

## **The 2004 Position Paper of the Hong Kong Exhibition and Convention Industry Association (HKECIA) on the Policies and Role of HKTDC in organizing trade fairs/exhibitions**

### **A. PROLOGUE**

For many years, members of HKECIA from the private sector have shown concerns on the policies and roles of HKTDC in the local exhibition industry. HKECIA has held a number of such discussions in the past and has passed a number of resolutions and/or position papers. Unfortunately, many of these papers do contain too much details on specific situations, and are therefore not particularly convenient for understanding of the general position of HKECIA. Accordingly, a summary position paper of HKECIA has been prepared and discussed in the Ex-Co Meeting on April 2. No amendment was being requested in this meeting, and the following summary is therefore deemed to be representative of the position of HKECIA.

In essence, HKECIA would invite HKTDC to work together with the private sector to further develop the local exhibition industry, so as to better serve the interests of Hong Kong. The summary position below has also highlighted several areas of concerns, and made some specific suggestions.

The following additional points have also been raised in the April 2 meeting:

1. HKECIA has accepted invitation to appear in the coming Legco meeting on the policies and role of HKTDC in organizing trade fairs/exhibition, and the meeting will examine if the decision of HKTDC to stage a July show will amount to unfair competition or not. However, this summary position paper of HKECIA is not meant particularly for the recent issue between HKTDC and Kenfair, and the HKECIA meeting noted that both parties will be making their own presentations.
2. There have been improvements in dialogue between HKTDC and the private sector but there is also a feeling in the meeting that more dialogue is necessary and beneficial. Further, there are still important outstanding issues that need to be addressed on the policies of HKTDC in its relations with the private sectors.
3. There were also discussions on progresses and follow-ups on understandings between HKTDC and the private sector, made during previous meeting between them.

## **B. SUMMARY of POSITIONS of HKECIA**

1. HKTDC's mission is to promote Hong Kong's international trade, including both goods and services and exhibitions and conventions should, of course, not be excluded. Hong Kong's exhibition industry contributes HKD7.3 billion to the GDP and provides 15000 local employment, directly and indirectly. The private sector welcomes and needs supports from HKTDC to further develop the industry in Hong Kong. But unfortunately, there is wide spread concerns in the industry on the intention of HKTDC and on competition against its dominant position.

2. HKTDC is the most dominant exhibition organizer in Hong Kong, with unique strengths that are not being shared by the private sector:

a. Of the ten largest shows in Hong Kong, 7 of them are being organized by HKTDC (**Appendix I**) Among the 67 exhibitions with each over 2000 SQM gross in HKCEC in each year, in terms of area covered, TDC's market share is at around 55%! (**Appendix II**)

b. HKTDC owns HKCEC and receives 8.6% of the rental income thus generated. In effect, it means that HKTDC is getting "subsidies" from private organizers. Our industry is against this 8.6% "transfer" to HKTDC as venue rental in Hong Kong is already far much higher than, say, in Singapore. There is also concern in the industry if fair chance does exist or not on equal access to HKCEC for time slots during the peak seasons.

c. HKTDC has also a very substantial investment and facility in stand construction, another cause of concern for this particular group of our members on fair competition, and by others on possibly a vertical integration by HKTDC to further widen the gap.

d. The vast network of HKTDC's overseas offices and infra-structure such as TDC - Link, can be a hidden form of subvention to the exhibition business of HKTDC. Not to mention HKTDC's official status enables it easier accesses to media etc. for supports.

To sum up, fair comparison between HKTDC and the private sector on efficiency can only be made after discounting all forms of subventions.

3. Once again, meaningful comparisons can only be made apple to apple. Therefore, we propose to focus on Hong Kong and Singapore. There, the International Enterprises (formerly known as Singapore Trade Development Board), has been abstaining from show organizing, but runs a scheme to support the private sector especially on better managed shows.

4. The industry is confident to be able to provide similar or even better services to Hong Kong exporters in shows here, provided that they receive the same level of supports / subventions, open and/or hidden, like shows by HKTDC. The industry can work with HKTDC and offers concessionary rate to HKTDC for organizing Hong Kong pavilions. The industry also welcomes HKTDC to conduct extra visitor promotion for these Hong Kong pavilions. The industry welcomes HKTDC to state clearly a scheme for qualifying to receive such supports, like in Singapore, The industry is willing to invest too to build up services and quality of shows in Hong Kong, and a pragmatic approach on co-operation with HKTDC.

5. Many of our members have been exporting services to, say, Mainland China by organizing successfully international exhibitions there. Again, our industry is willing to cooperate with HKTDC there with HKTDC organizing Hong Kong pavilions, but will certainly be strongly against any move by HKTDC to become a competitor too outside Hong Kong. HKTDC's extensive networks in promoting overseas buyers shall best be used to shows in Hong Kong, not for shows outside Hong Kong, so as to make the best possible usage of the multiplying effect of the exhibition industry to benefit the local economy.

6. While our industry is not a big one in Hong Kong, it does have a high multiplying effect to the local economy. Moreover, it enjoys a high visibility both domestically and internationally. The perception is that there is a big contrast between Hong Kong and Singapore in the exhibition industry, ie., in support or in competition with the private sector. This may tarnish the overall image of Hong Kong as a free market economy promoting and encouraging the private sector.

