

**立法會**  
**Legislative Council**

LC Paper No. CB(1)771/09-10  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/EDEV/1

**Panel on Economic Development**

**Minutes of meeting held on  
Monday, 16 November 2009, at 8:30 am  
in Conference Room A of the Legislative Council Building**

- Members present** : Hon Jeffrey LAM Kin-fung, SBS, JP (Chairman)  
Hon Albert HO Chun-yan  
Hon CHAN Kam-lam, SBS, JP  
Hon Miriam LAU Kin-ye, GBS, JP  
Hon Emily LAU Wai-hing, JP  
Hon Albert CHAN Wai-yip  
Hon Vincent FANG Kang, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, SBS, JP  
Hon WONG Ting-kwong, BBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon CHIM Pui-chung  
Hon Starry LEE Wai-king  
Hon Tanya CHAN  
Dr Hon LEUNG Ka-lau  
Hon IP Wai-ming, MH  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP  
Dr Hon Samson TAM Wai-ho, JP
- Members absent** : Hon Paul TSE Wai-chun (Deputy Chairman)  
Dr Hon David LI Kwok-po, GBM, GBS, JP  
Hon Fred LI Wah-ming, SBS, JP  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon Paul CHAN Mo-po, MH, JP

**Public officers  
attending**

**: Agenda Item IV**

Mr Gregory SO, JP  
Under Secretary for Commerce and Economic  
Development

Ms Linda SO, JP  
Deputy Secretary for Commerce and Economic  
Development (Commerce and Industry)<sup>3</sup>

Mr YAU Kin-chung  
Principal Assistant Secretary for Commerce and  
Economic Development (Commerce and Industry)  
Special Duties

Mr WONG Shiu-ming  
Principal Trade Controls Officer  
Customs and Excise Department

Mr WAI Wan-ching  
Acting Chief Trade Controls Officer  
Customs and Excise Department

Mr SHAM Wing-cheong  
Senior Chemist  
Government Laboratory

Mr TSANG Chi-kin  
Chemist  
Government Laboratory

**Agenda Item V**

Ms Doris CHEUNG  
Deputy Secretary for Transport and Housing

Miss Emmy WONG  
Principal Assistant Secretary for Transport and Housing

Mr Francis LIU  
Deputy Director of Marine

Mr S M CHUNG  
General Manager/Vessel Traffic Services  
Marine Department

Agenda Item VI

Ms Doris CHEUNG  
Deputy Secretary for Transport and Housing

Miss Emmy WONG  
Principal Assistant Secretary for Transport and Housing

Mr P F CHUN  
Assistant Director/Multi-lateral Policy  
Marine Department

Mr Jimmy LEUNG  
Chief of Technical Policy  
Marine Department

**Clerk in attendance** : Ms Debbie YAU  
Chief Council Secretary (1)6

**Staff in attendance** : Mr Timothy TSO  
Assistant Legal Adviser 2

Ms Angel SHEK  
Senior Council Secretary (1)1

Ms Michelle NIEN  
Legislative Assistant (1)9

Agenda Item VII

Mr Watson CHAN  
Head (Research and Library Services Division)

Mr Jackie WU  
Research Officer 1

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- I Confirmation of minutes and matters arising**  
(LC Paper No. CB(1)226/09-10 - Minutes of meeting held on  
15 October 2009)

The minutes of the meeting held on 15 October 2009 were confirmed.

