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(Translation)

LEGCO QUESTION NO. 10

(Written Reply)

Date of Siting: 12 November 2003Asked by : Hon CHAN Yuen-hanReplied by : Secretary for Commerce,  
Industry and TechnologyQuestion:

Will the Government inform this Council whether it knows, in respect of the past three years:

- (a) if the Hong Kong Trade Development Council ("TDC") engaged private organizations to conduct studies; if it did, of the names of the organizations, the respective names of the studies, the time and amount of money required, and the percentage of the study fees in TDC's annual operation costs;
- (b) how the number of exhibitions organized by TDC each year compared to that of the exhibitions held locally by the private sector during the same year;
- (c) the criteria or assessment mechanism adopted by TDC for deciding whether an exhibition should be organised, and whether they included if private organizations had organized similar exhibitions; and
- (d) among the exhibitions organized by TDC, the number of those which had themes and target audiences similar to those organized by private organizations during the same period?

Reply:

Madam President,

- (a) To keep Hong Kong businessmen informed of the changes in international trade regulations, as well as the development trends in various markets and industries, the Hong Kong Trade Development Council ("TDC") engages academic institutions, market research companies and experts with relevant expertise to assist it in gathering market intelligence and conducting detailed studies.

2. Information and findings consolidated will be disseminated by TDC to local businessmen through study reports, regular newsletters, e-newsletters or e-mails. Its research, survey and monitoring efforts focus on the following two areas:

- (i) **Market, product and sectoral development:** TDC's Research Department commissions experts and market research companies around the world to carry out special studies on the latest development in various markets, new trends in industries, market entry strategies and marketing opportunities. The objective is to help Hong Kong businessmen map out their corresponding business strategies. These studies take about three to twelve months to complete (please refer to Appendix 1 for details). The expenses involved and its percentage in TDC's expenditure for the years concerned are set out as follows:

Year	Expenses on market, product and sectoral development studies/ TDC's overall expenditure for the year HKD'000	Percentage in TDC's overall expenditure for the same year (%)
2001/02	7,585 / 1,393,660	0.5443
2002/03	5,333 / 1,487,860	0.3584
2003/04	2,721(up to September) / 1,523,464	0.1786

- (ii) **Survey on Buyers and exhibitors in local exhibitions:** TDC hires independent market research companies to conduct interview surveys on buyers and exhibitors in its major international trade fairs launched in Hong Kong. These surveys take about three to four days, to be followed by reports after the fairs to update local businessmen on the latest market, product and sourcing trends of individual products. TDC uploads these reports onto the internet for the information of the business community (please refer to Appendix 2 for details).

Year	Expenses on surveys on buyers and exhibitors in local exhibitions/ TDC's overall expenditure for the year HKD'000	Percentage in TDC's overall expenditure for the same year (%)
2001/02	1,184.9 / 1,393,660	0.085
2002/03	1,383 / 1,487,860	0.092
2003/04	230 (up to September) / 1,523,464	0.015

3. Studies under the above two areas incurred a total expenditure of HK\$8.769 million in 2001/02, HK\$6.716 million in 2002/03 and HK\$2.951 million up to September of 2003/04, which respectively accounted for 0.629% (2001/02), 0.451% (2002/03) and 0.194% (up to September of 2003/04) of the annual overall expenditure of TDC.

- (b) 4. According to the figures provided by the Hong Kong Convention and Exhibition Centre (HKCEC), the number of exhibitions organised by TDC against the total number of exhibitions held in the HKCEC in the past three years are as follows:

Exhibitions held in the HKCEC (All exhibitions included)

	Total	TDC Exhibition	Percentage
2001	129	20	15.5%
2002	150	20	13.3%
2003* (up to 31 Oct)	111	23	20.7%

\*Many exhibitions held by private organisations were cancelled because of SARS. In contrast, TDC organized a supplementary exhibition in July to help local businessmen receive orders after the incident.

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5. The above figures are compiled on the basis of statistics about exhibitions held in the HKCEC. Owing to commercial reasons, the relevant figures on other exhibition venues are not available. If the latter figures are also taken into consideration, the number of exhibitions held by TDC will account for an even lower percentage of the exhibitions held in Hong Kong.

6. Furthermore, the percentage of new exhibitions organised by the private sector at the HKCEC has far exceeded that of TDC in recent years. For example, of the 14 new exhibitions held at the HKCEC in 2002, only one was organised by TDC.

