

For information
On 14 May 2002

**LegCo Panel on
Food Safety and Environmental Hygiene**

The Government's competition policy

Purpose

This paper outlines the Government's competition policy, its principles and implementation.

The Government's competition policy

2. The objective of the Government's competition policy is to enhance economic efficiency and free flow of trade, thereby also benefiting consumer welfare. The Government is committed to competition as a means to achieving the said objective, and not as an end in itself.

3. The Government considers competition is best nurtured and sustained by allowing the free play of market forces and keeping intervention to the minimum. We will not interfere with market forces simply on the basis of the number of operators, scale of operations, or normal commercial constraints faced by new entrants. We will take action only when market imperfections or distortions limit market accessibility or market contestability, and impair economic efficiency or free trade, to the detriment of the overall interest of Hong Kong. We will strike the right balance between competition policy considerations on the one hand, and other policy considerations such as prudential supervision, service reliability, social service commitments, safety, etc., on the other.

Pro-competition principles

4. All government entities, and public- and private-sector bodies are encouraged to adhere to the following pro-competition principles for the purpose of enhancing economic efficiency and free

trade -

- (a) maximizing reliance on, and minimizing interference with, market mechanism;
- (b) maintaining a level-playing field;
- (c) minimizing uncertainty and fostering confidence in system fairness and predictability by –
 - (i) consistent application of policies;
 - (ii) transparent and accountable operations; and
 - (iii) adherence to equitable and non-discriminatory standards and practices.

Implementation of competition policy

5. Promotion of competition is a government-wide responsibility. All bureaux and departments are required to give due regard to the competition angle in formulating policy and devising measures within their respective policy portfolios, as well as to keep under review their existing practices to ensure that they comply with the competition policy. The Competition Policy Advisory Group (COMPAG), a dedicated forum to examine competition issues, directs and tenders advice. Ad hoc working groups might be formed as and when necessary to enhance COMPAG's expertise and to study competition issues which have implications across different sectors.

Economic Services Bureau
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