**II Information papers issued since the last regular meeting on 22 June 2009**

(LC Paper No. CB(1)2191/08-09(01) - Tables and graphs showing the import and retail prices of major oil products from June 2007 to May 2009 furnished by the Census and Statistics Department

LC Paper No. CB(1)2388/08-09(01) - Tables and graphs showing the import and retail prices of major oil products from July 2007 to June 2009 furnished by the Census and Statistics Department

LC Paper No. CB(1)2554/08-09(01) - Tables and graphs showing the import and retail prices of major oil products from August 2007 to July 2009 furnished by the Census and Statistics Department

LC Paper No. CB(1)2704/08-09(01) - Tables and graphs showing the import and retail prices of major oil products from September 2007 to August 2009 furnished by the Census and Statistics Department

LC Paper No. CB(1)2736/08-09(01) - Referrals from the Panel on Development and Legislative Council Members' Meeting-cum-Luncheon with the Shatin District Council Members on 4 June 2009 regarding issues related to promoting cycle tourism and the Administration's response (Restricted to Members)

LC Paper No. CB(1)229/09-10(01) - Tables and graphs showing the import and retail prices of major oil products from October 2007 to September 2009 furnished by the Census and Statistics Department)

2. Members noted the above information papers issued since the last regular meeting.

**III Items for discussion at the next meeting**

(LC Paper No. CB(1)301/09-10(01) - List of outstanding items for discussion

LC Paper No. CB(1)301/09-10(02) - List of follow-up actions)

3. The Chairman advised that he and the Deputy Chairman had held a workplan meeting with the Secretary for Commerce and Economic Development and the Secretary for Transport and Housing respectively on 29 October 2009. Following the discussions, the list of outstanding items for discussion by the Panel had been updated in LC Paper No. CB(1)301/09-10(01) for members' reference.

4. Members agreed to discuss the item "Annual tariff reviews with the two power companies" proposed by the Administration at the next meeting to be held on 10 December 2009, at 4:30 pm.

**IV Proposed amendments to Toys and Children's Products Safety Ordinance**

(LC Paper No. CB(1)301/09-10(03) - Administration's paper on proposed amendments to Toys and Children's Products Safety Ordinance

LC Paper No. CB(1)301/09-10(04) - Paper on review of consumer protection legislation prepared by the Legislative Council Secretariat (Updated background brief)

LC Paper No. CB(1)363/09-10(01) - Extract of minutes of Panel meeting on 26 May 2003)

Briefing by the Administration

5. At the invitation of the Chairman, the Under Secretary for Commerce and Economic Development (USCED) briefed members on the proposed amendments to the Toys and Children's Products Safety Ordinance (Cap. 424) (the Ordinance). A multiple safety standards regime was adopted to ensure product safety for children. He said that in view of the small size of the market in Hong Kong, it was appropriate not to establish our own safety standards. There were now discrepancies between the standards stated in the Ordinance and the current, most up-to-date operative standards. The proposed amendments sought to adopt the latest version of the standards and improve the mechanism for updating the safety standards for toys by putting all standards in a Schedule to the Ordinance so that future changes could be effected by way of subsidiary legislation. USCED said that major trade associations and other interested organizations had been consulted on the proposed amendments. The submissions received all supported the

proposed amendments. The Administration planned to introduce the amendments into the Legislative Council (LegCo) in the first half of the 2009-2010 legislative session.

6. Mr WONG Ting-kwong noted that the Hong Kong market was relatively small, and the majority of toys and children's products available in Hong Kong were also supplied to other markets. Major trade associations which had been consulted were supportive of the proposed amendments. While the Customs and Excise Department (C&ED) had adopted stringent standards to ensure product safety by prohibiting the supply of unsafe products and requiring recall when circumstances so warranted, he considered it equally important to disseminate consumer information to help the consuming public, including parents, choose safe and suitable products for their children. He enquired about the Administration's measures in this regard.

7. The Chairman declared that he was the director of some toy companies. Noting that the packaging of toys and children's products might show the safety standards with which they complied, he suggested measures be taken to raise the public's awareness and understanding of those safety marks, as well as the channels of making enquiries.

8. USCED advised that the proposed amendments were mainly technical adjustments to align the standards named in the Ordinance with the most up-to-date, operative safety standards promulgated by the standards institutions. C&ED would conduct regular test purchases on products available in the market, and give advice to the public regarding product safety standards and specifications during enforcement. In parallel, the Administration would step up publicity and consumer education in joint efforts with the Consumer Council.

