



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN
IN THE MATTER OF**

**SHOW CAUSE NOTICES ISSUED TO PAKISTAN JUTE MILLS ASSOCIATION
AND ITS MEMBER MILLS**

(FILE NO. CCP/CARTELS/03/2010)

Dates of hearing:

November 5 & 26, 2010,
January 11 & 20, 2011

Present:

Ms. Rahat Kaunain Hassan
Chairperson

Ms. Vadiyya S. Khalil
Member

On behalf of:

Pakistan Jute Mills Association:
M/s. Indus Jute Mills Ltd
M/s. Amin Fabrics Limited
M/s. Crescent Jute Products Ltd
M/s. White Pearl Jute Mills Ltd
M/s. Sargodha Jute Mills Ltd

Mr. Salman Akram Raja,
Advocate Supreme Court
Mr. Waqqas Ahmad Mir, Advocate

M/s. Sohail Jute Mills Ltd
M/s. Madina Jute Mills Ltd
M/s. Habib Jute Mills Ltd
M/s. Pioneer Jute Mills Ltd

Mr. Imran Aziz Khan,
Advocate Supreme Court

M/s. Thal Jute Mills Ltd

Mr. Sohail P Ahmed, Chief Executive Officer
Mr. Aun Ali, G.M. Commercial,
Mr. Qamar Abbas, Deputy Company Secretary
Mr. Rashed Anwar, Advocate

Pakistan Agriculture Storage
Supply Corporation (PASSCO)

Mr. Khalid Sharif, GM
Mr. Muhammas Ishaq, Officer Incharge

Punjab Food Department,
Government of Punjab

Mr. Ijaz Ahmed, Additional Secretary
Food Department

ORDER

1. These proceedings arise out of the show cause notices no 32-42 of 2010 dated 13 October 2010, issued under Section 30 of the Competition Act, 2010 (the 'Act'). These show cause notices were issued to Pakistan Jute Mills Association (hereinafter 'PJMA') , and jute bag manufacturers namely Thal Limited (hereinafter 'Thal'), Crescent Jute Products Limited (hereinafter 'Crescent'), White Pearl Jute Mills Limited (hereinafter 'White Pearl'), Amin Fabrics Limited (hereinafter 'Amin'), Sargodha Jute Mills Limited (hereinafter 'Sargodha'), Pioneer Jute Mills Limited (hereinafter 'Pioneer'), Indus Jute Mills Limited (hereinafter 'Indus'), Suhail Jute Mills Limited (hereinafter 'Suhail'), Madina Jute Mills Limited (hereinafter 'Madina'), Habib Jute Mills Limited (hereinafter 'Habib'), (the jute bag manufacturers hereinafter collectively referred to as 'Jute Mills').
2. The principal issue in this case is whether PJMA has taken any decision, or the Jute Mills have entered into any agreement, with respect to production, pricing and tendering of Pakistan Grain Sacks (PGS) to public procurement agencies, in violation of Section 4(1) read with Section 4(2) (a), (b), (c) and (e) of Act.

Background

3. The Commission, as part of its initiative to detect bid rigging in public procurement, sought information from many public procurement agencies, including Pakistan Agriculture Storage and Supply Corporation Limited (hereinafter 'PASSCO') through a letter dated 18 May 2010, regarding tenders and bidding in the last few years.
4. Scrutiny of the information received from PASSCO revealed that the Jute Mills provided PASSCO jute bags at the same rates over the last three years: PKR 52.96, 58.90 and PKR 86 in the years 2007, 2008 and 2009 respectively. The information also showed that the percentage of jute bags supplied individually by

Jute Mills largely remained the same in these years when compared to the total supply.

5. This information raised suspicion of bid rigging prohibited under Section 4 of the Act. The Commission, taking *suo moto* notice of the information, initiated an enquiry under Section 37 (1) of the Act, and appointed Ms. Shaista Bano, Director and Ms. Nadia Nabi, Joint Director (hereinafter collectively referred to as 'Enquiry Officers') to conduct an enquiry into the matter.
6. The Commission, on the recommendation of the Enquiry Officers and in view of the information on record, authorized its officers to conduct a search and inspection of PJMA's office in Lahore under Section 34 of the Act. The search and inspection was conducted on 8 July 2010. As a result of the search and inspection, important material was impounded for review.
7. The Enquiry Officers submitted their enquiry report on 7 October 2010 (the 'Enquiry Report') which concluded that there was *prima facie* evidence of violation of Section 4 of the Act by PJMA and the Jute Mills. The Enquiry Report recommended that proceedings under Section 30 of the Act be initiated against PJMA and the Jute Mills.
8. PJMA was issued a show cause notice under Section 30 of the Act on 13 October 2010 while the Jute Mills were issued show cause notices on 21 October 2010. The show cause notices directed the undertakings to submit written replies within fifteen days of the notice and to appear before the Commission for oral arguments.
9. Hearings were conducted on 28 October 2010, 27 November 2010, 11 January 2011 and 20 January 2011. The parties were heard at length and ample opportunity was afforded to them to submit their arguments.

Undertakings and Stakeholders

10. The ten Jute Mills are all companies, registered under the Companies Ordinance 1984, engaged in the production of jute bags and are undertakings as per the definition given in Section 2(1) (q) of the Act.
11. PJMA is an association of jute mills and is an undertaking as per the definition given in Section 2(1) (q) of the Act.
12. PASSCO, Punjab Food Department, Sindh Food Department, Balochistan Food Department, KP Food Department and AJK Food Department are all public procurement agencies relevant to this case. They are hereinafter referred to as the PPAs.

Allegations in the Show Cause Notice and Enquiry Report

13. The Enquiry Report and the Show Cause Notice broadly state that *prima facie*:
 - a. PJMA and Jute Mills have devised a mechanism whereby quantities of jute bags to be supplied to various public procurement authorities such as PASSCO are divided as per a quota amongst the Jute Mills;
 - b. PJMA and Jute Mills routinely discuss and agree on matters relating to pricing of jute bags for supply to various public procurement authorities.
 - c. PJMA has actively facilitated collusion between Jute Mills by providing the latter a forum to discuss, formulate and implement strategies regarding the quota allocation and pricing of jute bags to be supplied to various PPAs and represents Jute Mills collectively before the latter.
14. The Enquiry Report relies, *inter alia*, on emails exchanged between the Jute Mills, minutes of meetings of PJMA and tables containing information on production and supply of jute bags. The evidence presented purportedly shows

discussion between Jute Mills as well as statistical data that supports the *prima facie* allegations made in the preceding paragraph.

