

## 27.1 Introduction to Anti-competitive Behaviours

1. Anti-competitive behaviours are \_\_\_\_\_.
2. If two firms raise their prices by the same extent at the same time, they (*engage / may not necessarily engage*) in anti-competitive behaviours.

## 27.2 Major Forms of Anti-competitive Behaviours

3. A \_\_\_\_\_ is an agreement among actual or potential competitors in the same industry or in the same stage of production.
4. Name the following horizontal agreements.

Name	Meaning
	an agreement between bidders that they will not compete genuinely with each other for a certain project
	a standard agreed to among existing members of a trade union to restrict the entry of new firms
	an agreement between competitors to divide a market or a number of markets among themselves
	an agreement between some firms not to do business with specific suppliers or customers
	an agreement between competitors to exchange information that is competitively sensitive
	an agreement between competitors to fix, raise, maintain or otherwise control the prices of their products or services
	an output limitation agreement between competitors to restrict the market supply of certain goods or services

5. A \_\_\_\_\_ is an agreement among firms engaging in different stages of production or distribution.

6. Name the following vertical agreements.

Name	Meaning
	A buyer who buys a product from a firm is required to buy another product from it.
	It is a practice where suppliers set a specific resale price, a minimum price or a maximum price that distributors or retailers have to follow when they resell a certain product.
	Offering two or more items together as a package at a bundled price which is usually lower than the total of the individual items' prices.
	It is an arrangement in which a buyer (supplier) is required to deal with a supplier (buyer) only.
	It is an agreement between a retailer and its supplier under which the retailer has the sole right to sell products of the supplier in a particular territory.

7. A \_\_\_\_\_ occurs when two or more independent firms are combined into a single firm.

8. A (*horizontal merger / vertical merger*) will reduce the number of competitors in the market while a (*vertical backward merger / vertical forward merger*) will restrict the sales channel of the competitors.

9. \_\_\_\_\_ occurs when a dominant firm engages in anti-competitive practices that cause damage to competitors or create an entry barrier for potential competitors in order to maintain or strengthen its position in the market.

10. Name the following examples of abuse of dominance.

Name	Practice
	A dominant firm sets a price below the cost of production.
	A dominant firm refuses to supply an input (e.g. an essential facility) to its competitors, or supplies that input only on unreasonable terms.
	A vertically-integrated dominant firm increases the prices of raw materials supplied to downstream competitors to prevent them from making a profit in a downstream market.

### 27.3 Impacts of Anti-competitive Behaviours

11. Which anti-competitive behaviour does each of the following firms engage in?  
State **ONE** way such behaviour may harm consumers.

(a) All supermarkets agreed to set the price of a pack of 5 kg rice at not lower than \$100.

---

---

(b) Café chain A and café chain B have agreed not to run cafés in the same areas.

---

---

(c) Other than those in (a) and (b), list **TWO** other adverse outcomes that may be caused by anti-competitive behaviours.

---

---

### 27.4 The Competition Ordinance in Hong Kong

12. Competition policy refers to \_\_\_\_\_

---

13. In the Competition Ordinance in Hong Kong, there are three ‘competition rules’, namely \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_.

14. To facilitate the implementation of the Competition Ordinance, the \_\_\_\_\_ and the \_\_\_\_\_ have been established by the government.

15. Which anti-competitive behaviour does each of the following firms engage in?  
Which conduct rule of the Competition Ordinance may each of them violate?

(a) Three vendors agree to coordinate their bids for providing catering service for a sports competition in such a way that one of the suppliers wins the bid.

---

---

(b) An airline reduces the price of its air tickets to a level below its cost of production.

---