

Guide aims to make law clearer

Trade associations given five hypothetical situations to help prevent unfair competitive practice

Trade associations in the city have been warned not to help their members engage in unfair competitive practice when the Competition Ordinance comes into force at the end of year.

The Competition Commission CEO Dr Stanley Wong gave the example of setting a recommended price, which raises “serious” concerns in breaching the first conduct rule – prohibiting businesses from making agreements to prevent competition.

“Price recommendations are a way of getting everybody to charge a similar price,” he said. “This is doing indirectly what they can’t do directly.”

Wong was speaking as the commission distributes a brochure with five hypothetical examples to over 500 trade associations, telling them to review their practices to minimise the risk of breaking the law.

The Newspaper Hawker Association earlier appealed to its members to stop selling the Chinese-language Next Magazine in protest against convenience store chain 759 Store selling the magazine for HK\$14 – six dollars cheaper than the original price.

While Wong would not comment on individual cases, he said it would be a concern if businesses were boycotted over the price they were charging for a product.

Whether members followed the recommendation did not matter, he added. “Why do you make the recommendation? The recommendation is made with the expectation that members would follow.”

The Hong Kong Institute of Surveyors is one of the associations that has published a “recommended” scale of professional charges its members are encouraged to adopt.

Its president, **Vincent Ho Kui-yip**, said recommendations were not mandatory for members but a reference for the public.

“The guidelines have been there for more than 10 years. Without that, the public would not know what a reasonable charge level is,” he said.

Ho added that the body was reviewing how enforcing the law may affect the current practice, and said it would talk to the commission if necessary.

Paul Law Siu-hung, chairman of the Import and Export Motor Association, said the brochure would help its members better understand the law.

He said he had heard of firms "informally" discussing setting the price of a car model.

"With a clear guideline, the firm would calculate its own cost and set the price. It would benefit consumers," Law said.

Another example the commission cited in the brochure was a trade association for junk owners that collected and circulated its members' information on proposed future prices, but the information was not made available to the public.

The commission said the arrangement caused serious concerns as it allowed junk owners to adjust their future pricing to reflect the proposed pricing of competitors.