

15 April 2015
Front Page

CCP imposes Rs140m penalty on PAMADA

SOHAIL SARFRAZ

ISLAMABAD: The Competition Commission of Pakistan (CCP) has imposed a penalty of Rs 140 million on the Pakistan Automobile Manufacturers Authorized Dealers Association (PAMADA) for its alleged involvement in cartelization.

The CCP on Tuesday passed an order in this regard against the said association for cartelization. The order has been issued by a bench comprising Vadiyya Khalil, Chairperson, Dr. Shahzad

> P 4 Col 7

CCP imposes Rs140m penalty

> from page 1

Ansar, Member OFT and Advocacy, Mueen Batlay, Member Mergers & Acquisitions, and Ikram Ul Haque Qureshi, Member Cartels & Trade Abuses and Legal.

After an inquiry was conducted by CCP in suspected cartelization by PAMADA and its members in the automobile sales and after sales markets, show cause notices were issued to the association and its members for violation of Section 4 of the Competition Act, 2010.

Through the order, CCP has found PAMADA guilty of collusive price-fixing in the markets for automobile body repair & paint jobs, and genuine automobile spare parts, as well as restricting competition in the market for trained and experienced technical and sales staff of automobile sector, in violation of Section 4 of the Competition Act that prohibits decisions by associations which prevent, restrict or reduce competition.

In the market for automobile body repair & paint jobs, it was found that PAMADA had taken decisions to fix the rates for automobile body repairs and paint jobs, which were circulated by PAMADA to all its members for implementation. The CCP observed that 'it is not the fact of a price increase that poses a competitive concern, but rather the collective determination and fixation of prices' and that commercial decision making by an association for or on behalf of its members, for any reason, remains prohibited under the Act.' CCP has fined PAMADA Rs 100 million for the violation.

In the market for genuine automobile spare parts, CCP found that PAMADA had issued a circular to a group of its members relating to one automobile manufacturer prohibiting them from giving discount on spare parts to consumers. Prohibiting discounts falls within the umbrella of price fixing. For this violation, PAMADA has been fined Rs 25 million.

In relation to the market for trained and experienced sales and technical staff, CCP observed that PAMADA has imposed a policy whereby its members are to seek no-objection-certificate (NOC) from previous employer before hiring a former employee of a fellow automobile dealer. This way, the movement of experienced and trained staff between automobile dealers has been curtailed by PAMADA, restricting competition in the relevant market. PAMADA has been fined Rs 15 million for this violation. A total penalty of Rs 140 millions has been imposed on PAMADA by CCP. Furthermore, PAMADA and its members have been strictly warned to refrain from cartelization/collusive behaviour in future at the risk of severe penal consequences.

The CCP said that the collusion and cartelization as mentioned many a time previously, are one of the most egregious forms of anti-competitive behavior. They corrupt the market as well the individual participants themselves, while remaining 'a paradox at the heart of economic relations; the

desire of competitors not to compete'. In view of the settled pattern of collusion demonstrated by PAMADA, as well as four instances of distinct violations in three relevant markets, the Commission hereby declared:

The CCP reiterate that the Commission remains vigilant against all forms of collusion and cartelization that may take place in any market, including the automobile sector. These anti-competitive activities affect not just the market players, but the general public as well. Whenever the Commission becomes aware of any such anti-competitive activity it will spare no effort to take the violators to task.

Finally, CCP finds it important to stipulate that associations of undertakings have the ability to effect advantageous changes for their members at the policy level. These associations are at liberty to take decisions regarding policy matters at the governmental level, such as PAMADA itself has also been in the practice of doing. Undertakings must remember, however, that working together is always to be considered a precarious line to walk. "Where any commercially sensitive information is being exchanged, undertakings are already in the realm of anti-competitive behavior, which is being more strictly scrutinized and penalized the world over."

