



## ■ Competition in Hong Kong ■

Competition provides a number of benefits for our economy, for example –

- Providing opportunities for entrepreneurs to enter and trade freely in markets
- Encouraging businesses to supply good quality products and services at attractive prices
- Enhancing choices available to consumers
- Promoting innovation and creativity

Anti-competitive practices, for example, the formation of a cartel to fix prices, or the abuse of a dominant market position by a company can harm our economic efficiency, distort the market for goods and services and put consumers at a disadvantage. The Government places a high priority on ensuring that our competition policy continues to serve the public interest and to facilitate a business-friendly environment. In June 2005 we asked the Competition Policy Review Committee (CPRC) to look at competition in Hong Kong, as well as various overseas jurisdictions, and to recommend ways of ensuring that our policy kept pace with the times. The CPRC reported back with its recommendations in June 2006.

## ■ Competition in Other Economies ■

In most other major economies, there are laws to prohibit anti-competitive conduct, as well as regulators established to help enforce these laws. The laws aim to deter anti-competitive conduct (including price-fixing and abuse of a dominant position in markets) by making such conduct punishable by fines or even imprisonment.

## ■ Considerations for Hong Kong ■

Although Hong Kong is a free and open market, the CPRC has concluded that there is still scope for anti-competitive conduct in Hong Kong. The CPRC has also remarked that, without an overall legal mechanism for the investigation and sanctioning of anti-competitive conduct, it would be difficult for the Government to ascertain whether a complaint against such conduct is justified. This is unsatisfactory to both the complainant and the company which is the subject of complaint.

With these considerations in mind, the CPRC recommended that a new competition law, covering all sectors of the economy, should be introduced into Hong Kong. It further recommended the setting up of a Competition Commission to enforce this new law.



## ■ Public Discussion ■

Before considering to what extent we should take forward the recommendations of the CPRC, the Government would like to hear the community's views on whether or not there is a need for a cross-sector competition law in Hong Kong, and if so, what types of conduct such a law should prohibit. We would also like to seek your views on what would be the appropriate institutions to enforce such a law, if it were to be introduced.

The discussion document (available at District Offices or online at [www.edlb.gov.hk](http://www.edlb.gov.hk)) sets out the background to the issue of how to regulate competition, including a summary of our current policy and examples of practices in other jurisdictions. The document also presents arguments for and against the introduction of competition law and outlines the pros and cons of various approaches to the implementation of such a law, with a view to encouraging a response from the public. To help focus the public discussion, the document also asks 20 key questions, including –

- Does Hong Kong need a new competition law?
- Should any new competition law extend to all sectors of the economy, or should it target only a limited number of sectors?
- What kind of regulatory body should be set up to enforce any new competition law?
- What formal powers of investigation should the regulator have under any new competition law?
- What levels of penalty would be suitable under such a law?

## ■ Response ■

We encourage you to read the discussion document and to respond to the questions listed there. You may also put forward any other views you have on the issue of competition in Hong Kong.

**You may respond by writing to the Economic Development Branch (Division A), Economic Development and Labour Bureau at 2/F, Main Wing, Central Government Offices, Lower Albert Road, Central, Hong Kong; or by e-mail to [competition@edlb.gov.hk](mailto:competition@edlb.gov.hk); or by fax to 2868 4679. The deadline for the submission of views is 5 February 2007.**

