The Benefits of Competition Policy for Consumers

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14th Session of Intergovernmental Group of Experts
Geneva, 8 July 2014

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Substantive Provisions of Competition Law in Pakistan

Substantive Provisions

- Abuse of Dominant Position
- Prohibited Agreements
- Merger Control Provisions
- Deceptive Marketing Practices

Primary Objective

- To ensure markets remain competitive thereby resulting in Consumer Welfare
Provisions Protecting Consumer Directly

- Abuse of Dominant Position could be vis-à-vis
  - Competitors (Predatory Pricing)
  - Upstream seller (Refusal to deal by dominant buyer – Monopsony)
  - Downstream Buyer (Refusal to deal by dominant seller – Monopoly)
  - Consumers (Tied Selling)

- Deceptive Marketing
  - The distribution of false or misleading information to consumers
The university had made it mandatory for all incoming students to purchase Laptops imported by the university.

The students were not informed about the compulsory purchase of laptops at the time of admissions.

Students had at the choice of buying laptops either on lump sum payment or through instalments.
Tied Selling Bahria University-

- Students purchasing on instalments were being charged 12.65% interest rate.
- Education loan in the region charge between 0 to 8% interest rate.
- University was directed to discontinue compulsory sale of laptops and give refund to students who bought on instalments to the tune of 5% of total interest paid (difference between the interest rate charged on education loans and the one charged by the university).
- Restitution money was in the tune of PKR 10 Millions.
Deceptive Marketing Practices: Telecom

**WARID TELECOM:**

- Warid advertised its ‘Minute’ Package, in which, it was publicized that, ‘**Calls can be made to any network from ‘warid minute package’ in Rs. 1.20/min**’.

- The advertisement did not disclose that the call rates of Rs. 1.20/min can only be availed during 11.00 PM to 4.59 PM.
Warid Telecom

- The advertisement did not disclose the fact that the rate charged could be different for on-net and off-net calls during 5:00PM to 10.59PM i.e. Rs. 1.50/minute + tax for on-net calls and Rs. 1.70/minute + tax for off-net calls.

- The advertisement did not disclose the tax to be charged on the advertised rate i.e. 1.20/min, hence the consumers were not informed about the actual rate/price to be charged from them.
Ufone

- Ufone’s advertised its Uwon Package with a slogan that now you can make calls to other networks at the cheapest rates not in Pakistan, not in Asia but world wide.

- In the advertisement they also claimed that the users of ‘Ufone – Uwon’ package can call on any network at the cheapest call rates.
It was found that the advertisement did not duly disclose the consumers about the duration of call – which was 30 seconds rather than one minute.

When the rates were compared with other competitors it was found that they were not cheapest even in Pakistan.
Cooperation with other Regulators

- CCP enjoys good relations with sector regulators
- In the case of telecom Regulator (Pakistan Telecommunications Authority (PTA)) – CCP and PTA shared information and cooperated with each other in the matter involving transnational merger of Wind Telecom and Vimplecom.
  - Both companies had subsidiaries operating in Pakistan