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CCP begins inquiry against two dominant car manufacturers

Commission of Pakistan (CCP) has initiated technology. Although the prices of locally tionable particularly in the case of those modan inquiry under Section 37 of the assembled cars have increased manifolds els that have not undergone considerable Competition Act, 2010 into the possible anti- over the past years, the manufacturers have changes and whose demand forecast can be competitive behaviour of the two dominant failed to take significant measures to upgrade made with relative certainty. As is the case of car manufacturers in the automobile sector, the engines and add safety and other features which is, prima facie, responsible for putting corresponding the increase in prices. unreasonable financial burden on the consumers of passenger vehicles without giving faced by the consumers of new cars is the them value for money.

ous complaints and concerns highlighting the it has been observed that Suzuki requires full issues of high prices of vehicles, hefty advance payments, delay in delivery of pas- delay in the delivery of its vehicles. Toyota order to make more revenue. CCP has also senger vehicles, charging of premiums for on- has slashed this requirement to considerable noticed and it has been brought to its knowlspot delivery, and no facility to recall the extent, however, it still requires the buyers to edge in a meeting with the Engineering vehicles. The inquiry will initially cover the make a 30 percent of the total price of the Development Board that neither manufacturer market for consumer vehicles ranging vehicle. The advance payment requirement on between the engine capacity of 800cc to the one hand rids the customers of the oppor-1299cc in which Indus Motor Company tunity to earn profits on their cash, and on the of a healthy competition in the market. In light Limited and Pak Suzuki Motor Company other hand allows the manufactures to accrue of the seemingly dominant positions held by Limited are the dominant players.

CCP is the consistent upward trend in the Despite having ample access capacity of the without alternatives to consider.--PR

Similarly, one of the gravest predicaments requirement of hefty advance payments for CCP started the inquiry after receiving vari- placing the order to book a car. In this regard, advance payment despite a non-negotiable that profit for themselves. The delay in deliv-One of the major concerns shared with ery of vehicles is another burning issue. sector, it appears that consumers are being left

ISLAMABAD: The Competition prices of cars without an upgradation of the dominant manufacturers, the delay is quesadvance payments, the delay in delivery of vehicles is linked to the benefits forgone by the consumers. Furthermore, the charging of premiums by the authorized dealers of the dominant manufactures for on-spot delivery has the potential to create a predicament where the manufacturer or dealers find it to their advantage to delay the deliveries of car in appear to be facilitating the option of recall of vehicles, which, prima facie, indicates a lack Toyota and Suzuki in the consumer vehicle



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Dominant players CCP initiates inquiry into price increase

Auto assemblers come under scanner of anti-trust watchdog

OUR CORRESPONDENT

be country's two largest car semblers will face an inquiry for an apparently unreasonable hike in prices of their vehicles without justifying the raise with an upgrade of technology.

tThe Competition Commission of Pakistan (CCP) on Thursday announced that it has initiated an inquiry under Competition Act, 2010 into the possible anti-competitive behaviour of the two dominant car assemblers in the automobile sector. The inquiry has been initiated for putting unreasonable financial burden on the consumers of passenger vehicles without giving them value for money, according to a handout issued by the CCP.

There has been growing calls to regulate the automobile sector amid reports that the 190 government is considering introducing a European brand in the next two years to break their monopoly.

The CCP started the inquiry after receiving various complaints and concerns highlighting the issues of high prices of Toyota and Suzuki vehicles, hefty advance payments, delay in delivery of passenger vehicles, charging of premiums for on-the-spot delivery and no facility to recall the vehicles.

The inquiry will initially cover the market for consumer vehicles ranging between the engine capacity of 800cc to 1,299cc in which Indus Motor Company Limited and Pak Suzuki Motor Company Limited are the dominant players, said the anti-trust watchdog.

One of the major concerns shared with CCP is the consistent upward trend in the prices of cars without upgrade in technology, it added.

Although prices of locallyassembled cars have increased manifold over the past years, Gravest predicaments faced by the consumers of new cars is the requirement of hefty advance payments for placing the order to book a car

the manufacturers have failed to take significant measures to upgrade the engines and add safety and other features corresponding with the increase in prices, the CCP observed.

