BUSINESS RECORDER
Editor-in-chief M.A. Zuberi

20 June 2014
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Deceptive marketing practices

CCP completes seven inquiry reports

RECORDER REPORT

ISLAMABAD: The Competition Commission of Pakistan (CCP) has completed seven inquiry reports against companies involved in deceptive marketing practices and issued three policy notes to government departments, including negative impact of capacity tax on beverages which was withdrawn in budget (2014-15).

The data analyzed from the website of the CCP revealed that since appointment of Dr Joseph Wilson as Acting Chairman CCP on Aug 23, 2013, show case notices have been issued to several companies involved in anti-competitive behaviour and deceptive marketing practices. So far, no fine has been imposed on the undertakings violating competition laws during the period under review.

The commission also approved 28 mergers and acquisitions of undertakings during the tenure of acting CCP Chairman.

The CCP is also reviewing different sectors to check cartelization under competition laws, sources said.

Details revealed that the Commission issued various directions to Indus Motor Company due to unfair trading conditions offered to the customers on Nov 8, 2013. The violation of Section 3 leads to the indulgence of competitive issues which are covered up by the Commission.

The CCP has issued a policy note to HEC to revise its Equivalence Standard (ES) for Master's degree programmes to create an exception for those who attained their master's degrees in a period prior to the introduction of equivalence standard to create a level playing field among all the Master's degree holders.

The CCP has issued another policy note on the Non-Issuance of Flare-Gas license by OGRA. The Commission through the note to OGRA recommended the exercise of power to encourage investment in the sector, f act under the OGRA Ordinance and take a decision on license applications by potential new entrants in the flare gas distribution at the earliest to remove barriers.

The Commission has issued a policy note to the government against imposition of capacity tax on beverage industry for the small and local industry. The CCP took notice of the imposition of Federal Excise Duty and sales tax on production/installed capacity instead of actual sales.

The Commission prepared a report in the matter of complaint filed by M/s Agritech Limited against M/s Tara Group Pakistan for deceptive marketing practice. As per report, the deceptive marketing practices have a direct impact on the public at large. It is in the interest of the general public that Tara Group should be stopped to advertise their products/services in an unfair and misleading manner and encourage them to resort to the advertising practices which are transparent and give consumers true and correct information.

Another enquiry report was released by the Commission in the matter of the complaint filed against Internet Service Providers for deceptive marketing practices. The enquiry report concluded as false and misleading advertisements that induce consumers to purchase the product and hence it gives the undertaking a competitive edge over other competing undertakings. And the Respondent has no reasonable basis to make the claim of 'unlimited Package'. Therefore, all Internet Services providers (ISPs) were provided sufficient time period to remove the claim.

The Commission's also filed a report in the matter of Complaint filed by M/S Akzo Nobel Pakistan limited & M/s Diamond Paints Industries (Pvt) Ltd against M/s Jotun Pakistan (Pvt) Ltd for deceptive marketing practice. The report is of the considered opinion that Jotun Pakistan has no justification to claim to be 'No.1 Paint' in Pakistan. Thus the Respondent paint manufacturers were provided reasonable time period to remove their claim from their advertising material but they failed to report compliance.

Another report was framed in the issue of complaint filed by K&N Foods (Pvt) ltd against M/s A Rahim Foods (Pvt) Ltd for deceptive marketing practices. After the conclusion of the enquiry report show cause notice was issued to A Rahim Foods for violation of Section: 10 of the Competition Act 2010, ie, deceptive marketing.

In the matter of deceptive marketing practices by cellular mobile telecom operators, the CCP issued show-cause notices to all the five mobile companies operating in the country for deceptive marketing and charging hidden fees from consumers.

An enquiry was conducted against M/s Reckitt Benckiser Pakistan Limited for deceptive marketing practices. After issuance of enquiry report, show-cause notice was issued to Reckitt Benckiser Pakistan for deceiving the consumers by their faulty presentation.

In the matter of complaint filed by M/s National Foods Limited against M/s Shangrila (Private) Limited for deceptive marketing practices, the enquiry report led to the issuance of a show cause notice to Shangrila Limited for indulging in deceptive marketing practices by making the claim of being 'No:1 tomato ketchup in Pakistan.'

