

立法會
Legislative Council

LC Paper No.CB(1)2132 /03-04

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Panel on Commerce and Industry

**Minutes of special meeting
held on Friday, 23 April 2004, at 10:45 am
in the Chamber of the Legislative Council Building**

- Members present** : Hon Kenneth TING Woo-shou, JP (Chairman)
Dr Hon LUI Ming-wah, JP
Hon NG Leung-sing, JP
Mrs Selina CHOW LIANG Shuk-yee, GBS, JP
Hon CHEUNG Man-kwong
Hon CHAN Kam-lam, JP
Hon SIN Chung-kai
Hon Henry WU King-cheong, BBS, JP
- Members absent** : Hon HUI Cheung-ching, JP (Deputy Chairman)
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon MA Fung-kwok, JP
- Public officers attending** : **Item I**

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

Miss Clara TANG
Principal Assistant Secretary for Commerce, Industry
and Technology (Commerce and Industry)

Mr Michael SZE
Executive Director Hong Kong Trade Development
Council

Mr Frederick LAM
Deputy Executive Director
Hong Kong Trade Development Council

Mr Benjamin CHAU
Director for Exhibitions
Hong Kong Trade Development Council

Mr Lawrence YAU
Manager for Communication
Hong Kong Trade Development Council

Item II

Mr Gordon LEUNG
Principal Assistant Secretary for Commerce, Industry
and Technology (Commerce and Industry)

Mrs Margaret CHAN
Chief Executive Officer
Commerce, Industry and Technology Bureau

**Attendance by
invitation**

: Item I

Kenfair International (Holdings) Ltd

Mr CHEUNG Shui-kwai
Managing Director

Mr Javed Iqbal KHAN
General Manager

Global Sources

Mr Merle HINRICHS
Chairman & Chief Executive Officer

Ms Sarah BENECKE
Director

Hong Kong Convention and Exhibition Centre
(Management) Ltd

Mr Cliff WALLACE
Managing Director

Miss Joanne DAVIS
Deputy Managing Director

Federation of Hong Kong Industries

Mr Roy CHUNG
Deputy Chairman

Mr Edmund YOUNG
Senior Member

Hong Kong Exhibition and Convention Industry
Association

Mr Stanley CHU
Chairman

Mr Eddie LEUNG
Vice Chairman

Hong Kong Porcelain Merchants Association

Mr Keith CHAN
Chairman

The Federation of Hong Kong Watch Trades &
Industries Ltd

Mr Luther WONG
Chairman

Textile Council of Hong Kong

Mr Clement CHEN
Vice Chairman

Hong Kong Optical Manufacturers Association Ltd

Mr Michael NG Hoi-ying
President

Mr Tony CHOW Ching-lam
Vice President

The Chinese Manufacturers' Association of Hong Kong

Mr Paul YIN
Vice President

Hong Kong Jewellers' and Goldsmiths' Association Ltd

Mr LEUNG Sik-wah
Chairman

The Hong Kong Electronic Industries Association Ltd

Dr K B CHAN
Chairman

Hong Kong Watch Manufacturers Association Ltd

Mr Kevin LAU
President

The Hong Kong Exporters' Association

Mr Cliff K SUN
Chairman

Clerk in attendance : Miss Polly YEUNG
Chief Council Secretary (1)3

Staff in attendance : Miss Anita HO
Assistant Legal Advisor 2

Mr TSANG Siu-cheung
Senior Council Secretary (1)7

Ms Sharon CHAN
Legislative Assistant (1)6

Action

I Policy and role of the Trade Development Council (TDC) in organizing trade fairs

Brief introduction by the Administration and TDC

(LC Paper No. CB(1)1533/03-04(01) -- Information paper provided by the Administration/TDC

LC Paper No. CB(1)1602/03-04(04) -- Speaking note of Mr Michael SZE, Executive Director, TDC

The Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) (PSCI) highlighted the Administration's view on the role of TDC in organizing trade fairs. She remarked that organizing trade fairs was one of the most effective means through which TDC performed its statutory functions of promoting, assisting and developing Hong Kong's trade with places outside Hong Kong, with particular reference to exports. Through promotional activities, provision of facilities, researches, and business matching services, TDC had taken an active role in promoting Hong Kong's exhibition industry. The Administration noted that while various trade associations and small and medium enterprises (SMEs) in Hong Kong, especially those from the manufacturing, service and exports sectors, were in support of TDC's organizing trade fairs to help them promote their products and services, some private fair organizers held a different view on TDC's role. As such, the Administration had always encouraged TDC to strengthen communication with fair organizers in the private sector with a view to promoting the well-being and overall development of Hong Kong's exhibition industry.

