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For Immediate Release

Competition Commission announces progress of its project on trade and professional associations

The Competition Commission (Commission) today (14 March) announced the progress of its project on trade and professional associations (associations) which was initiated in mid-2015 to ensure that associations in Hong Kong and their members were ready, willing and able to comply with the Competition Ordinance (Ordinance) when it commenced on 14 December 2015.

The project comprises advocacy, review and direct engagement with associations. The Commission has so far received a positive response overall. Since the launch of the project, a number of associations have reviewed their practices to comply with the Ordinance.

The Commission is aware that in the period immediately before or following commencement, twelve associations* removed or were in the course of removing one or more of their price restrictions or fee scales.

Ms Rose Webb, Chief Executive Officer of the Commission, said, “Trade and professional associations have a positive impact on the Hong Kong economy by encouraging best industry practices, providing training to members, as well as promoting their industry’s interests. However, as associations involve competitors coming together they must be careful not to organise or facilitate anti-competitive arrangements. We welcome steps taken by associations and their members to increase competition in Hong Kong.”

The Commission launched its compliance project with the publication of a brochure called “The Competition Ordinance and Trade Associations” (Brochure) in June 2015 providing clear, practical guidance on what associations should and should not do. The Commission sent the Brochure to over 500 associations. In addition, the Commission held two public seminars in October and November 2015 focusing on issues relating to associations. Throughout 2015, the Commission also participated in 35 events and seminars organised by different associations.

In addition to its educational and advocacy efforts, the Commission undertook a comprehensive review of the published practices of trade and professional associations and their members. From June to October 2015, the Commission reviewed the information of over 350 trade associations with official websites.

In the review, the Commission identified over 20 associations whose public practices appeared to place them at high risk of contravening the Ordinance after it came into full effect on 14 December 2015. Examples of high risk practices include price recommendations or fee scales as well as codes of conduct or rules that may restrict price competition between competing association members. In addition to the associations whom the Commission was already in discussion with, the Commission wrote to a number of these high risk associations in November 2015 to ensure that they were aware of the Commission’s concerns and had an opportunity to review their conduct before the Ordinance commenced.

While the Commission has seen positive engagement and changes during the period, it also notes that a number of trade and professional associations are still engaging in conduct that places the associations and their members at risk of contravening the Ordinance. The Commission has also received confidential complaints and enquiries relating to the non-public practices of some associations and their members.

The Commission will also be alert to changes in published practices which are not translated into actual changes to the underlying agreement between competitors to restrict competition.

Ms Webb said, “Associations and their members who have not yet reviewed their business practices should immediately take steps to understand the Ordinance, identify risk areas and, if needed, adjust their practice to comply with the law. The Commission has published materials on the Commission’s website to assist them undertake this analysis, and they may wish to seek legal advice if required.”

“As the Ordinance is now in full effect, the Commission will take necessary action to ensure compliance with the Ordinance. In particular, associations and their members who are engaged in cartel conduct, by giving effect to decisions of associations or otherwise, now risk enforcement action by the Commission.”

** The following twelve associations have indicated publicly that they had revised their conduct or were in the process of doing so to remove one or more price restrictions or fee scales:*

- *Hong Kong Container Tractor Owner Association*
- *Hong Kong Real Estate Agencies General Association*
- *Hong Kong Society of Notaries*
- *The Association of Accredited Advertising Agencies of Hong Kong*
- *The Hong Kong Federation of Insurers*
- *The Hong Kong Institute of Surveyors*
- *The Hong Kong Jewellers’ & Goldsmiths’ Association*
- *The Hong Kong Jewellery & Jade Manufacturers Association*
- *The Institution of Fire Engineers (Hong Kong Branch)*
- *The Kowloon Pearls, Precious Stones, Jade, Gold & Silver Ornament Merchants Association*
- *The Law Society of Hong Kong*
- *Travel Industry Council of Hong Kong*

NOTES FOR THE EDITOR

The Commission is an independent statutory body established under the Competition Ordinance (Cap. 619). The objective of the Ordinance is to prohibit conduct that prevents, restricts or distorts competition and mergers that substantially lessen competition in Hong Kong. At the present time, the Merger Rule applies only to a merger involving an undertaking that directly or indirectly holds a carrier licence issued under the Telecommunications Ordinance (Cap. 106).

The Ordinance was fully implemented on 14 December 2015.