9. The Chairman observed that while local manufacturers and suppliers welcomed the proposed amendments to update the relevant standards for toys, there were concerns about the clarity of relevant provisions under the Ordinance, in particular section 3(4) regarding the requirement where more than one set of toy safety standards contained applicable requirements in respect of a particular toy. To avoid any misunderstanding between the industry and C&ED over enforcement issues, he asked the Administration to clarify whether it was sufficient for a toy manufactured, imported or supplied for local consumption to comply with any one of the relevant sets of safety standards named in the Ordinance, notwithstanding that some of the requirements in that particular set might be lower than those prescribed in others.

10. USCED advised that section 3(1) of the Ordinance stipulated that no person should manufacture, import or supply a toy unless the toy, including its packaging, complied with each and every applicable requirement contained in any one of the relevant sets of safety standards for toys. He confirmed that it was not the intention to allow cherry-picking only specific parts of the requirements from among different sets of standards. The Chairman suggested that major trade

associations be assured of the intention in writing if necessary. USCED said that the Administration would maintain contacts and continue to exchange views with them on the proposed amendments.

11. As members did not raise further question, the Chairman concluded that members were in support of the proposed legislative amendments.

**V Briefing on Pilotage (Dues) (Amendment) Order 2009**

(LC Paper No. CB(1)301/09-10(05) - Administration's paper on Pilotage (Dues) (Amendment) Order 2009

LC Paper No. CB(1)301/09-10(06) - Paper on pilotage dues prepared by the Legislative Council Secretariat (Background brief))

Briefing by the Administration

12. At the invitation of the Chairman, the Deputy Secretary for Transport and Housing (DS/TH) briefed members on the Pilotage (Dues) (Amendment) Order 2009 (the Order), which sought to reduce the additional pilotage due from \$1,900 to \$1,820 for a period of 18 months, if a pilot was required to board or disembark from a ship off Ngan Chau or at the West of Lamma Island (the Additional Pilotage Due). The reduction reflected the agreement reached between the Hong Kong Liner Shipping Association (HKLSA) representing the service users, and the Hong Kong Pilots Association (HKPA) representing the service providers. The Administration planned to gazette the Order and table it at LegCo in early December 2009. Subject to LegCo's approval, the Order would take effect from 1 February 2010. In reply to the Chairman, DS/TH supplemented that the reduction was made upon the request of service users having regard to the adverse economic environment, and agreed between HKLSA and HKPA during their latest review in September 2009.

Discussion

*Reduction in Additional Pilotage Due*

13. Ms Miriam LAU said that while she welcomed the proposed reduction in the Additional Pilotage Due, she considered the level of reduction too small to benefit the service users substantially. As pilotage dues were commercial fees charged by licensed pilots for the provision of pilotage services, she enquired about the role of the Government in the matter and the reason for adjusting the dues by order published in the Gazette, in particular as similar practice did not apply to other fees in the shipping industry, such as terminal handling charge.

14. Ms Emily LAU also expressed concern about the small reduction in the Additional Pilotage Due, and enquired about the principle based on which pilotage

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dues were charged.



15. DS/TH advised that the gazettal was made in accordance with section 22 of the Pilotage Ordinance (Cap. 84) under which the Pilotage Authority, i.e. the Director of Marine, was empowered to set the amount of pilotage dues by order published in the Gazette after consultation with the Pilotage Advisory Committee. The Deputy Director of Marine (DDM) said that the dues were commercial fees which were collected on the "user-pays" principle. The fee levels were reviewed and agreed between HKLSA and HKPA from time to time before the proposal was submitted to the Pilotage Advisory Committee for consultation prior to gazettal. There was a need for the Government to oversee the process to ensure that the dues recommended were reasonable for the maintenance of quality pilotage services to safeguard maritime safety and marine environmental protection. DDM further said that while service users would look forward to a greater reduction amidst the adverse economic environment, the service providers were likewise facing financial hardship as the arrivals of vessels requiring pilotage services had shrunk significantly by 20% following the financial crisis. Nevertheless, the proposed fee reduction would benefit most of the service users, as some 80% of them were paying the Additional Pilotage Due.

