

Hong Kong Competition Commission/ Hong Kong Lingnan University Experience Sharing

Competition Enforcers and Academics Summit
Hong Kong, 1-2 August 2019



Speakers



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Advisory Function of the Commission

- Under *Section 130(d)* of the Competition Ordinance, one of the functions of the Competition Commission is “*to advise the government on competition matters* in and outside Hong Kong”.



Advisory Function of the Commission

Advisory bulletin

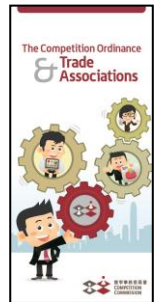
- Advisory bulletin is a public announcement aimed to draw attention to certain practices that may hinder competition.
- E.g. LPG gas supply in public rental housing estates (2016)

Policy Advisory

- The Commission is in close contact with the Government and various public bodies and has provided them with competition-related advice on around 30 issues.

Other Assistance

- The Commission published a Handy Guide for the Public Sector and organized training workshops for government officials.

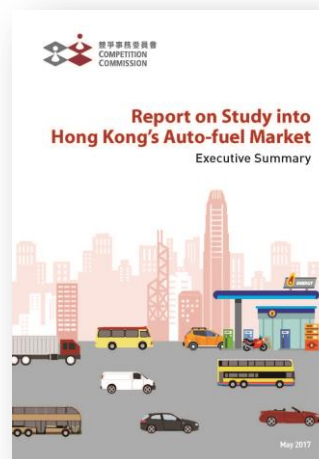


Function of the Commission: Market study

- Under *Section 130(e)* of the Competition Ordinance, one of the functions of the Competition Commission is “*to conduct market studies into matters affecting competition in markets in Hong Kong*”.



Study into Building
Maintenance Market
(2016)



Study into Auto-fuel Market
(2017)

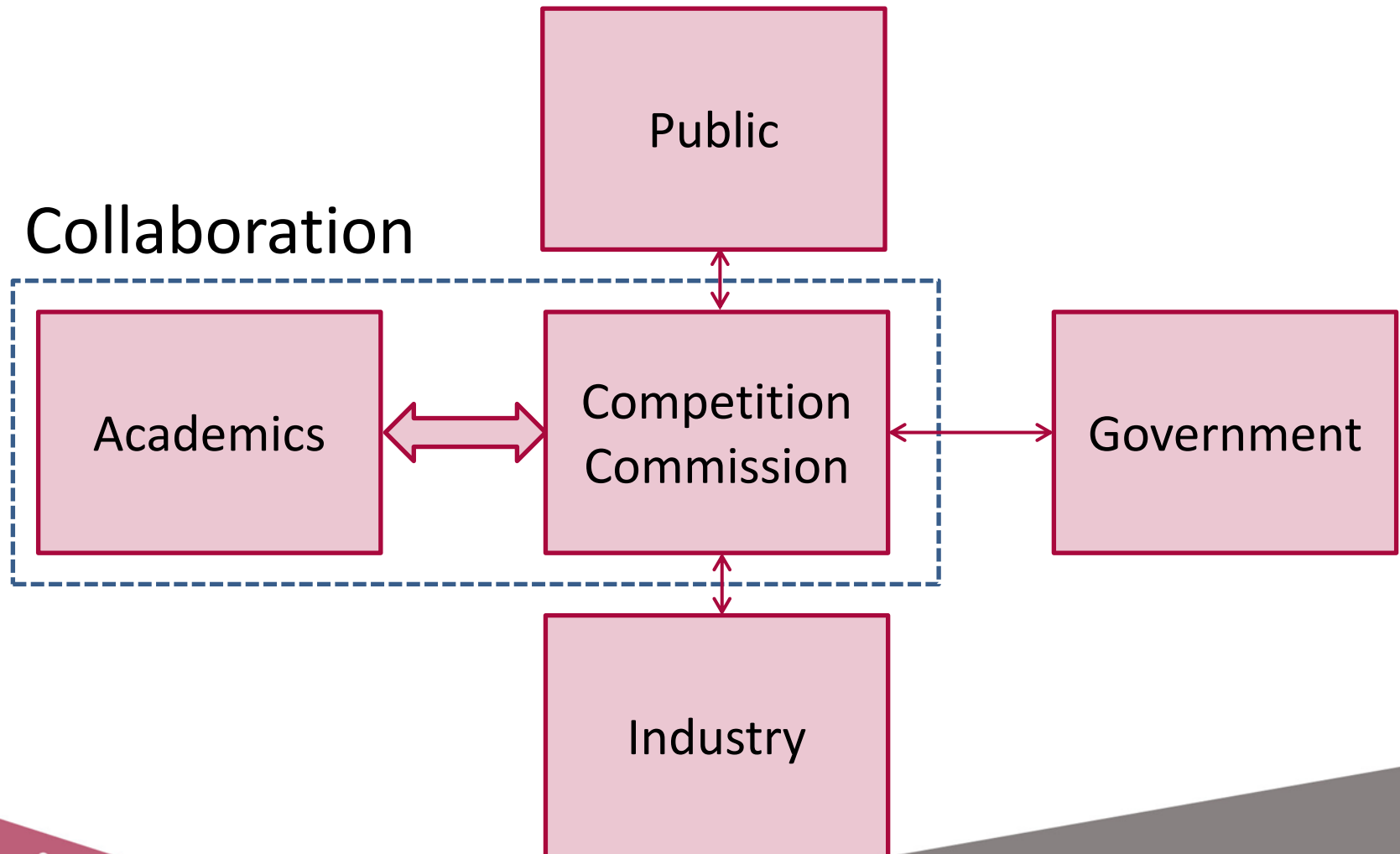


Challenges to the Commission

- Resources
 - Enforcers, especially young agencies, may be constrained by limited financial and human resources.
- Data
 - Absent power to compel information, enforcers may rely on other sources of data, such as conducting questionnaires and publicly available information.
- Sector-specific expertise and knowledge
 - Enforcers may lack visibility into a specific sector or industry.