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/Tax rates vary

CCP questions benefits given to some fertiliser plants

Says anti-competitive practices make urea expensive for farmers

SHAHBAZ RANA
ISLAMABAD

The anti-trust watchdog has questioned the grant of Rs4 billion in undue benefits by the government to fertiliser plants set up after 2001 by charging a higher levy from other producers and has called for an end to the discriminatory practice.

In this regard, the Competition Commission of Pakistan (CCP) on Thursday issued a policy note to the federal government, highlighting anti-competitive practices that were also fuelling increase in urea prices to the disadvantage of farmers.

It asked the government to apply a similar rate of Gas Infrastructure Development Cess (GIDC) to all fertiliser producers in order to create a level-playing field in the urea market.

It suggested to the government to withdraw the GIDC on feedstock of fertiliser plants set up before 2001 and said the second schedule of the GIDC Act may be amended to rationalise the cess on fuel gas used by the plants. This would eliminate the cost disadvantage to pre-2001 plants, it said.

> The selective tax levy, it said, had placed the fertiliser sector in a catch-22 situation

The recommendations come at a time when the government is already facing criticism for increasing GIDC in the new budget that opposition lawmakers believe is contrary to provincial autonomy.

They argue that the government cannot revise the tax on gas without consulting the provinces, as enshrined in the constitution.

In the policy note, the CCP observed that feed gas was a major (80%) raw material used in the production of urea fertiliser. A lower rate of feed gas coupled with exemption from GIDC for post-2001 fertiliser plants had resulted in a price difference of Rs355 per million British thermal units (mmbtu) for feed gas between the pre- and post-2001 plants.

This cost disadvantage made it difficult for older plants to compete with newer ones, it said.

Despite paying no levies, according to the CCP, the fertiliser plants set up after 2001 were selling urea at the same price as that charged by plants established before 2001. This resulted in consumer loss of Rs28.1 billion and gave undue profit of Rs11.2 billion to post-2001 plants.

The CCP said after December 2013 amendments to the GIDC Act, the cost difference in feed gas had increased and currently stood at Rs355 per mmbtu, resulting in higher than normal profit of Rs4 billion only in the first quarter of 2014 in respect of feed gas cost savings.

The selective tax levy, it said, had placed the fertiliser sector in a catch-22 situation. "If post-2001 plants sell urea at a price based on their cost of feed gas, they will certainly sell at a much lower price than that of pre-2001 plants and will drive the latter out of the market."

CONSUMER LOSS: The fertiliser plants set up after 2001 were selling urea at the same price as that charged by plants established before 2001. PHOTO: FILE

This will completely be the antithesis of the Fertiliser Policy 2001 as investment will be driven out of the market and domestic production will decrease.

On the other hand, if post-2001 plants sell urea at a price based on the cost of feed gas for pre-2001 plants, the price will certainly not be the competitive price and farmers will end up paying much higher rates.

According to the CCP, because of the policy adopted by the government, distortions have been created in the market, resulting in farmers paying higher prices.

It pointed out that the distortive policy was having a multiplier effect as high urea prices were now pushing up prices of crops, particularly of staple food. It also has had a cascading effect on every industry connected with the agricultural produce.

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Policy note issued

CCP for uniform levy of gas cess on fertilizer plants

RECORDER REPORT

ISLAMABAD: The Competition Commission of Pakistan (CCP) has issued a 'Policy Note' to the federal government recommending equal levy of Gas Infrastructure Development Cess (GIDC) on all fertilizer plants to create a level playing field in the urea market.

In a policy note issued to the Ministry of Finance and Ministry of Petroleum here on Thursday, the CCP has proposed that the levy of GIDC on feed stock for pre-2001 fertilizer plants be withdrawn and that the Second Schedule of the GIDC Act may be amended to rationalise the GIDC on fuel gas used by fertilizer plants, thereby eliminating the cost disadvantage to pre-2001 fertilizer plants.

The CCP took notice of concerns raised by fertilizer companies against the discriminatory levy of the Gas Infrastructure Development Cess (GIDC) that discriminates against the fertilizer plants installed prior to the Fertilizer Policy 2001 vis-à-vis the plants that were commissioned and became operative after the Fertilizer Policy 2001, by placing the pre-2001 plants at a cost disadvantage, thereby distorting the competition in the urea market.

