



COMPETITION COMMISSION OF PAKISTAN
GOVERNMENT OF PAKISTAN

EXEMPTION ORDER

IN THE MATTER OF APPLICATION FILED BY M/S. LUCKY MOTOR CORPORATION
LIMITED FOR EXTENSION IN EXEMPTION OF ITS GENERAL AGREEMENT FOR
TECHNICAL COLLABORATION AND KD SUPPLY

CASE: 2(652 - A)/AGR/EXM/CCP/2025

Commission-

Saeed Ahmad Nawaz
Member (Exemptions)



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1. M/s. Lucky Motor Corporation Limited (LMC), (hereinafter referred to as the **Undertaking**) applied for the grant of extension in exemption on August 22, 2025 for the restrictive clauses, 2.1, 2.4 & 11.5 of its General Agreement For Technical Collaboration and KD Supply dated April 29, 2024 (hereinafter referred to as the **Agreement**) on the authority of the Board Resolution dated December 01, 2021 submitted to the Competition Commission of Pakistan (hereinafter the **Commission**).
2. M/s. Lucky Motor Corporation Limited (LMC) is engaged in the business of assembling, manufacturing, marketing and distributing vehicles and providing after-sales services to customers in Pakistan. The turnover of LMC for the year ended June 30, 2024 was PKR 84 billion. The Undertaking has signed the Agreement with KIA Corporation for the product(s) covered under the Agreement.
3. The Application was made pursuant to Section 5 read with Section 9 (1) (a) & (c) of the Competition Act, 2010 (the Act) in conjunction with Competition (Exemption) Regulations, 2020 on the following grounds:
 - i. Improve production and distribution capabilities;
 - ii. Improve standards and products' quality; and
 - iii. Skill development through training programs.
4. The agreement is essentially an arrangement for not to deal with non-parties and may, therefore, violate Section 4 (2) (a) & (f) of the Act and institutionalize charging of economic rent, reducing consumer surplus and social welfare. Relevant particulars of the Agreement are as follows:

First Party:	M/s. KIA Corporation (hereinafter referred to as KIA) having its principal office at 12, Heolleung-Ro, Seocho-Gu, Seoul 06797, Republic of Korea.
Second Party:	M/s. Lucky Motor Corporation Limited (hereinafter called LMC) having its principal office at Bin Qasim Industrial Park (SEZ), Pakistan Steel Mills, Bin Qasim Town, Karachi.
Type of Agreement:	General Agreement for Technical Collaboration and KD Supply (Annex-A)
Date of Agreement:	March 6, 2017, renewed on April 29, 2024
Validity period of the Agreement:	Pursuant to Article 21 of the Agreement, it shall become effective on the date of signing and shall expire after the lapse of three (03) years i.e. on January 31, 2028.
Product(s)/Services covered under the Agreement:	As specified under sub clause 1.1 of Article - 1 (Definitions) of the Agreement: KIA Sportage vehicles.



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5. Based on the information provided by the Undertaking, the Commission, in exercise of the powers conferred under Section 5 read with Section 9(1) (a) & (c) of the Act is pleased to grant exemption subject to the conditions specified in para 6 below, regarding the following clauses of the Agreement:

Exemption granted:

- (i) On Clause 2.1 – Grant of exclusive license;
- (ii) On Clause 2.4– To the extent of restriction on sub-licensing;
&
- (iii) On Clause 11.5 – Territorial Exclusivity

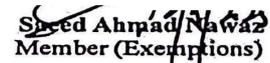
Exemption period: From July 01, 2025 to June 30, 2027

6. In view of the above, the Exemption granted shall be subject to the conditions that the Applicant shall ensure the following:
- i. It does not engage in any anticompetitive behaviour and/or practices as outlined in Chapter II of the Act, including but not limited to
 - a. Abuse of dominant position u/s 3;
 - b. Prohibited agreements u/s 4;
 - c. Deceptive marketing practices u/s 10;
 - d. Any mergers or acquisition in violation of Section 11; and
 - e. Charging of economic rent to the detriment of consumer surplus and social welfare.
 - ii. The exemption shall not be used as a permission for transfer pricing or to evade regulatory restrictions, if any against transfer pricing;
 - iii. Notify the Commission of any amendment(s) to the Agreement within fifteen (15) days of such change, and also provide a copy of the amended Agreement;
 - iv. It shall be the responsibility of the Applicant to ensure full compliance with all applicable legal and regulatory requirements pertaining to the manufacturing, assembling, marketing, and sale of the Products covered under the Agreement;
 - v. In case of having an ongoing Agreement, submit an application for grant of extension in exemption at least three (3) months prior to expiry of this Exemption Order;



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- vi. It recognizes that the Commission reserves the right to verify the following against the baseline benchmarks (to be provided by the undertaking within thirty (30) days of issuance of this Order):
- Data on reduction in production lead-time;
 - Data on reduction in product defect rate;
 - Particulars of new KIA product's variants/models introduced in Pakistan;
 - Details w.r.t training(s) provided to the employees & staff;
 - Evidence reflecting the level of localization attained w.r.t to production of products mentioned in the Agreement; and
 - Details of tangible and verifiable benefits passed on the consumers.
- vii. Submit a verifiable compliance report on December 31st each year against the commitments made for the grant of this exemption; and
- viii. No breach of terms of this exemption takes place as it shall have an immediate effect of cancellation of this exemption.
7. The Commission may review and revise the terms and conditions of this Exemption, as deemed necessary. Furthermore, without prejudice to the generality of Section 6 of the Act, the grantee of the exemption shall inform the Commission forthwith and seek clearance for continuation of the exemption if there is any material change, inter alia, in:
- The terms of the Agreement;
 - The market share of products and/or services covered under the Agreement; or
 - The regulatory or policy framework in the relevant market in which the parties are operating.
8. In the subject Agreement, matters which may fall outside the scope of the Commission's purview, remain subject to applicable laws.
9. It is so ordered.


Syed Ahmad Nawaz
Member (Exemptions)

ISLAMABAD the 30th October, 2025.