Evidently, PAMADA has by its own admission, all the components of a trade organisation. The function of raising collective concerns, for example, is one usually performed by associations, trade organizations and similar. "We must note also that whatever objections they may have with regard to the functions of PAMADA, not a single member has denied that a gathering exists. There remains no doubt in our minds therefore that PAMADA is an 'association of undertakings' for the purposes of the Act."

The CCP, in its order, reiterated that while trade associations can play a crucial role for the development of their industry, they must refrain from collusion/cartelization and other anti-competitive behaviour. It must be appreciated that cartelization is, the most egregious form of anti-competitive behaviour, and is detrimental for all stakeholders in the market and the public in general. Cartelization drives up prices and reduces choices for consumers. It makes markets less attractive for new and potential market players, driving and keeping out investment. CCP remains vigilant against cartelization/collusive activities in all spheres of commercial and economic activity, including the automobile sector, and will take strict action against anyone who violates the provisions of the Act.

It is pertinent to mention here that this is the eighth order issued by CCP since December 2014, when the Federal Government appointed a new Chairperson and a Member at CCP through a competitive process, thus making it fully functional and enabling it to enforce the prohibitions against anti-competitive activities contained in the Act.

15 April 2015

Page: 10

Fleeing consumers

CCP imposes Rs140 million fine on PAMADA

Anti-trust watchdog penalises association for cartelisation practices

OUR CORRESPONDENT

ISLAMABAD

In what was its latest action in a series of orders in the past few months, the anti-trust watchdog has imposed a fine of Rs140 million on the Pakistan Automobile Manufacturers Authorised Dealers Association (Pamada) after it established that the body was fleecing consumers by fixing prices of their products and services.

The Competition Commission of Pakistan (CCP) on Tuesday passed the order against Pamada for cartelisation in the three relevant markets of body repairs and paint jobs, genuine automobile spare parts, and trained and experienced sales and technical staff, according to a hand-out issued by the Commission.

The order has been issued by a bench, headed by Vadiyya Khalil, the chairperson of the Commission. After an inquiry, the CCP had served show cause

notices to the association and its members for violation of Section 4 of the Competition Act, 2010 that bars collusion in commercial activities.

Sector-wise breakdown

It was found that Pamada had taken decisions to fix rates for automobile body repairs and paint jobs, which were circulated by the association to all its members for implementation.

The CCP observed that it was not the price increase but the collective determination and fixation of prices by the association for or on behalf of its members, for any reason, that remains prohibited under the Act. The CCP has fined Pamada Rs100 million for this violation.

In the market for genuine automobile spare parts, the CCP found that the body had issued a circular to a group of its members, relating to one automobile manufacturer, prohibiting it from giving a discount on spare parts to consumers. Prohibiting discounts fall within the definition of price-fixing. For this violation, Pamada has been asked to pay Rs25 million fine.

Pamada and its members have been strictly warned to refrain from cartelisation and collusive behavior in the future

In the sales and technical staff, the CCP observed that Pamada has imposed a policy whereby its members are to seek NOC from the previous employer before hiring a former employee of a fellow automobile dealer. This way, the movement of experienced and trained staff between automobile dealers has been curtailed by Pamada, restricting competition in the relevant market. The association was fined Rs15 million over this action.

Additionally, Pamada and its members have been strictly warned to refrain from cartelisation and collusive behavior in the future, the order added.

It is the eighth order issued by the CCP since December 2014, when the federal government appointed a new chairperson and members through a competitive process.

15 April 2015

Page 10

Rs140m fine imposed on automakers

By A Reporter

ISLAMABAD: The Competition Commission of Pakistan (CCP) on Tuesday slapped Rs140 million penalty on Pakistan Automobile Manufacturers Authorised Dealers Association (Pamada) for cartelisation and price fixing.

The penalty has been imposed on three relevant markets of body repairs and paint jobs, genuine automobile spare parts, and trained and experienced sales and technical staff.

The order was issued by a bench comprising Chairperson CCP Vadiyya Khalil and three members including Dr. Shahzad Ansar, Mueen Batlay, and Ikram Ul Haque Qureshi.