*Recruitment and training for licensed pilots*

16. Mrs Regina IP said that it appeared to her there was a shortage of licensed pilots in Hong Kong despite the job seemed to be highly remunerative. She enquired about the basic qualifications for obtaining a pilotage licence and the Administration's measures to encourage more locals to take up the profession.

17. DDM said that there were currently 102 licensed pilots providing pilotage services in Hong Kong. While this would meet the current demand of pilotage services, there was a shortage in the seafaring personnel in general, as faced by both government organizations and shipping companies in Hong Kong and overseas. In this regard, the International Maritime Organization had made continuous efforts to encourage maritime training institutes to develop training programmes to nurture seafaring talents. Locally, the Government had launched the Sea-going Training Incentive Scheme (the Incentive Scheme) since July 2004, which provided financial incentive to the Scheme cadets upon completion of an employment contract during the training period, with a view to encouraging local graduates to take up seafaring profession as their career.

18. As regards qualifications of a licensed pilot, DDM further said that the applicant had to be a registered apprentice pilot and gained appropriate experience in accompanying a licensed pilot to perform pilotage services in various berths, anchorages and major waterways over a period of not less than 6 months, as well as obtaining a ship master licence for ocean-going merchant ships. Upon completion of the minimum training and passage of an examination as determined by the Pilotage Authority in consultation with the Pilotage Advisory Committee, the applicant would be granted the lowest class of the pilotage licence.

19. Mrs Regina IP considered the qualification threshold very high, in particular the requirement for possession of a ship master licence which called for substantial seafaring experience. She was concerned whether there might be succession problem in the longer term and whether in-service pilots were willing to train apprentices. In this connection, she enquired about the remuneration and retiring age of a licensed pilot.

20. DDM responded that the requirement of possessing a ship master licence, which would normally take about 10 years of seagoing exposure and attainment of relevant qualifications to acquire, was a common practice overseas. Currently, the retiring age of a licensed pilot in Hong Kong was 65. DS/TH said that the remuneration for a licensed pilot would fluctuate in accordance with the economic environment and the number of ocean-going vessels transiting Hong Kong that required pilotage services. The General Manager/Vessel Traffic Services, Marine Department added that as arrangements for pilotage services were commercial, the Administration did not have information on the average remuneration for a licensed pilot. By way of illustration, he said that there were staff leaving the Marine Department, including an officer in the directorate grade, to land the profession of licensed pilots.

21. Referring to his past experience as a seafarer, Mr CHAN Kam-lam said that the income of licensed pilot was not very high and the profession was usually taken up by retired ship masters, including those which had served in the civil service. He agreed that it was getting more difficult nowadays to recruit and train locals in the pilotage profession, in view of the shrinking pool of seafarers, the tough training behind the profession, and reduction in the number of vessel arrivals amidst competition with neighbouring ports in the Pearl River Delta (PRD) region. Nevertheless, he observed that the standard of pilotage services in Hong Kong was generally high as proven by the low accident rate. He considered that the reduction in pilotage dues should be reasonable such that the remuneration to local pilots would remain competitive.

22. Ms Miriam LAU observed that compared with other careers, the seafaring profession did not appeal much to the youth, as the trainees had to overcome a series of training and examinations to obtain various licences. This had posed difficulty in recruiting trainees for the Incentive Scheme in spite of vigorous publicity.

23. Ms Emily LAU remarked that the seafaring profession would provide one of the alternative routes and continuing education opportunities for school leavers, especially when the unemployment rate stayed high. She suggested more publicity be launched to promote the incentive measures.

24. The Chairman noted the increasing demand for pilotage services and professionals in the neighbouring ports, such as Yantian and Shekou, in the PRD region. He enquired whether this had brought about a brain drain of seafaring staff from the Hong Kong Port to the ports in PRD.

