ داران کو مطلع کیا گیا۔

4. اس بارے میں ایسی ایس ایس کے ذمہ داران کو مطلع کیا گیا۔

5. اس بارے میں ایسی ایس ایس کے ذمہ داران کو مطلع کیا گیا۔

6. اس بارے میں ایسی ایس ایس کے ذمہ داران کو مطلع کیا گیا۔

7. اس بارے میں ایسی ایس ایس کے ذمہ داران کو مطلع کیا گیا۔

8. اس بارے میں ایسی ایس ایس کے ذمہ داران کو مطلع کیا گیا۔

9. اس بارے میں ایسی ایس ایس کے ذمہ داران کو مطلع کیا گیا۔

10. اس بارے میں ایسی ایس ایس کے ذمہ داران کو مطلع کیا گیا۔

Handwritten signatures and notes in Urdu, including names like 'Amir Khan' and 'Limer Islam Khan'.

C.T.C
 LIMER ISLAM KHAN
 Secretary General, PVMA

³ Revised Agreement circulated in the form of PVMA circular dated 16.12.2022.

Handwritten marks and signatures at the bottom of the page, including a large 'M' and a signature.



All Pakistan Edible Oil Tanker Owners Association (Regd).

ref. # _____

Date: 2025 فروری

مترجم جناب شیخ مریمان صاحب
چیمبرین پاکستان ریٹیلرز ایسوسی ایشن
ولڈ ٹریڈ سنٹر، 80 ہٹاک، 1 بنگلہ، ریڈیو سٹی، لاہور
لاہور، پاکستان

اسلام علیکم
گزارش کی جاتی ہے کہ حکومت پاکستان نے مورخہ 16 فروری 2025 سے اپنی سپلیڈیزل کی قیمت میں 7 روپے
نی لیٹر اضافہ کا اعلان کیا ہے۔
لہذا اس بارے کی رو سے خوردنی تیل کی ترسیل کے کرایہ جات میں (5.25) لیٹر اضافہ کا نوٹیفکیشن جاری کیا جائے تاکہ
پرائیویٹ برادری شروع کیا جاسکے اور سپلائی پر متور جاری رہا رہے۔

شکریہ
چیمبرین

31. The 2nd notification reproduced below shows the revised transportation rates for 81 destinations.



All Pakistan Edible Oil Tanker Owners Association (Regd).

APETO/OA/02/2025
Ref. # _____

تعمیرات

Date: 2025 فروری

مورخہ 16 فروری 2025 سے اپنی سپلیڈیزل کی قیمت میں 7 روپے

نمبر	مقام	قیمت	نمبر	مقام	قیمت	نمبر	مقام	قیمت
1	لاہور	3,349	28	کوٹ	15,718	55	پاکستان	19,568
2	راولپنڈی	5,013	29	گجرات	17,320	56	پنجاب	20,547
3	فیصل آباد	6,020	30	سرحد	17,241	57	بلوچستان	20,547
4	پشاور	5,311	31	خیبر پختونخوا	17,368	58	گلگت بلتستان	20,547
5	نور پور	5,468	32	سوات	17,595	59	ایف ایف ایف	20,916
6	گوجرانولہ	6,341	33	ایف ایف ایف	17,595	60	ایف ایف ایف	19,069
7	گوجرانولہ	6,341	34	ایف ایف ایف	17,595	61	ایف ایف ایف	21,105
8	گوجرانولہ	7,065	35	ایف ایف ایف	17,595	62	ایف ایف ایف	21,527
9	گوجرانولہ	8,022	36	ایف ایف ایف	17,595	63	ایف ایف ایف	21,527
10	گوجرانولہ	8,022	37	ایف ایف ایف	17,912	64	ایف ایف ایف	21,922
11	گوجرانولہ	8,022	38	ایف ایف ایف	17,912	65	ایف ایف ایف	20,654
12	گوجرانولہ	8,022	39	ایف ایف ایف	18,298	66	ایف ایف ایف	22,096
13	گوجرانولہ	8,022	40	ایف ایف ایف	18,452	67	ایف ایف ایف	22,489
14	گوجرانولہ	10,057	41	ایف ایف ایف	18,477	68	ایف ایف ایف	22,489
15	گوجرانولہ	10,316	42	ایف ایف ایف	18,617	69	ایف ایف ایف	22,489
16	گوجرانولہ	10,316	43	ایف ایف ایف	18,617	70	ایف ایف ایف	22,489
17	گوجرانولہ	10,316	44	ایف ایف ایف	18,617	71	ایف ایف ایف	22,615
18	گوجرانولہ	13,780	45	ایف ایف ایف	18,617	72	ایف ایف ایف	23,475
19	گوجرانولہ	13,962	46	ایف ایف ایف	18,617	73	ایف ایف ایف	23,475
20	گوجرانولہ	14,243	47	ایف ایف ایف	18,617	74	ایف ایف ایف	23,475
21	گوجرانولہ	14,752	48	ایف ایف ایف	18,767	75	ایف ایف ایف	23,475
22	گوجرانولہ	14,752	49	ایف ایف ایف	19,110	76	ایف ایف ایف	24,675
23	گوجرانولہ	14,752	50	ایف ایف ایف	19,272	77	ایف ایف ایف	25,274
24	گوجرانولہ	15,195	51	ایف ایف ایف	19,272	78	ایف ایف ایف	25,274
25	گوجرانولہ	15,195	52	ایف ایف ایف	19,361	79	ایف ایف ایف	22,489
26	گوجرانولہ	15,501	53	ایف ایف ایف	19,568	80	ایف ایف ایف	22,631
27	گوجرانولہ	15,501	54	ایف ایف ایف	19,568	81	ایف ایف ایف	42,828

