

Catching business barracudas

Think and then answer: has the Election Commission of Pakistan (ECP) the capacity to scan around 15,000 poll contenders in 15 days? Can it crack open an individual's fiduciary wheeling and dealing, if any, to date? Are the returning officers qualified to act as the judge, jury and executioner of a man's morals?

No.

Due diligence takes months if not years; it is done by experts in their fields; not laypeople demanding you recite the *fajr azaan* to prove you are a good Muslim and if you pass the 'Islamiat' test, you can contest the May 11 polls.

Like most government agencies, ECP is merely enacting a drama, while attempting to exercise due diligence. Has it ever heard of financial forensic experts who follow the money trail? But the ECP does not have the luxury of time and money to hire them. Why then mislead the 180million Pakistanis that this time

the young and wiry Rahat Kaunain Hassan.

"I was scared to step into big shoes," says Rahat. "I started running barefoot, but after a time I discovered I was comfortable with my own shoe size." Sitting in her simple office with an impressive view of the Margalla Mountains, I notice an undercurrent of excitement. She has 'breaking news' scheduled for announcement to the media later in the day. "We have fined two mega businesses for anti-competitive practices," she says. "I was up working on the cases till 3.30 am."

Sure enough, the bombshell that Rahat speaks of is writ bold across the business section of major newspapers the morning after. Two fertiliser companies, Engro and Fauji, are fined Rs8.64billion, the highest ever in CCP's history, for their anti-competitive practices. After a year's due diligence and discovery process where the CCP inquiry team found an unreasonable increase in urea prices by the two, a maximum penalty was clamped on them. And here's

cinema sector came under scrutiny where food vouchers were tied to cinema tickets to raise the ticket price. Rahat Hassan counts this as her three-year highpoint. Not one to pat itself on the back, the CCP opened itself up to an independent evaluation by the London-based Global Competition Review where it received a "fair" rating the first year and succeeded in sustaining its two-and-a-half-star rating in the second year. India's rating went

down. *The Review* notes that the "Competition Commission of Pakistan is a proof that an independent, respected authority can exist in a developing country with significant economic and political challenges".

The Global Competition Review cites Rahat as one of the top '100 Women in Anti-trust'. She's billed as an "enforcer" in an emerging regime where cartels have cropped up in various industries of Pakistan.

Corridors of government customarily carry a stamp of dankness, stale body odour, half-dead plants, guys sitting around, phones ringing off the hooks and a missing boss. Suddenly the tempo changes and the premises spring to life with the heralding of the *chief sahib's* grand entry. In tow are a swarm of file-toting, brief case-clutching (the boss's of course) minions who abruptly appear from nowhere.

Different to the above setting is an office that the government can justly be proud of. In fact the CCP can be advertised as a model for other officials to adopt. Running the enterprise is a woman. Rahat stands on no ceremony with her staff housed in three floors of a high-rise in Islamabad. There's a definite touch of good *feng shui* about the place. Open, bright and clean. Missing is an air of officialdom. The office furniture is simple but tasteful. "It's made by Shafiq the carpenter and not by some fancy spansy interior designer." She even saved the CCP almost half a million by personally going to the vendor and buying a carpet to cover the big meeting hall. There's even a courtroom, with an elevated bench and a proper dock where representatives of companies accused of cartelisation plead their case before the CCP bench comprising members and its chairperson.

With four qualified chartered accountants and an equal number of lawyers, the CCP has a policy of hiring young professionals with an average age of 35 years. The employment ratio of men and women is almost the same. Working hours are flexible and for moms with infants, there's even a bright, clean nursery where the babies are looked after under the same roof.

The Commission is only seven years old. And yet it's covered a long distance, running neck and neck with its two senior siblings, the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan.

