

**立法會**  
**Legislative Council**

LC Paper No.CB(1)2206/02-03  
(These minutes have been seen  
by the Administration)

Ref: CB1/PL/CI/1

**Panel on Commerce and Industry**

**Minutes of special meeting  
held on Tuesday, 15 April 2003, at 10:45 am  
in Conference Room A of the Legislative Council Building**

- Members present** : Hon Kenneth TING Woo-shou, JP (Chairman)  
Hon HUI Cheung-ching, JP (Deputy Chairman)  
Hon NG Leung-sing, JP  
Hon CHEUNG Man-kwong  
Hon CHAN Kam-lam, JP  
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP  
Hon Henry WU King-cheong, BBS, JP  
Hon MA Fung-kwok, JP
- Non-Panel Member attending** : Hon Fred Li Wah-ming, JP
- Members absent** : Dr Hon LUI Ming-wah, JP  
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP  
Hon SIN Chung-kai
- Attendance by invitation** : Hong Kong Jewellers' and Goldsmiths' Association Ltd  
  
Mr LEUNG Sik-wah  
Chairman

Hong Kong Jewellery and Jade Manufacturers Association

Mr Charles CHAN  
President

Hong Kong Jewellery Manufacturers' Association

Mr Karl SHIN  
Director

Diamond Federation of Hong Kong, China

Mr Lawrence MA  
Chairman

The Federation of Hong Kong Watch Trades and Industries Ltd

Mr Luther WONG  
Vice Chairman

Mr John WONG  
Vice Chairman

Man Sang Jewellery Co Ltd

Mr Ricky CHENG  
Chairman

Hong Kong Watch and Clock Council

Mr Stanley LAU  
Chairman

Hong Kong Watch Manufacturers Association Limited

Mr Stanely LAU  
President

Mr Kevin LAU  
Vice President

Hong Kong Trade Development Council

Mr Frederick LAM  
Deputy Executive Director

**Public officers attending** : Mr Henry TANG  
Secretary for Commerce, Industry and Technology

Miss Denise YUE  
Permanent Secretary for Commerce, Industry and  
Technology (Commerce and Industry)

**Clerk in attendance** : Ms Connie SZETO  
Chief Assistant Secretary (1)4

**Staff in attendance** : Mr TSANG Siu-cheung  
Senior Assistant Secretary (1)7

Ms Christina SHIU  
Legislative Assistant

---

Action

**I Participation of Hong Kong traders in the World Jewellery and Watch Fair 2003 in Zurich/Basel**

(LC Paper Nos. CB(1) 1429/02-03(01) to (04), 1445/02-03(01)and (02))

The Chairman welcomed the representatives of the eight deputations to the meeting to express their views on the issues arising from the participation of Hong Kong traders in the World Jewellery and Watch Fair 2003 in Zurich/Basel (WJWF 2003). The Chairman reminded the representatives that when addressing the Panel, they were not covered by the protection and immunity provided under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382). The Chairman invited the representatives of the deputations to present their views in turns.

Meeting with deputations

2. Mr LEUNG Sik-wah, Chairman of the Hong Kong Jewellers' and Goldsmiths' Association Ltd., queried the justifications for the Swiss Government to ban Hong Kong jewellery and watch exhibitors from conducting any business activities at WJWF 2003 due to the outbreak of atypical pneumonia in Hong Kong. He considered that such a move had seriously violated the principle of fair trade in a free market. As Hong Kong jewellers often participated in similar

overseas exhibitions, he suggested that the Administration should maintain close contact with various event organizers and their local governments so that Hong Kong jewellers could better understand the various exhibition arrangements, such as health checks requirements, quarantine measures, before their departure to avoid any unnecessary misunderstanding and trouble. Local jewellers had been hard hit by the prohibition measures imposed by the Swiss Government. Being barred from participating in WJWF 2003, Hong Kong jewellers suffered losses in terms of participation fees, as well as shipping, hotel and marketing expenses. In this regard, he urged the Administration and the Hong Kong Trade Development Council (HKTDC) to consider filing compensation claims against the Swiss Government and the organizer on behalf of the industry.

3. In view of the outbreak of atypical pneumonia, Mr Charles CHAN, President of the Hong Kong Jewellery and Jade Manufacturers Association (HKJJMA), urged the Administration to formulate a strategy to facilitate local business sector's participation in international exhibitions. He also suggested that the Administration should examine and reflect to the organizer whether it was necessary and feasible to identify an alternative venue for the fair concerned in future.