مورخہ 16 فروری 2025 سے اپنی سپلیڈیزل کی قیمت میں 7 روپے

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Signature

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32. A similar notification is issued for intimation of revised transportation of fats to 53 destinations.



All Pakistan Edible Oil Tanker Owners Association (Regd).

Registration No: 2025/2025

Date: 2025/2/28

جداسی کریم چٹک
 حیدرآباد کراچی 5.25% اضافہ 2025/2/28

رقم	اسٹیشن	رقم	اسٹیشن	رقم	اسٹیشن	رقم	اسٹیشن
21,068	رونگ	37	18,741	19	4,148	3	سہیل
20,392	سہیل	38	18,741	20	8,849	4	سہیل
21,735	سہیل	39	18,741	21	10,611	5	سہیل
21,735	سہیل	40	18,741	22	10,611	6	سہیل
21,735	سہیل	41	18,741	23	10,611	7	سہیل
22,507	سہیل	42	18,914	24	14,953	8	سہیل
22,507	سہیل	43	20,392	25	14,764	9	سہیل
22,507	سہیل	44	19,745	26	15,392	10	سہیل
23,884	سہیل	45	19,745	27	15,392	11	سہیل
23,884	سہیل	46	19,745	28	15,582	12	سہیل
22,507	سہیل	47	19,745	29	15,582	13	سہیل
22,507	سہیل	48	19,745	30	16,452	14	سہیل
23,884	سہیل	49	20,201	31	16,452	15	سہیل
24,427	سہیل	50	21,068	32	18,167	16	سہیل
23,884	سہیل	51	21,068	33	18,167	17	سہیل
24,427	سہیل	52	21,068	34	18,167	18	سہیل
26,740	سہیل	53	21,068	35	18,167	19	سہیل
20970			20,970	36	17,912	20	سہیل

رقم

33. As per the impounded material, APEOTOA has revised its transportation charges approximately 89 times from 2019 till February, 2025 (All circulars and agreements placed at Annex E). Each occasion of price revision follows the price change formula contained in the aforementioned agreements. (Detail of price revision is attached as Annex E-I).

34. Along with the price lists, various letters issued by APEOTOA were also impounded, which communicated changes in transport rates to PVMA. Additionally, circulars issued by PVMA to its members were found, indicating that the same rates were conveyed by PVMA to its members. The circular issued by PVMA to its members dated 01.02.2025 is intimating an upward revision of 5.25% in charges for transportation of edible oil consignments to PVMA members. (Circulars of PVMA placed at Annex-F)

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PAKISTAN VANASPATI MANUFACTURER'S ASSOCIATION
(Manufacturers of VANASPATI GHEE & COOKING OIL, etc.)



No. PVMA/1515/2025

Date 1st Feb, 2025
MOST IMMEDIATE

CIRCULAR

Consequent upon increase in the prices of Petroleum Products by the Government of Pakistan with effect from 1st Feb, 2025 under which High Speed Diesel (HSD) price has been increased from Rs. 260.95 to Rs. 267.95 per liter, i.e. an increase of Rs. 7.00 /liter.

All PVMA members are hereby intimated for paying the Transportation Charges for their Edible Oil consignments to H.C/Private Tankers with increase of only 5.25 % of the existing rates w.e.f 1st Feb, 2025.