It is certain that the framers of the GIDC have not perceived the negative impact of cost increase for selective plants on farmers and end consumers. Agriculture also provides for the generation of economic growth through provision of raw materials for other industries. Therefore, the cost differential among fertilizer producers not only has a direct impact on agriculture, it also has a cascading effect on every connected industry.

Apart from the violation of competition principles, the discrimination goes against the very spirit of the Fertilizer Policy 2001, ie, to "enhance domestic production" and "equal treatment" for all fertilizer producers. It cannot be presumed that the Fertilizer Policy 2001 intended to encourage new investment at the cost of pre-2001 fertilizer plants.

The government of Pakistan issued the Fertilizer Policy in 2001, which had the objective to provide investors in new fertilizer plants in Pakistan a gas price that enables them to compete in the domestic market. The Fertilizer Policy 2001 ensured equal treatment for all market-players by stipulating that all the fertilizer producers, domestic and foreign, public and private will be treated equally in commercial, fiscal, corporate and contractual matter. The Fertilizer Policy 2001 granted a certain lower price for gas feed stock to all post-2001 plants. It appears that the rationale behind setting a lower rate of gas price for post-2001 fertilizer plants was to compensate these companies for their project financing, and the ten year period of discount corresponded to the debt repayment period, the CCP said.

According to the CCP, with the controlled rate of feed gas, the price differential of feed gas between pre-2001 and post-2001 fertilizer plants rose to approximately Rs. 41/MMBTU, with the pre-2001 plants paying the higher rate. Thereafter, GIDC was levied only on pre 2001 fertilizer plants at the rate of Rs.197/ MMBTU under the GIDC Act, 2011. The GIDC Act was amended in December 2013, enhancing the GIDC levy to Rs. 300/MMBTU from the previous rate of Rs. 197/MMBTU. However, GIDC was also levied on fertilizer fuel stock on all plants without discrimination of pre or post 2001 plants. Schedule II of the GIDC Act amended in 2013 is reproduced below.

The CCP also held a public hearing on 29 April, 2014 in the matter which was attended by Ministry of Petroleum and representatives of all the fertilizer manufacturers.

The CCP observed in the Policy Note that feed gas is a major (80 percent) raw material used in the production of urea fertilizer. Lower rate of feed gas coupled with exemption of GIDC for post-2001 fertilizer plants results in a price difference of RKR 355/MMBTU for feed gas between the pre-2001 and post-2001 plants. This cost disadvantage makes it difficult for pre-2001 plants to compete with the post-2001 plants.

Based on the data collected from fertilizer plants, the CCP noted that, the price of urea based on the cost of feed gas alone, should have tilted towards the price of post-2001 plants, ie, feed gas without GIDC. Revenues would have been somewhere close to PKR 7.5 billion for the year 2013. However, the fact is that post-2001 plants sold the urea at the same price as that sold by pre-2001 plants; the price of urea based on the cost of feed gas alone, tilted towards the price of pre-2001 plants, ie, feed gas with GIDC. Thus, the total urea produced was sold as if all plants paid GIDC. This resulted in Consumer Loss of PKR 28.1 billion and supra-natural profits for the post-2001 plants to the tune of PKR 11.2 billion, equal to 31 percent of the production cost based on feed gas. Whereas the GIDC accrued for the national exchequer was 13.1 billion.

Further, after the amendments in GIDC Act in December 2013, cost differential of feed gas has magnified and currently stands at Rs.355 per MMBTU, resulting in supra-normal profits of PKR 4 billion only in the first quarter of 2014 in respect of feed gas cost saving for post-2001 fertilizer plants. The supra-normal profit for post-2001 plants rose from 31 percent of the production cost based on feed gas in 2013 to 39 percent in the first quarter of 2014. Whereas the total GIDC accrued to the national exchequer was Rs4.25 billion, less than the supra-normal profits.

