

– Check against Delivery –

**A Decade of Change and Development in Competition Law and Policy in
Asia: Two Steps Forward, One Step Back?**

**Speech by Ms Anna Wu
Chairperson, Competition Commission**

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Thank you Mr Godfrey Leung for your opening remarks. I would also like to thank Mark Williams and all his colleagues at the Asian Competition Forum for inviting me to speak today.

I note that you have rather provocatively entitled the conference “Two Steps Forward, One Step Back?”

It feels to me though that the momentum, particularly in Hong Kong, has all been forward.

First let me say a few words about the Asian region. Asian economies have experienced astounding economic growth in the last century, currently boasting three of the ten largest economies in the world. China, Japan and India together account for more than one-third of global GDP. The region weathered the recent global financial crisis with resilience and is projected to account for over half of global GDP by 2050. Research also suggests that by 2015, Asia will have up to 40% of the world’s largest 500 companies. The world’s largest deals will be made in Asia and Asia will become a huge consumer base.

As Asian economies mature, the region is shifting its focus to embracing structural reforms aimed at achieving longer term sustainable growth. This shift

in focus means that competition policy is increasingly being taken seriously in Asia.

With 60% of the world's population in Asia, these changes matter. Microeconomic reforms for sustainable growth in Asia have the potential to increase the wellbeing of more than half the world's population.

Perhaps it is merely a reflection of our position in Hong Kong, but I feel Asia is at a tipping point. While there may have been a few setbacks in the development of competition policy and law in Asia, I'm not sure the title of the conference represents the region's future. And there is substantial momentum behind competition policy and law in our region and this momentum is not braking anytime soon.

For us in Hong Kong we are well on the way to the commencement of the Competition Ordinance. We now have an office and have successfully recruited staff for the Commission - engaging executives from overseas with competition experience and others from Hong Kong with a background in a wide range of regulatory, investigative, legal and economic backgrounds. This level of expertise against the backdrop of Hong Kong practicing common law means that competition law will be cross referenced against international best practices and that enforcement will be readily comprehensible to global business. Many of the Commission staff are here today and I hope that you have an opportunity to meet with them.

During the year we have been carrying out an active engagement process to inform the Hong Kong public of the benefits of Competition. In addition to numerous appearances at conferences and meetings, we have organized our own seminars for small business. These proved so popular we had to schedule additional events and change venues.

We have also made two 30 second videos about the benefits of competition that have been screened on TV here in Hong Kong as Announcements of Public Interest. They have also been screened on bus TV. Additionally we

have produced a two minute video conveying an anti-cartel message. All the videos are available for view via our website. There have also been posters in MTR stations and advertisements on the internet.

Altogether we have devoted much effort in reaching out to our various stakeholders since earlier this year, explaining to them the Ordinance as well as understanding their concerns.

We recently reached a significant milestone with the release of the first drafts of our Guidelines for public comment. The Ordinance in Hong Kong requires the Commission to issue guidelines before the law commences. There were some challenges in drafting guidelines without the benefit of any operational experience of the law in Hong Kong or any decisions of the Competition Tribunal. However, this task also provided the Commission with a great opportunity to clarify its thinking on how it would administer the law.

The Draft Guidelines outline how the Commission expects to interpret and give effect to the Competition Ordinance, and, with the use of numerous examples, provide guidance to businesses and assist them to understand and comply with the law.

The period for comments on our drafts will close later this week. We have been extremely impressed by the thoughtful and comprehensive submissions we have received so far, and look forward to receiving more over the coming days. All the submissions have been posted on our website.

Under the Ordinance we are required to consult with the Legislative Council on our guidelines. Once we have considered the submissions we have received we will be taking a new draft to LegCo in the first quarter of next year.

The government has also outlined the approach it is taking to making regulations under the Ordinance in relation to the definition of turnover, the application of the law to some statutory bodies and the disapplication of the Ordinance to the Hong Kong Exchange and associated entities. Additionally

the Tribunal is currently consulting on its rules.

The momentum towards full implementation of the Ordinance in Hong Kong is strong. The Government will set the date for implementation in due course, but at the moment it is on target to be some time in the third quarter of 2015.

We have certainly noticed that the business world and the general public are aware of the arrival of the competition law. We are starting to receive many complaints and inquiries and many interesting issues are being raised. The media is also taking a strong interest: two weeks ago we gave a workshop to 24 journalists about the Ordinance and they all paid close attention and asked many questions.

In the coming months, we will continue our promotional and advocacy activities, organizing seminars and meetings, and developing additional publications such as easy to follow leaflets and booklets for SMEs and a range of other publications such as the Leniency Policy and the Enforcement priorities. Educational and self-assessment tools which focus on giving practical guidance will also be made available to assist compliance by all businesses. The Commission will also be working with industry associations so that they can assist their members in complying with the Ordinance.

It has been just about two decades between the Consumer Council commencing its studies into the competitive environment in Hong Kong and the enactment of the law in 2012. In between we set up a high level government advisory body, adopted a competition policy and undertook two extensive public consultation exercises on a competition law.

What has happened since the start of the Commission's advocacy exercises is that a shift in culture has begun. Some businesses have taken steps to review and change their business practices. This is what we would like to see continuing, the beginning of the paradigm shift in business practice making level playing field the norm.

The Commission targets to finish all its preparation work by the first half of 2015, paving the way for the full implementation of the Ordinance at a date to be set by the Government. So next year I hope when we meet again, the competition law will have been fully implemented in Hong Kong and the Competition Commission having joined the ranks of many of our Asian neighbours as an operating agency.

Let me conclude by wishing you a pleasant stay here and a very merry Christmas season and a happy, prosperous and competitive 2015.