7. In short, our industry believes that HKTDC shall work with instead of competing with and/or replacing the private sector. Such a new approach shall have room and role for HKTDC, and bring in greater benefits to Hong Kong exporters and the Hong Kong economy. Our industry is asking for a partnership with HKTDC to further develop the exhibition industry here, and for a more open and fair market.

END

April 2004

### Upcoming Mega Fairs in Hong Kong (March 04 – March 05)

Fair Date	Name of Fair	Organiser
Mar 29-31, 2004	Asia Pacific Leather Fair - Fashion Access 亞太區皮革展 - 時尚匯集	Asia Pacific Leather Fair Ltd.
	Asia Pacific Leather Fair - Materials, Manufacturing and Technology 亞太區皮革展 - 原料及製造技術展	
Apr 21-24, 2004	HK Houseware Fair 香港家庭用品展	HKTDC
Apr 28-May 1, 2004	HK Gifts & Premium Fair 香港禮品及贈品展	HKTDC
Jul 6-9, 2004	Summer Sourcing Show for Gifts, Houseware & Toys 香港夏季禮品, 家庭用品及玩具展	HKTDC
Sept 19-23, 2004	Hong Kong Jewellery & Watch Fair 香港珠寶鐘錶展覽會	CMP Asia Ltd.
Oct 13-16, 2004	HK Electronics Fair (Autumn Edition) 香港秋季電子產品展	HKTDC
Oct 20-23, 2004	13 <sup>th</sup> Hong Kong Int'l Toys & Gifts Show 香港國際玩具及禮品展/ 12 <sup>th</sup> Asian Gifts, Premium & Household Products Show 亞洲贈品及家庭用品展	Kenfair International Ltd.
Jan 11-14, 2005	HK Toys & Games Fair 香港玩具展	HKTDC
Jan 18-21, 2005	HK Fashion Week for Fall/Winter 香港時裝節秋冬系列	HKTDC
Mar 1-4, 2005	HK Int'l Jewellery Show 香港國際珠寶展	HKTDC

Note: The list is being taken from a letter by HKTDC on 10 March 2004, a copy of which has been copied to the Chairman of HKECIA.

# Gross Area of HKTDC Trade Fairs in 2004

## Appendix II

Fair Date	Name of Fair	Rough Gross Area	*Note 1
<b>2004</b>		in square meters	
06-09 Jan	<u>Hong Kong Toys &amp; Games Fair</u>	50,819	
06-09 Jan	<u>Hong Kong International Stationery Fair</u>	6,000	
13-16 Jan	<u>Hong Kong Fashion Week for Fall / Winter</u>	28,462	
13-16 Jan	<u>World Boutique, Hong Kong</u>	9,000	
19-22 Feb	<u>Education &amp; Careers Expo</u>	6,600	
2 - 5 Mar	<u>Hong Kong International Jewellery Show</u>	46,767	
14-17 Apr	<u>Hong Kong Electronics Fair (Spring Edition)</u>	37,118	
	Special Highlight: International ICT Expo	9,000	
21-24 Apr	<u>Hong Kong Houseware Fair</u>	66,702	
28 Apr - 1 May	<u>Hong Kong Gifts &amp; Premium Fair</u>	66,702	
23-25 Jun	<u>Hong Kong International Film &amp; TV Market (FILMART)</u>	6,600	
6-9 Jul	<u>Summer Sourcing Show for Gifts, Houseware and Toys</u>	*30,000	*Note 2
6-8 Jul	<u>Hong Kong Licensing Show</u>		
13-16 Jul	<u>Hong Kong Fashion Week for Spring / Summer</u>	15,346	
21-26 Jul	<u>Hong Kong Book Fair</u>	29,000	
12-16 Aug	<u>Food Expo</u>	9,858	
12-16 Aug	<u>International Conference &amp; Exhibition of the Modernization of Chinese Medicine &amp; Health Products</u>	2,778	
1-5 Sep	<u>Hong Kong Watch &amp; Clock Fair</u>	29,087	
13-16 Oct	<u>Hong Kong Electronics Fair (Autumn Edition)</u>	54,740	
13-16 Oct	<u>electronicAsia</u>	12,248	
27-30 Oct	<u>Hong Kong International Lighting Fair</u>	22,386	
27-30 Oct	<u>Hong Kong International Hardware &amp; Home Improvement Fair</u>	3,822	
3-5 Nov	<u>Hong Kong Optical Fair</u>	18,378	
	<b>Total</b>	561,413	*Note 3

\*Note 1: The figures on rough gross area of the HKTDC trade fairs in 2004 are taken from the HKTDC web-site.

\*Note 2: The HKTDC July fair on Gift, Houseware and Toys is a first time event. No historical figure can be found, the figure (30,000 sqm) is an estimation

\*Note 3: According to the HKECIA's annual exhibition survey, the total NET square meterage occupied by 67 exhibitions in HK with over 2,000 sqm gross amount to 515,650 sqm. in 2002. HKTDC trade fairs in 2004 will occupy around 55% of this yearly total area, taking into account the ratio of gross area to net area as 1: 0.55.