Submissions by PJMA

15. PJMA in its initial written reply through Mr. Salman Akram Raja took pleas along the following lines:

- a. That the jute industry operates in a peculiar situation and condition whereby the PPAs, who are the bulk buyers of jute bags, spread their purchase over a number of mills and determine the price of the bags on their own;
- b. That due to the fact that the jute bags required by the PPAs are different from those traded internationally in terms of size and that supply of such bags is a national duty that the manufacturers carry out, jute mills have to anticipate the demand of the jute bags by using predictive formulas;
- c. That estimates made using these formulas were intended only to be used voluntarily to guide production and that while discussion took place, no firm arrangements have been put in place;
- d. That the quantity of jute bags required by PPAs is more than the capacity of each individual jute mill and therefore tenders are awarded in proportion to the quantities offered by mills which are in turn proportional to the installed capacity which gives the impression of a quota arrangement;
- e. That data on production and tenders from individual jute mills is compiled to gather industry wide statistics which is a regular function of associations worldwide;

- f. That some of the documents relied upon in the Enquiry Report date back prior the time competition laws were enforced in Pakistan and therefore have no relevance to the matter at hand;
- g. That communication relied upon by the Enquiry Report, in any event, is communication between the Jute Mills, is recommendatory in nature and does not concern PJMA, that in fact one such communication recommends that secretary of PJMA maybe kept out of loop;
- h. That the word 'quota' used in the deliberation mentioned in the documents relied upon in the Enquiry Report only refers to the predictive formulas used to determine production of each mill.
- i. That discussion on tenders, ongoing or awarded, is not prohibited under law as long as price is not discussed;
- j. That tables showing a co-relation between production and supply of tendered quantities are undated and cannot be relied upon;
- k. That PJMA is nevertheless protected under the state action doctrine since the latter is forced by PPAs to act in a certain manner;
- l. That any contravention of competition laws, if found by the Commission, is inadvertent and maybe condoned.

16. However, in oral arguments before us and supplementary submissions filed after the last hearing, PJMA made the following additional submissions:

- a. That PJMA has made full disclosure on the facts and circumstances regarding the issue at hand;

- b. That PJMA realizes that the manner in which contributions were made by its members to tenders mentioned in the Enquiry Report has resulted in an inadvertent non-compliance with the provision of the Act; and
- c. That PJMA desires the guidance of the Commission in rectifying the situation and wishes it to take notice of the following:
 - (i) The specification of PGS as 100kg bag which sets it apart from the 95kg bag predominantly used in local and foreign markets.
 - (ii) The effect of contractual clauses stipulated by procuring agencies that mandate that in case, during the currency of the contract, a Member Mill supplies at a lower rate to another Procuring Agency in the future , the difference shall have to be repaid by that particular Member Mill.
 - (iii) The effect of Price Reasonability Certificates that Member Mills are required to sign to ensure that the prices being charged from a procuring agency are not higher than those charged by any other organization in the country-with the difference to be repaid by Member Mill(s) in question.
 - (iv) Even though the tender is international in name, the entry barriers created by specifications of the PGS impede competition. Further, terms and conditions offered to local suppliers differ from those of foreign suppliers.
 - (v) The condition of Earnest money being blocked for 60 days severely affects the cash flows and renders Jute Mills unable to secure and meet other orders. Hence the period should be revised to 30 days.

- (vi) The Procuring Agencies, as per the terms of the tender can scrap the tender without assigning any reason. In order to ensure fair competition information asymmetries which have an adverse effect on the industry should be removed.
 - (vii) The Jute Mills have no recourse for late payment by the Procuring Agencies whereas the Procuring Agencies, can impose late delivery charges on Jute Mills as per contractual conditions.
- d. That PJMA prays that the Commission may dispose off this case in a nuanced and suitably lenient manner keeping in mind the full disclosure of facts and the regulatory environment it works in.

Submissions by the Jute Mills

17. From the Jute Mills, one individual and two groups can be identified for purposes of identical submission in response to the show cause notices. First, Thal has submitted an independent reply through Mr. Khalid Anwar and represented through the counsel Mr. Rashid Anwar. Thal's submissions on merits are as follows:

- a. That Thal is operating in an environment in which PPAs have immense buying power and have the ability to set prices and quantities of the jute bags to be purchased from the Jute Mills;
- b. That Thal is forced to sell at a price determined by the PPAs despite the charade of negotiations held with the jute industry;
- c. That given the immense buyer power of the public sector and the short duration in which tenders are called by the public sector, production of jute bags for public sector has to be done on predicted basis and if a trend

of production and sale emerges it is in the best interest of the jute industry and the food security of the nation;

- d. That the communication and data relied upon in the Enquiry Report is misleading, unreliable in terms of its date and content, and that the said material pertains to a time when the Act was not in force; and
- e. That the government has kept the industry alive by following the existing method of procurement and has ensured that local production is available.

18. The second set of submission have been given by the group of Jute Mills comprising Indus, Sargodha, Crescent, White Pearl, and Amin through their legal counsel Mr. Salman Akram Raja. The initial arguments of this group were on the following lines:

- a. That the jute mills operate in peculiar conditions in which the role of the PPAs is significant;
- b. That the jute mills are price takers and supply jute bags according to the demands of the PPAs.
- c. That the allegations and evidence against the jute mills in question are vague;
- d. That the data presented in the tables used in the Enquiry Report is inaccurate and unreliable;
- e. That while various predictive formulas for production and supply to the PPAs have been proposed and discussed by jute mills, such formulas have been intended to be used voluntarily;
- f. That the quantity of jute bags required by public sector procurement authorities is more than the capacity of each individual jute mill and

therefore tenders are awarded in proportion to the quantities offered by mills which are in turn proportional to the installed capacity which gives the impression of a quota arrangement;

- g. That the Enquiry Report has misunderstood the communication that took place between Jute Mills to contain reference to an agreement while these were mere suggestions in actuality;
- h. That while the mills have not violated any competition laws, they seek the guidance of the Commission in future conduct.

19. The third set of initial submissions received from Suhail, Habib, Madina and Pioneer through their counsel Mr. Imran Aziz is similar to the initial submissions made by the first group and need not be reproduced.

