

Speech by FS at Hong Kong Competition Exchange 2018 opening ceremony (English only) (with photos/video)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Hong Kong Competition Exchange 2018 opening ceremony this morning (November 1):

Anna (Chairperson of the Hong Kong Competition Commission, Ms Anna Wu), distinguished guests, ladies and gentlemen,

Good morning.

It's my honour to be here for the opening of the Hong Kong Competition Exchange.

I'm told that there are more than 250 of you from some 20 countries and regions, coming from competition agencies and businesses, the legal community, academia and government. It is our pleasure to have you all to be here today, and tomorrow, as high-profile representatives of the international competition community.

Welcome to Hong Kong. You have, I assure you, come to the right place. Our population is only about 7.4 million, and we have few resources to speak of. And yet Hong Kong has long been one of the world's top trading economies and a leading international financial centre, alongside London and New York. We're also fast emerging as an innovation and technology hub.

There are good reasons for our lofty place in the global economy. Our unique "one country, two systems" arrangement is certainly central to our success. Among many other things, it has made possible our unique and growing role as the business bridge between the Mainland and the rest of the world. Our advantages also include Hong Kong's long-standing embrace of free enterprise and the endless adaptability of Hong Kong business.

And then there are the people of Hong Kong. We have had no choice but to meet, and beat, a world of competition. International competition has, in short, given Hong Kong its edge.

I'm hardly alone in trumpeting our competitive culture. This year, Hong Kong was ranked second, globally, in the International Institute for Management Development's World Competitiveness Yearbook. We topped two of the Yearbook's four main focus areas, "government efficiency" and "business efficiency".

In this year's Global Competitiveness Index, run annually by the World Economic Forum, Hong Kong finished seventh among some 140 economies. We

placed second, I should add, in four key areas: infrastructure, ICT adoption, financial system, and product market, which includes trade openness.

Earlier this year, the Heritage Foundation, which has named Hong Kong the world's freest economy for the past 24 years, had this to say about Hong Kong when releasing its latest "Index of Economic Freedom" report, and I quote: "An exceptionally competitive financial and business hub, Hong Kong remains one of the world's most resilient economies. A high-quality legal framework provides effective protection of property rights and strongly supports the rule of law." The Foundation also added: "Regulatory efficiency and openness to global commerce undergird a vibrant entrepreneurial climate."

For Hong Kong, in short, free trade and competition are at the heart of our continuing success in the global economy.

Unfortunately, that combination is finding unexpected headwinds elsewhere. Protectionism and other uncompetitive practices are rising. Last month, the heads of the World Trade Organization, the International Monetary Fund, the World Bank and the Organisation for Economic Co-operation and Development came together at the annual meeting of the IMF and the World Bank in Bali to defend global trade, to speak out about the importance of upholding a vigorous and healthy competitive environment for business.

I'm sure this conference, its notable speakers and panel discussions, will echo that message.

Regulation is vital to the effective operation of trade and markets. That said, regulators, and governments, must remember that the primary objective of business is not to uphold freedom but to realise commercial advantage.

They must ensure that no business can use an advantage to exclude other businesses or obscure public interest.

Such effort requires continuing vigilance. This is the reason that bodies such as the Hong Kong Competition Commission have been established.

Enabling competition requires a clear understanding of its meaning. There cannot be fair competition, for example, if competitors distort markets through cartels, or if a dominant player wins by forcing its competitors out of the market or using artificial barriers to prevent prospective competitors from entering.

Such distortions stifle the competitive process. Any short-term gains come at great expense: as an invisible tax on other businesses, and on the public, who end up paying more for fewer choices and inferior products and services.

A competitive culture, on the other hand, upholds the principle that competition is about outperforming rivals through efficiency, innovation and other legitimate means. A workable competition law enforces clear rules to

ensure such an outcome.

Hong Kong's Competition Ordinance came into full force just three years ago. The Ordinance promotes competition and prohibits anti-competitive practices in the marketplace.

The Competition Commission was established under the Ordinance.

Despite its short history, the Commission has achieved several milestones, including taking a number of anti-competitive cases to court. Enforcement attracts attention. And both the business sector and the general public in Hong Kong are, I'm pleased to say, increasingly aware of the Ordinance – and the Commission behind it.

The Commission's initial cases have included bid-rigging, market sharing and price fixing, schemes that have attracted significant public interest because of their potential to hurt consumers.

Cartel investigations can often take years to reach litigation, so it is truly an accomplishment that the Commission has brought three such cases to litigation in less than three years.

The Commission is also playing an increasingly active role internationally, sharing its experience with the Association of Southeast Asian Nations (ASEAN). It was, by the way, one year ago this month that Hong Kong and ASEAN signed a free trade agreement, which will come into effect beginning in January. No doubt, the Commission will continue to expand its co-operation with ASEAN.

Earlier this year, the Commission was appointed co-chair of the International Competition Network Advocacy Working Group, with the goal of promoting a competition culture through non-enforcement means.

In short, ladies and gentlemen, Hong Kong's Competition Commission is off to a fine start. I am grateful for its commitment to safeguarding the competitive heart of Hong Kong.

I am grateful, as well, for the Commission's organisation of this event, its first international conference.

I wish you a rewarding conference, and nothing but good business – and fair competition – in the coming year.

Thank you.

