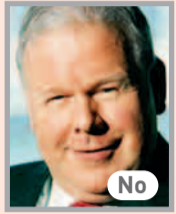


There is growing belief the government is moving towards replacing historic sector-by-sector legislation with wide-ranging antitrust laws which would have implications on all of society

PUTTING HONG KONG ON THE RECORD

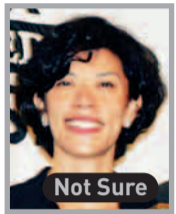
Hongkong and Shanghai Banking Corp



Michael Smith
President and chief executive

Competition legislation is not needed in Hong Kong's banking and financial services industry. This is a fiercely competitive and crowded market. There are 131 authorised local and foreign banks, more than 180 insurance companies and 190 fund managers offering their products and services to Hong Kong customers.

Hutchison Whampoa



Susan Chow Woo Mo-fong
Deputy managing director

Hong Kong has a well-deserved reputation for an open economy and intense competition. Whether there is a need to further develop competition policy should be a matter of thorough study.

Executive councillor



Bernard Chan

It is not a question of yes or no, rather, it is a question we must look into in detail. Our society has big concerns about this issue, and we have to map out whether the sectoral approach may be best applied here. Knowing Hong Kong is a free economy, we also recognise that small and medium enterprises have been seriously hurt by the non-existence of competition law.

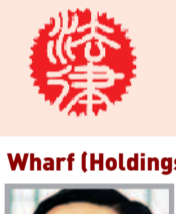
Real Estate Developers Association



Law Society of Hong Kong

We are not in favour of a competition law in Hong Kong. Often as not, these well-intended policies and laws merely add to the cost of doing business but do little to improve competitiveness in what is increasingly a more global market in all sectors.

Law Society of Hong Kong



Wharf (Holdings)

No further comment until the government unveils its detailed proposal.

Wharf (Holdings)



Peter Woo Kwong-ching
Chairman

We are awaiting the report by the Financial Secretary.

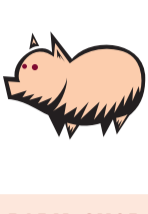
City Telecom



Ricky Wong Wai-kay
Chairman

Hong Kong needs a competition law, just like the deregulation of the telecommunications industry, it can only do good to Hong Kong.

Ho Fat Raw Pork Buyer Association



PARKnSHOP

More suppliers mean more competition, so we don't have to order more than we want. (Ng Fung Hong is the only pork supplier in Hong Kong.)

Wellcome



Hong Kong has a well-deserved reputation for an open economy and intense competition. Whether there is a need to further develop competition policy should be a matter of thorough study.

UBS strategist



We believe that Hong Kong's enviable international reputation for free trade has been assisted in great part by laws that have kept intervention to a minimum and allowed the free market to work naturally.

Sun Hung Kai Properties

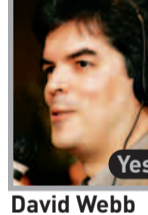


Competition itself is embedded in our [Hong Kong's] philosophy. I don't see a point of government setting up hurdles in enabling competition. Competition has always been fierce in Hong Kong, and we didn't see any exceptional profits.

Cathay Pacific Airways



Shareholder rights activist



Hong Kong consumers, entrepreneurs and SMEs deserve a level playing field free of price-fixing, restraints of trade, market carve-ups, bid rigging, retail price controls and other anti-competitive behaviour. But to be effective, the watchdog established by a competition law must have teeth.

Hong Kong Container Terminal Operators Association



Alan Lee Yiu-kwong
Chairman

We support the legislation but this should not have any impact on Hong Kong's port industry because the current competition is keen and free. We have five private operators competing and rates have been dropping in the past few years.

Federation of Hong Kong Industries (FHKI)



Robin Chiu
Director-General

The FHKI is still studying the pros and cons of introducing a comprehensive competition law in Hong Kong. While appreciating the importance of keeping a level playing field in Hong Kong, it is our standing position that imposing excessive regulation on business tends to undermine our competitiveness.

Centaline (Holdings)



Shih Wing-ching
Chairman

Any competition law will prohibit fair competition. A law will mean restrictions in fair competition and will be in favour of certain people. The government should ideally do as little as possible in business competition.

Tung Tai Hong*



Lee Kwong-lam
Chairman

The supermarket sector is now monopolised by two operators. We are at a disadvantage when negotiating with them and they always impose additional requirements.

Travel Industry Council



Joseph Tung Yao-chung
Executive director

A competition law can ensure fair competition for the tourist sector. But actually there is no monopoly in the sector at the moment and competition is keen.

Legislator (accounting sector)



Mandy Tam Heung-man

We can see that some sectors, including retail, oil and electricity, are being monopolised. Monopoly also exists in the accounting sector. The Big Four cover 80 to 90 per cent of Hong Kong-listed companies and nearly all the recent mainland companies listing in Hong Kong are their clients.

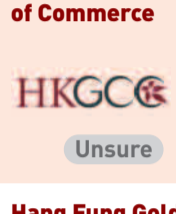
Legislator (catering sector)



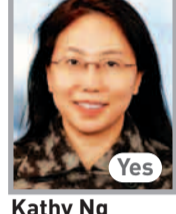
Tommy Cheung Yu-yan

Competition in the catering sector is very keen. There is no monopoly. Wet market operators should not fancy that a competition law will make the two big supermarkets disappear. At the end of the day, a competition law will only benefit lawyers as their businesses will be blooming.