25. DDM said that while there was no imminent problem in terms of staff succession, competition for seafaring and pilotage personnel was keen, resulting in a high staff turnover rate in the sector. Nevertheless, the Marine Department would continue its efforts to provide incentives and scholarships to attract more individuals to take up the profession.

26. DS/TH said that the draining of pilotage personnel was not serious. The Administration was fully aware of the importance of training, and it had from time to time promoted the prospect of the profession. She remarked that the biggest challenge for individuals to take up seafaring or pilotage training and profession was the determination to lead a sea-going life away from the families. This offset the career prospects as a seafarer to a certain extent. By way of illustration, an apprentice pilot could, after undergoing the relevant training and navigating experience, serve as a licensed pilot or a ship master or he could take up on-shore marine-related professions.

27. Notwithstanding the Administration's view that there was no prevailing acute shortage of licensed pilots, Ms Miriam LAU stressed the importance to identify more talents for early grooming and succession, in particular as many of the existing licensed pilots were approaching retirement and it would take time to train up successors. Recalling the time when retired ship masters were deployed as pilots to address the acute shortage some years ago, she considered that the Government should not be complacent when the shortage problem had subsided. She urged the Administration to take more proactive measures to gear up training before the problem recurred. While she was pleased to note that the number of local applicants for shipping-related postgraduate courses (e.g. Master of Science in International Shipping and Transport Logistics offered by the Hong Kong Polytechnic University) under the Hong Kong Maritime Scholarship had slightly risen in the recent year, she took the view that the Government should make reference to overseas experience and deploy more resources to enhance the incentive measures. She called upon Members to support related funding proposals in future.

*Pilotage services and maritime safety*

28. The Chairman enquired about the need to extend the requirement for pilotage services to cover local vessels operating within the river trade limits, having regard to the increase in the number of accidents involving such vessels. DS/TH explained that currently pilotage services were compulsory for ocean-going vessels. In view of the burden on the operating costs and the relatively smaller risk in the berthing and unberthing of smaller vessels, especially those that operated exclusively within the river trade limits, the Administration considered that there was no need to extend the coverage of pilotage services requirement to local and smaller vessels for the time being but it would keep in view the situation.

Conclusion

29. The Chairman concluded that the Panel agreed with the proposed fee reduction and supported the making of the Order. He requested the Administration to take note of members' concerns and suggestions about the training of licensed pilots to ensure staff succession.

**VI Proposed Fee Regulation to be made under the Bunker Oil Pollution (Liability and Compensation) Ordinance**

(LC Paper No. CB(1)301/09-10(07) - Administration's paper on Proposed Fee Regulation made under the Bunker Oil Pollution (Liability and Compensation) Bill

LC Paper No. CB(1)301/09-10(08) - Paper on proposed fee regulation to be made under the Bunker Oil Pollution (Liability and Compensation) Ordinance prepared by the Legislative Council Secretariat (Background brief))

Briefing by the Administration

30. At the invitation of the Chairman, DS/TH said that the fee regulation was proposed to be made under the Bunker Oil Pollution (Liability and Compensation) Ordinance (the Ordinance) which was passed by the Legislative Council on 11 November 2009 to implement the International Convention on Civil Liability for Bunker Oil Pollution Damage 2001 (the Bunker Oil Convention) in Hong Kong. The new legislation provided a compensation regime for pollution damage caused by discharge or escape of bunker oil from non-tankers on par with that of most overseas jurisdictions. Owners of any ocean-going Hong Kong registered non-tankers with a gross tonnage of over 1 000 were required to take out the prescribed insurance or other financial security to cover liability for pollution damage caused by oil spills. They needed to apply for an insurance certificate either from the Director of Marine (the Director) or from an authorized person as proof of their compliance. Under section 33 of the Ordinance, the Financial Secretary was empowered to prescribe by regulation the fee to be paid on an application to the Director for an insurance certificate to be issued by him. The Administration proposed to prescribe an application fee of \$535, in line with the "user-pays" principle. Subject to LegCo's approval, the Administration planned to bring the proposed fee regulation into operation on 22 January 2010.

