

CB(1)516/10-11(15)



Our Ref: PF/fc/L1101/096

18th November 2010The Secretary
Bills Committee

Attn: Ms. H.Y. Siu

Dear Madam,

競爭條例草案 Competition Bill

Attached please find:

1. Your standard Reply Slip duly signed
2. Our opinions which were submitted to the Commerce and Economic Development Bureau as early as 9th Oct 2008.

Regarding the 2008 submission made by the towage industry, we would summarise with 3 focuses:

- (a) the need for a **grace period** between introduction of the law and commencement of the key prohibitions, to allow businesses to prepare for compliance with such prohibitions;
- (b) the need for an **exemption** for businesses who provide services of general economic interest, and for this exemption (or a separate exemption) to apply to towage operators - based on the need for some collaboration between operators to ensure safety and appropriate coordination of resources, etc; and
- (c) the need to exclude **vertical agreements** from any potential challenge under the law (and instead focus on cartels and abuse of market power issues, etc).

As you may be aware, some of these matters are addressed in the Bill or have been the subject of recent statements by the government. In particular, government representatives have indicated that a grace period will indeed be implemented, and the Bill does include an exemption for businesses who provide services of general economic interest. However, it does not appear that this (or any other) exemption under the Bill will apply to the towage industry at this stage, and it also appears from the wording of the Bill that vertical agreements will be open to challenge (contrary to earlier representations by the government).

Accordingly, we hope you may consider to assist the towage industry in making representations as Legislator in the Transport Constituency. We would be most grateful if you could kindly let know when the concerns in b) & c) can be applicable to our industry, though these might take years to be achieved.

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In view of the above, we would be most grateful if the Bills Committee could give serious consideration to our opinions for the general benefits of Hong Kong as a world-renowned logistics centre. Please do NOT publicise the enclosed opinions (on the internet or other means) but keep them within the Bills Committee.

Thanks & Best Regards
Hongkong Salvage & Towage
(a division of Hongkong United Dockyards Ltd)



Phileas Fong
Director