20. All of the Jute Mills, in oral arguments during the hearing and in written supplementary submissions communicated to the Commission after the last hearing, made further submissions similar to those made by PJMA admitting to inadvertent non-compliance and seeking suitable remedies for the uncompetitive environment and lenient treatment from the Commission

Issues

21. We believe the following issues must be addressed to reach a conclusion about the principal issue at hand.

- a. Whether the Jute Mills have entered into an agreement related to the pricing, production and supply of jute bags to PPAs in violation of Section 4 of the Act?
- b. Whether PJMA has taken a decision related to the pricing, production and supply of jute bags to PPAs in violation of Section 4 of the Act?

- c. Whether, if the answer to the issues above is in the positive, substantial and reasonable grounds exist that would mitigate the severity of the consequences attracted by the violations of the Act?
22. Preliminary objections, constitutional and legal issues were not pressed by PJMA and the Jute Mills and hence are not being addressed particularly when the parties have admitted to the inadvertent non-compliance of the Act.
23. Before addressing the issues pertaining to the violation of Section 4 of the Act, we would like to reproduce Section 4 of the Act in its relevant parts for ease of reference.

1. *Prohibited Agreements:* (1) *No undertaking or association of undertakings shall enter into an agreement or, in case of an association of undertakings, shall make a decision in respect of the production, supply, distribution, acquisition or control of goods or the provision of services which have the object or effect of preventing, restricting or reducing competition within the relevant market unless exempted under section 5 of this Act.*

(2) *Such agreements include but are not limited to-*

- (a) *fixing the purchase or selling price or imposing any other restrictive trading conditions with regards to the sale or distribution of any good or the provision of any service;*
- (b) *dividing or sharing of markets for the goods or services, whether by territories, by volume of sales or purchases, by type of goods or services sold or by any other means;*
- (c) *fixing or setting the quantity of production, distribution or sale with regard to any goods or the manner or means of providing any services;*
- (d) *limiting technical development or investment with regard to the production, distribution or sale of any goods or the provision of any service; or*
- (e) *collusive tendering or bidding for sale, purchase or procurement of any goods or service.*

(3) Any agreement entered into in contravention of the provision in sub-section (1) shall be void.

24. It is pertinent to explain here that the term agreement used in Section 4 of the Act has a very wide scope. As per the definition given in Section 2(1) (b) of the Act, the term agreement can refer to any arrangement, understanding or practice. The section is reproduced here for ease of reference.

2. Definitions: (1) In this Act, unless there is anything repugnant in the subject or context:-

(b) “agreement” includes any arrangement, understanding or practice whether or not it is in writing or intended to be legally enforceable;

25. The wide scope of the definition means that an agreement can take a variety of forms and does not have to conform to the usual notion of a standardized written, binding or legally enforceable instrument. In line with this definition, a practice that has continued over a period of time in a particular market or industry qualifies to be an “agreement” and such an agreement can be scrutinized by the Commission. The Commission has previously upheld this principle in, amongst other cases, the *All Pakistan Cement Manufacturers Association* case.¹

26. The Act does not provide any definition of the term ‘decision’. It is therefore important to look at the context in which the term has been used. The Commission has previously held in the *Institute of Chartered Accountants of Pakistan* case² that the term ordinarily means ‘the settlement of a question’, ‘formal judgment’, or ‘the act of deciding or pronouncement’. In the ICAP case referred above, the Commission referred to the ordinary meaning of the term. We believe that the present case warrants a further elaboration of the scope of this term. It is worthy of note that the meaning and scope of the term ‘decision’ has been much widely interpreted in developed jurisdictions, who have observed that a

¹ Read the relevant portion of the order on pages 49-50, available at [http://cc.gov.pk/images/Downloads/Cement%20\(final%20order\)%2027-08-2009.pdf](http://cc.gov.pk/images/Downloads/Cement%20(final%20order)%2027-08-2009.pdf)

² Read the relevant portion of the order on page 19 available at [http://cc.gov.pk/images/Downloads/ICAP%20Final%20Order%20\(11-3-09\).pdf](http://cc.gov.pk/images/Downloads/ICAP%20Final%20Order%20(11-3-09).pdf)

decision include rules, recommendations and even co-ordination of an association within its purview. In this regard reliance is placed on *National Sulphuric Acid Association* case,³ in which the EU Commission observed that rules adopted by a association are decisions of that association in the following manner:

29. Article 85 (1) of the EEC Treaty prohibits as incompatible with the common market all agreements between undertakings, decisions by undertakings and concerted practices which may affect trade between Member States and which have as their object or effect the prevention, restriction or distortion of competition within the common market.

30. The members of the Association who have agreed to be bound by the Rules for Sulphur Pool (No 2) are undertakings and the Association is an association of undertakings in terms of Article 85. The Rules for Sulphur Pool (No 2) constitute a decision of an association of undertakings to cooperate in the purchase of elemental sulphur.

27. Regarding the status or nature of the recommendations of an association we find the principle laid down in EU case law eminently persuasive. In the *NV IAZ International Belgium* case,⁴ the European Court of Justice, with regard to activities of an association named “anseau”, observed:

19. In the first place, anseau observes that there can be no question of an ' ' agreement between undertakings ' ' within the meaning of the above- mentioned provision. Anseau is an association of undertakings which does not itself carry on any economic activity. Article [85](#) (1) of the Treaty is therefore applicable to it only in so far as its member undertakings are legally bound by the agreement. In fact they are not since, under both the agreement and the statutes of anseau, the latter is empowered only to make recommendations.

20. As the court has already held, in its judgments of 15 May 1975 in case [71/74](#) (frubo (1975) ecr 563) and of 29 October 1980 in joined cases 209 to 215 and 218/78 van

³ EU Commission Decision of 9 July 1980 relating to a proceeding under Article 85 of the EEC Treaty IV/27.958 *National Sulphuric Acid Association* [80/917/EEC]

⁴ *NV IAZ International Belgium and others v Commission of the European Communities*. C-96/82 IAZ *International Belgium NV v Commission* [1983] ECR 3369.

landewyck (1980) ecr 3125, Article 85 (1) of the Treaty applies also to associations of undertakings in so far as their own activities or those of the undertakings affiliated to them are calculated to produce the results which it aims to suppress. It is clear particularly from the latter judgment that a recommendation, even if it has no binding effect, cannot escape Article 85 (1) where compliance with the recommendation by the undertakings to which it is addressed has an appreciable influence on competition in the market in question.[Emphasis Added]