7. As a pioneer in organising many types of exhibitions, TDC welcomes the private sector to organise more exhibitions for promoting various trades and industries. TDC believes that with proper scheduling and coordination, it can work with the private sector to expand Hong Kong's exhibition industry, and reinforce Hong Kong's status as an exhibition capital.

(c) 8. The prime consideration for TDC in organising a new exhibition is the potential of the exhibition to assist individual industries in promoting and increasing their exports, rather than to make a profit. This is the major difference between TDC and the private sector. In considering whether to organize an exhibition, TDC will also assess whether similar exhibitions have been organised by the private sector.

9. Over the past five years, in view of the needs of the film and television industry, the licensing sector, information and communication technology industry, as well as the lighting industry, TDC organised new trade fairs to help them with promotion.

10. In fact, some new exhibitions of TDC are outgrowths of the existing ones. For instance, lighting was one of the special sections of the Hong Kong Electronics Fair. Since the lighting industry has been developing rapidly, TDC singled it out for a fair of its own, so as to provide the industry with a dedicated promotion platform.

11. Besides, in light of the shortening life cycle of a number of products, particularly those in the electronics, toys and gifts industries, TDC considers it necessary to provide these industries with more marketing opportunities.

12. The toys, houseware and gifts industry is a case in point. The supplementary fair held in last July and the subsequent comprehensive survey that followed demonstrated to TDC the marketing and sourcing demand in summer. Thus, the TDC decided to stage an additional trade fair for these three industries in July next year.

13. Organising a new exhibition requires a great deal of resources. TDC has to conduct extensive surveys to ensure there is a demand for it. For the additional trade fair to be held in July next year, TDC conducted a number of surveys by questionnaire, face-to-face interview and group discussion to ascertain the demand before making the decision.

(d) 14. Of the exhibitions now staged by TDC, most began as the only one of its kind for that particular industry. In other words, TDC is the fore-runner of many trade-specific exhibitions in Hong Kong. In the case of the fashion and clothing industry, TDC launched the Hong Kong Fashion Week as early as in 1970. Besides, it also organised the first Hong Kong Toys and Games Fair in 1975, the first Hong Kong Electronics Fair in 1981 and the first Hong Kong Watch & Clock Fair in 1982. All these exhibitions were launched 10 to 20 years ahead of those organised by the private sector.

15. In the past decade, the exhibition industry has gradually developed in the private sector, fuelled by the robust development of all trades, the change of the international sourcing cycle as well as the completion of Phases I and II of the HKCEC. Exhibitions in Hong Kong have expanded in scale with increasing commercial values.

16. Please refer to Appendix 3 for the dates of the first exhibitions for various trades and industries initiated by TDC, the dates of those initiated by the other organisations and the themes of such exhibitions.

17. TDC is a facilitator of Hong Kong's exhibition industry, not a competitor with the private sector. It is the duty of TDC to enhance our external trade and organising trade fairs is the most effective means to achieve this end. Organising trade fairs is a basic function of TDC. TDC believes that it can co-exist with exhibition organisers in the private sector because of their different roles. Exhibitions held by TDC aim at promoting Hong Kong's export trades. They are scheduled with an adequate time gap from those with similar themes held by other organisations in accordance with the international practice of the exhibition industry.

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Above all, TDC is very willing to cooperate with the private sector, and there is no question of direct competition.

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## Appendix I

Details of TDC's Study Reports  
2001/02 to 2003/04 (up to September)

2001/02	
Project	Responsible Organisation
Positioning HK as Asia's Exhibition Capital	A.T. Kearney (HK) Ltd.
Study of Branding HK Product	Grey Advertising HK Ltd
Study on perception of main end-users on HK's IT services	ACNielsen (China) Ltd.
Competitiveness & export potential of HK's design services	ACNielsen (China) Ltd.
US Business Alert (12 issues in total))	Sandler, Travis & Rosenberg, P.A.
EU Business Alert (12 issues in total)	Van Bael & Bellis
Distribution and Sourcing of Garment in the EU	GFK Markforschung GmbH
Distribution system of consumer goods in the PRD	Sinomart Development (Holdings) Ltd
Survey on China's clothing market	Consumer Search H.K. Ltd.
Specified service supplied by medical & health research network	The University of HK
Export potential of HK's music industry	Media Station
Export potential of HK's HR recruitment & training industry	Mutual Partner Resources Ltd.
Total for 2001/02	HKD 7,585,000
Overall Expenditure of TDC for 2001/02	HKD 1,393,660,000
The percentage of research expenses in the overall expenditure of TDC for 2001/02 was 0.5443.	

