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COMPETITION COMMISSION OF PAKISTAN
GOVERNMENT OF PAKISTAN

EXEMPTION ORDER

**IN THE MATTER OF APPLICATION FILED BY M/S. HONDA ATLAS CARS PAKISTAN
LIMITED FOR EXTENSION IN EXEMPTION OF ITS STANDARD AGENCY
AGREEMENT**

CASE: 2(128)/AGR/EXM/CCP/2025

Mr. Saeed Ahmad Nawaz
Member (Exemptions)

Commission



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1. M/s. Honda Atlas Cars (Pakistan) Limited, (hereinafter referred to as the **Undertaking**) applied for the grant of template exemption on May 2nd 2025 to restrictive clauses, 1, 3.1 and 11 of its Standard Agency Agreement (hereinafter referred to as the **Agreement**), on the authority of the Board Resolution dated February 17th 2015 addressed to the Competition Commission of Pakistan (hereinafter the **Commission**).
2. M/s. Honda Atlas Cars (Pakistan) Limited (**HACPL**) is a sole manufacturer and retailer in Pakistan with the brand name 'Honda'. HACPL is primarily engaged in the assembly, progressive manufacturing, and sale of Honda vehicles and spare parts. The net profit of HACPL for the year ended March 31st 2024 was Rs. 418.85 million. Currently, HACPL has signed the draft template agreement with its 38 agents/dealers for the products covered under the Agreement.
3. The Application was made pursuant to Section 5 read with Section 9 (1) (a), (b) & (c) of the Competition Act, 2010 (the **Act**) in conjunction with Competition (Exemption) Regulations, 2020 on the following grounds:
 - i. Timely availability of products through elimination of supply chain inefficiencies;
 - ii. Customer satisfaction through technical advancement and investment in dealership infrastructure;
 - iii. Improved inventory management and reduced stock-outs; and
 - iv. Efficiencies resulting in benefits directly passed on to consumers.
4. The agreement is essentially an arrangement for not to deal with non-parties and may, therefore, violate Section 4 (2) (a) of the Act and institutionalize charging of economic rent, reducing consumer surplus and social welfare. Relevant particulars of the Agreement are as follows:

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| First Party: | M/s. Honda Atlas Cars (Pakistan) Limited having its registered office at 43 Km Multan Road, Manga Mundi, Lahore. |
| Second Party: | 38 Individual agents/dealers, parties to the Agreement (List enclosed as Annexure - A) |
| Type of Agreement: | Standard Agency Agreement (Annex-B) |
| Date of Agreement: | Different dates with different agents/dealers |
| Validity period of the Agreement: | Pursuant to clause 16.1 of the Agreement, valid up to end of the year, and will be automatically renewed on yearly basis. |
| Product(s)/Services covered under the Agreement: | As per preamble 'B' of the Agreement, Automobiles and Products specified in 'Annex - A' of the Agreement |



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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), (b) & (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 1 & 3.1 of the Agreement - Territorial Exclusivity w.r.t delivery of Automobiles and Products within the designated territory; and**
- (ii) **On Clause 11 of the Agreement - Not to enter into any competing products of the undertaking.**

Exemption period: From May 1st 2025 to June 30th, 2026

6. In view of the above, the Exemption granted shall be subject to the conditions that the Undertaking shall ensure the following:
- i. It does not engage in any anticompetitive behavior 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. The Template Agreement submitted to the Commission shall be executed with all agents/dealers *mutatis mutandis*;
 - iv. 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;
 - 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;
 - 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):
 - a. Quantifiable efficiencies achieved in the supply chain resulting in timely product availability;
 - b. Data on reduction in stock outs;
 - c. Data on new technology(s) adopted & employees technical training(s);
 - d. Data on expansion of existing agents/dealers network; and
 - e. Details of tangible and verifiable benefits passed on to the consumers.



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- vii. Submit a verifiable compliance report on 31st December, 2025 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:
- (i) The terms of the Agreement;
 - (ii) The market share of products and/or services covered under the Agreement; or
 - (iii) The regulatory or policy framework in the relevant market in which the parties are operating.
8. In the Agreement, matters which may fall outside the scope of the Commission's purview, remain subject to applicable laws.
9. It is so ordered.

Saeed Ahmad Nawaz
Member (Exemptions)

ISLAMABAD the // September, 2025.