4. Mr Karl SHIN, President of Hong Kong Jewellery Manufacturers' Association was concerned that other countries might follow the Swiss Government by imposing unnecessary restrictions on Hong Kong exhibitors, rendering the exhibitors unable to participate in these exhibitions and suffering losses as a result. He hoped that the Administration would take measures to safeguard the interest of Hong Kong jewellers and watch manufacturers.

5. Regarding the restrictions imposed by the Swiss Government on Hong Kong jewellery and watch exhibitors to bar them from doing business at WJWF 2003, Mr Lawrence MA, Chairman of Diamond Federation of Hong Kong, China (DFHKC), said that DFHKC was concerned about the follow-up actions to be taken by the Administration and how the exhibitors' compensation claims would be taken up with the Swiss Government. Moreover, DFHKC was also concerned that seeking compensation by legal proceedings might be costly. It was understood that certain exhibitors which were small and medium enterprises (SME) had ploughed considerable amount of funds into WJWF 2003 and were currently facing with cash flow problem. He suggested that the Administration should assist the exhibitors in resolving their financial difficulties and restoring Hong Kong's reputation in international market as well as the confidence of overseas buyers. In addition, DFHKC also hoped that the Administration would learn a lesson and avoid recurrence of similar incident.

6. Mr Luther WONG, Vice Chairman of the Federation of Hong Kong Watch Trades and Industries Ltd (FHKWTI), remarked that the value of Hong Kong's watch exports was estimated to be more than \$40 billion a year, and Hong Kong was the world's second largest importer (after the United States (US)) of Swiss watches in terms of value. As such, the watch industries in both places had been maintaining a cordial partnership. Regarding the unreasonable and unfair

treatment under which Hong Kong watch manufacturers were only allowed to attend WJWF 2003 but were prohibited from marketing their products at the venue, he opined that the Swiss Government and the fair organizer adopted double standards which amounted to gross discrimination. He hoped that the Administration could take up this matter with the Swiss Government at government-to-government level and urged HKTDC to provide appropriate assistance, so as to eliminate the trade barriers and threats faced by local watch industry when marketing their products overseas.

7. As some SMEs had made substantial investments in WJWF 2003 and thus faced with financial strains, Mr John WONG, Vice Chairman of FHKWTI, suggested that HKTDC should provide partial refund of the participation fees paid by exhibitors to address the pressing need of the industry.

8. Mr Ricky CHENG, Chairman of Man Sang Jewellery Co Ltd, opined that the Administration should request for the Central People Government's (CPG) intervention and assistance. This would exert pressure on the Swiss Government at the diplomatic level with a view to demanding compensation to which the Hong Kong jewellery and watch industries were entitled.

9. Mr Stanley LAU, President of Hong Kong Watch and Clock Council, urged HKTDC to consider refunding 20% to 30% of the participation fees to the exhibitors to solve SMEs' cash flow problem. He added that in the long run, Hong Kong's watch industry must establish its own brand names in order to effectively open up overseas market. He hoped that the Administration would expeditiously implement the Mainland/Hong Kong Closer Economic Partnership Arrangement. This would further facilitate the watch trade between Hong Kong and the Mainland, as well as securing certain tax exemptions and concessions for local products. Regarding the mandatory temperature screening imposed earlier on all Hong Kong businessmen departing from Hong Kong for business, he believed that the measure would have a positive effect in restoring the confidence of overseas buyers while preventing Hong Kong businessmen from being subjected to unfair treatment during trade activities. He suggested that the Administration should consider requiring visitors and businessmen to undergo temperature screening to demonstrate the Administration's determination in containing the disease. Mr Kevin LAU, Vice President of Hong Kong Watch Manufacturers Association Limited, added that after years of development, Hong Kong watches had gained renowned reputation throughout the world. Given the heavy blow and huge loss this incident brought about to the watch industry, Mr LAU suggested that the Administration should formulate long-term measures to rebuild the image of Hong Kong's watch industry and safeguard the industry's interest.

Justifications for the prohibition measure, compensation issues and follow-up actions

10. The Secretary for Commerce, Industry and Technology (SCIT) expressed regrets and disappointment over the ban imposed by the Swiss Government to

prohibit exhibitors from employing or engaging any people at the exhibition venue who had been to Mainland China, Hong Kong, Singapore and Vietnam after 1 March. He considered the arrangement utterly unfair and that it had gone beyond the primary principle of safeguarding national health. Regarding the sequence of events leading up to Hong Kong's withdrawal from WJWF 2003, the details were set out in LegCo Paper No. CB(1)1445/02-03(02).