Relevant Market

28. The Enquiry Report defines the relevant market in this matter to be that of jute bags used for storage of grains in Pakistan. PJMA and Jute Mills have contested this definition on basis that alternates to the jute bags exist and that jute bags are sold not just to the PPAs but also in the open market.
29. While we have consistently held in previous cases that in cases of collusive activities, a definition of the relevant market is not a strict legal requirement, we will nevertheless provide one for ease of reference. In our opinion, this case revolves around the 100 kg jute bag manufactured by Jute Mills to store grain and other dry food items. These bags are commonly known as the PGS (Pakistan Grain Sacks). While it is true that polypropylene bags can be considered an alternative to jute bags in general, they are not preferred for use in case of grains and food items since the former do not allow air exchange, are not biodegradable and are very difficult to move and store as compared to the jute bags.
30. Moreover, we believe that the PGS are only used by the PPAs and are not commonly traded in the open market. These bags can be differentiated from other jute and polypropylene bags on basis of characteristics and usage. Therefore, the Enquiry Report correctly defined the relevant product market.
31. Similarly, we believe that the Enquiry Report correctly states that the conditions of competition are homogeneous in the country as far as PGS are concerned. These bags are typically produced, traded, and used within the country with no

significant amount being traded internationally. Therefore, the relevant geographical market is that of Pakistan.

32. The relevant market for this case is therefore the market for PGS in Pakistan.

Jute Mills' Agreement

33. We now come to the first issue at hand i.e. whether the Jute Mills have entered into an agreement in relation to the pricing, production and sale of PGS to PPAs.

34. The Enquiry Report has stated that the Jute Mills have an agreement in place whereby each Jute Mills supplies PGS to PPAs in proportion to its annual production and that Jute Mills collectively enter into negotiations with PPAs to determine the price of the PGS. The Enquiry Report presents two categories of evidence by means of which it has arrived at its conclusion. One, the Enquiry Report relies on documents impounded from PJMA's office including communication between the Jute Mills and between Jute Mills and PJMA as well as documents relating to PASSCO. Two, it relies on tables that indicate a correlation between the annual production of individual Jute Mills and their supply of PGS to the PPAs.

35. Having perused the evidence on record, we are reproducing below those evidences which we feel are sufficient to present a complete picture of things. We believe that the communication between the members shows the existence of certain formulas that the Jute Mills have proposed, discussed and used to divide the tenders floated by various PPAs, while the tables present the statistical outcomes of the division that takes place.

36. With regards to the communication between Jute Manufactures we agree with the Enquiry Report's observation that we have to start from 2003 to understand the context of the more recent communication. First we have before us the minutes of meeting between Jute Mills on the PJMA forum dated 6 June 2003, the relevant extracts of which are reproduced below:

Minutes of the Meeting held on 6 June 2003 at Office of Habib Jute Mills Limited, Lahore; Annex A1

9. Quota System

Mr. Jamil Hussain informed that during next year the demand of PGS by the government is going to be lower as the government is already carrying 60,000 bales. The production of local jute industry has already increased due to re-start of Crescent, Indus and Alipur jute mill. If common agreed formula for calculation of quota is not decided now it will be difficult to keep the mills together. He submitted the following draft proposal for consideration of the members. He further emphasized that the parameters for the present quota system are not known and there had been many new entrant, which were accommodated on ad-hoc basis.

Proposal for Quota System

1. Installed Spindle:

40 % of quota shall be based on average installed spindles during the year i.e., Jan _Dec

2. Weighted Production:

60 % of quota shall be based on average weighted production to be worked out on the basis of multiplying Hessian production with 2, sacking with 1 and others with 0.5.

3. Period of Production:

Quota shall be worked out by Quota Committee each year in the month of January, on the basis of weighted production for the period from January to December

4. Voting Rights:

Voting rights shall be based on the basis of quota.

5. Approval of Quota:

The quota shall be approved on the basis of 75% votes exercised in favor of quota.

Mr. Abdul Khaliq opposed the proposal and said that there should be free trade without price control. He added that each should be free to quote the price and the quantity and the quota system should be abolished totally. Mr. Humayun observed that even if we agree to some formulas there is no way to implement that system. Mr. Jamil said that if the quota is based on the above formula majority of the mills would agree to it as there will be no discretion with any members and it would strengthen the unity of the

Association. Mr. Irfan also supported the abolition of the quota system. Mr. Jamil observed that if the members did not agree to a reasonable formula Thal would also like to support free-trade to avoid undue pressure from the mills for increase in quantity. This would result in some mills getting maximum quantity at lowest margin and some mills may not get any quantity, which would result in temporary closure of such mills. Mr. Suhail, Mr. Saleem, and Mr. Muneer showed reservation on disbanding the quota system. However, it was agreed to abolish the quota system to provide freedom to members mills to quota as they desire.

37. These minutes of meeting show that as far back as 2003, the Jute Mills were actively engaged in discussing a quota policy based on a formula which was, purportedly, abolished in the meeting. However, the discussions started on the quota system again soon after. We have before us a letter dated 30 November 2004 to Chairman PJMA from United Jute Mills which indicates further discussion on the quota policy. The relevant extract is reproduced below.

Letter from United Jute Mills Limited dated 30 November 2004 to Chairman PJMA; Annex A2

PJMA Meeting Held on 29-11-2004

*PJMA Management Committee meeting dated 29.11.2004 held in the offices of Crescent jute products Ltd.
Our suggestion for the basis of calculating the allocation of Quota to the member Mills are as under:*

- a. 40 % weight age be given to the WORKING and NOT to the installed spindles.*
- b. 30 % weight age be given to actual production of Sacking, to be supplied to the Govt Depts. and NOT to open market.*
- c. 20 % weight age be given to the production of Hessian and Carpet yarn.*
- d. 10 % weight age be given to other products, like Twine and markets yarn.*

38. While these documents do not indicate the implementation of the quota policy, they clearly indicate active deliberations between the Jute Mills, as well as the

latter's intent to arrive at a formula suitable for all Jute Mills. The documents are also very useful and pertinent to understand the communication, primarily through emails, that we are about to refer to now.

39. We now refer to email communications that took place between Jute Mills on 20 May 2009. This exchange of emails clearly indicates the existence of a quota policy/agreement which is in place between the Jute Mills. At 1028 that day, Mr. Humayun Mazhar, CEO of Crescent sent the following email:

Email dated 20 May 2009; Annex A3

...import of raw jute has nothing to do with production...as far as the installed looms and spindles are concerned Crescent benefits the most i.e. I have the second largest simple and loom installed based in the Industry. However, I am still not for it as what matters is what these spindles/looms produce rather than how many of them are installed.

