

# COMPETITIVENESS



## Competition and Markets

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Markets are the most important in every economy because through markets competitive environment is created and revenues are generated. In Pakistan markets are regulated by government. In fact, government is interfering in every market and be an active player from agriculture to industry.

Agriculture market is deregulated, but government gives subsidies and fixes prices which is against the competitive law. Investment is low because of lack of market opportunities due to dominance of government, many investors are constantly involved in lengthy court cases because of this excessive government dominance over markets. We have competition commission, purpose of setting of the competition commission was to have proper markets, as we have moved from a nationalized economy to private sector economy but with the weak implementations and the regulations. Due to government intervention these markets could not become competitive.

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Although on one hand competition commission plays their role in the form of enforcement of law against the powerful players and break the cartels but court cases are big hindrance for achieving the results. Competition commission formed after the 1970 monopoly act, there are few problems in them and to address those shortcomings competition commission is formed. Early law was a truth less law there was no penalties of the violation of that law. It does not allow the dominance, the monopoly is illegal and in the new law dominance is allowed but the abuse of dominance is not allowed.

The “stick and carrot” approach of the competition commission offers punishments and waivers. The leniency program under that competition commission provide 100% of immunity but that occurs under certain conditions that 100% waiver these includes the amount of evidence the entity provides the other cartel participants. They have informant program that can be availed by anyone who have concrete information about the existing of a cartel and they have incentives up to five billion Pakistani rupees to the informant. Moreover, competition commission doesn’t allow any firm to do anticompetitive practices after merger. If the firms do that the competition commission will open the case within a year and disapprove the merger.

On the other hand, competition commission has also increased the regulatory burden to investors as it also wants to control prices of commodities through deputy commissioners and in some cases, it wants more regulations where more market is required. In Pakistan we give auto sector manufacturers lot of

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protectionism that is against the competition, competitive commission wants used automobiles should not come into the country. The competitive commission has a clear role and serving with its full capacity.

In Pakistan we don't have deregulation commission along with competition commission; perhaps what we needed is a deregulation commission too. In Pakistan we have competition commission in the country, but we don't have competitive markets. Regulatory barriers are one of the entry barriers for development of the markets but there are other structural barriers as well which are not connected with the regulations. Sometimes there is a cartel in the market they don't enter any other in the market through different means, sometimes there is a dominant player in the market who does not enter any other in the market. Only competitive commission can address those type of barriers, so the deregulatory commission and competition commission both have their own importance and are required for markets and competition in the markets. Government also ensure that markets run themselves because they need neither a competition policy nor a completion law.