The Policy Notes observes that the selective imposition has placed the fertilizer sector in a catch-22 situation. If the post-2001plants sell urea at a price based on their own cost of feed gas, they will certainly sell at a much lower price than that of pre-2001 plants, and therefore will drive the pre-2001 plants out of the market. This will completely be the antithesis of the Fertilizer Policy 2001: the investment will be driven out of the market, and domestic production will be reduced. On the other hand, if the post-2001 plants will sell urea at a price based on the cost of the feed gas to pre-2001 plants, the price will certainly not be the competitive price, and the farmer will end up pay much higher prices. This will again be the antithesis of the Fertilizer Policy 2001: assuring reasonable prices of fertilizers to farmers below the import-price.

In nutshell the selective imposition of GIDC has the following impact:

i. Distorting market conditions resulting in exorbitant huge prices for farmers.

ii. Windfall for selective players (of more than PKR 4 billion in just one quarter of 2014).

iii. Multiplier effect – high prices of urea result in high prices for crops (staple food).

a. High cost impact on population living on poverty line.

b. Cascading effect on every industry connected with agricultural produce.

iv. Catch 22 situation for the fertilizer sector.

Section 29 of the Competition Act, 2010 empowers CCP to promote competition by reviewing policy frameworks and making suitable recommendations to the Federal and Provincial governments to amend any law that affects competition within Pakistan, the CCP added.

FOUNDED BY QUAID-I-AZAM MOHAMMAD ALI JINNAH

DAWN

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CCP moves to end discrimination in urea market

By Kalbe Ali

ISLAMABAD: The Competition Commission of Pakistan (CCP) has issued a policy note to the government, recommending equal levy of Gas Infrastructure Development Cess (GIDC) for all fertiliser plants to create a level-playing field in the urea market.

"The GIDC has placed the pre-2001 plants at a cost disadvantage, which has distorted the competition in the urea market," the CCP said.

It has proposed that the levy of GIDC on feedstock for pre-2001 fertiliser plants be withdrawn and that the Second Schedule of the GIDC Act be amended to rationalise the cess on fuel gas used by fertiliser plants, eliminating the cost disadvantage to pre-2001 fertiliser plants.

The CCP took notice of concerns raised by fertiliser companies against the GIDC which they say discriminates against the fertiliser plants installed before the Fertiliser Policy 2001 compared to the plants that were commissioned and became operative after the policy.

The fertiliser policy in question was issued to provide investors in new fertiliser plants in Pakistan a gas price that enables them to compete in the domestic market. The policy stipulated that all the fertiliser producers — domestic and foreign, public and private — must be treated equally in commercial, fiscal, corporate and contractual matter.

It also granted a certain lower price for gas feedstock to all post-2001 plants, perhaps to compensate these companies for their project financing, and the ten-year period of discount corresponded to the debt repayment period.

The CCP said the price differential of feed gas between pre- and post-2001 fertiliser plants rose to around Rs41 per mmBtu (million British thermal units), with the pre-2001 plants paying the higher rate.

The GIDC was levied only on pre-2001 fertiliser plants at the rate of Rs197 per mmBtu under the GIDC Act, 2011.

The GIDC Act was amended in December 2013, raising the GIDC levy to Rs300 per mmBtu from the previous rate of Rs197 per mmBtu. However, the GIDC was also levied on fertiliser fuel stock on all plants without discrimination of pre- or post-2001 plants.

The CCP also held a public hearing, attended by the Ministry of Petroleum and representatives of all the fertiliser manufacturers, on April 29 this year in this regard.

The commission has observed in the policy note that feed gas is around 80 per cent of the raw material used in producing urea fertiliser.

Lower rate of feed gas coupled with exemption of GIDC for post-2001 fertiliser plants results in a price difference of Rs355 per mmBtu for feed gas between the pre-2001 and post-2001 plants.

PAKISTAN OBSERVER
Eyes & Ears of Pakistan — Widely read & trusted Daily

Page #14 Economy Watch
20 June 2014

CCP recommends withdrawal of discriminatory levy of GIDC on selective fertilizer plants

Islamabad—The Competition Commission of Pakistan (CCP) has issued a Policy Note to the Government of Pakistan recommending equal levy of Gas Infrastructure Development Cess (GIDC) on all fertilizer plants to create a level -playing field in the urea market. CCP has proposed that the levy of GIDC on feed stock for pre-2001 fertilizer plants be withdrawn and that the Second Schedule of the GIDC Act may be amended to rationalize the GIDC on fuel gas used by fertilizer plants, thereby eliminating the cost disadvantage to pre-2001 fertilizer plants.