I think we have got a good mechanism going and majority of PJMA members are signatory to this agreement and rather than changing it why don't we consider reporting our data correctly and honestly. However, any suggestion /proposal given from any member should be considered and if majority agrees then it should be implemented."

40. Then at 1055, Malik Asif of White Pearl responded to the email saying:

Email dated 20 May 2009; Annex A3

...refer to quota policy & monthly reporting my personal proposal that for next year policy 50% on installed looms, spindles + 50% import of raw jute(Jan to Dec 12 month last year) so then no blaming each other & more crystal clear policy we must give more respect & honor to each other & crystal clear policy...

41. However, what is crystal clear from these emails is that an agreement/mechanism/policy regarding division of PGS production and supply, exists between the Jute Mills. The content of the emails also demonstrates that this agreement has been in

place for a while. These emails have been recovered from the office of PJMA and neither PJMA nor the Jute Mills have denied their existence.

42. We now come to the statistical data present in the Enquiry Report which we believe supports the existence of a quota system. While many tables have been referred to in the Enquiry Report, we believe that only two are sufficient to show that a strong co-relation exists between the supply of PGS to PPAs and annual production. The tables are reproduced here.

Table 8, Annex B7, reference to Table 6

Companies Names	% Share in Quantity PASSCO Tender (Crop 2009-10)	% Share in Annual Production PJMA Summary 2008-09
Amin Fabrics	3.047	2.33
Crescent Jute products	9.753	9.32
Indus Jute Mills	11.88	12.36
Thal Ltd	23.085	25.61
Sargodha Jute Mills	14.971	19.08
Sohail Jute Mills	5.71	3.60
Habib Jute Mills	5.71	2.25
Madina Jute Mills	8.8	9.98
Pioneer Jute Mills	4.45	4.45
White Pearl Jute Mills	12.56	10.92

Table 9, Reference to Table 2 & Table 7

Companies Names	% Share in Quantity Offered in Punjab Food Tender SOF-V-1(1)/06 due on 08-02-2008	% Share in Annual Production Year 2007
Amin	0.36	2.39%
Crescent	8.027	10.04%
Indus	_____	11.23%
Thal	22.64	21.38%
Sargodha	16.41	17.07%
Sohail	5.47	4.31%
Habib	6.2	8.84%
Madina	12.16	9.28%
Pioneer	8.02	4.4%
W. Pearl	20.67	9.44%

43. These tables, which show a nexus between the percentage annual production of previous year with the percentage of PGS supplied in the current year to PPAs, have been prepared using data and tables impounded from PJMA's office. What these statistics show is an unreasonably close co-relation which can be understood keeping in mind the communications discussed in the paragraphs above, especially the email of Mr. Humayun which refers to production being the reasonable criteria for a quota agreement. These statistics clearly show a practice that is being followed by the Jute Mills in producing and supply PGS to PPAs.
44. Needless to say, we have before us, in written and oral submission, an admission by all Jute Mills that discussions regularly take place on 'predictive' formulas that are intended to be voluntarily adopted by Jute Mills in producing and supplying the right quantities to PPAs in time. Most of the Jute Mills have also admitted before us, in written and oral submissions, that a practice of contribution towards the tenders floated by PPAs exists in the industry whereby all Jute Mills produce and supply PGS in proportion to their capacity and production, respectively.
45. Regarding collective pricing, there is ample evidence on the record which indicates that Jute Mills collectively negotiate with PPAs to arrive at the price on which PGS are supplied. We are reproducing some extracts which we feel are relevant.

**PASSCO Tender for 58,000PGS Bales for Wheat crop
2009, Annex C4**

**Minutes of Tender Committee Meeting held on 19th
January 2009 in order to finalize the rate.**

21. "This was followed by another TC Meeting on 19th January 2009 wherein Mr. Sh. Khalid Daud (Rep of Jute Millers) was called to negotiate the rate of bardana and delivery schedule on behalf of PJMA. The Rep of PJMA informed that delivery of PGS Bales was going to be slow due to load shedding and huge demand in bardana from PASSCO, TCP, Punjab and Sindh Food Department simultaneously. The delivery schedule was discussed in detail with Rep of PJMA....."

Minutes of Tender Committee Meeting held on 24 March 2010

16. Tender Committee meeting was held on 02-04-2010 at 1530 hours in Conference Room at PASSCO Head Office 11-Kashmir Road, Lahore in order to finalize the rate of additional quantity of 30,000 PGS bales for wheat crop-2010. The meeting was presided by MD PASSCO. GM (HR) also attended the said meeting. Mr. Khalid Daud Sheikh was called to negotiate the rate of bardana and delivery schedule on behalf o PJMA. The rep. of PJMA offered the rate of Rs.115.75 per bag which was not accepted by PASSCO. In response, PASSCO offered counter rate of Rs.114.00 per bag. After detailed discussion, rate of Rs.114.25 per bag was unanimously agreed by both parties.

46. These two extracts clearly show how the prices for the PGS are arrived for supply to the PPAs. The role of the PPAs and PJMA in discussed later. However, in view of the foregoing it is sufficiently established that Jute Mills do engage in collective price negotiations with PPAs which distorts competitive bidding process.
47. In our opinion, based on the evidence on record and the admission of the Jute Mills, an agreement exists between them with regard to the production, supply and pricing of PGS to PPAs. This agreement constitutes a fixing of prices for sale of PGS, division of the supply of PGS and the setting of production quantities of PGS, and amounts to collusive bidding for tenders floated by PPAs in unambiguous terms. Such agreement is therefore in violation of Section 4(1) read with Section 4(2) (a), (b), (c) and (e) of the Act.

PJMA's Decisions

48. We now come to the role of PJMA in this matter. According to the Enquiry Report, PJMA facilitates the Jute Mills in their agreement on quotas by regularly calling meetings to discuss tenders of PPAs, by monitoring the agreement by asking all mills to supply periodic data, and by negotiating with PPAs on behalf of the manufacturers regarding quantity and price.

49. We feel that it is quite apparent from the record and the submissions of PJMA and Jute Mills that past, present and future tenders are regularly discussed at the PJMA forum. Since this is an accepted position, we do not need to reproduce all the documents detailed in the Enquiry Report. It has been submitted before us that discussion on tenders is not a prohibited activity under the law as long as price is not discussed. The reality could not be farther from the truth. The Commission has time and again, in its orders, clearly suggested that associations, like PJMA, do not have the mandate to deliberate on, and take decision about, commercially sensitive information such as pricing, production and sale of goods and services undertaken by its members. It would be quite natural that if tenders are discussed, information regarding pricing, production and supply would be exchanged or discussed. There is ample proof that this has happened in case of PJMA in the past. For example, in 2004, PJMA sent a list of its members and respective quantities the members would supply directly to the Food Department of Azad Jammu and Kashmir. Similar evidence is available on record, which will be documented ahead, to show that PJMA has been actively discussing commercially sensitive information on its forum.