2. The Executive Director, TDC (ED/TDC) said that the trade fairs organized by TDC aimed at promoting the products and services of various sectors in Hong Kong and stressed that TDC would not seek to compete with the private sector in organizing trade fairs which had all along been successfully staged by private fair organizers. Notwithstanding government subvention, TDC had been operating in accordance with the "Big Market, Small Government" principle and that the revenue generated by organizing trade fairs was used entirely to fund TDC's non-revenue generating business services for local companies, such as business matching, surveys and researches on markets. ED/TDC pointed out that TDC's trade fairs served as a platform for promoting Hong Kong's industries and services. Referring to the co-existence of HongKong Post and courier companies in the private sector, ED/TDC considered that TDC and private fair organizers should complement each other in fostering the local exhibition industry. On criticisms that the supplementary fair organized by TDC in July 2003 in the wake of the outbreak of the Severe Acute

Respiratory Syndrome had amounted to unfair competition with the private sector, ED/TDC advised that the supplementary fair did not appear to have any negative impact on the business of private fair organizers, as evidenced from newspaper reports on favourable subscription to the trade fairs organized by Kenfair International (Holdings) Ltd (Kenfair) in July and October 2003 in Las Vegas and Hong Kong respectively.

3. On whether TDC had a market share of 55% in 2003 as referred to by the Hong Kong Exhibition & Convention Industry Association (HKECIA), ED/TDC clarified that TDC had no more than 21% of the market share given that only 23 out of 109 fairs held in the Hong Kong Convention & Exhibition Centre (HKCEC) in 2003 were organized by TDC. ED/TDC said that TDC did not agree with the methodology used by HKECIA in calculating TDC's market share. Concerning the availability of HKCEC for holding trade fairs, ED/TDC confirmed that TDC was not given any preferential treatment in the booking and rental fees of the exhibition venues and facilities at HKCEC.

4. In order to avoid unnecessary competition with private fair organizers, ED/TDC informed members that TDC had in recent years gradually withdrawn from organizing fairs on consumer goods. Moreover, TDC was considering the feasibility of enhancing the participation of private fair organizers in organizing the Hong Kong Book Fair. Given that there were more business opportunities under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), TDC would continue to explore the possibility of organizing trade fairs to promote Hong Kong brand name products in the Mainland. Nevertheless, TDC would act in accordance with its statutory responsibilities and consider collaboration with private fair organizers.

Presentation by deputations

5. The Chairman welcomed the deputations to the meeting and invited them to present their views on the role of TDC in organizing trade fairs.

Kenfair International (Holdings) Ltd
(LC Paper No. CB(1)1533/03-04(02))

6. In the face of reduction in government subvention, Mr CHEUNG Shui-kwai, Managing Director of Kenfair remarked that TDC would inevitably seek to organize more trade fairs in competition with the private sector to generate revenue and this would become a source of conflict. While Kenfair's views on TDC's role had been detailed in the submission, Mr CHEUNG highlighted the following points:

- (a) An independent agent or institution should be commissioned to conduct an objective and accurate assessment on TDC's market share in Hong Kong's exhibition industry; and
- (b) the Administration should critically review the policy and role of TDC in organizing trade fairs with due regard to the principle of

"Big Market, Small Government" and the well-being of private fair organizers.