31. Ms Miriam LAU said that she had raised concern at the Bills Committee meeting that the proposed fee was relatively high compared with that collected by some other marine administrations, i.e. 60 Renminbi charged by the Mainland

authority, and around HK\$328 and HK\$200 in Singapore and the United Kingdom respectively. While the shipping industry raised no objection to the fee proposal, she noted that two representatives in the Shipping Consultative Committee had suggested a lower level for the fee. Given that the bulk of the shipping trade was small and medium enterprises, she considered that the Administration should take into account their viability and explore whether there was room to lower the fee level.

32. DS/TH advised that it was the Government's established policy that fees and charges should in general be set at levels adequate to recover the full cost of providing the services concerned under the "user-pays" principle. The proposed application fee of \$535 for an insurance certificate for non-tankers was the same as that prescribed for the issuance of a similar certificate for tankers under the Merchant Shipping (Liability and Compensation for Oil Pollution) Ordinance (Cap. 414). In setting the fee level, the Government had made reference to the fees charged by other marine administrations for the issuance of insurance certificates. While the fee charged on the issuance of similar certificates was lower in some jurisdictions, she considered it more appropriate to compare the whole spectrum of fees, instead of a single item, collected by these marine administrations.

33. While agreeing to the "user-pays" principle, Mr CHAN Kam-lam suggested the Administration consider whether the administrative procedures could be streamlined and automated, with a view to lowering the proposed fee. In particular, as vessel owners would likely apply or renew all the licences and certificates for their vessels at one time for convenience, the Administration should be processing them together in order to save time and cost.

34. The Chairman said that as most applications for government licences and certificates could now be made in electronic mode, much of the administrative burden should have been relieved. DS/TH responded that the Government reviewed its fees and charges regularly and the latest costing review was conducted in early 2009 as a result of which legislative process had been initiated to reduce a number of marine related fees payable by shipowners since 10 July 2009. Nevertheless, the Government would explore whether the work process could be further streamlined to lower the cost in future.

35. In reply to Mr CHAN Kam-lam, the Assistant Director/Multi-lateral Policy, Marine Department (AD/MP, MD) advised that the current number of applications for the insurance certificates were related to ocean-going tankers, which accounted for roughly 20% of the 1 400 ships currently on the shipping register. Currently, insurance certificates were issued for tankers at an application fee of \$535 and the same fee level was proposed for non-tankers taking into account that similar administrative process was involved.

36. Ms Miriam LAU disagreed with the justification for setting the proposed fee at the same level as that for tankers. She opined that with the increased

number of applications after the new legislation had taken effect, the cost could in fact be lowered due to economy of scale. DS/TH stressed that the current fee proposal had taken into account the procedures and workload in processing the applications and verifying relevant documents. While the number of applications would increase with the inclusion of non-tankers for insurance certification, some of the applications might be made to the classification societies authorized by the Director. The level of fee to be charged by these societies was not yet available at this stage. Nevertheless, she reassured members that the Administration would review the work process and the fee level in the light of actual implementation.

*(Post-meeting note: The information provided by the Administration was circulated on 24 November 2009 vide LC Paper No. CB(1)454/09-10(01).)*

37. As regards whether the application could be made overseas while the ships were outside Hong Kong waters at the time of expiry of their insurance certificates, AD/MP, MD said that under the current practice for tankers, applications for an insurance certificate could be made only to the Director. As the number of applications would increase after the new legislation had come into operation to subject non-tankers to the insurance requirement, arrangements would be made such that applications could also be made to classification societies authorized by the Director. A ship registered in Hong Kong must apply for an insurance certificate either from the Director or from an authorized person. DS/TH added that if a Hong Kong registered non-tanker was holding an insurance certificate issued by another marine administration before the new Ordinance commenced operation, it would not be required to apply for a new insurance certificate from the Director or an authorized person until the existing certificate expired.