50. Similarly, it is an admitted position of PJMA and Jute Mills that periodic information is submitted to the former by the latter. The sharing of historical data, e.g. data regarding production and sale of previous years is not prohibited under competition law. However, such information must not be openly shared and circulated amongst members in a way that identifies individual members or their business plans. This is especially true for monthly data requests by associations. The UK Office of Fair Trade, in its guidelines on associations states:

In the normal course of business, undertakings exchange information on a variety of matters legitimately and with no risk to the competitive process. Indeed competition may be enhanced by the sharing of information, for example, on new technologies or market opportunities. There are therefore circumstances where there is no objection to the

exchange of information, even between competitors, and whether or not under the aegis of a trade association. For example, the collection and publication of statistics are legitimate functions of associations of undertakings.

The exchange of information may, however, have an adverse effect on competition where it serves to reduce or remove uncertainties inherent in the process of competition. The fact that the information could have been obtained from other sources is not necessarily relevant. Whether or not the information exchange has an appreciable effect on competition will depend on the circumstances of each individual case: the market characteristics, the type of information and the way in which it is exchanged. As a general principle, the OFT will consider that there is more likely to be an appreciable effect on competition the smaller the number of undertakings operating in the market, the more frequent the exchange and the more sensitive detailed and confidential the nature of the information which is exchanged.
[Emphasis Added]

51. Keeping such principles into account, it is quite evident that the information sharing is structured in a way that facilitates, and demonstrates, collusive behavior vis-à-vis economic aspects such as production and sale of PGS to PPAs.

52. We now come to the allegation of negotiations with PPA and PJMA for and on behalf of the Jute Mills. We note that there several documents on record which indicate that PJMA has been entering into negotiations with the PPAs to determine the price, quantity and modalities of the tenders being awarded to Jute Mills. We are reproducing extracts from some recent such exercises in relation to PASSCO.

PASSCO Tender for 57,300 PGS Bales for Wheat crop 2010; Annex C6

Minutes of Tender Committee Meeting held on 18 February 2010 in order to finalize the rate and delivery.

20. “The situation was brought to the notice of MD by GM (Commercial). MD directed GM (Commercial) to call Tender Committee to finalize the delivery schedule with Rep of PJMA. Accordingly the Rep PJMA was called on 18-02-2010 hours at PASSCO Head Office, Lahore to finalize the delivery schedule. TC meeting started at the schedule date and time. The delivery schedule was discussed in detail with Rep of PJMA and after detailed discussion he agreed that PJMA will deliver 31,500 bales up to 15th April 2010 or earlier as per schedule given below.”

PASSCO Tender for purchase of 30,000 PGS Bales for Wheat Crop 2010; C7

Minutes of Tender Committee Meeting held on 24 March 2010

16. Tender Committee meeting was held on 02-04-2010 at 1530 hours in Conference Room at PASSCO Head Office 11-Kashmir Road, Lahore in order to finalize the rate of additional quantity of 30,000 PGS bales for wheat crop-2010. The meeting was presided by MD PASSCO. GM (HR) also attended the said meeting. Mr. Khalid Daud Sheikh was called to negotiate the rate of bardana and delivery schedule on behalf o PJMA. The rep. of PJMA offered the rate of Rs.115.75 per bag which was not accepted by PASSCO. In response, PASSCO offered counter rate of Rs.114.00 per bag. After detailed discussion, rate of Rs.114.25 per bag was unanimously agreed by both parties.

PASSCO Tender for purchase of 30,000 PGS Bales for Wheat Crop 2010; Annex C8

Minutes of Tender Committee Meeting held on 2 April 2010

36. “After detail discussion, both parties agreed that PJMA will supply 30,000 bales, 10,000 bales up to 31st May 2010 or earlier and payment of said 10,000 bales will be made within 20 days as per previous practice and remaining

20,000 bales will be supplied up to 30th June 2010 or earlier and payment of the said 20,000 bales will be made in the first week of September 2010...”

53. These extracts clearly show what the role of PJMA is in relation to the tenders floated by PPAs. PJMA has been actively engaging in representing the commercial business interests of its members as well as conducting negotiations on quantity and delivery of PGS with PPAs on behalf of its members. These extracts also show, beyond doubt, that prices are discussed in the meetings called by PJMA regarding the tenders, contrary to what is stated by PJMA in its submissions.
54. The extracts also show, that on a number of occasions, a PJMA representative conducted extensive negotiations with PASSCO on the price that the Jute Mills were willing to offer. These extracts are in sharp contrast with the submissions of PJMA and Jute Mills that they are simply price takers and have to sell at the price dictated by the PPAs. On the other hand, we do recognize that negotiations after receipt of bids entails problems and disrupts free and fair competition. This process is likely to encourage the bidder in quoting skewed prices.
55. In addition to this role, PJMA has also been instrumental in working out the quota policy. The emails of 20 May 2009 between Jute Mills were conducted on the forum of executive committee of the PJMA. The subject of the emails is ‘RE: Agenda of the EC Meeting’ in which the emails are being addressed to the chairman of PJMA and copied to the secretary of PJMA. Hence, it is not possible that PJMA was unaware of the agreement on quota. The emails also prove, without a doubt, that the decisions taken by the Jute Mills are in effect also decisions of the PJMA since they were taken by the executive committee of PJMA, the highest decision making body of the association.
56. In any event, PJMA has submitted to us, in written and orally, that it understands that the way in which its members made contributions towards the tenders of the PPAs has inadvertently caused non-compliance with the competition laws of the land. In our considered view, there is no inadvertency. In fact, the violations are

an outcome of deliberated collaboration. However such collaboration may have certain mitigating circumstances which may explain the factors which are responsible for restricting and reducing competition in the relevant market.

57. In our opinion, based on the evidence on record and the fair and candid admission of PJMA, although inadvertently, decisions have been taken by PJMA in relation to production, supply and pricing of PGS to PPAs. These decisions constitute a fixing of prices for sale of PGS, division of the supply of PGS and the setting of production quantities of PGS, and amount to collusive bidding for tenders floated by PPAs. These decisions in the relevant period were in violation of Section 4(1) read with Section 4(2) (a), (b), (c) and (e) of the Act.