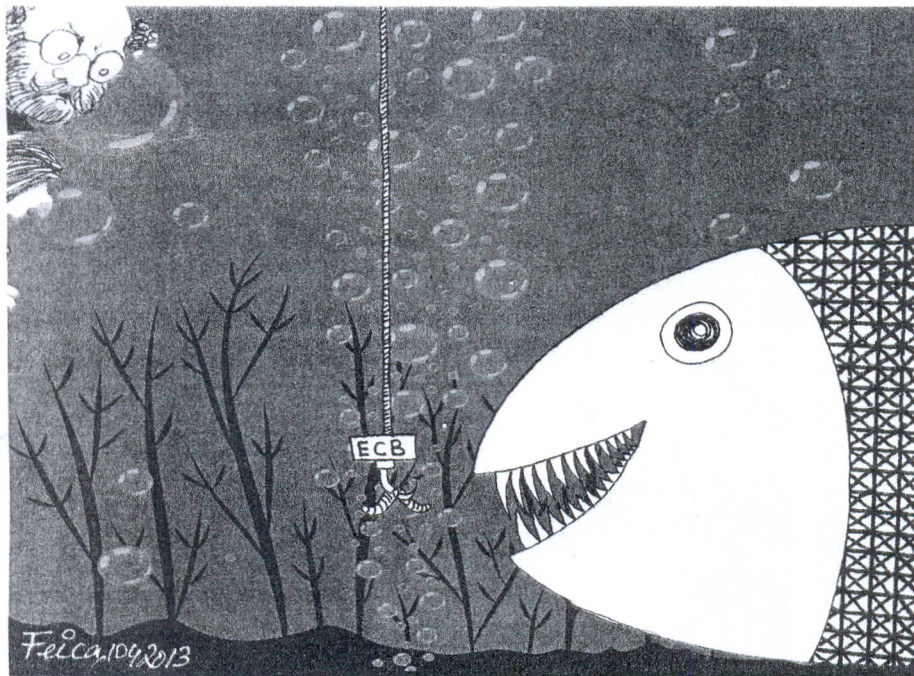
"You can't measure the achievements unless you weigh the challenges that confront you", says the chairperson. She goes down a list of these challenges. There was an uncertain law when the CCP was founded; it faced an acute financial crunch; it was bombarded with cases that are still pending and action on adjudicated was painfully slow.

Today, the CCP has accumulated enough confidence in its performance to offer itself for a 'peer review' organised by UNCTAD (UN Conference on Trade and Development) scheduled in Geneva for the coming July. Out of 52 countries participating in the review, Pakistan's CCP hopes to score a good rating based on its first five-year performance. ■



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around, the ECP will ensure that the contestants will be good, clean and honest souls?

A faulty procedure begets a faulty result. Don't be then surprised if the same old offenders — loan defaulters, tax evaders and shady characters end up in the political fishbowl where we can see their dodgy dealings but are unable to fish them out to keep the water clean.

Beyond the legislators' fishbowl lies the open ocean inhabited by the barracudas of business. They swim freely and fearlessly. They cartelise; monopolise and exploit the market. They make unholy profits at the cost of fleecing the ordinary consumer.

Often the victory lap performed either by their chief executive officer or the winning team to celebrate their outrageous profits gets rudely interrupted by the Competition Commission of Pakistan (CCP). Born in November 2007 as an ordinance, Khalid Mirza, a man with vision, resilience and financial expertise was chosen by President Musharraf as its head. Mirza often hit the headlines in his frontal attack on barracudas like the cement and sugar cartels. He retired in July 2010 when he turned 65. He left behind shoes difficult to fill. And the person, Mirza recommended to do this was CCP's legal director,

the punch line: Fauji and Engro bagged Rs77bn from the government as subsidy to keep their prices of urea at a reasonable price. But greedy as the two were, they disregarded the government's largesse and upped their prices by a whopping 86 per cent, snowballing food prices.

"The 'faujis' must be livid with you?" I ask Rahat. "You bet!" she says. "Our motto is to be fearless and fierce across the board when fining the scofflaws." The CCP's anchor of authority was the Zardari government, especially finance minister Hafeez Shaikh. The PPP government not only backed the commission, it left a wide margin for it to function fully. Free to perform due diligence, uninhibited to conduct raids and inquiries on companies involved in anti-competitive practices, and unconstrained to catch and fine companies with powerful lobbies, the fledgling but resilient regulatory authority won national and international recognition when it succeeded in getting the Competition Act 2010 passed by the national assembly in October of this year.

Barracudas of business like the cement, shipping, sugar, cooking oil, power distribution, poultry and LPG (liquefied petroleum gas) cartels were fined billions of rupees once the Competition Act became law. Even the