The decision was made after an inquiry was conducted by the CCP in suspected cartelisation by Pamada and its members in the automobile sales and after sales markets.

The order passed by the CCP said that Pamada was guilty of collusive price-fixing in the markets for automobile body repair and paint jobs, and genuine automobile spare parts, as well as restricting competition in the market for trained and experienced technical and sales staff in the automobile sector.

All these charges were in violation of Section 4 of the Competition Act that prohibits decisions by associations which prevent, restrict or reduce competition.

"It was found that Pamada had taken decisions to fix the rates for automobile body repairs and paint jobs, which were circulated by Pamada to all its members for implementation," the CCP orders said.

After the initial inquiry the CCP observed, "It is not the fact of a price increase that poses a competitive concern, but rather the collective determination and fixation of prices and that commercial decision making by an association on behalf of its members remains prohibited."

The CCP fined Pamada Rs100m for this violation.

The CCP also found Pamada guilty of issuing a circular to a group of its members relating to one automobile manufacturer, prohibiting them from giving a discount on spare parts to consumers.

Prohibiting discounts falls within the umbrella of price fixing, and CCP fined Pamada Rs25m for this violation.

The third charge is that Pamada imposed a policy on its members to seek no-objection-certificate (NOC) from previous employer before hiring an employee of a fellow automobile dealer.

This way, the movement of experienced and trained staff between automobile dealers has been curtailed by Pamada and the CCP fined Rs15m for restricting competition in the relevant market.

The Commission has also warned Pamada and its members to refrain from cartelisation and collusive behaviour in future.

CCP slaps Rs140m penalty on PAMADA

Our correspondent

ISLAMABAD: The Competition Commission of Pakistan (CCP) has slapped a penalty of Rs140 million on the Pakistan Automobile Manufacturers Authorised Dealers Association (PAMADA) for restricting competition through collusive price fixing.

The CCP passed an order against PAMADA for cartelization in the three relevant markets of body repairs and paint jobs, genuine automobile spare parts and trained and experienced sales and technical staff.

The order has been issued by a bench comprising Ms. Vadiyya Khalil, chairperson, Dr. Shahzad Ansar, member OFT and advocacy, Mr. Mueen Batlay, member mergers & acquisitions and Mr. Ikram Ul Haque Qureshi, member cartels & trade abuses and legal.

CCP imposes Rs 140m penalty on PAMADA for cartelisation

Staff Report

KARACHI: Competition Commission of Pakistan (CCP) passed an order imposing penalty of Rs 140 million on Pakistan Automobile Manufacturers Authorised Dealers Association (PAMADA) for cartelisation in three relevant markets of body repairs and paint jobs, genuine automobile spare parts and trained and experienced sales and technical staff.

A bench comprising Ms Vadiyya Khalil Chairperson CCP, Dr Shahzad Ansar member OFT and advocacy, Mueen Batlay member Mergers and Acquisitions and Ikram Ul Haque Qureshi member Cartels and Trade Abuses and Legal passed the order.

After an inquiry conducted by CCP in suspected cartelisation by PAMADA and its members in automobile sales and after sales markets, show cause notices were issued to Association and its members for violation of Section 4 of Competition Act 2010.

CCP has found PAMADA guilty of collusive price-fixing in markets for automobile body repair and paint jobs and genuine automobile spare parts, as well as restricting competition in market for trained and experienced tech-

nical and sales staff in automobile sector, in violation of Section 4 of Competition Act that prohibits decisions by associations, which prevent, restrict or reduce competition.

PAMADA had taken decisions to fix rates for automobile body repairs and paint jobs, which were circulated by PAMADA to all its members for implementation.

Collective determination and fixation of prices and commercial decision making by an association for or on behalf of its members for any reason, remains prohibited under Act. CCP has fined PAMADA Rs 100 million for this violation.

In market for genuine automobile spare parts, CCP fined PAMADA with Rs 25 million.

In relation to market for trained and experienced sales and technical staff, CCP fined Association of Rs 15 million for this violation.