2002/03	
Project	Responsible Organisation
Study of licensing business in Mainland China	Character Databank Ltd.
China infrastructure and building project news for Hong Kong companies	Scott Wilson Ltd.
US Business Alert (12 issues in total)	Sandler, Travis & Rosenberg, P.A.
EU Business Alert (12 issues in total)	Van Bael & Bellis
Survey on HK as a sourcing centre for Mainland products	Taylor Nelson Sofres HK Ltd
Research project on success stories of brand-building on the Mainland	Lu Taihong
Study of marketing services market in Mainland China business opportunities for HK companies	Grey Insight Co. Ltd.
Survey on garment shoppers in 2 <sup>nd</sup> and 3 <sup>rd</sup> tier China cities	Consumer Search Hong Kong Ltd.
HK Guangzhou synergy study	Sinomart Development (Holdings) Ltd.
Survey on leather shoppers in major China cities	Oracle Marketing Research Ltd.
Survey on China's jewellery market	Consumer Search H.K. Ltd.
Survey on watch shoppers in major China cities	Consumer Search H.K. Ltd
The development of private enterprises in China and opportunities for HK	The Academy of Macroeconomic Research
China Business Alert Supplement on PRD	Sino Development Holdings Ltd.
Updating: "Guide to doing business in China"	Sinomart Development (Holdings) Ltd
Survey of FilmArt 2002	ACNielsen (China) Ltd.
Study of the Mainland publishing market for HK companies	Public Communication Strategic Consultancy Ltd
Updating: " Guide to working and living in China"	Cai Fuqiu
Total for 2002/03	HKD 5,333,000
Overall Expenditure of TDC for 2002/03	HKD 1,487,860,000
The percentage of research expenses in the overall expenditure of TDC for 2002/03 was <u>0.3584</u> .	



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2003/04 (up to September)	
Project	Responsible Organisation
Business strategies of HK logistics company in Mainland China	Arthur D Little Asia Pacific Ltd
China infrastructure and building project news for HK companies	Scott Wilson Ltd
Customer expectation survey on service industries	ACNielsen (China) Ltd.
Business Alert US (12 issues in total)	Sandler, Travis & Rosenburg, P.A.
Business Alert EU (12 issues in total)	Van Bael & Bellis
Study on the rising demand for green products and environmental friendly production	Business Environment Council Ltd
Telephone survey of the impact of SARS on HK exports	Oracle Marketing Research Ltd.
Survey on European companies in PRD/Guangdong	Consumer Search Hong Kong Ltd.
Total for 2003/04 (up to September)	HKD 2,721,000
Estimated Annual Expenditure of TDC for 2003/04 (up to September)	HKD 1,523,464,000
The percentage of research expenses in the estimated overall expenditure of TDC for 2003/04 (up to September) is <u>0.1786</u> .	

## Appendix 2

TDC's Surveys on Exhibitors and Buyers in Local Exhibitions

2001/02

Exhibition	Research Company Commissioned
HK Gifts and Premium Fair	ACNielsen
HK Watch and Clock Fair	ACNielsen
Hong Kong Electronics Fair	ACNielsen
HK Toys and Games Fair	ACNielsen
HK Fashion Week (Fall and Winter)	ACNielsen
HK International Jewellery show	Oracle
Total for 2001/02	HKD 1,184,900
Overall Expenditure of TDC for 2001/02	HKD 1,393,660,000
The percentage of expenses on surveys on exhibitors and buyers in local exhibitions in the overall expenditure of TDC for 2001/02 was <u>0.085</u> .	

2002/03

Exhibition	Research Company Commissioned
HK Houseware Fair	ACNielsen
HK Watch and Clock Fair	Oracle
HK Electronics Fair	ACNielsen
HK Toys and Games Fair	ACNielsen
HK Fashion Week (Fall and Winter)	Oracle
HK International Jewellery Show	Oracle
HK's Exhibition Industry	Business Strategies Group
Total for 2002/03	HKD 1,383,000
Overall Expenditure of TDC for 2002/03	HKD 1,487,860,000
The percentage of expenses on surveys on exhibitors and buyers in local exhibitions in the overall expenditure of TDC for 2002/03 was <u>0.092</u> .	