Similarly, one of the gravest predicaments faced by the consumers of new cars is the requirement of hefty advance payments for placing the order to book a car.

The delay in delivery of vehicles is another burning issue. Despite having ample capacity, the delay is questionable particularly in the case of those models that have not undergone considerable changes and whose demand forecast can be made with relative certainty, said the CCP.



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/ CCP probing Toyota, Suzuki practices

ISLAMABAD: The Competition Commission of Pakistan (CCP) has initiated an inquiry into the possible anti-competitive behaviour of two car manufacturers who are putting unreasonable financial burden on the consumers.

The inquiry, under Section 37 of the Competition Act, 2010, is being conducted after the commission received various complaints regarding high prices of vehicles, hefty advance payments, delay in delivery of passenger vehicles, charging of premiums for onspot delivery, and no facility to recall vehicles.

The inquiry will initially cover the market for consumer vehicles ranging between the engine capacity of 800cc to 1299cc in which Indus Motor Company Limited and Pak Suzuki Motor Company Limited are dominant players.

One of the major concerns shared with CCP is the consistent upward trend in prices of cars without an up-gradation of the technology.

Although the prices of locally assembled cars have increased manifolds over the past years, the manufacturers have failed to take significant measures to upgrade engines and add safety features corresponding to the increase in prices.

Similarly, one of the gravest predicaments faced by consumers of new cars is the requirement of hefty advance payments for placing the order to book a car. In this regard, it has been observed that Suzuki requires full advance payment despite a non-negotiable delay in the delivery of its vehicles.

Toyota has slashed this requirement to considerable extent, however, it still requires the buyers to pay 30 per cent of the total price of the vehicle in advance.

The advance payment requirement on the one hand rids the customers of the opportunity to earn profits on their cash, and on the other hand allows the manufactures to accrue that profit for themselves, the CCP noted.

The delay in delivery of vehicles is another burning issue. Despite having ample access capacity of dominant manufacturers, the delay is questionable particularly in the case of those models that have not undergone considerable changes and whose demand forecast can be made with relative certainty.

As is the case of advance payments, the delay in delivery of vehicles is linked to the benefits forgone by the consumers.

Furthermore, the charging of premiums by the authorised dealers of dominant manufactures for onspot delivery has the potential to create a predicament where the manufacturer or dealers find it to their advantage to delay the deliveries of car in order to make more revenue.

It has been brought to the CCP's knowledge in a meeting with the Engineering Development Board that neither manufacturer appears to be facilitating the option of recall of vehicles, which prima facie, indicates a lack of a healthy competition in the market.

In light of the seemingly dominant positions held by Toyota and Suzuki in the consumer vehicle sector, it appears that consumers are being left without alternatives to consider. Through this investigation, CCP will determine whether the behaviour by Toyota and Suzuki constitutes the imposition of unfair trading conditions in violation of Section 3 of the Competition Act.—Reporter



Pakistan chases car manufacturers

Friday, 26 June 2015 (2 days ago)

Tom Webb

The Competition Commission of Pakistan yesterday announced an investigation of potentially abusive conduct by car makers Pak Suzuki and Toyota-Indus.



A Toyota Corolla in Pakistan. (Credit: Omer Wazir on Wikimedia Commons (CC BY-SA 2.0))

In a statement, the commission said the two companies have behaved in a way which could be detrimental to consumers.

The authority chose to open a market inquiry following the receipt of several complaints. It is the enforcer's second inquiry since hiring new chair Vadiyya Khalil in early 2015. The probe will initially target Toyota-Indus and Pak Suzuki's actions in the market for consumer vehicles. Specifically, the agency will probe the market for cars with an engine capacity between 800 and 1299cc – which are usually small vehicles – where the companies appear to be dominant.

The agency's announcement outlined several aspects of the companies' conduct that were especially concerning for the unidentified complainants.

In particular, the complainants said Toyota-Indus and Pak Suzuki have boosted the price of cars assembled within Pakistan in recent years, but failed to upgrade engines or add safety features.

The complainants also said consumers are forced to pay large advances to order cars, and the companies delay delivery. Indeed, Pak-Suzuki forces consumers to pay the price of cars in full, while consumers who wish to purchase Toyota-Indus cars must pay 30 per cent upfront.