CCP took notice of concerns raised by fertilizer companies against the discriminatory levy of the Gas Infrastructure Development Cess (GIDC) that discriminates against the fertilizer plants installed prior to the Fertilizer Policy 2001 vis-à-vis the plants that were commissioned and became operative after the Fertilizer Policy 2001, by placing the pre-2001 plants at a cost disadvantage, thereby distorting the competition in the urea market. The Government of Pakistan issued the Fertilizer Policy in 2001which had the objective to provide investors in new fertilizer plants in Pakistan a gas price that enables them to compete in the domestic market. The Fertilizer Policy 2001 ensured equal treatment for all market-players by stipulating that all the fertilizer producers, domestic and foreign, public and private will be treated equally in commercial, fiscal, corporate and contractual matter.

The Fertilizer Policy 2001 granted a certain lower price for gas feed stock to all post-2001 plants. It appears that the rationale behind setting a lower rate of gas price for post-2001 fertilizer plants was to compensate these companies for their project financing, and the ten year period of discount corresponded to the debt repayment period. With the controlled rate of feed gas, the price differential of feed gas between pre-2001 and post-2001 fertilizer plants rose to approximately Rs. 41/MMBTU, with the pre-2001 plants paying the higher rate. Thereafter, GIDC was levied only on pre 2001 fertilizer plants at the rate of Rs.197/ MMBTU under the GIDC Act, 2011. The GIDC Act was amended in December 2013, enhancing the GIDC levy to Rs. 300/MMBTU from the previous rate of Rs. 197/MMBTU.

However, GIDC was also levied on fertilizer fuel stock on all plants without discrimination of pre or post 2001 plants. Schedule II of the GIDC Act amended in 2013 is reproduced below. CCP also held a public hearing on 29 April, 2014 in the matter which was attended by Ministry of Petroleum and representatives of all the fertilizer manufacturers. CCP observes in the Policy Note that feed gas is a major (80%) raw material used in the production of urea fertilizer. Lower rate of feed gas coupled with exemption of GIDC for post-2001 fertilizer plants results in a price difference of RKR 355/MMBTU for feed gas between the pre-2001 and post-2001 plants. This cost disadvantage makes it difficult for pre-2001 plants to compete with the post-2001 plants.

Based on the data collected from fertilizer plants, CCP noted that, the price of urea based on the cost of feed gas alone, should have tilted towards the price of post-2001 plants, i.e., feed gas without GIDC. Revenues would have been somewhere close to PKR 7.5 billion for the year 2013. However, the fact is that post-2001 plants sold the urea at the same price as that sold by pre-2001 plants; the price of urea based on the cost of feed gas alone, tilted towards the price of pre-2001 plants, i.e., feed gas with GIDC. Thus, the total urea produced was sold as if all plants paid GIDC.

This resulted in Consumer Loss of PKR 28.1 billion and supra-natural profits for the post-2001 plants to the tune of PKR 11.2 billion, equal to 31% of the production cost based on feed gas. Whereas the GIDC accrued for the national exchequer was 13.1 billion. The CCP said distorting market conditions would result in exorbitant huge prices for farmers, windfall for selective players (of more than PKR 4 billion in just one quarter of 2014); Multiplier effect – high prices of urea result in high prices for crops (staple food); High cost impact on population living on poverty line; Cascading effect on every industry connected with agricultural produce and Catch 22 situation for the fertilizer sector. Section 29 of the Competition Act, 2010 empowers CCP to promote competition by reviewing policy frameworks and making suitable recommendations to the Federal and Provincial governments to amend any law that affects competition within Pakistan.—INP

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CCP for equal levy of GIDC on all fertilizer plants

OUR STAFF REPORTER
ISLAMABAD

Competition Commission of Pakistan (CCP) has issued a policy note to government recommending equal levy of Gas Infrastructure Development Cess (GIDC) on all fertilizer plants to create a level-playing field in the urea market.