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2003/04(up to the end of September)

Exhibition	Research Company Commissioned
July supplementary show, 2003	ACNielsen
HK Book Fair	ACNielsen
HK Watch and Clock Fair	ACNielsen
Total for 2003/04(up to September)	HKD 230,000
Estimated Overall Expenditure of TDC for 2003/04	HKD 1,523,464,000
The percentage of expenses on surveys on exhibitors and buyers in local exhibitions in the estimated overall expenditure of TDC for 2003/04 is <u>0.015</u> .	

## Appendix 3

TDC's exhibitions assisting in promotion of HK's major industries

TDC Exhibitions	Year of Establishment	Exhibitions organised by other fair organizers
<p><b>Hong Kong Fashion Week</b></p> <p>TDC has added a Spring and Summer version of the show since 1994.</p> <p>To further promote Hong Kong's brand names in the fashion sector, TDC created the "World Boutique, Hong Kong" in 2003, which was staged concurrently with Hong Kong Fashion Week.</p>	1970	The APLF Show, organised by the Asia Pacific Leather Fair Ltd, has been staged since 1984.
<p><b>Hong Kong Toys and Games Fair</b></p>	1975	A show promoting toy, gifts and houseware has been organised by Kenfair since 1992.
<p><b>Hong Kong Electronics Fair</b></p> <p>TDC staged the electronicAsia, a fair focused on the promotion of parts and components in 1997. It was staged concurrently with the Electronics Fair.</p> <p>TDC will stage a Spring version of the electronics show from 2004.</p>	1981	Asia Elenex organised by Hong Kong Exhibition Services Ltd was founded in 1984.
<p><b>Hong Kong Watch and Clock Fair</b></p>	1982	A watch and clock show organised by another organisation does not allow OEM/ODM exhibitors.
<p><b>Hong Kong Houseware Fair</b></p> <p>(Originally named as Hong Kong Gifts and Houseware Fair which was splitted into two</p>	1986	A show on toys, gifts and houseware organised by Kenfair was founded in 1992.

TDC Exhibitions	Year of Establishment	Exhibitions organised by other fair organizers
consecutive fairs in April)		
<b>Hong Kong Gifts and Premium Fair</b>  (Originally named as Hong Kong Gifts and Houseware Fair which was splitted into two consecutive fairs in April)	1986	A show on toys, gifts and houseware organised by Kenfair was founded in 1992.
<b>Hong Kong International Jewellery Show</b>	1987	The "June HK Jewellery & Watch Fair" was founded by CMP Asia Ltd. in 1998.  Another jewellery show organised by the Hong Kong Jewellery Manufacturers Association was founded in 1993.
<b>Hong Kong Book Fair</b>  (The fair was originally organised by the local publishing sector. It was handed over by the industry to TDC in 1990. Major publishing organisations in Hong Kong assist in organising the event)	1990	A private organisation plans to stage the Hong Kong Book Festival in December 2003.
<b>Food Expo</b>	1990	The Restaurant & Bar Hong Kong, organised by Restaurant Events Ltd, was firstly staged in 2002.
<b>Hong Kong Optical Fair</b>	1991	Apart from TDC's Hong Kong Optical Fair, there is no trade fair specifically organised for the industry.
<b>Education and Careers Expo</b>	1991	Apart from TDC, there is no organisation focusing on Hong Kong's career and education opportunities.
<b>Hong Kong International Stationery Fair</b>  (Originally named as Pen &	1996	There is no other show specifically focused on promoting the stationary industry.

TDC Exhibitions	Year of Establishment	Exhibitions organised by other fair organizers
Paper)		
<b>Hong Kong International Hardware and Home Improvement Fair</b>	1997	Jointly organised by Koelnmesse Pte Ltd and Adsale Exhibition Services Ltd, the InterSource Hardware Asia will firstly be staged in 2004.
<b>Hong Kong International Film and TV Market (Filmart)</b>	1997	There is no other show specifically focused on promoting the local film and TV sector.
<b>International ICT Expo</b>  (Originally named as Hong Kong Information Infra Structure Expo)	1998	Asian IT Expo, organised by Adsale Exhibition Services Ltd, was firstly staged in 1989. The show used to run in September, which is 5 months after TDC's IT show. The show promotes IT products in Asia while TDC's show aims at promoting Hong Kong's IT services.
<b>Hong Kong International Lighting Fair</b>	1999	A number of local trade fairs include the lighting sector, but TDC's lighting show is the only trade fair dedicated to the industry.