Effective from 1st Feb, 2025

Yours Sincerely,

(Shahid Parvez)
Secretary General, PVMA



Distribution: All PVMA Member Units

Copy to: All Pakistan Oil Tankers Owners Association (Edible Oil)

C.C: - Chairman, PVMA
- Sr. Vice-Chairman, PVMA
- Vice-Chairman, PVMA

35. The pricing decisions are made in meetings of the general body and caste representatives (comprising 8 members, including the chairman, president, general secretary and 29 caste representatives respectively). Since the pricing decisions involve economic activities related to the supply of transportation services, which are commercial in nature, the decision to set rates is made by the general body (office bearers) and caste representatives, all of whom are also owners of their own tankers/vehicles.

36. From the foregoing, it is evident that APEOTOA has taken decisions to fix transportation charges for the movement of edible oil and fats from port terminals to various destinations in Karachi and across Pakistan which is a *prima facie* violation of Section 4(2)(a) of the Act. This conduct constituted both (i) the decisions by association of undertakings and also (ii) agreements between association and member undertakings as the decision meets the statutory definition of "agreement" in Section 2(1)(b) of the Act because the decision embodies an arrangement, understanding or practice.

37. It is also noted that APEOTOA is the largest transportation services provider in the field of edible oil and ghee in Pakistan. The impounded documents shows that it holds

approximately 80%⁴ market share in the relevant market. Therefore, an anti-competitive practice (such as price fixation) performed by such a big player could have detrimental and far-reaching effects on the state of competition in the given relevant market.

(b) Whether the decision by APEOTOA to control lifting of consignments in the relevant market constitutes a prima facie violation of Section 4(2)(b) of the Act.

38. Based on meeting with APEOTOA's representative it appears that the association has instituted a system whereby it controls the movement of vehicles to lift consignments from the ports. Once edible oil is offloaded at the port, EOCCA contacts APEOTOA for lifting of the consignment rather than individual transportation companies. APEOTOA which maintains a queue system then assigns the vehicle to lift that consignment which will be the one first in the queue. According to APEOTOA, the queue system brings efficiency and ensures all transporters, especially smaller ones, receives a guaranteed share of business. In a competitive market, the transporters would be approached by the contractors to lift the cargo. This practice of APEOTOA limits this element of choice. Secondly, in a competitive market, transporters would compete with each other for business based a number of factors including, price, quality of vehicle (for example, well maintained, 22 wheelers etc.) and reliability of services. In the instant matter it is observed that APEOTOA is controlling the market by allocating vehicles based on the queue system. APEOTOA issues 'parchis' (permits) to vehicles and only vehicles that are issued the permits can lift the assigned cargo. Any vehicle that does not adhere to this system and lifts a cargo without APEOTOA's permit is fined.

39. In this regard the enquiry committee would like to place on record a circular, dated 29.09.2023, issued by APEOTOA making reference to a decision of the association regarding lifting of cargoes. It states that a vehicle issued a permit for local transportation (by APEOTOA) will not be able to lift up-country cargoes. If a vehicle does so then it would be fined Rs. 500,000.

⁴ APEOTOA Average vehicles/Day = 250 (each carrying 30 tons of edible oil/ghee etc.)
Per year = 250*365 = 91250 vehicles per year (each of 30 tons of edible oil/ghee)
Total transported Quantity/year = 91250*30 = 2.73 MMT (of edible oil /ghee) and total import is 3.5MMT (as per 2025). Therefore market share of APOTOA = 2.73/3.5*100=78%



All Pakistan Oil Tankers Owners Association

Registered Head Office: Plot No. C-52, 1st Floor, Block 1, Shireen Jinnah Colony, Clifton Karachi. Ph: 021-35869641 E-mail: kamir8608@gmail.com

EDIBLE OIL

Ref: _____

Date: 29 نومبر 2023

تہم نوکل ٹیکسٹا مان سامان

اسلام ٹیکم:

گزارش کی جاتی ہے کہ آل پاکستان آئل ٹینکرز اور ڈسٹریبیوٹرز ایسوسی ایشن (ای پی او ٹا) نے سٹی لیٹ میں کیے گئے سلسلے کے لئے جاتی و مالی مستسان اٹھائے ہیں۔ اور اس سلسلے میں کسی بھی قسم کی قربانی سے روکنا نہیں کریں۔
آئل پاکستان آئل ٹینکرز اور ڈسٹریبیوٹرز ایسوسی ایشن (ای پی او ٹا) نے سٹی لیٹ سے چوری پنکاری اور نا انصافی کو ختم کرنے کے لئے مختلف طور پر یہ فیصلہ کیا کہ ان کے قواعد و ضوابط کے مطابق کارڈ ہولڈنگ پر جی پے صرف نوکل کر پٹی (فصلہ انوری آپا، حسب چنگی) کارڈ ہولڈنگ سے کیا گئی ہے تاکہ کوئی کارڈ ہولڈنگ کی پے جی پے پر UP کنٹری کارڈ ہولڈنگ یا کوئی بھی کارڈ ہولڈنگ کے لئے کوئی کارڈ ہولڈنگ کے لئے سسٹم کی خلاف ورزی کا مرتکب نہیں ہو سکا اور یہ فیصلہ کے مطابق مذکورہ کارڈ ہولڈنگ 500,000 روپے اور مذکورہ فیصلہ وار مبلغ 500,000 روپے برہانہ کیا جائیگا۔

تمام نوکل ٹیکسٹا مان کو برہانہ کیا جاتا ہے کہ کل مورچہ 30 ستمبر 2023 کو ان کے دفتر میں مذکورہ فیصلے پر دستخط کریں۔
دستخط کرنے کی صورت میں شناخت ٹیکسٹا مان کو مورچہ 102 اکتوبر 2023 سے نوکل پر پٹی نہیں دی جائیگی۔
تینا آپ تمام حضرات سے گزارش ہے کہ کیے سسٹم اور ان کے قواعد و ضوابط کی پاسداری کریں۔

شعبہ

چیرمین

بناؤر چان ڈر

Chairman
All Pakistan Oil Tankers
Owners Association (APETO)
Karachi

40. From the foregoing, it appears that APEOTOA maintains absolute control over business in the relevant market by allocating business amongst its members based on the queue system. Customers have no choice but to use the vehicle assigned by APEOTOA for a particular cargo. Therefore, APEOTOA has taken decisions with respect of dividing or sharing of the market in terms of the queue system in *prima facie* violation of Section 4(2)(b) of the Act. This conduct constituted both (i) the decisions by association of undertakings and also (ii) agreements between association and member undertakings as the decision meets the statutory definition of "agreement" in Section 2(1)(b) of the Act because the decision embodies an arrangement, understanding or practice.

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3. CONCLUSION

41. **Relevant market:** Based on the findings of paragraphs 13 to 17 , the Relevant Market has been found to be:

i. Edible oil transportation services for the movement of edible oil, ghee and fats from ports to various locations in the province of Sindh and across the country”.

42. **Spillover:** Based on the findings of paragraph 18, it is noted that the edible oil arriving at ports are then supplied at various locations in province of Sindh and across the country. Any anti-competitive practice on part of the association with respect to the fixing of transport rates / charges effect the consumers across Pakistan, hence the requirements of spillover effect appear to be satisfied.

43. **Undertaking:** Based on the findings of paragraphs 19-23, APEOTOA’s membership comprises of individual transporters owning tankers and are involved in the supply of edible oil, ghee and other liquid cargo from ports in Karachi to cities across Pakistan. Since these transporters are involved in an economic activity they fall within the definition of undertakings within Section 2(1)(q) of the Act.

44. Whether there is any prima facie violation of Section 4 of the Act by APEOTOA ?

a) **Price Fixing:** Based on the findings of paragraphs 25-36, APEOTOA has taken decisions to fix transportation charges for the movement of edible oil and fats from port terminals to various destinations in Karachi and across Pakistan. This price fixing by APEOTOA constitutes a *prima facie* violation of Section 4(2)(a) of the Act.

b) **Division of market:** Based on the findings of paragraphs 38-40, APEOTOA maintains absolute control over business in the relevant market by allocating business amongst its members based on the queue system. Customers have no choice but to use the vehicle assigned by APEOTOA for a particular cargo. Therefore, APEOTOA has taken decisions with respect of dividing or sharing of

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the market in terms of the queue system in prima facie violation of Section 4(2) (b) of the Act.

This conduct constituted both the decisions by association of undertakings and also agreements between undertakings as the decision meets the statutory definition of “agreement” in Section 2(1)(b) of the Act because the decision embodies an arrangement, understanding or practice.

4. RECOMMENDATIONS

45. Based on the above, the Enquiry Committee recommends that the Commission may consider initiating proceedings under Section 30 of the Act against APEOTOA.


Maliha Quddus
Enquiry Officer


Aziz Ullah Nasir
Enquiry Officer


Usama Afzal Khan
Enquiry Officer