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For Immediate Release

**Competition Commission marks one year anniversary  
of full commencement of the Competition Ordinance**

The Competition Commission (Commission) today marked the first anniversary of the full commencement of the Competition Ordinance (Ordinance). In just one year of the cross-sector competition regime in Hong Kong, the Commission has made good progress in actively carrying out its various functions. The effects of the Ordinance are beginning to show across the Hong Kong economy.

**Review of work**

*Enforcement work*

The Commission's enforcement work serves not only to detect and pursue alleged contraventions of the Ordinance, but also encourages compliance by deterring those who may have considered engaging in anti-competitive conduct. Enforcement is directed to those matters that provide the greatest overall benefit to competition and consumers in Hong Kong.

Since the Ordinance came into full effect last December, the Commission has received nearly 1,900 complaints and enquiries. Over 50% were on the First Conduct Rule (FCR) (anti-competitive agreements) with cartel conduct being the major concern. Over 45% of the complaints and enquiries on the FCR are about cartel conduct, with a majority related to bid-rigging. About 20% of the complaints and enquiries raised concerns under the Second Conduct Rule which prohibits the abuse of market power.

During the period, around 130 cases have been escalated for further assessment with *Property & Property Management* and *Professional & Technical Services* as the top two sectors involved. As of today, over 10% of these cases have proceeded to in-depth investigations.

The Commission has made substantial use of its compulsory evidence gathering powers in conducting its investigations, laying the ground for several cases. These cases are progressing towards a range of potential enforcement outcomes including the possibility of commencing proceedings in the Competition Tribunal.

The Commission has also made encouraging progress with its compliance project on trade and professional associations. Nineteen out of over twenty high-risk trade associations identified by the Commission have removed price restrictions and / or fee scales during the year as a result of the Commission's engagement efforts. These associations are key to changing behaviour by their members and their compliance with the Ordinance has cast a widespread positive impact in the community.

### *Market Study and Policy Advice*

Apart from carrying out its enforcement function, the Commission has effectively pursued sectoral and policy research and advice.

The Commission released its residential building maintenance sector bid-rigging analysis in May 2016 and issued its policy advice on the supply of liquefied petroleum gas to public rental housing estates as well as on members of trade associations and exempt statutory bodies in September and November 2016 respectively.

The Commission is also conducting a study on the auto-fuels market. The study not only focuses on auto fuel prices, it also looks at the market structure and how competition is operating more generally, as well as identifying opportunities to make this market more competitive. The results of the study are expected to be released early next year.

### *Block Exemption*

The Commission issued its first proposed block exemption order for certain shipping liner agreements in the third quarter of its full operation. Through the publication of the proposed decision and the associated preliminary views, members of the public and potential applicants for block exemption would have a better understanding of the Commission's criteria for applying the efficiency exemption, thus providing more certainty to businesses and market players.

### *Advocacy*

The Commission believes advocacy is just as important as enforcement action, especially at the introductory stage of a new law. Over the past year, its advocacy work has been effective not only in raising public awareness and fostering a compliance culture, but also in bringing cases and relevant evidence to the Commission's attention. The Commission has won eight local and international awards during the year for its outreach and publicity activities with its innovative and accessible approach to competition law advocacy gaining recognition around the world.

### **Going forward**

To continue to build on its strong enforcement effort, the Commission is adding to its enforcement arm by bringing in additional local professionals and leveraging international experience. The recent Memorandum of Understanding with Canadian Competition Bureau will facilitate staff exchanges as well as competition law knowledge and enforcement experience sharing. The Commission will continue to build on bilateral exchanges with overseas counterparts in harmonising approaches to competition law implementation.

The Commission is also aware of the increasing demands on the Commission to review competitive conditions in many sectors of the economy. As the Commission is concluding its study into the auto-fuels market, it will continue to proactively consider other issues of public concern and make recommendations on how to advance competition through market study and policy advice.

Reviewing the Commission's work over the past year, Chairperson Ms Anna Wu said, "In our first year of full operation, the Commission has not only settled well in its law enforcement role, but has also seen gradual, concrete changes in business practices and culture in Hong Kong. I am confident that we can drive this momentum forward in the coming year to facilitate Hong Kong's vibrant markets through ensuring a level-playing field benefiting both consumers and businesses in Hong Kong."

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Photo Caption:



The Competition Commission (Commission) today marked the first anniversary of the full commencement of the Competition Ordinance. (From left) Ms. Rose Webb, Chief Executive Officer, Ms. Anna Wu, Chairperson and Mr. Rasul Butt, Senior Executive Director of the Commission