Global Sources

(LC Paper Nos. CB(1)1559/03-04(01) and CB(1)1602/03-04(05))

7. As TDC received funding from the Government in the form of 60% of the total amount of the trade declaration charge on imports, domestic exports and re-export and received 8.6% of HKCEC's rental income, Mr Merle HINRICHS, Chairman and Chief Executive Officer of Global Sources considered that TDC was in fact placed in a privileged position. During his presentation, Mr HINRICHS stressed that TDC should not fulfil its mandate at the expense of the interest of private fair organizers and the development of Hong Kong's exhibition industry, and that the new exhibition centre at Chek Lap Kok should be open to both TDC and private fairs organizers.

8. In conclusion, Mr HINRICHS made the following recommendations:

- (a) TDC should provide services exclusively to companies which were registered and based in Hong Kong and subject to Hong Kong taxation. Other companies seeking exhibition space and export promotional services should be catered for by private fair organizers in Hong Kong.
- (b) HKCEC should be fully independent from TDC and cease paying 8.6% of its rental income to TDC to form part of the latter's source of funding. Exhibition venues and time-slots in HKCEC should be publicly auctioned to the highest bidders.

9. Mr HINRICHS mentioned in his presentation that TDC had recently embarked on a consulting agreement to assist the Canton Fair organizers. In response, ED/TDC clarified that TDC had not undertaken any consultancy service for the Canton Fair.

Hong Kong Convention and Exhibition Centre (Management) Ltd (HKCECML)
(LC Paper No. CB(1)1602/03-04(07))

10. Mr Cliff WALLACE, Managing Director of HKCECML informed members that HKCECML was a private professional management company under a contractual agreement with TDC responsible for the day-to-day operation and management of HKCEC. He stated that booking dates at HKCEC were allocated on a first-come-first-served basis and that HKCECML did not provide preferential treatment to any client in connection with bookings.

11. Since Mr Cliff SUN, Chairman of the Hong Kong Exporters' Association (HKEA) had to leave early for a business trip, the Chairman sought the agreement of the trade associations to allow Mr SUN to give views on behalf of HKEA at this juncture. The trade associations present raised no objection.

The Hong Kong Exporters' Association (HKEA)
(LC Paper No.CB(1)1533/03-04(14))

12. Recalling that HKEA had collaborated with TDC in organizing the Hong Kong Houseware Fair and the Hong Kong Gifts and Premium Fair for many years, Mr Cliff SUN, Chairman of HKEA expressed appreciation for TDC's contribution in providing a platform for Hong Kong's SMEs to reach out to overseas buyers. He considered that Hong Kong needed a statutory body such as TDC to safeguard the interests of SMEs and urged the exhibition industry as a whole to maintain fair competition.

Federation of Hong Kong Industries (FHKI)
(LC Paper Nos.CB(1)1533/03-04(03) to (04) and 1602/0304(06))

13. Mr Roy CHUNG, Deputy Chairman of FHKI expressed FHKI's support for TDC to organize trade fairs. Mr CHUNG noted that many SMEs in Hong Kong were able to establish business connection with overseas buyers through the business matching service provided by TDC. Apart from expressing appreciation for TDC's earlier decision to lower trade fair participation fees, Mr CHUNG commended TDC's initiatives, such as providing on-site legal advice on copyright issues and holding seminars and media briefings during trade fairs.

14. Mr Edmund YOUNG, Senior member of FHKI declared interest as the Chairman of TDC's Toys Advisory Committee. He pointed out that most of TDC's trade fairs had been organized in response to the demand of the local industries. Given the proven success of TDC in developing Hong Kong's exhibition industry, Mr YOUNG considered that TDC should continue to discharge its statutory functions of promoting, assisting and developing Hong Kong's trade by way of organizing trade fairs.

