



COMPETITION COMMISSION OF PAKISTAN  
GOVERNMENT OF PAKISTAN

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**EXEMPTION ORDER**

IN THE MATTER OF EXEMPTION APPLICATION FILED BY M/S.  
PARCO PEARL GAS LIMITED FOR EXEMPTION OF STANDARD  
DISTRIBUTION AGREEMENT

CASE: 2(471)/AGR/EXM/CCP/2024

Commission

Mr. Saeed Ahmad Nawaz  
Member (Exemptions)



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1. M/s. PARCO Pearl Gas Limited (hereinafter referred to as the (Undertaking or PPGL) applied for exemption for the restrictive clauses 7.2, 7.4, 17 and 18.1 of the Standard Distribution Agreement, (hereinafter referred to as the Agreement) on the Board Resolution dated 15<sup>th</sup> December, 2015 addressed to the Competition Commission of Pakistan (hereinafter the Commission).
2. The undertaking carries out the business of receiving, storing, filling, handling, supplying, distributing and marketing LPG. The turnover for the undertaking for the financial year ended 2024 is Rs. 44,242,181.
3. The Application was made pursuant to Section 5 of the Competition Act, 2010 (the Act), read in conjunction with Competition (Exemption) Regulations, 2020, on the following grounds:
  - i. Provide structured training to Distributors on safe handling and storage of LPG products;
  - ii. Support Distributors in educating consumers regarding safe practices and efficient LPG use; and
  - iii. Ensure the development of organized distribution network that promotes efficiency.
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:

<b>First Party:</b>	M/s. PARCO Pearl Gas Limited having its registered office at 5-A, Main Gulberg, Jail Road, Lahore Pakistan.
<b>Second Party:</b>	Standard Distribution Agreement executed separately with 502 different distributors
<b>Type of Agreement:</b>	Standard Distribution Agreement (the Agreement) (Annex-A)
<b>Date of Agreement:</b>	Different dates with different distributors.
<b>Validity period of the Agreement:</b>	Pursuant to clause 2; the Agreement is effective for a period of one year from the effective date unless terminated earlier.
<b>Product(s)/Services/ Business covered under the Agreement:</b>	Pursuant to clause 1.1.5, for the marketing and sale of LPG Products in dedicated retail outlets in the territory.

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 Competition Act,



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2010 (the Act), hereby grants extension in exemption, subject to the conditions specified in para 7 below;

6. Particulars of the Exemption granted are as under:

**Exemption granted:** (i) On Clause 7.2- Establishment of Retail outlets in the specified territory;  
(ii) On Clause 7.4- Non-Compete;  
(iii) On Clause 17 Exclusivity; and  
(iv) On Clause 18.1- Territorial Exclusivity.

**Granted period:** From 1<sup>st</sup> December, 2024 to 30<sup>th</sup> November, 2026.

7. In view of the above, the extension in 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 template agreement submitted to the Commission shall be executed with all distributors *mutatis mutandis*;
- iii. The exemption shall not be used as a permission for transfer pricing or to evade regulatory restrictions, if any against transfer pricing;
- 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 executed 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 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. Particulars of trainings provided to distributors on safe handling and storage of LPG Products;



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- b. Particulars of awareness initiatives undertaken to educate consumer on safe handling and efficient use of LPG;
  - c. Particulars of practices adopted to ensure the establishment of an organized distribution network that promote efficiency; and
  - d. Details of tangible and verifiable benefits passed on to the consumers.
- vii. Submit a verifiable compliance report on 31<sup>st</sup> December, 2025 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.
8. 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.
9. In the Agreement, matters which may fall outside the scope of the Commission's purview, remain subject to applicable laws.
10. It is so ordered.

Saeed Ahmad Nayaz  
Member (Exemptions)

ISLAMABAD, the 19<sup>th</sup> October, 2025