The two manufacturers, the commission said, appear to dominate the consumer vehicle sector, leaving customers without alternatives. At first glance, their conduct and market dominance may place an "unreasonable financial burden" on buyers of passenger vehicles, and provide them with poor value for money.

Pak-Suzuki is the Pakistani subsidiary of Japanese car producer Suzuki, while Toyota-Indus is a joint venture between Japan's Toyota and the House of Habib, a diversified business conglomerate run by Pakistan's Habib family.

Toyota-Indus and Pak-Suzuki did not respond to requests for comment. A commission spokesperson said the agency is unaware of the identities of any counsel acting for the defendants at this early stage of the investigation.

The beginning of the Competition Commission's inquiry marks the second time the agency has acted against the car industry this year.

In April, the commission fined a car makers' association 140 million rupees (€12.6 million) for taking part in a cartel that repeatedly overcharged consumers, following a six-month investigation that began in October 2014.

THE NEWS

CCP probing market duopoly of two motor companies

Our correspondent

ISLAMABAD: The Competition Commission of Pakistan (CCP) has started inquiry against Toyota Indus and Pak Suzuki for suspected anti-competitive practices of high prices, charging of premiums, delay in delivery of cars and no facility to recall the vehicles.

The CCP has initiated an inquiry under Section 37 of the Competition Act, 2010 into the possible anti-competitive behaviour of the two dominant car manufacturers in the automobile sector, which are, prima facie, responsible for putting unreasonable financial burden on the consumers of vehicles without giving them value for money.

It is relevant to mention here that the government has so far failed to come up with new auto policy since last one year as this policy was prepared by Ministry of Industries but the government lacked political will to implement it encouraging new players to break hold of existing players.

However, the CCP started the inquiry after receiving various complaints and concerns highlighting the issues of high prices of vehicles, hefty advance payments, delay in delivery of passenger vehicles, charging of premiums for onspot delivery, and no facility to recall the vehicles.

The inquiry will initially cover the market for consumer vehicles ranging from the engine capacity of 800 cc to 1299 cc in which Indus Motor Company Limited and Pak Suzuki Motor Company Limited are the dominant players.

One of the major concerns shared with CCP is the consistent upward trend in the in the prices of cars without an upgradation of the technology. Although, the prices of locally assembled cars have increased manifolds over the past years, the manufacturers have failed to take significant measures to upgrade the engines and add safety and other 26 June 2015 Page # 8 gines and add safety and other features corresponding the increase in prices.

Similarly, one of the gravest predicaments faced by the consumers of new cars is the requirement of hefty advance payments for placing the order to book a car.

In this regard, it has been observed that Suzuki requires full advance payment despite a non-negotiable delay in the delivery of its vehicles. Toyota has slashed this requirement to considerable extent, however, it still requires the buyers to make a 30% of the total price of the vehicle. The advance payment requirement on the one hand rids the customers of the opportunity to earn profits on their cash, and on the other hand allows the manufactures to accrue that profit for themselves.

The delay in delivery of vehicles is another burning issue. Despite having ample access capacity of the dominant manufacturers, the delay is questionable particularly in the case of those models that have not undergone considerable changes and whose demand forecast can be made with relative certainty. As is the case of advance payments, the delay in delivery of vehicles is linked to the benefits forgone by the consumers.

Furthermore, the charging of premiums by the authorised dealers of the dominant manufactures for on-spot delivery has the potential to create a predicament where the manufacturer or dealers find it to their advantage to delay the deliveries of car in order to make more revenue.

CCP has also noticed and it has been brought to its knowledge in a meeting with the Engineering Development Board that neither manufacturer appear to be facilitating the option of recall of vehicles, which, prima facie, indicates a lack of a healthy competition in the market.

In light of the seemingly dominant positions held by Toyota and Suzuki in the consumer vehicle sector, it appears that consumers are being left without alternatives to consider. Through this investigation, CCP will determine whether the behaviour by Toyota and Suzuki constitutes the imposition of unfair trading conditions in violation of Section 3 of the Competition Act.

r CCP is mandated by the s Competition Act to enforce y the prohibitions against anti n competitive practices in all s spheres of commercial and y, economic activities and to e protect consumers from anticompetitive behaviour.