Hong Kong Exhibition and Convention Industry Association (HKECIA)
(LC Paper Nos. CB(1)1533/03-04(05) and CB(1)1602/03-04(03))

15. Mr Stanley CHU, Chairman of HKECIA highlighted that private fair organizers were willing to cooperate with TDC in promoting Hong Kong's exhibition industry in order to create a win-win situation. Nevertheless, Mr CHU said that many members of the industry were concerned about TDC's role conflict and its unfair advantages over other fair organizers in the following aspects:

- (a) Of the 10 major trade fairs held/to be held in Hong Kong from March 2004 to March 2005, seven were organized by TDC.
- (b) TDC owned HKCEC and received 8.6% of the rental income of HKCEC. In effect, this meant that in organizing trade fairs, TDC was being subsidized by private fair organizers.
- (c) Apart from the annual subvention received from the Government, TDC also generated a revenue of some \$700 million from

organizing trade fairs each year. With such resources, TDC had become the largest and leading exhibition organizer in Hong Kong as well as in Asia.

- (d) In terms of the gross exhibition area, the trade fairs organized by TDC accounted for 55% of the market share and such a high percentage reflected the dominant position of TDC.
- (e) TDC's global network of more than 40 overseas offices, its infrastructure such as TDC-Link and its database of buyers all over the world could be a hidden form of subvention to TDC's exhibition business.

16. Mr CHU remarked that the industry did not dispute the need for setting up a statutory body such as TDC. However, private fair organizers shared the view that TDC had become so prominent that their development opportunities in Hong Kong had been limited. As such, Mr CHU added that many fair organizers had sought opportunities outside Hong Kong, such as in the Mainland, despite less favourable business environment and unfamiliar laws and regulations. He also put forward the following suggestions:

- (a) TDC should not enlarge its market share any more and should not compete with private fair organizers in organizing trade fairs in places outside Hong Kong such as in the Mainland. TDC should work in partnership with the exhibition industry.
- (b) The existing arrangement whereby TDC received 8.6% of HKCEC's rental income should cease.
- (c) Private fair organizers should be allowed to access TDC's database of buyers and obtain assistance from TDC's existing overseas offices.

Hong Kong Porcelain Merchants Association (HKPMA)
(LC Paper No. CB(1)1533/03-04(06))

17. Mr Keith CHAN, Chairman of HKPMA said that the porcelain industry in Hong Kong was relatively small in scale and HKMPA was supportive of TDC's role in organizing trade fairs. Mr CHAN considered that apart from exhibitions, the seminars organized by TDC were also useful in introducing the industry's products to both local and overseas buyers. In addition, the surveys and researches conducted by TDC also provided useful reference for the porcelain industry.

The Federation of Hong Kong Watch Trades and Industries Ltd (FHKWTIL)
(LC Paper No. CB(1)1533/03-0(07))

18. Expressing FHKWTIL's support for TDC's role in organizing trade fairs, Mr Luther WONG, Chairman of FHKWTIL highlighted the following points:

- (a) Trade fairs organized by TDC could provide a platform for manufacturers from the watch and clock industries to promote their products, in particular to overseas buyers.
- (b) TDC had been responsive to the development needs of the watch and clock industries in Hong Kong by taking initiatives such as holding a design competition to tie in with the trade fair concerned.
- (c) Through the provision of business matching service, surveys and researches on markets, Internet portal, business information centres and overseas promotional activities, etc., TDC had helped promote locally made watches and clocks to overseas buyers.

Textile Council of Hong Kong (TCHK)
(LC Paper No. CB(1)1533/03-04(08))

19. Mr Clement CHEN, Vice Chairman of TCHK expressed TCHK's support for TDC to continue its role in organizing trade fairs. While acknowledging that the Hong Kong Fashion Week organized by TDC was able to provide a valuable platform for introducing Hong Kong's textile and clothing products to the international market, Mr CHEN highlighted that TDC's World Boutiques could encourage local design and promote Hong Kong fashion brands to overseas buyers. Through the trade fairs organized by TDC, many Hong Kong fashion designers were able to acquire international recognition. Mr CHEN did not consider that trade fairs organized by TDC amounted to unfair competition with private fair organizers.

Hong Kong Optical Manufacturer's Association Ltd (HKOMAL)
(LC Paper No. CB(1)1533/03-04(09))

20. While acknowledging the contribution of TDC to establishing Hong Kong as the world's second largest export centre of optical products, Mr Tony CHOW, Vice President of HKOMAL was of the view that the trade fairs organized by TDC did not amount to unfair competition with the private sector.