Mitigating Circumstances

58. PJMA and the Jute Mills have submitted before us that the jute industry works in very peculiar circumstances which must be taken into consideration before any order is passed. These facts or circumstances have been submitted by all parties and have been listed earlier on in the order.

59. The most basic contention of PJMA and the Jute Mills is that due to the short period of time in which the tenders are given, and the fact that the jute bags required by PPAs are different in size from the standard international bags, and the fact that the tender size is beyond the capacity of any one Jute Mill to fulfill, it is imperative for the industry to work in a particular manner with the PPAs to complete the tender requirements.

60. Another argument presented by PJMA and Jute Mills is that PPAs do not allow them to sell PGS at lower rates to other agencies, and insist that all Jute Mills sell bags at the same price due to audit reasons. Hence, there is no room to compete on prices.

61. In addition, as mentioned earlier, PJMA and Jute Mills have requested that in view of their admissions and their complete disclosure of facts, a lenient view maybe taken by the Commission with regard to any non-compliance with the Act.
62. In order to get the viewpoint of the PPAs, the latter were requested to appear before the Commission to explain their role during the procurement process. PASSCO and Punjab Food Department responded and appeared at the hearings. We have received valuable assistance and information from these appearances, which have been crucial in understanding the issue in its entirety.
63. PASSCO and Punjab Food Department have broadly made the following submissions. According to their submissions, they are bound by the government policy, and the status of their funds, to make purchases of PGS once a year only leads to a large tender size. Due to this reason they have to spread the purchase over various mills since no single mill can meet the required quantity. On receipt of bids, notwithstanding the lowest bid received, they enter into price negotiations with a representative of PJMA and the Jute Mills in order to obtain a single price since multiple prices raise audit objections in the government. However it was submitted on behalf of PASSCO and Punjab Food Department that they are not averse to improvements in the procurement system which will ensure conformity with the competition law of the land.
64. Keeping in the mind the submissions of all the stakeholders, the complete picture that emerges is as follows. In wake of the 1965 war and the creation of Bangladesh in 1971, the Government of Pakistan strategized to set up jute mills to develop internal capacity of producing jute bags essential for the storage and transportation of grains. To encourage growth and to ensure adequate capacity, the government adopted a cost-plus formula to buy PGS from the jute mills. Under this formula, purchase of PGS was spread across all the jute mills and each mill was paid its cost plus a fixed margin. This approach developed a sense of collectiveness in the jute industry which is strongly evident today, albeit, well beyond the prohibitory lines drawn by the applicable competition law in vogue.

65. The cost plus formula was abolished in the late 1980's in theory. However, in practice, due to a lack of adequate and meaningful competition laws and policies, PPAs and the Jute Mills continued to follow the established practice. On the side of the Jute Mills, an understanding developed to base the production of PGS on installed capacity, and then base the supply of PGS on production. This evolved over time into the quota policy that is prevalent today. On the PPAs side, the desire to purchase on a single price due to audit objections surfaced, despite the passage of the public procurement rules and regulations, which led the PPAs into negotiating with PJMA and Jute Mills even after the tendering process is complete. Moreover, as a result of these practices and policies, the trade of jute bags has been extremely limited and neither the PPAs nor the Jute Mills are geared up for the free market.

66. We believe that it is imperative to address some issues that are creating anti-competitive conditions in the jute industry. For this purpose, we have set out directions to all the parties concerned to bring out a corrective behavior and to improve the conditions of competition in the industry below, and the parties have assured us of due compliance.

67. However, while we find there are some issues that need our attention and suitable directions, we are constrained to hold that PJMA and Jute Mills cannot avail what is generally known as the State Action Defense doctrine. The Commission has in its previous orders, including *PIA Hajj Fare* case,⁵ has established the criteria for availing this defense. The relevant portion is reproduced below:

40. There are essentially two tests as laid out in the EU and the US. For ease of reference the requisite tests are reproduced below from the KSE Price Floor Order:

60. In the E.U., to plead the defense of state compulsion successfully, the party claiming the defense must satisfy the following three points:

⁵ Read the relevant part of the order on pages 16-17, available at <http://cc.gov.pk/images/Downloads/PIA%20Hajj%20Fare%20Final%20Order%20-%202020%20November%202009.pdf>

- i. *That the state must have made certain conduct compulsory: mere persuasion is insufficient;*
- ii. *That the defense is available only where there is a legal basis for this compulsion; and*
- iii. *That there must be no latitude at all for individual choice as to the implementation of the governmental policy. [FN 84]*

....

62. *The standard for repealing antitrust laws by implication, in the U.S., is “clear incompatibility” [FN 86] or “plain repugnancy between the antitrust and regulatory provisions.” [FN 87] In order to ascertain sufficient incompatibility to warrant an implication of preclusion, the Courts have frequently employed the following four point test:*

- i. *the existence of regulatory authority under the securities law to supervise the activities in question;*
- ii. *evidence that the responsible regulatory entities exercise that authority;*
- iii. *a resulting risk that the securities and antitrust laws, if both applicable, would produce conflicting guidance, requirements, duties, privileges, or standards of conduct; and*
- iv. *the possible conflict affected practices that lie squarely within an area of financial market activity that securities law seeks to regulate.*

[FN 88]

Footnotes omitted.

68. Keeping the tests in mind, we believe that while PPAs require PJMA and Jute Mills to act in a particular manner, the latter are not bound under any existing law or regulation to conform to these requirements. In fact, we have seen during the hearing that the relationship between the jute industry and the PPAs is interdependent and mutually beneficial. Whereas the PPAs benefit from a dedicated supply, the Jute Mills also benefit from the collective bargaining and a minimum confirmed sale. We are not convinced that the jute industry is bound by law or coerced by a regulator to sell their products on unilateral terms. PPAs like PASSCO are not regulators as per the law. Their job is merely to procure goods like PGS from other commercial entities like themselves. The Jute Mills are, and always were, free to act in a manner that suits their interest including not participating in the tender and trading their products in the open or international market. They cannot therefore avail the State Action Defense.