CCP has proposed that the levy of GIDC on feed stock for pre-2001 fertilizer plants be withdrawn and that the second schedule of the GIDC Act may be amended to rationalise the GIDC on fuel gas used by fertilizer plants, thereby eliminating the cost disadvantage to pre-2001 fertilizer plants.

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The Government of Pakistan issued the Fertilizer Policy in 2001 which had the objective to provide investors in new fertilizer plants in Pakistan a gas price that enables them to compete in the domestic market. The Fertilizer Policy 2001 ensured equal treatment for all market-players by stipulating that all the fertilizer producers, domestic and foreign, public and private will be treated equally in commercial, fiscal, corporate and contractual matter. The Fertilizer Policy 2001 granted a certain lower price for gas feed stock to all post-2001 plants. It appears that the rationale behind setting a lower rate of gas price for post-2001 fertilizer plants was to compensate these companies for their project financing, and the ten year period of discount corresponded to the debt repayment period.

With the controlled rate of feed gas, the price differential of feed gas between pre-2001 and post-2001 fertilizer plants rose to approximately Rs 41/MMBTU, with the pre-2001 plants paying the higher rate. Thereafter, GIDC was levied only on pre-2001 fertilizer plants at the rate of Rs.197/ MMBTU under the GIDC Act, 2011. The GIDC Act was amended in December 2013, enhancing the GIDC levy to Rs 300/MMBTU from the previous rate of Rs. 197/MMBTU. However, GIDC was also levied on fertilizer fuel stock on all plants without discrimination of pre or post 2001 plants. Schedule II of the GIDC Act amended in 2013 is reproduced below.

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CCP observes in the policy note that feed gas is a major (80pc) raw material used in the production of urea fertilizer. Lower rate of feed gas coupled with exemption of GIDC for post-2001 fertilizer plants results in a price difference of Rs 355/MMBTU for feed gas between the pre-2001 and post-2001 plants. This cost disadvantage makes it difficult for pre-2001 plants to compete with the post-2001 plants. Based on the data collected from fertilizer plants, CCP noted that, the price of urea based on the cost of feed gas alone, should have tilted towards the price of post-2001 plants, i.e., feed gas without GIDC.

Editor-in-Chief Syed Ayaz Badshah
TRUTH MATTERS
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20 June2014

CCP recommends withdrawal of discriminatory levy of GIDC on Selective Fertilizer Plants