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CCP initiates inquiry into unfair trading conditions of automobile makers

OUR STAFF REPORTER

The Competition Commission of Pakistan (CCP) has initiated an inquiry into possible anti-competitive behaviour of Indus Motor Company Limited and Pak Suzuki Motor Company Limited, responsible for putting unreasonable financial burden on consumers of passenger vehicles without giving them value for money.

The CCP has started an inquiry under Section 37 of the Competition Act, 2010 into the possible anti-competitive behaviour of the two dominant car manufacturers in the automobile sector. The inquiry will initially cover the market for consumer vehicles ranging between the engine capacity of 800 cc to 1299 cc in which Indus Motor Company Limited and Pak Suzuki Motor Company Limited are the dominant players.

The Commission has initiated the investigation after receiving various complaints and concerns highlighting the issues of high prices of vehicles, hefty advance payments, delay in delivery of passenger vehicles, charging of premiums for on-spot delivery, and no facility to recall the vehicles.

One of the major concerns shared with CCP is the consistent upward trend in the in the prices of cars without an upgradation of the technology. Although the prices of locally assembled cars have increased manifolds over the past years, the manufacturers have failed to take significant measures to upgrade the engines and add safety and other features corresponding the increase in prices.

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The delay in delivery of vehicles is another burning issue. Despite having ample access capacity of the dominant manufacturers, the delay is questionable particularly in the case of those models that have not undergone considerable changes and whose demand forecast can be made with relative certainty. As is the case of advance payments, the delay in delivery of vehicles is linked to the benefits forgone by the consumers.

Furthermore, the charging of premiums by the authorized dealers of the dominant manufactures for onspot delivery has the potential to create a predicament where the manufacturer or dealers find it to their advantage to delay the deliveries of car in order to make more revenue. CCP has also noticed and it has been brought to its knowledge in a meeting with the Engineering Development Board that neither manufacturer appear to be facilitating the option of recall of vehicles, which, prima facie, indicates a lack of a healthy competition in the market.

In light of the seemingly dominant positions held by Toyota and Suzuki in the consumer vehicle sector, it appears that consumers are being left without alternatives to consider. Through this investigation, CCP will determine whether the behaviour by Toyota and Suzuki constitutes the imposition of unfair trading conditions in violation of Section 3 of the Competition Act.

CCP is mandated by the Competition Act to enforce the prohibitions against anti competitive practices in all spheres of commercial and economic activities and to protect consumers from anti-competitive behaviour.

Pakistan Today

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PAK SUZUKI UNDER CCP SCANNER FOR HIGH PRICES, CHARGING OF PREMIUM

ISLAMABAD

FTER receiving various complaints about high prices of vehicles, hefty advance payments, delay in delivery of passenger vehicles, charging of premiums for on-spot delivery, and no facility to recall the vehicles, the Competition Commission of Pakistan (CCP) has initiated an enquiry against two dominant local car assemblers, including Pak Suzuki Motor Company Limited.

A CCP spokesman said the commission has initiated an inquiry under Section 37 of the Competition Act, 2010 into the possible anticompetitive behaviour of the two dominant car manufacturers in the automobile sector, which is, prima facie, responsible for putting unreasonable financial burden on the consumers of passenger vehicles without giving them value for money. The inquiry will initially cover the market for consumer vehicles ranging between the engine capacity of 800 cc to 1299 cc.

CCP has also noticed and it has been brought to its knowledge in a meeting with the Engineering Development Board that nei-



ther manufacturer appear to be facilitating the option of recall of vehicles, which, prima facie, indicates a lack of a healthy competition in the market. Due to the dominant position Suzuki and other local car manufacturer, the consumers have very few options to consider. The investigation by CCP will determine whether the behaviour by Suzuki constitutes the imposition of unfair trading conditions in violation of Section 3 of the Competition Act.

One of the major concerns shared with CCP is the consistent upward trend in the in the prices of cars without an upgradation of the technology. Although the prices of locally assembled cars have increased manifold; over the past years, the manufacturers have failed to take significant measures to upgrade the engines and add safety and other features corresponding the increase in prices.

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