The Chinese Manufacturers' Association of Hong Kong (CMAHK)
(LC Paper Nos. CB(1)1533/03-04(10) and CB(1)1602/03-04(02))

21. Mr Paul YIN, Vice President of CMAHK expressed CMAHK's support for the role of TDC in organizing trade fairs. He pointed out that the trade fair organized by TDC had met the demand of various industries, in particular SMEs, to promote their business. The trade fairs organized by TDC provided a platform for SMEs in Hong Kong to establish business connection with overseas buyers without having to leave Hong Kong. Mr YIN considered that TDC's work had helped to consolidate the position of Hong Kong as one of the important trade centres in Asia.

Hong Kong Jewellers' and Goldsmiths' Association Ltd (HKJGAL)
(LC Paper No. CB(1)1533/03-04(11))

22. Mr LEUNG Sik-wah Chairman of HKJGAL acknowledged TDC's contribution to the development of the exhibition industry in Hong Kong and its efforts to promote Hong Kong's export of jewellery products. Mr LEUNG also highlighted that private fair organizers were usually profit-oriented and as such, the promotion of Hong Kong's export trade should be jointly undertaken by the public and private sectors.

The Hong Kong Electronic Industries Association Ltd (HKEIA)
(LC Paper No. CB(1)1533/03-04(12))

23. Dr K B CHAN, Chairman of HKEIA expressed HKEIA's support for TDC's organizing trade fairs. He highlighted that manufacturing industries, including the electronic industry, would continue to contribute to Hong Kong's economic growth. Given that many Hong Kong manufacturers had relocated their manufacturing base to the Mainland so as to lower production costs, Dr CHAN considered that TDC should continue to provide assistance to these manufacturers such as by way of organizing trade fairs to enable them to promote their products.

Hong Kong Watch Manufacturers Association Ltd (HKWMAL)
(LC Paper No. CB(1)1533/03-04(13))

24. Recalling the success of the Hong Kong Watch and Clock Fair, Mr Kevin LAU, President of HKWMAL said that HKWMAL was supportive of TDC's role in organizing trade fairs. While HKWMAL welcomed private fair organizers' participation in organizing trade fairs, Mr LAU considered that the trade fairs organized by TDC might be able to attract more potential buyers due to TDC's international status. He expressed his appreciation for TDC's effort in reaching an agreement with the Basel Fair 2004 organizer to enable Hong Kong exhibitors to return to the main Fair venue.

Meeting with the Administration and deputations

The roles of TDC and private fair organizers in organizing trade fairs

25. Mrs Selina CHOW declared interest as TDC's Council member and the Chairman of the Hong Kong Tourism Board. Whilst noting that Singapore had been developing its exhibition industry through private sector effort, Mrs CHOW said that she had no objection in principle to TDC's organizing trade fairs to discharge its statutory functions of promoting, assisting and developing Hong Kong's trade with places outside Hong Kong. Nevertheless, she considered that the Administration also had a role to play in ensuring that private fair organizers had a fair chance to develop their business.

26. As regards cooperation between TDC and private fair organizers in organizing trade fairs, Mr Stanley CHU, Chairman of HKECIA emphasized that

there had to be mutual wishes for taking forward any co-sponsored event. He said that it would facilitate mutual cooperation if TDC could allow private fair organizers to access TDC's database of buyers and obtain assistance from TDC's overseas offices for promoting their business.

27. In reply to the Chairman' enquiry about past collaboration, if any between TDC and private fair organizers, ED/TDC informed members that TDC had cooperated with private fair organizers in organizing the Electronic Asia. TDC was also considering the feasibility of enhancing the participation of private fair organizers in organizing the Hong Kong Book Fair. In this regard, Mr Merle HINRICHS, Chairman and Chief Executive Officer of Global Sources commented that it was not a question of whether private fair organizers were willing to cooperate with TDC. Instead, the major issue at stake was how TDC could be allowed to fulfil its mandate and at the same time ensuring and encouraging the future growth of the exhibition industry in Hong Kong.