ISLAMABAD, June 19 (INP): The Competition Commission of Pakistan (CCP) has issued a Policy Note to the Government of Pakistan recommending equal levy of Gas Infrastructure Development Cess (GIDC) on all fertilizer plants to create a level -playing field in the urea market. CCP has proposed that the levy of GIDC on feed stock for pre-2001 fertilizer plants be withdrawn and that the Second Schedule of the GIDC Act may be amended to rationalize the GIDC on fuel gas used by fertilizer plants, thereby eliminating the cost disadvantage to pre-2001 fertilizer plants. CCP took notice of concerns raised by fertilizer companies against the discriminatory levy of the Gas Infrastructure Development Cess (GIDC) that discriminates against the fertilizer plants installed prior to the Fertilizer Policy 2001 vis-à-vis the plants that were commissioned and became operative after the Fertilizer Policy 2001, by placing the pre-2001 plants at a cost disadvantage, thereby distorting the competition in the urea market. The Government of Pakistan issued the Fertilizer Policy in 2001which had the objective to provide investors in new fertilizer plants in Pakistan a gas price that enables them to compete in the domestic market. The Fertilizer Policy 2001 ensured equal treatment for all market-players by stipulating that all the fertilizer producers, domestic and foreign, public and private will be treated equally in commercial, fiscal, corporate and contractual matter. The Fertilizer Policy 2001 granted a certain lower price for gas feed stock to all post-2001 plants. It appears that the rationale behind setting a lower rate of gas price for post-2001 fertilizer plants was to compensate these companies for their project financing, and the ten year period of discount corresponded to the debt repayment period. With the controlled rate of feed gas, the price differential of feed gas between pre-2001 and post-2001 fertilizer plants rose to approximately Rs. 41/MMBTU, with the pre-2001 plants paying the higher rate. Thereafter, GIDC was levied only on pre 2001 fertilizer plants at the rate of Rs.197/ MMBTU under the GIDC Act, 2011. The GIDC Act was amended in December 2013, enhancing the GIDC levy to Rs. 300/MMBTU from the previous rate of Rs. 197/MMBTU. However, GIDC was also levied on fertilizer fuel stock on all plants without discrimination of pre or post 2001 plants. Schedule II of the GIDC Act amended in 2013 is reproduced below. CCP also held a public hearing on 29 April, 2014 in the matter which was attended by Ministry of Petroleum and representatives of all the fertilizer manufacturers. CCP observes in the Policy Note that feed gas is a major (80%) raw material used in the production of urea fertilizer. Lower rate of feed gas coupled with exemption of GIDC for post-2001 fertilizer plants results in a price difference of RKR 355/MMBTU for feed gas between the pre-2001 and post-2001 plants. This cost disadvantage makes it difficult for pre-2001 plants to compete with the post-2001 plants. Based on the data collected from fertilizer plants, CCP noted that, the price of urea based on the cost of feed gas alone, should have tilted towards the price of post-2001 plants, i.e., feed gas without GIDC. Revenues would have been somewhere close to PKR 7.5 billion for the year 2013. However, the fact is that post-2001 plants sold the urea at the same price as that sold by pre-2001 plants; the price of urea based on the cost of feed gas alone, tilted towards the price of pre-2001 plants, i.e., feed gas with GIDC. Thus, the total urea produced was sold as if all plants paid GIDC. This resulted in Consumer Loss of PKR 28.1 billion and supra-natural profits for the post-2001 plants to the tune of PKR 11.2 billion, equal to 31% of the production cost based on feed gas. Whereas the GIDC accrued for the national exchequer was 13.1 billion. The CCP said distorting market conditions would result in exorbitant huge prices for farmers, windfall for selective players (of more than PKR 4 billion in just one quarter of 2014); Multiplier effect – high prices of urea result in high prices for crops (staple food); High cost impact on population living on poverty line; Cascading effect on every industry connected with agricultural produce and Catch 22 situation for the fertilizer sector. Section 29 of the Competition Act, 2010 empowers CCP to promote competition by reviewing policy frameworks and making suitable recommendations to the Federal and Provincial governments to amend any law that affects competition within Pakistan.

جنگ

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حکومت کو گیس انفراسٹرکچر ڈویلپمنٹ کا نفاذ برابری کی سطح پر کرنا چاہئے، سی سی پی

اسلام آباد (خبر نگار خصوصی) مسابقتی کمیشن پاکستان (سی سی پی) نے حکومت کو پالیسی نوٹ جاری کرتے ہوئے تجویز کیا ہے کہ حکومت گیس انفراسٹرکچر ڈویلپمنٹ سیس (سی آئی ڈی سی) کا نفاذ برابری کی سطح پر تمام فرٹیلائزر پلانٹس پر کرنا چاہئے تاکہ یوریا مارکیٹ میں تمام فرٹیلائزر پلانٹس کو برابری کی سطح پر مواقع حاصل ہوں۔ سی سی پی کی جانب سے جمعرات کو جاری کردہ اعلامیہ کے مطابق مسابقتی کمیشن آف پاکستان نے اس بات کا نوٹس فرٹیلائزر کمپنیز کی طرف سے اٹھائے ان خدشات کے بعد لیا کہ جی آئی ڈی سی کا امتیازی اور غیر منصفانہ نفاذ فرٹیلائزر پالیسی 2001 سے پہلے لگائے گئے فرٹیلائزر پلانٹس کے مقابلے میں اس پالیسی کے بعد لگائے گئے فرٹیلائزر پلانٹس کے ساتھ امتیازی رویہ رکھتا ہے۔ مسابقتی کمیشن پاکستان یہ موقف رکھتا ہے کہ جی آئی ڈی سی کا غیر منصفانہ نفاذ 2001 سے پہلے لگائے فرٹیلائزر پلانٹس کی پیداواری لاگت بڑھا دیگا۔