PAMADA and its members have been strictly warned to refrain from cartelisation/collusive behaviour in future at risk of severe penal consequences.

CCP remains vigilant against cartelisation/collusive activities in all spheres of commercial and economic activity, including automobile sector.

15 April 2015

Page # 09

CCP imposes Rs140m penalty on auto dealers' body for cartelisation



OUR STAFF REPORTER
ISLAMABAD

The Competition Commission of Pakistan (CCP) has passed an order, imposing a penalty of Rs140 million on the Pakistan Automobile Manufacturers Authorized Dealers Association (PAMADA) for cartelization in the three relevant markets of body repairs and paint jobs, genuine automobile spare parts, and trained and experienced sales and technical staff.

The order has been issued by a bench comprising Ms Vadiyya Khalil, Chairperson, Dr Shahzad Ansar, Member OFT and Advocacy, Mueen Batlay, Member Mergers & Acquisitions, and Ikram Ul Haque Qureshi, Member Cartels & Trade Abuses and Legal.

After an inquiry was conducted by CCP in suspected cartelization by PAMADA and its members in the automobile sales and after sales markets, show cause notices were issued to the association and its members for violation of Section 4 of the Competition Act, 2010. Through the order, CCP has found PAMADA guilty of collusive price-fixing in the markets for automobile body repair & paint jobs, and genuine automobile spare parts, as well as restricting competition in the market for trained and experienced technical and sales staff in the automobile sector, in violation of Section 4 of the Competition Act that prohibits decisions by associations which prevent, restrict or reduce competition.

آٹوموبیلرز ایسوسی ایشن کو گٹھ جوڑ کرنے پر 14 کروڑ روپے جرمانہ

اسلام آباد (خبرنگار خصوصی) مسابقتی کمیشن آف پاکستان (سی سی پی) نے آٹوموبیلرز ایسوسی ایشن کو گٹھ جوڑ کرنے پر 14 کروڑ روپے جرمانہ عائد کر دیا ہے۔ اعلامیہ کے مطابق آٹوموبیلرز باڈی ریپنٹر اور پیئٹ کے کام کی مارکیٹ میں پامادانے قیمت متعین کرنے کے فیصلے اور اپنے ممبران کو ان فیصلوں پر عمل درآمد پر زور دیا، مسابقتی کمیشن نے پامادانے کو ان دونوں خلاف ورزیوں پر 10 کروڑ روپے جرمانہ عائد کیا۔ آٹوموبیلرز کے اصلی فاضل پرزہ جات کی مارکیٹ میں پامادانے ایک مخصوص آٹوموبیلرز میٹروپولیٹن سے متعلقہ ممبران کو ایک مراسلہ ارسال کیا تھا جس میں انہیں

سارن میں کو فاضل پرزہ جات میں ڈسکاؤنٹ دینے سے منع کیا گیا تھا، اس خلاف ورزی پر پامادانے کو 2 کروڑ 50 لاکھ روپے جرمانہ کیا گیا۔ تربیت یافتہ تجربہ کار سلیٹرز اور ٹیکنیکل سٹاف کی مارکیٹ میں مسابقتی کمیشن نے یہ سراغ لگایا کہ پامادانے ایک بالیسی نافذ کی ہوئی تھی جس میں اس کے ممبران کو کسی اور ممبر کے ملازم کو ملازمت دینے وقت اس کے سابقہ ادارے سے این او سی حاصل کرنا ہوتا تھا جس سے ممبران کی اداروں کے درمیان تربیت یافتہ تجربہ کار سلیٹرز اور ٹیکنیکل سٹاف کی نقل و حرکت محدود ہوئی تھی۔ اس خلاف ورزی پر پامادانے کو ایک کروڑ 50 لاکھ روپے جرمانہ عائد کیا گیا۔

مسابقتی کمیشن پاکستان نے آٹومو بائیکلز ڈیلرز ایسوسی ایشن کو گٹھ جوڑ کرنے پر 14 کروڑ روپے جرمانہ عائد کر دیا ہے