28. Mr CHAN Kam-lam acknowledged TDC's contribution to the development of the exhibition industry in Hong Kong. Noting the submissions from certain private fair organizers expressing grave concern about unfair competition posed by TDC, Mr CHAN and Dr LUI Ming-wah were of the view that both parties should seek collaboration rather than confrontation. Mr CHAN was concerned whether the current state of play was in fact attributable to the policy consideration or preference, if any, on the part of the Administration. In response, PSCI confirmed that it was not the policy intent of the Administration to create a situation which was favourable to either TDC or the private fair organizers. Instead, the Administration had always encouraged both sides to enhance cooperation and communication in the interest of the development of the local exhibition industry. In this connection, PSCI pointed out that TDC was also a member of HKECIA, and hence it would be in the interest of the industry that TDC and private organizers could put aside their conflict and seek cooperation.

Market share and availability of venue

29. Noting that HKECIA and TDC had disagreed over TDC's market share in the local exhibition industry, Mrs Selina CHOW sought deputations' comments on this aspect. On the basis for determining market share, Mr Stanley CHU, Chairman of HKECIA, pointed out that it was a common practice of the exhibition industry to calculate market share based on gross exhibition area. Given the fact that a majority of TDC's fairs on consumer goods were held at HKCEC during peak periods, such as during the Thanksgiving and Christmas holidays, Mr CHU said that private fair organizers had no choice but stage their fairs during non-peak periods so as to avoid clashes with those held by TDC. In this connection, he hoped that the commissioning of the new exhibition centre at Chek Lap Kok in 2005 could alleviate the shortage of exhibition space and provide private fair organizers with an alternative venue for organizing trade fairs. He further urged that TDC should not make use of the additional venue to expand its exhibition business. In this connection, ED/TDC reiterated his disagreement with HKECIA's viewpoint and said that among the 109 trade fairs held in

HKCEC in 2003, only 23 were organized by TDC, accounting for 21% of the market share. As such, he considered that there was ample opportunities for private fair organizers to develop business in the local exhibition industry.

30. On the availability of HKCEC for holding trade fairs, Mr Cliff WALLACE, Managing Director of HKCECML confirmed that exhibition space at HKCEC was available to all fair organizers on a first-come-first-served-basis.

31. With the opening of a new exhibition centre at Chek Lap Kok in 2005, Mrs Selina CHOW hoped that it would provide a relief to the tension between TDC and private fair organizers arising from their demand for exhibition space. PSCI anticipated that given the increased exhibition space available at the new exhibition centre, there would be more opportunities for private fair organizers to develop their business.

32. Mrs Selina CHOW remarked that TDC had worked hard for many years before it could achieve its current success. As such, she did not consider it reasonable to require TDC to withdraw from organizing trade fairs so that its market share could be taken up by the private sector. She shared some deputations' view that through organizing trade fairs for which profit was not the foremost consideration, TDC had contributed to the development of certain industries and SMEs in Hong Kong.

33. Mr Eddie LEUNG, Vice Chairman of HKECIA emphasized that given TDC's dominant position in organizing trade fairs for various industries, private fair organizers had been deprived of a fair chance for developing their business. Mr Merle HINRICHS, Chairman and Chief Executive Officer of Global Sources shared Mr Eddie LEUNG's view. Mr LEUNG further mentioned that in the past, certain trade fairs which had the potential of good returns, such as the Hong Kong Optical Fair, had been taken up by TDC. On this point, Mr Tony CHOW, Vice President of HKOMAL said that TDC had taken over the Hong Kong Optical Fair due to the failure of the private fair organizer concerned in staging the event.

34. In view of the concerns about market share, Mr NG Leung-sing asked whether it was useful to set certain thresholds of market participation by TDC and the private sector. In this connection, PSCI considered that it would not be appropriate or practicable to specify a threshold of participation in the exhibition industry based on market share. Setting such thresholds would result in rigidity in the market and would not be conducive to encouraging the healthy competition among fair organizers from the public or private sector.