20-June-2014

DAILY EXPRESS

روزنامہ ایکسپریس

حکومت گیس انفراسٹرکچر ڈویلپمنٹ سیس کا نفاذ تمام فرٹیلائزر پلانٹس پر مساوی کرے، مسابقتی کمیشن

اسلام آباد (خصوصی رپورٹر) مسابقتی کمیشن پاکستان نے حکومت کو پالیسی نوٹ جاری کرتے ہوئے تجویز کیا ہے کہ حکومت کو گیس انفراسٹرکچر ڈویلپمنٹ سیس (GIDC) کا نفاذ برابری کی سطح پر تمام فرٹیلائزر پلانٹس پر کرنا چاہیے تاکہ یوریا مارکیٹ میں تمام فرٹیلائزر پلانٹس کو برابری کی سطح پر مواقع حاصل ہوں۔ مسابقتی کمیشن نے اس بات کا نوٹس فرٹیلائزر کمپنیز کے خدشات کے بعد لیا کہ GIDC کا امتیازی اور غیر منصفانہ نفاذ فرٹیلائزر پالیسی 2001 سے پہلے لگائے گئے فرٹیلائزر پلانٹس کے مقابلے میں اس پالیسی کے بعد لگائے گئے فرٹیلائزر پلانٹس کیساتھ امتیازی رویہ رکھتا ہے۔

جہان پاکستان

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حکومت کو جی آئی ڈی سی کے یکساں شرح سے نفاذ کی ہدایت

اعلان کردہ پالیسی سے چند مخصوص کمپنیوں کو فائدہ ہوگا، مسابقتی کمیشن

اسلام آباد (سٹاف رپورٹر)

مسابقتی کمیشن آف پاکستان نے حکومت کو پالیسی نوٹ جاری کرتے ہوئے تجویز کیا ہے کہ حکومت کو گیس انفرااسٹرکچر ڈیولپمنٹ سیس (جی آئی ڈی سی) کا نفاذ برابری کی سطح پر تمام فرٹیلائزر پلانٹس پر کرنا چاہیے تاکہ یوریا مارکیٹ میں تمام فرٹیلائزر پلانٹس کو برابری کی سطح پر مواقع حاصل ہوں۔ مسابقتی کمیشن پاکستان نے اس بات کا نوٹس فرٹیلائزر کمپنیز کی طرف سے اُٹھائے گئے ان خدشات کے بعد لیا کہ جی آئی ڈی سی کا امتیازی اور غیر منصفانہ نفاذ فرٹیلائزر پالیسی 2001 سے پہلے لگائے گئے فرٹیلائزر پلانٹس کے مقابلے میں اس پالیسی کے بعد لگائے گئے فرٹیلائزر پلانٹس کے ساتھ امتیازی رویہ رکھتا ہے۔ مسابقتی کمیشن پاکستان یہ موقف رکھتا ہے کہ جی آئی ڈی سی کا غیر منصفانہ نفاذ 2001 سے پہلے لگائے گئے فرٹیلائزر پلانٹس کی پیداواری لاگت بڑھادے گا اور یوریا مارکیٹ میں مسابقت کی فضا کی حوصلہ شکنی کرے گا۔ مسابقتی کمیشن کے مطابق جی آئی ڈی سی کے نفاذ سے کسانوں کو مہنگے داموں یوریا کی فراہمی، چند مخصوص فرٹیلائزر کمپنیز کو اربوں روپے کا فائدہ، کھاد کے مہنگے ہونے کی وجہ سے مہنگی فصل، غریب عوام پر مہنگائی کا بوجھ اور زراعت سے جڑی ہر صنعت کے متاثر ہونے کے خدشات ہیں۔ ان وجوہات کو مدنظر رکھتے ہوئے مسابقتی کمیشن نے حکومت کو سفارش کی ہے کہ وہ قبل از 2001 اور بعد از 2001 کے فرٹیلائزر پلانٹس پر یکساں شرح سے جی آئی ڈی سی عائد کرے۔ مسابقتی کمیشن کو یہ استحقاق حاصل ہے کہ وہ حکومت کی پالیسیوں کا جائزہ لیتے ہوئے مسابقت پر اثر انداز ہونے والے کسی بھی قانون میں ترمیم کے لئے مناسب سفارشات پیش کرے۔