



COMPETITION COMMISSION OF PAKISTAN
GOVERNMENT OF PAKISTAN

EXEMPTION ORDER

IN THE MATTER OF EXEMPTION APPLICATION FILED BY M/S. WARTSILA
PAKISTAN (PVT.) LIMITED FOR EXTENSION IN EXEMPTION OF
DISTRIBUTORSHIP AND AGENCY AGREEMENT.

CASE: 2(124)/AGR/EXM/CCP/2024

Commission

Mr. Saeed Ahmad Nawaz
Member (Exemptions)



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1. M/s. Wartsila Pakistan (Pvt.) Limited, (hereinafter referred to as the **Undertaking**) have applied for the grant of extension in exemption dated 10th July, 2024 for the restrictive clauses 2.1 and 2.8 of its Distributorship and Agency Agreement (hereinafter referred to as the **Agreement**) on the authority of the Board Resolution dated 23rd December, 2024 submitted to the Competition Commission of Pakistan (hereinafter the **Commission**).
2. The undertaking was incorporated on 31st May, 1994 as a private limited company. The principal activities of the undertaking are marketing, servicing and sale of spare parts of diesel, gas and dual fuel power plants. The applicant is also engaged in erection, installation and commissioning of diesel, gas and dual fuel plants. The undertaking's revenue for the year 2023 is PKR 4.2 billion.
3. The Application was made pursuant to Section 5 read with Section 9 (1) (a), (b) & (c) of the Competition Act, 2010 (the **Act**), read in conjunction with Competition (Exemption) Regulations, 2020, on the following grounds:
 - a. Improving the distribution by fulfilling the market demand of power generations products;
 - b. Promoting technical and economic progress by solving the energy crises in Pakistan; and
 - c. Growth in operational and maintenance services and spare parts (products) projected for the years (2025-27).
4. The agreement is essentially an arrangement for not to deal with non-parties and may, therefore, violate Section 4 (2) (a) and (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. Wartsila Finland OY, (22 other parties collectively referred to as the "Grantors") having its registered office at located in Vaasa, Finland.
Second Party:	M/s. Wartsila Pakistan (Pvt.) Limited having its registered office at 16 KM, Raiwand Road, Lahore.
Type of Agreement:	Distributorship and Agency Agreement (Annex-A)
Date of Agreement:	24 th May, 2024 (Terms and conditions shall be considered in force between the Parties as of January 1, 2022).
Validity period of the Agreement:	Pursuant to clause 10.3, the Agreement is valid unless terminated by either party
Product(s)/Services covered under the Agreement:	As specified in Appendix - 1 under Clause 1.3 of the Subject Agreement (Annex-B)



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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, hereby grants extension of exemption, subject to the conditions specified in para 6 below, regarding following clauses of the Agreement;

Exemption granted: (i) On Article 2.1 – Restriction on competing business and territorial limitations
(ii) On Article 2.8- Exclusive purchase of products from the grantors

Exemption period: From 1st July, 2024 till 30th June, 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. Notify the Commission of any amendment(s) to the Agreement within fifteen (15) days of such change, and also provide a copy of the executed agreement;
 - iv. 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 Order.
 - v. 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. Particulars of new distribution standards adopted for timely availability of products; and
 - b. Data on new technology(s) adopted; and
 - c. Details of tangible and verifiable benefits passed on to the consumers.
 - vi. Submit a verifiable compliance report on 31st December each year against the commitments made for the grant of this exemption; and
 - vii. No breach of terms of this exemption takes place as it shall have an immediate effect of cancellation of this exemption.



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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.

Sheed Ahmad Naywaz
Member (Exemptions)

ISLAMABAD the 26th October, 2025.