11. SCIT stressed that HKTDC and the Swiss Consulate-General in Hong Kong had maintained close contact before the incident took place. No change of policy or hint of any change of policy in relation to the admission of travellers from Hong Kong was ever brought to HKTDC's attention. HKTDC was notified of the ban until after the majority of the Hong Kong exhibitors had departed for Zurich. An appeal was made immediately to the Swiss Government and the fair organizer. According to the Hong Kong exhibitors, the precautionary health measures against atypical pneumonia proposed by the Swiss Government after the opening of WJWF 2003 were so complicated that they would miss the golden opportunities to do business. Following consultation with HKTDC, the Hong Kong exhibitors finally decided to withdraw from WJWF 2003.

12. SCIT advised that while the Administration would take up the matter with the Swiss Government, HKTDC would follow up Hong Kong exhibitors' compensation claims against the Swiss fair organizer. In collecting relevant information, HKTDC would send questionnaires to the 130 Hong Kong exhibitors, enquiring about the loss incurred due to their withdrawal from WJWF 2003, including participation fees, and shipping, hotel and marketing expenses in order to lodge claims against the Swiss fair organizer. Given that jewellery and watches were Hong Kong's major exports, the Administration would contact the organizers of similar fairs and the relevant governments to avoid recurrence of such incident. For example, the Administration had discussed with the US Government about the arrangements and eligibility for participating in a large scale jewellery exhibition to be held in Las Vegas in May 2003. There had been no report which indicated that the US Government would impose any ban on Hong Kong businessmen so far. Moreover, the Administration had also liaised with the Italian Government in relation to the International Optics, Optometry and Ophthalmology Exhibition in Milan held in May 2003.

13. SCIT stressed that with the containment of atypical pneumonia in Hong Kong, the Administration was confident that other countries would not impose any restrictions on Hong Kong exhibitors. In the meantime, the Administration would reflect to the World Trade Organization (WTO) the unreasonable measures adopted by the Swiss Government and take follow-up actions, as Hong Kong was a member of WTO.

14. Mr Fred LI advised that the Democratic Party supported the Administration in seeking redress and compensation from the Swiss Government on behalf of the Hong Kong exhibitors for their withdrawal from WJWF 2003. As regards the banning of Hong Kong exhibitors from conducting marketing

activities in the exhibition venue for health reasons, he said that the justification was questionable. He doubted whether the ban was a means to suppress Hong Kong businessmen. His view was shared by the Chairman. As far as he understood, individual jewellers and watch manufacturers were still be able to circumvent the ban concerned and conduct marketing activities inside the exhibition venue.

15. Mr Luther WONG, Vice Chairman of FHKWTI, had reservation about whether the ban was imposed across the board. On the one hand, the Swiss Government issued a health control decree which stipulated that exhibitors could neither employ or engage people who had been to the Mainland, Hong Kong, Singapore and Vietnam after 1 March to work at the exhibition venue. On the other hand, it allowed overseas buyers who had participated in a large scale jewellery fair held in Hong Kong in early March to take part in marketing activities in the exhibition venue. Evidently, the Swiss Government adopted double standards in determining the eligibility of exhibitors.

16. Mr Charles CHAN, President of HKJJMA, said that marketing activities might not involve physical contact which would incur the risk of transmitting atypical pneumonia. As such, he considered the reasons put forward by the Swiss Government for the ban on Hong Kong businessmen rather unconvincing. Mr Stanley LAU, Chairman of the Hong Kong Watch Manufacturers Association Limited, shared Mr Charles CHAN's view.

17. Mr Fred LI advised that the Administration should approach CPG for assistance. It should request CPG to take up the withdrawal incident with the Swiss Government at diplomatic level and seek compensation on behalf of Hong Kong exhibitors in the jewellery and watch industries to address their existing cash flow problem. SCIT said that as far as he understood, about 30 Mainland exhibitors who were planned to participate in WJWF 2003 were also forced to withdraw due to the ban of the Swiss Government. The Administration had maintained close contact and established cordial partnership with CPG in respect of trade matters. However, under the broad principle of "one country, two systems", Hong Kong, being an independent economic and trade entity and a WTO member, should deal with the matter and find a solution on its own instead of seeking CPG's assistance too readily. He believed that given Hong Kong's status in the international economic and trade arena, the issues arising from this incident could be solved smoothly. In this regard, the Administration had no plans to turn to CPG for assistance at this stage. Mr Fred LI understood that Hong Kong, being an independent economic and trade entity and a WHO member, had autonomy over certain matters. Nevertheless, he hoped that with the joint efforts of the Administration and CPG, the problems faced by exhibitors in both places as a result of their withdrawal could be solved more effectively and expeditiously.

