



中華人民共和國香港特別行政區
Hong Kong Special Administrative Region of the People's Republic of China



立法會 LEGISLATIVE COUNCIL

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Hon Andrew LEUNG Kwan-yuen, GBS, JP
Chairman, Bills Committee on Competition Bill
Legislative Council
8 Jackson Road
Hong Kong

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Dear Andrew

The Myth of Competition Law

Further to our recent discussions at meetings of the Bills Committee on Competition Bill, I attach copies of two articles named "The Myth of Competition Law" and "The Antitrust Emperor's Clothes" which appear in *Best Practice - a Public Policy Journal for Hong Kong* in May 2011 (Vol. 3 No. 2).

The former article clearly sets out numerous reasons why competition law may not create a better business environment as we thought. Higher compliance costs and higher political risk will likely undermine the competitiveness of Hong Kong enterprises. These concerns are echoed by many celebrated economists, such as Alan Greenspan and Ronald Coase.

In the latter article, the writer traces the history of antitrust law in the United States and demonstrates the causal relationship between strict enforcement of competition law and economic downturn. In his analysis, the enforcement of antitrust law is more often than not subject to ever-changing political atmosphere. The object of consumer protection as the emperors' new clothes is rarely achieved in reality. In addition, antitrust lawyers and law consultant companies are often the most active interest groups lobbying and pushing the Administration and the Congress to enforce the law strictly.

These two articles are extremely valuable in reminding us that competition law may not in practice be the best means of promoting competition as many imagine. Although not every member of the Bills Committee may agree with the standpoints, the arguments are well worth our consideration.

Yours sincerely,

Mrs. Regina Ip