Possible ways to enhance cooperation

35. Dr LUI Ming-wah noted private fair organizers' concern about unfair competition posed by TDC in organizing trade fairs. In the face of keen competition from neighbouring Asian countries and the Mainland for exhibition business, Dr LUI agreed that TDC might continue to organize trade fairs in discharging its statutory functions of promoting, assisting and developing Hong

Kong's trade. However, on the industry's concern that TDC had been unduly subsidized, Dr LUI considered that TDC should cease receiving 8.6% of HKCEC's rental income. In reply to the Chairman, ED/TDC informed members that the aforesaid revenue was used for the maintenance of HKCEC and funding some of TDC's non-revenue generating but essential services for Hong Kong's SMEs.

36. The Chairman invited the private fair organizers to give views on how cooperation with TDC could be facilitated. Mr Stanley CHU re-affirmed the request of private fair organizers that they should be allowed to make use of TDC's database of buyers and TDC's overseas offices for promoting their business. They also shared the view that the existing arrangement whereby TDC received 8.6% of HKCEC's rental income should cease and that TDC should not enlarge its market share and compete with private fair organizers in organizing trade fairs in places outside Hong Kong such as in the Mainland.

37. To ascertain whether TDC and private fair organizers were competing with each other on an unequal footing, Mr NG Leung-sing suggested that the Administration might consider developing certain indicators to keep track of the development of TDC and private fair organizers. In response, PSCI advised that in their submissions, private fair organizers had not disputed TDC's statutory role in promoting Hong Kong's trade and exports. Their main concern was whether TDC, as a public business and trade promoter serving Hong Kong's industries, had posed unfair competition and stifled the development prospect of private fair organizers in the local exhibition industry. PSCI considered that the activities of TDC and private fair organizers were not necessarily mutually exclusive. Instead, both parties could complement each other in their respective role and contributed to the overall development of the exhibition industry in Hong Kong. She stressed that the Administration would hope to see better communication between both parties to enhance mutual understanding.

38. Mr SIN Chung-kai suggested that the Administration should take steps to enhance cooperation and understanding between TDC and private fair organizers. To provide private fair organizers with practical assistance, Mr SIN asked the Administration/TDC to consider the industry's request of allowing private fair organizers to make use of TDC's database of buyers and its overseas offices for promoting their business. Besides, private fair organizers should be given a fair chance of using the new exhibition centre at Chek Lap Kok. PSCI took note of Mr SIN's suggestion. PSCI confirmed that there was no policy impediment whatsoever for TDC and private fair organizers to cooperate with each other. She emphasized that the dual role of TDC in promoting Hong Kong's trade and exports and in developing Hong Kong's exhibition industry was not in conflict and was complementary in nature.

Other concern

39. Mr NG Leung-sing remarked that given the serious concerns raised by the exhibition industry, he was even more appreciative of the need for balanced participation from different sectors of the economy in politics. In this regard,

PSCI commented that if Mr NG was considering a suggestion as to whether the scope of functional constituencies should be enlarged to include representatives from the exhibition industry, then, the matter would fall within the jurisdiction of another policy bureau.

Summing up

40. The Chairman thanked the deputations for attending the meeting and presenting views to the Panel. He also urged TDC and private fair organizers to enhance communication and cooperation with each other. The Chairman also took this opportunity to express his thanks to ED/TDC, who would retire from his position shortly, for his views and participation in Panel meetings.

II Transition before implementation of electronic submission of cargo manifest

(LC Paper No. CB(1)1533/03-04(15) -- Information paper provided by the Administration)

41. The Principal Assistant Secretary for Commerce, Industry and Technology (Commerce and Industry) (PAS/CI) briefed members on the Administration's proposal to end the transitional period and implement the electronic submission of air and rail cargo manifests.

42. Mrs Selina CHOW was concerned whether the proposal would create hardship for compliance by air carriers and rail cargo operators. In response, PAS/CI assured members that the proposal had been formulated in consultation with the industries concerned and no hardship for the implementation of the proposal was envisaged.

43. Members supported the proposal and noted that the Administration would introduce relevant subsidiary legislation to the LegCo shortly to implement the proposal.

III Any other business

44. There being no other business, the meeting ended at 1:00 pm.