

香港特別行政區政府
商務及經濟發展局
工商及旅遊科



COMMERCE, INDUSTRY AND TOURISM BRANCH
COMMERCE AND ECONOMIC
DEVELOPMENT BUREAU
GOVERNMENT OF THE HONG KONG
SPECIAL ADMINISTRATIVE REGION

23/F, WEST WING
CENTRAL GOVERNMENT OFFICES
2 TIM MEI AVENUE
TAMAR, HONG KONG

香港添馬添美道二號
政府總部西翼二十三樓

Our Ref : CITB 41/23/4

Tel: 2810 2858

Fax: 2918 1273

3 June 2019

Ms Shirley CHAN
Clerk to Panel on Economic Development
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Ms CHAN,

Legislative Council Panel on Economic Development

**Motion Passed under Agenda Item III on
“Report on the work of the Competition Commission” at
Meeting on 29 April 2019**

At the meeting of the Legislative Council Panel on Economic Development on 29 April 2019, Members passed a motion moved by Hon Jeremy Tam under the agenda item of “Report on the work of the Competition Commission” (at **Annex**). Having consulted the Competition Commission (“the Commission”), our response to the motion is set out below.

The Commission notes the public's concern about the local auto-fuel market. Compared to other places in the world, auto-fuel prices are indeed high in Hong Kong and the headline prices across different retailers are similar. Nevertheless, when analysing price levels and price movements, it is necessary to take into consideration the various discounts offered by different retailers.

Under the Competition Ordinance, the Commission may only conduct an investigation into a case if it has reasonable cause to suspect that a contravention of a competition rule has taken place, is taking place or is about to take place.

Generally speaking, the mere existence of high or similar prices does not constitute a sufficient basis for reasonable suspicion of a contravention. More specific information relating to, for example, the existence of discussions and/or agreements among companies, is required before the Commission may commence an investigation. The Commission will conduct an investigation into the auto-fuel market if it has reasonable cause to suspect a contravention of a competition rule. For effective investigations and to protect the interests of all parties involved, the Commission will not normally comment on the cases or matters that it is investigating.

Separately, on whether there is effective competition in the local auto-fuel market, in the Commission's market study report published in May 2017, it points out a number of highly unusual structural and behavioural features of the local auto-fuel market that are likely to have contributed to the high auto-fuel prices in Hong Kong. The Commission has also made recommendations to address those issues with the aim of furthering competition in the market, including the re-introduction of 95 RON petrol, increasing petrol filling station sites and other potential "structural" reform options. The Commission considers it crucial to address the long-term structural issues in the market before there can be significant changes to the competition landscape of the market, and thus the auto-fuel prices. The Commission will continue to engage relevant government departments on this matter with an open mind.

Yours sincerely,



(Ms Leona Law)

for Secretary for Commerce and Economic Development

c.c. Competition Commission

(Translation)

Panel on Economic Development

**Motion passed under agenda item III on
"Report on the work of the Competition Commission"
at the meeting on 29 April 2019**

I hereby move the following motion under Rule 22(p) of the House Rules:

While international oil prices have tumbled from the peak levels, local retail fuel prices have hit record highs time and again. Hence, oil companies in Hong Kong are often being criticized for the situation of "more going up, less coming down" in respect of oil prices.

The following suspected anti-competitive conducts are identified in the local fuel retail market:

- (1) while oil prices in other markets change every day, local oil prices can remain unchanged for a whole month;
- (2) oil companies will not reduce their retail prices even though the crude oil price has dropped; and
- (3) fuel retail prices of various oil companies are exceptionally close to each other and even set at the same level for a long period of time. Having no other choices, consumers are forced to pay more for fuel.

This Panel urges the Competition Commission to commence a formal investigation into the matter so as to protect the interests of consumers in Hong Kong.

Motion moved by: Hon Jeremy TAM Man-ho