اسلام آباد (نمائندہ خصوصی) مسابقتی کمیشن پاکستان (CCP) نے پاکستان آٹومو بائیکل مینوفیکچررز ایسوسی ایشن (PAMADA) پر آٹومو بائیکل ہاڈی ریجنر اور پیٹ کے کام، آٹومو بائیکل کے اصلی فاضل پرزہ جات اور تربیت یافتہ تجربہ کار سٹیز اور ٹیکنیکل سٹاف کی مارکیٹ میں گٹھ جوڑ کرنے پر 14 کروڑ روپے جرمانہ عائد کیا ہے۔ مسابقتی کمیشن کے جس بیج نے یہ فیصلہ جاری کیا اس میں دو یا ٹیل چیمبر پرکن اور ڈاکٹر شہزاد انصر، مین ہاٹلے، اکرام الحق قریشی مہران شامل تھے۔ مسابقتی کمیشن کی جانب سے شروع کی گئی انکوائری کے بعد PAMADA اور اس کے مہران کو آٹومو بائیکل کی فروخت اور بعد از فروخت کی مارکیٹ میں مہینہ گٹھ جوڑ کرنے پر اور مسابقتی ایکٹ 2010 کے سیکشن 4 کی خلاف ورزی پر شو کا نوٹس جاری کیے گئے تھے۔ مسابقتی کمیشن نے PAMADA کو آٹومو بائیکل ہاڈی ریجنر اور پیٹ کے کام اور آٹومو بائیکل کے اصلی فاضل پرزہ جات کی مارکیٹ میں ساز باز کے ذریعے قیمتوں کا تعین کرنے کا قصور وار پایا اور تربیت یافتہ تجربہ کار سٹیز اور ٹیکنیکل سٹاف کی مارکیٹ میں مسابقت کو کم کرنے کا ذمہ دار بھی پایا جو کہ مسابقتی قانون کے سیکشن 4 کی خلاف ورزی ہے۔

15 April 2015

Page # 14

گھجور کا الزام

آٹوموبائل ڈیلرز ایسوسی ایشن نے 14 کروڑ روپے جرمانہ عائد

پاماڈا نے گاڑیوں کی مرمت و پینٹ کے کاموں، اصلی فاضل پرزہ جات کی قیمتوں اور تجربہ کار تربیت یافتہ سیلز و ٹیکنیکل اسٹاف مارکیٹس میں گھجور کیا، مسابقتی کمیشن