18. On the banning of Hong Kong exhibitors from engaging in marketing activities during WJWF 2003 by the Swiss Government, Mr CHEUNG Man-  
kwong criticized the practice as double standards under the banner of free trade

and gross discrimination against Hong Kong jewellers and watch manufacturers. He urged the Swiss Government to review the incident and enhance the transparency of its policy to prevent recurrence of such unpleasant incident. He considered that apart from taking up the matter with the Swiss Government to seek redress on behalf of the Hong Kong exhibitors, the Administration should also remedy the situation by devising proper plans for future exhibition activities and assisting Hong Kong businessmen in exploring business opportunities with a view to promoting the long term economic and trade development of Hong Kong. He called on the Administration to formulate contingency measures as soon as possible to tackle foreseeable problems, in particular that foreign governments might prohibit Hong Kong businessmen from participating in exhibitions and business promotion activities for the same reason.

19. Mr CHEUNG Man-kwong opined that if Hong Kong businessmen were aware well in advance the policies and measures adopted by foreign governments in respect of local exhibitions, they would be able to take specific contingency actions and seek appropriate assistance where necessary. While appreciating Mr CHEUNG's concern, SCIT stressed that HKTDC would maintained on-going contact and liaison with various governments to strive actively for the right of Hong Kong businessmen to participate in international exhibitions.

20. Mr NG Leung-sing considered that the incident had undermined the amicable trade relationships between Hong Kong and the Switzerland to a certain extent. He advised that the ban imposed by the Swiss Government would inevitably bring about adverse effects to the jewellery and watch industries. However, it also brought the industries together to stand up for their common interest. He pointed out that in this incident, if the Swiss Government had announced its precautionary measures earlier, such as requiring the exhibitors to undergo health checks in advance, to wear standard face masks, etc., the concerns of the fair organizer could be alleviated and exhibitors from various countries could carry on with their promotion and marketing activities. On the issue of seeking compensation, he hoped that the affected exhibitors and other relevant trade associations, together with the Administration, could exert pressure on the Swiss Government. The Chairman also called on the banks to provide appropriate financial assistance to the affected SME exhibitors.

21. Mr Henry WU considered that the Administration should seek redress from the Swiss Government for the jewellery and watch industries. As regards the decree issued by the Swiss Government which prohibited exhibitors from employing or engaging people who had been to the Mainland, Hong Kong, Singapore and Vietnam after 1 March to work in the venue, Mr Henry WU was concerned about the motive behind and the follow-up actions taken by the fair organizer in respect of HKTDC's appeal, including the latest progress of the industries' compensation claims.

22. SCIT advised that it was reasonable and justifiable for foreign governments to bar foreign businessmen from entering their territory for national health. If the ban was imposed for other reasons such as trade protectionism,



their trade partners would raise objections. He reiterated that the Administration had taken the initiative to liaise with various governments to discuss the arrangements of future major overseas exhibitions and the measures implemented in respect of the exhibitors in the wake of atypical pneumonia. According to his understanding, except for the Switzerland, so far the governments of other countries did not take any measures which might pose serious trade barriers to Hong Kong exhibitors.

23. Mr CHAN Kam-lam criticized the Swiss Government for mishandling the case and questioned the justification of the ban. He considered it necessary for the Administration to review the trade relations between Hong Kong and the Switzerland in respect of jewellery and watch. He supported the Administration in exploring business opportunities for the industries to promote local products. For example, HKTDC might consider organizing a large scale international jewellery and watch fair in Hong Kong, inviting the participation of overseas buyers to make up for the loss of orders suffered by Hong Kong exhibitors due to their withdrawal from WJWF 2003.

24. SCIT noted Mr CHAN Kam-lam's suggestion. He advised that the Administration would step up its efforts in promoting Hong Kong so as to attract more buyers to participate in local trade activities. He said that HKTDC would hold a large scale jewellery and watch fair in Hong Kong in September 2003. To facilitate effective use of resources and achieve better results, HKTDC had no plans to organize similar exhibitions prior to this fair.