Engagement with academics



Objectives of collaboration

- To enhance the Commission's role as an **competition adviser to the Government**
- To facilitate **knowledge exchange and transfer**
- To build a **competition network** through research partnership and collaboration
- To enhance the **credibility** of the study by upholding the highest standards, integrity, and objectivity



Roles of the Commission

- To understand competition concerns of the general public through various channels, such as complaints and enquiries
- To facilitate discussion on public policies with the Government or relevant public bodies
- To convey economic analysis and results to the members of the public in an easy-to-understand manner



Roles of academics

- To provide the richest sources of local and global talents
- To contribute out-of-the-box ideas, new perspectives, and innovative solutions
- To apply theoretical knowledge to support competition analysis and recommendations



Case sharing: Auto-fuel market study (2017)



Recommendations

Short-term

Reintroduce
95 RON
petrol

Increase the
number of
PFS sites

Initiate a
review of
the
tendering
system for
PFS sites

Erect
prominent
price boards
in all PFS
sites

Long-term

Explore
potential
'structural'
reform
solutions

Provide the
Commission
with
information
gathering
powers

Consumer preference survey

- In order to gauge the potential demand for 95 RON in Hong Kong, the Commission worked with Prof. Lin to design a survey in relation to market demand. The Commission also commissioned The University of Hong Kong to conduct the public survey.



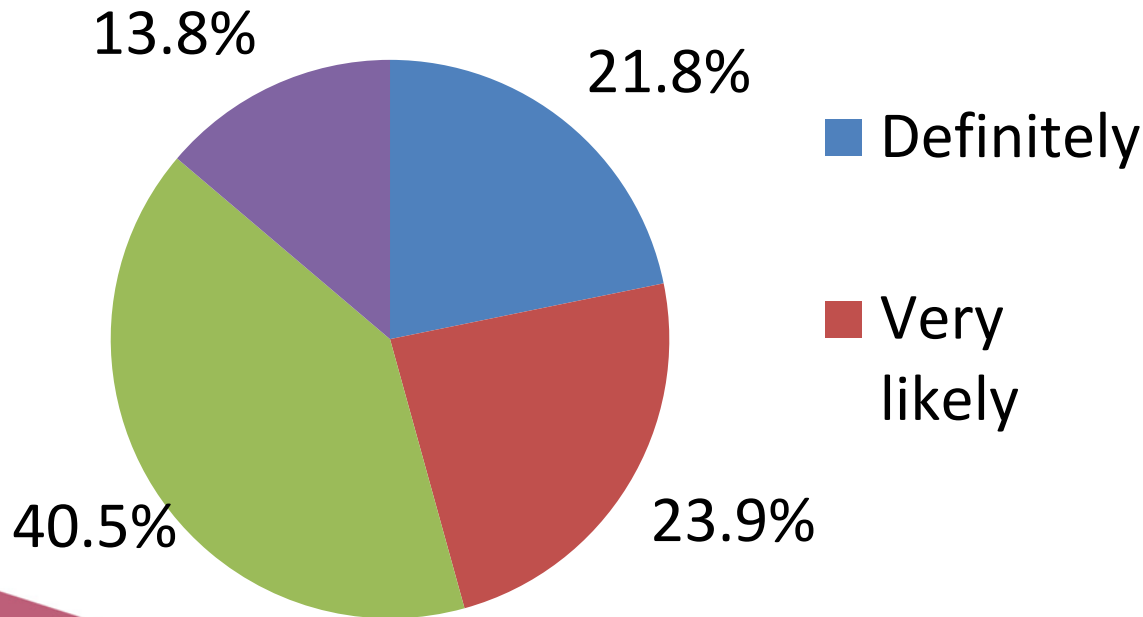
Potential demand for 95 RON in Hong Kong

- According to a survey conducted by the HKU Social Sciences Research Centre, **more than 99%** of the petrol-engine vehicles sampled in Hong Kong **can use 95 RON petrol**.
- **Only 14.9%** of the petrol-engine vehicles sampled in Hong Kong are **recommended to use 98 RON petrol**.



Survey results

The likelihood of switching to the petrol with lower octane level than 98 RON petrol if it is 10% cheaper



- **Majority (86.2%)** indicated that they are **likely to switch to petrol with lower octane level** in Hong Kong.
- In Singapore, market share in terms of volume of 95 RON is around 50%-70%.



Summary

- **H**igh Calibre
- **K**nowledge Exchange
- **C**omplementarity
- **C**redibility



Joint Research Project

Comparative Study of Competition Assessment Regimes and its implications to Hong Kong



Prof. LIN Ping
Lingnan University



Prof. Deborah HEALEY
University of New South Wales



Prof. HUANG Yong
University of International Business and Economics



Joint Research Project

- To compare different approaches to competition assessment in Australia, Mainland China, and Hong Kong, and explore major factors affecting the effectiveness of the regimes
- To produce practical recommendations which can be applied to Hong Kong
- To generate guidance for the Commission to engage with the public sector



Joint Research Project

1. 31 July 2019

- Preparation meeting in Hong Kong
- Signing of research proposal and cooperation agreement

3. End of October 2019

- Interim report and evaluation

5. January 2020

- Evaluation of end report



2. August – October 2019

- Research phase 1

4. November – December 2019

- Research phase 2



Q&A

