

**Annex**

- (a) The majority of the written submissions on the way forward for competition policy agreed that there was a need to enhance the framework for the implementation of competition policy and acknowledged that anti-competitive practices did occur. Some respondents commented that the small number of companies in the market made Hong Kong vulnerable to anti-competitive conduct, and that there was a practical need for competition safeguards in a small economy like Hong Kong. They supported legislation to provide legal backing for the implementation of competition policy.

The following statistics summarise the number of complaints received by the Competition Policy Advisory Group (COMPAG) of anti-competitive conduct in individual sectors from 2001-02 to 2005-06.

<b>Broad Area</b>	<b>No. of cases</b>
Telecommunications	14
Professional services	16
Trading & Retailing	11
Catering & Food supply	7
Transportation & Logistics	10
Real estate & Property management	6
Broadcasting & Media	5
Health care	3
Personal services	3
IT	4
Airline & Hotel	2
Miscellaneous	2
<b>Total</b>	<b>83</b>

- (b) The profile of complaints to COMPAG suggests that anti-competitive conduct might exist in various sectors. The complaints themselves have alleged conduct, such as the abuse of dominant market position, price-fixing and unfair or discriminatory standards. In the absence of supporting legislation, COMPAG has been unable to determine the extent to which these complaints could uphold. As a general principle, anti-competitive conduct can lead to higher price and reduced output in the relevant sector. Lessening competition can also have a longer-term, adverse effect on prices and output.