

9 June 2003

Hon. SIN Chung-Kai
Chairman
Bills Committee on the
Telecommunications (Amendment) Bill 2002
Legislative Council
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Regulation of Mergers and Acquisitions in the Telecommunications Market

At the outset, the Council would like to indicate to Members its strong support for enactment of the legislation proposed by the administration as an important element in promoting a competitive telecommunications sector that will enhance consumer welfare.

As you are aware, the Council has made a number of submissions to the Committee regarding the Telecommunications Amendment Bill 2002. Subsequent to the discussion on the Bill, at which Council staff answered Members' questions, the Council has also recently had representations from industry regarding suggested amendments, seeking the Council's views as to the merits or otherwise of making changes to the Bill.

While some of the suggestions may have merit and better serve the interests of industry, the Council's position in this regard is that the Bill in its current form before the Committee is workable. Therefore, on balance, the demand for expeditious passage of these important consumer and public interest safeguards should outweigh further prolonged discussion on amendments.

The basic thrust of the legislation as proposed by the administration is broadly in line with international practice on the examination of mergers and acquisitions and provides a robust framework for the Telecommunications Authority, as a licensing authority, to undertake his responsibilities under the *Telecommunications Ordinance*. Where the proposed legislation deviates from the system of regulation that exists in other comparable economies is largely as a result of the regrettable fact that Hong Kong does not have a general competition law framework administered by a general competition authority.

However, this fact should not be used to impede the expeditious passage of the legislation proposed by the administration.

The Council commends the Bills Committee on its detailed and careful consideration of the draft legislation and looks forward to further cooperation with Members on promoting a regulatory environment that ensures competition plays an important part in all sectors of the Hong Kong economy.

Mrs CHAN WONG Shui
Chief Executive

- c.c. - Mrs. Marion LAI, Commerce, Industry and Technology Bureau
- Mr. Anthony WONG, OFTA
- Industry representatives, c/o Mr. Stuart CHIRON, Director Regulatory Affairs, PCCW