25. Mr Frederick LAM, Deputy Executive Director of the Hong Kong Trade Development Council, responded that the Swiss Government had not yet accounted for the ban. HKTDC was seeking clarification from the Swiss Government through legal channels and requested it to follow up its appeal. As to whether these measures were discriminatory against Hong Kong exhibitors, he advised that many signs indicated that the fair organizer had not defended the interest of the Hong Kong businessmen. In reply to Mr Henry Wu's enquiry about the "exhibitor committee" formed by the exhibitors, he said that it was merely a consultative body. The resolution passed by the committee would not be binding on the fair organizer. However, it could still function as a channel for exhibitors from various countries to reflect their views on the WJWF 2003. SCIT added that the Swiss President had provided a written reply to the questions raised by the Administration, which indicated that both sides were very concerned about the incident. Moreover, HKTDC was committed to safeguarding the interest of Hong Kong businessmen. Three seminars would also be held on 16, 17 and 22 April to solicit views extensively from the business sector, the information technology and film industries.

26. In response to Mr MA Fung-kwok's concern about the compensation claims lodged against the Swiss authorities through legal proceedings, SCIT reiterated that the Administration would keep close contact with the industries to seek reasonable compensation. On Mr MA's view that the issue should be dealt with at a higher level through diplomatic mediation, SCIT reiterated that

although the Administration had been in close contact with CPG, WJWF 2003 was simply a general commercial activity, not an official activity. Even if the two governments took up the matter through diplomatic mediation, the issues arising from the withdrawal incident might still be unresolved. At this stage, HKTDC would keep on following up the industries' compensation claims, including considering whether partial refund of the participation fees should be offered to the exhibitors.

27. Mr MA Fung-kwok suggested that the Administration should collaborate with the universities and civilian organizations to expedite the development and launching of an accurate and rapid test for atypical pneumonia. In this connection, SCIT advised that the temperature screening adopted currently was the minimum requirement. He believed that after more information on the virus concerned was obtained, a more accurate and rapid virus test would be developed.

28. Mrs Sophie LEUNG opined that the outbreak of atypical pneumonia was not confined to Hong Kong; other countries might face similar situation as well. Therefore, experts from all over the world should pull together to combat the disease. She held that to a certain extent, the Swiss Government imposed the ban out of trade protectionism. In this regard, she urged the Administration to express its discontent with the Swiss Government through WTO. Given the present situation that the local industries often depended on overseas international exhibitions to promote local products, she suggested that the Administration might consider liaising with other countries in the Asia-Pacific region (e.g. Japan) for organizing large scale exhibitions in the region every year.

29. As regards Mrs Sophie LEUNG's suggestion that Hong Kong businessmen should quarantine themselves before departing for international marketing and promotional activities to alleviate overseas buyers' concerns, SCIT expressed reservation that the delay so caused might undermine the exhibitors' business opportunities. He stressed that the local jewellery and watch industries had great development potentials. According to the experience of the "Style Hong Kong" exhibition held in Beijing in March 2003, the number of orders received by the local jewellery and watch industries far exceeded HKTDC's expectation. As such, the organizer concerned intended to hold the exhibition on a yearly basis.

30. Responding to Mrs Sophie LEUNG's concern about the targets of individual exhibition activities, SCIT clarified that the "Style Hong Kong" exhibition was targeted at Mainland buyers with a view to gaining access to the Mainland market for local products. For the large scale jewellery and watch exhibition to be held in Hong Kong in September 2003, it aimed at attracting international buyers to further promote Hong Kong products to the world market.

Conclusion

31. The Chairman concluded that the Panel expressed dissatisfaction with the Swiss Government and the fair organizer about Hong Kong exhibitors' withdrawal from WJWF 2003. It urged HKTDC to take proactive steps to follow up the exhibitors' compensation claims against the Swiss authorities and consider refunding part of the participation fees to the exhibitors to address their existing cash flow problem. The Panel also suggested that the Administration should formulate a long-term strategy to devise proper plans for future exhibitions. Moreover, it hoped that the Administration could develop as soon as possible an accurate and rapid test for atypical pneumonia in order to restore the reputation of Hong Kong businessmen among the international trading community.

**II Any other business**

32. There being no other business, the meeting ended at 12:25 pm.

Council Business Division 1  
Legislative Council Secretariat  
11 July 2003