Hong Kong General Chamber of Commerce



Hang Fung Gold Technology



Kathy Ng
Chief executive

While we do not rule it out for the long term, the case for a general competition law is not yet compelling.

Hang Fung Gold Technology

Hong Kong's business conditions are now mature and ready for such legislation. While there is no monopoly in the jewellery retail and export sectors, a competition law could help our group better choose our suppliers.

Lingnan University



Lui Hon-kwong
Associate professor, Department of Marketing and International Business

Because it is clear that some sectors, including oil and supermarkets, in Hong Kong are monopolised by some companies, a competition law can prevent those companies joining hands to get rid of competitors and also set whatever prices they like.

Hang Seng Bank



Raymond Or Ching Fai
Vice-chairman and chief executive

Banking customers can choose between a large number of financial institutions. Many customers have accounts and credit cards with several different banks.

Tung Tai Securities



Kenny Tang Sing-hing
Associate director

A competition law will be good for consumers in general.

Hong Kong Exchanges and Clearing**



Charles Lee Yeh-kwong
Chairman

Is it the case that when we talk about fair competition, we have to protect those companies which are not competitive?

Hong Kong and China Gas



City University



Charles Li Kui-wai
Associate professor of finance and economics

If a competition law is too loose, it will be meaningless, and several sectors will suffer if it is too rigid. I prefer the government helping professional bodies set up their own rules and regulations to introduce legislation.

INSIDE

Fair chain binds East and West
Analysis - B2



TRAVEL

Healy Fenton tracks regional high-flyers
Column B4



On a mission to grow hair and profits
News B7



PROPERTY

Mortgage backed securities gain favour
Banking B9



SNAPSHOT

	Past 10 days	(Weekly change)
Hang Seng Index	14,215.83	14,900
	272.02	14,000
HKD (HK\$/US\$)	7.7542	-0.0048
Yuan (Rmb/US\$)	8.084	-0.0045
Yen (¥/US\$)	115.67	-0.24
Euro (US\$/€)	120.69	+1.145
Hibor (3m)	4.251%	-0.0203
US T-bond (10y)	4.5736%	+0.1189
Oil (Nymex US\$/bbl)	61.22	+0.59
Gold (US\$/oz)	473.50	+6.60

Weekly changes, figures on Saturday

Competition law is a bridge too far for HK

SURVEY
Andy Cheng, Ben Kwok and Simon Pritchard

Hong Kong's business sector remains deeply sceptical about the merits of a general competition law, despite a growing belief that the government will jettison its historic "sector-by-sector" approach and enact antitrust laws, a snapshot poll of key business groups shows.

However, a significant number of trade associations, functional constituency legislators and academics support the proposal outlined in Chief Executive Donald Tsang Yam-kuen's policy address, arguing that it would boost economic efficiency and halt blatant cartel abuses.

The South China Morning Post polled a representative cross-section of the business community on the need for competition legislation - a deeply divisive issue for a grouping that has historically enjoyed substantial influence within Hong Kong's pro-business executive-led polity.

Mr Tsang has not committed to enact laws, pending completion of an investigation into existing competition mechanisms, but he has

Today we begin a five-part series looking at what Hong Kong would be like if businesses were subject to a strict competition law

advocated the issue since his policy address, leading commentators to conclude that a decision has been taken in principle to introduce legislation.

Many business leaders argue that Hong Kong's ad hoc approach to competition policing has served the city well and point to the large numbers of players operating in many sectors offering consumers choice and competitive prices.

Hongkong and Shanghai Banking Corp chief executive Michael Smith was typical in pointing to an apparently competitive high-street market for financial products. "Credit cards and mortgages have become commodities with people switching on the basis of price," he said. "In the mortgage market, for example, we saw pricing fall from 175 basis points over prime to 280 basis points below prime with a 1.5 per cent cash rebate. This market works very efficiently."

Competition critics point to a

fiercely competitive internationally traded goods sector and to a cosy domestic market that protects dominant utilities and entrenched interest groups.

Sectors that are usually cited include property development, construction, port operations, supermarkets, food importers, multiple professional groups and holders of exclusive franchises.

Companies controlled by Li Ka-shing come under particular scrutiny because of the scope of their interests, but a senior executive says the group is "open-minded" on the issue.

Hutchison Whampoa deputy managing director Susan Chow Woo Mo-fong, said: "The government has established an independent committee to examine the issue ... accordingly, any legislative changes to the existing competition policy should be implemented with caution and care."

Laying down stricter criteria, a spokesperson for supermarket chain ParknShop said: "Competition legislation can only be justified on the basis that such laws will improve consumer benefits in cheaper prices and better services."

The Hong Kong General Cham-

ber of Commerce shifted its position from outright opposition to non-committal engagement on the issue recently, but other trade associations such as the Federation of Hong Kong Industries remain unsure.

"It is worth noting that many anti-competitive business practices can be dealt with effectively under existing laws in Hong Kong," said the federation's director-general, Robin Chiu.

In recent years, property developers have successfully lobbied for regulatory restraints to be lifted. The Real Estate Developers Association opposes a general competition law, with a spokesperson arguing: "It may be that there are certain sectors in which market forces do not operate freely ... but this situation can be addressed specifically by a sectoral approach which has proved to be very effective in the telecommunications industry."

Editorial - A14

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