### Conclusion

38. The Chairman concluded that the Panel in general supported the fee proposal. He requested the Administration to streamline the administrative procedures relating to the issuance of insurance certificates, with a view to reducing the fee level in future.

## **VII Any other business**

### Proposed research outline on competition policy in selected countries

(LC Paper No. CB(1)301/09-10(09) - Proposed research outline prepared by the Research and Library Services Division)

39. The Chairman said that as agreed at the meeting on 15 October 2009, the Research and Library Services Division (RLSD) had been requested to conduct a study on overseas experiences in implementing competition laws, in order to facilitate members' consideration of the Competition Bill which would be introduced into LegCo in the 2009-2010 session. He invited members' comments

on the proposed research outline (LC Paper No. CB(1)301/09-10(09)).

40. Noting that the proposed places to be studied would cover the United States (US), the United Kingdom (UK) and Singapore, Mrs Regina IP considered that the study should also include the European Union (EU), which had extensive experience and comprehensive institutional set-up in implementing competition policy.

41. H(RL) explained that as the domestic legislation in UK had adopted the EU framework and strategies on competition policy, he believed that the proposed study on UK's experience would be informative on both the UK and EU systems. Mrs Regina IP opined that while UK had a longer history of enforcing competition laws that could be traced to the Fair Trading Act in 1973, the EU's experience in relation to competition laws, in particular its institutional establishment which involved different expertise, was worth study on its own. Ms Miriam LAU shared a similar view that a wider and more comprehensive scope of study would enrich members' understanding of different overseas experiences in tackling anti-competitive conduct. H(RL) said that he would adjust the scope of places to be studied as suggested by members.

42. Ms Miriam LAU opined that it would be useful if the study could also outline the obstacles and problems encountered by the overseas jurisdictions in implementing competition laws and the measures devised to deal with them. In this connection, she conveyed the worries of small and medium enterprises (SMEs) that they would be vulnerable to legal actions initiated by large companies accusing them of engaging in anti-competitive conduct with a view to eliminating them from the market. RLSD could include in its study the concerns of the public and SMEs in other jurisdictions and the ways to tackle them. Referring to her forthcoming visit to the EU to examine the impact of competition laws on the development of logistics and maritime services there, Ms LAU suggested that the study might also cover the pricing in certain sectors, such as the terminal handling charges (THC) recommended by the international liner conferences, and how the issue was dealt with by jurisdictions studied.

43. Mr Andrew LEUNG said that the study should address some misunderstanding among the public about the objectives of the competition law, for instance the misconception that competition laws could regulate the various fees (e.g. shelving fees charged by the supermarket chains on suppliers) and other anti-competitive conduct against small-scale or medium-scale operators. He suggested that RLSD should try to collect information to ameliorate such false expectations as reported by the media from time to time.

44. Mrs Regina IP suggested that the study should cover overseas experience in the application to or exemption of competition regulation on non-government public bodies. Mr Andrew LEUNG opined that as some non-government public bodies were implementing government policies and providing assistance to SMEs, the regulation of these public bodies or otherwise under the future competition

legislation was bound to impact on the SMEs. He considered it worthwhile to examine related issues in the research study.

45. Mr CHAN Kam-lam suggested that the study could also examine whether some existing practices of the Government had hindered the development of a free market and culminated an anti-competitive effect. For instance, the service providers in some sectors had to be endorsed by the Government before they could enter the market.

46. The Chairman said that the Hong Kong General Chamber of Commerce and the Federation of Hong Kong Industries had each conducted consultations with their respective members on the future competition legislation. These views would be useful for members' reference.

47. The Chairman concluded that the proposed research outline was endorsed and RLSD was requested to incorporate members' suggestions in the detailed research study.

48. There being no other business, the meeting ended at 10:08 am.