اسلام آباد (فہمائندہ اکیس برس) مسابقتی کمیشن پاکستان (سی سی پی) نے پاکستان آٹوموبائل مینوفیکچررز آسوسی ایشن (پی ای ایف اے ڈی اے) پاماڈا پر آٹوموبائل ڈیلرز اور رجسٹر اور پینٹ کے کام، آٹوموبائل کے اصلی فاضل پرزہ جات اور تربیت یافتہ تجربہ کار سیلز اور ٹیکنیکل اسٹاف کی مارکیٹ میں گھجور کرنے پر 14 کروڑ روپے جرمانہ عائد کر دیا ہے۔ مسابقتی کمیشن کے جس بیج نے یہ فیصلہ جاری کیا اس میں چیئر پرسن وو یا ٹیل اور ممبران ڈاکٹر شہزاد اہر، مبین ہاسٹل، اکرام اہنی تریکی شامل تھے۔ مسابقتی کمیشن کی جانب سے کی گئی انوائٹری کے بعد پی ای ایف اے ڈی اے اور اس کے ممبران کو آٹوموبائل کی فروخت اور بعد از فروخت کی مارکیٹ میں مبینہ گھجور کرنے پر اور مسابقتی ایکٹ 2010 کے سیکشن 4 کی خلاف ورزی پر شو کاز نوٹس جاری کیے گئے تھے۔ مسابقتی کمیشن نے پاماڈا کو گاڑیوں کے مرمتی و پینٹ کے کاموں اور آٹوموبائل کے اصلی فاضل پرزہ جات کی مارکیٹ میں ساز باز کے ذریعے قیمتوں کا تعین کرنے کا تصور وار پایا اور تربیت یافتہ تجربہ کار سیلز اور ٹیکنیکل اسٹاف کی مارکیٹ میں مسابقت کو کم کرنے کا ذمہ دار بھی پایا جو مسابقتی قانون کے سیکشن 4 کی خلاف ورزی ہے، آٹوموبائل ڈیلرز رجسٹر اور پینٹ کے کام کی مارکیٹ میں پی ای ایف اے ڈی اے نے قیمت متعین کرنے کے فیصلے کیے اور اپنے ممبران کو ان فیصلوں پر عمل درآمد پر زور دیا۔ مسابقتی کمیشن نے پاماڈا کو ان دونوں خلاف ورزیوں پر 10 کروڑ روپے جرمانہ کیا ہے جبکہ آٹوموبائل کے اصلی فاضل پرزہ جات کی مارکیٹ میں پاماڈا نے ایک مخصوص آٹوموبائل مینوفیکچرر سے متعلق ممبران کو مرسلہ ارسال کیا تھا جس میں انہیں صارفین کو فاضل پرزہ جات میں ڈسکاؤنٹ دینے سے منع کیا گیا تھا، اس خلاف ورزی پر پاماڈا کو 2 کروڑ 50 لاکھ روپے جرمانہ کیا گیا، تربیت یافتہ تجربہ کار سیلز اور ٹیکنیکل اسٹاف کی مارکیٹ میں مسابقتی کمیشن نے یہ سراغ لگایا کہ پی ای ایف اے ڈی اے نے پالیسی نافذ کی ہوئی تھی جس میں اس کے ممبران کو کسی اور ممبر کے ملازم کو ملازمت دینے وقت اس کے سابقہ ادارے سے این او بی حاصل کرنا ہوتا تھا جس سے ممبران کی اداروں کے درمیان تربیت یافتہ تجربہ کار سیلز اور ٹیکنیکل اسٹاف کی نقل و حرکت محدود ہو گئی تھی، اس خلاف ورزی پر پاماڈا کو 6 کروڑ 50 لاکھ روپے جرمانہ کیا گیا۔ مسابقتی کمیشن کی طرف سے پاماڈا (پی ای ایف اے ڈی اے) پر مجموعی طور پر 14 کروڑ روپے جرمانہ عائد کیا ہے اور پاماڈا اور اس کے ممبران کو سختی سے تنبیہ کی کہ وہ مستقبل میں ساز باز، گھجور اور دوسرے غیر مسابقتی رویوں سے اجتناب کریں۔



15 April 2015
Page # 14

**مسابقتی کمیشن پاکستان نے آٹومو بائلز
ڈیلرز ایسوسی ایشن کو 14 کروڑ جرمانہ کر دیا**

اسلام آباد (دنیا رپورٹ) مسابقتی کمیشن پاکستان (CCP) نے پاکستان آٹومو بائلز مینوفیکچررز آٹھورانڈ ڈیلرز ایسوسی ایشن پر آٹومو بائلز باڈی ریپیئر اور پینٹ کے کام، آٹومو بائلز کے اصلی فاضل پرزہ جات اور تربیت یافتہ تجربہ کار سٹیز اور ٹیکنیکل سٹاف کی مارکیٹ میں گڈ جوڈ کرنے پر 14 کروڑ روپے جرمانہ عائد کیا ہے۔ مسابقتی کمیشن کے جس بیج نے یہ فیصلہ جاری کیا اس میں ودیا خلیل چیمبر پرک اور ڈاکٹر شہزاد انصر، معین باٹھے، اکرام الحق قریشی ممبران شامل تھے۔ مسابقتی کمیشن کی جانب سے PAMADA اور اس کے ممبران کو شوکاژ نوٹس جاری کیے گئے تھے۔