69. Having said that, we must also appreciate the manner in which PJMA and Jute Mills have made a full disclosure of facts and have admitted their non-compliance although inadvertently. While it is hackneyed law that ignorance or inadvertence of such nature is no resolute defense, the candid and cooperative approach taken by the parties in identifying aspects that impede the development of a level playing field deserves due consideration. It is a stated objective of this Commission that it is implementing the applicable competition law and policy with the view of promoting business rather than disrupting, discrediting or discouraging it. PJMA and Jute Mills have demonstrated their commitment to inculcating and establishing an environment of compliance with the underlying theme of the competition law. Having come clean on this undertaking, the Commission is inclined to show some leniency in terms of the penalty that should be imposed for violations above noted. It may be added that the enactment of the Act, perhaps, embodies a most striking recognition that anti-competitive practices in fact exist and are pervasive across sectors of the state economy. The legislative mandate entrusted to this Commission is not limited to detection of anti-competitive practices and imposition of penalties on violators of the law. It is also about achieving corrective behavior so that an enabling environment for a free, fair and competitive market is established for the greater benefit of all, particularly the businesses and their consumers. Such an environment can only become a reality if businesses, relevant regulatory bodies, intermediary organizations and all others concerned espouse attitudes conducive to such environment. Considering that the PJMA and the Jute Mills have assured corrective behavior in the conduct of their respective businesses, the Commission welcomes this initiative and takes a lenient view, as prayed.

70. We are therefore restricting the total penalty to PKR 23 million. Keeping in view the front role played by PJMA which is nothing but a body comprising of all the Jute Mills as its members, they are made liable to pay the penalty in the sum of PKR 5 million whereas all the Jute Mills, except Amin and Suhail, having acceded to the inadvertent violation, are hereby imposed a penalty in the sum of PKR 2 million each. Amin and Suhail, who have also acceded to inadvertent

violation but are much smaller operations are hereby imposed Rs. 1 million each, with the direction to all that the said penalty be deposited within forty five days of this order.

71. This penalty is justified keeping in view the peculiar circumstances that there are mitigating factors including the role of the PPAs, the anti-competitive environment in which the jute industry operates, the disclosure and admittance of PJMA and the Jute Mills as well as their willingness to file commitments for future compliance. PJMA and Jute mills should submit the commitment to comply with this order in letter and spirit within forty five days of this order. PJMA and Jute Mills are reminded that if violations continue in the future, no leniency will be shown.

Directives to Public Procurement Agencies

72. It is our opinion that PPAs such as PASSCO and the various food departments, need to immediately rectify their behavior and make their procurement process compliant with the Act. Since PPAs like PASSCO depend on the direction and funding from the government, which means taxpayer money is involved and particularly, the fact that they have been forthcoming in assisting this Commission, we are taking a very lenient view towards their anti-competitive actions in the present case. However, if it appears that non-compliance with the Act will continue leniency will not be shown in the future.
73. As mentioned earlier, we believe that some issues need our immediate attention. These issues include certain conditions of the procurement process which are hurting competition in the relevant market. To rectify the situation, we are issuing the following directives to PASSCO and Punjab Food Department which are to be implemented immediately, and should be followed by a compliance report which should be submitted to the Commission within forty five days. These directives should also serve as guidelines for other PPAs involved in the procurement of PGS.

Entry Barriers

- a. PPAs should amend its terms and conditions to allow international manufacturers and traders to compete for the tenders. Currently, PPAs requires earnest money to be submitted in form of demand drafts or pay orders from local banks. This condition should be changed to allow payment methods that are feasible for international parties and are acceptable for the PPAs.
- b. PPAs should allow sufficient time to allow international parties to bid for its tenders and should accept bids through mail.
- c. PPAs should amend the weight size requirement for bags from 100 kg to 95 kg to facilitate open trade. The international standard weight size of PGS is 95 kg as opposed to 100 kg which is required by PPAs. Due to this reason international parties cannot bid for PPAs tenders.

Price Competition

- d. PPAs should amend those terms and conditions which currently prohibit a supplier from supplying PGS at lower prices to other public agencies during the course of the contract. This condition unfairly binds suppliers from competing in the market and acts as a mechanism of ensuring price fixing by PPAs which defeats competition.

Time-line

- e. PPAs should streamline their decision making process and accept or reject a bid within the period specified by law, and if no such period is specified, then within forty five days and ensure return of earnest money at the earliest. This will ensure more efficiency and transparency, as is also admitted by the PPAs in these proceedings.

Tender Size

- f. PPAs should keep three general principles in mind while setting the tender quantity. First, the quantity should not be so small as to facilitate collusion by bidder through rotation. Second, the quantity should not be so large as to make most known parties ineligible. Third, the quantity should be large enough to attract international parties. Considering that bidding is a cumbersome and lengthy process and the PPAs are not equipped to undertake the process all over again, PPAs need to evolve fair, transparent and competitive process. In this behalf, we note that while tender quantities are generally so large that none of the parties can independently meet the requirement, it is suggested that PPAs may consider adopting a procedure whereunder if the successful bidder is unable to deliver the required quantities, the second lowest bidder should be offered to match the bid by the successful bidder for the remaining quantity, and so on and so forth, instead of renegotiating with bidders all over again.

Dealing with Associations

- g. PPAs should not enter into any negotiation or discussions with PJMA or similar associations or groups for supply or pricing of jute bags to be supplied. Under law, trade associations are prohibited from engaging in any business transactions on behalf of their members or to take any business decisions on commercially sensitive information such as quantity and price. PPAs should not accede to demands from such groups or associations that the latter maybe made a part of the procurement process in anyway.

74. In case the fines and commitments as required by PJMA and the Jute Mills, and compliance report as required on part of the PASSCO and Punjab Food Department, are not deposited and filed within forty five days, the Commission shall take prompt action for such non-compliance and contravention, and no leniency is likely to be warranted in such circumstances.

75. As mentioned above, these directives are intended to serve as guidelines to all PPAs. If the Commission finds similar distortions in the procurement process of PPAs, other than PASSCO and Punjab Food Department, after the issuance of this order, prompt action shall be taken against the concerned PPA.
76. Before we conclude it is proper to also appreciate the lawyers who played a very positive role in ensuring that the matter before us concludes in a productive and positive manner. It is heartening to see that the efforts of the Commission in the field of competition advocacy have started to show positive results. We must commend the way in which the lawyers approached the subject and assisted the Commission in pursuing a pro-competitive, pro-business route in disposing off this case.
77. We would also like to appreciate the appearance and assistance of the PASSCO and Punjab Food Department, which was useful for the Commission and helped us in providing a framework which endeavors to provide a more competitive environment in the jute industry.

(RAHAT KAUNAIN HASSAN)
CHAIRPERSON

(VADIYYA S. KHALIL)
MEMBER

Islamabad the February 03rd, 2011