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(Translation)

LEGCO QUESTION NO. 9

(Written Reply)

Asked by: Hon James TIEN **Date of Sitting:** 19 November 2003
Replied by: Secretary for Commerce,
Industry and Technology

Question:

I have received complaints alleging that the Hong Kong Trade Development Council ("TDC") accords priority to the traders who have participated in its previous related exhibitions to join the Hong Kong Gifts & Premium Fair to be held next year. The complainants consider such practice unfair to those traders who have never participated in such exhibitions. Regarding the practice of giving preferential treatment to exhibitors, will the Government inform this Council:

- (a) whether it knows TDC's justifications for adopting the practice;
- (b) given that TDC staff have told the complainants that the practice is usual in the international exhibition industry, whether it knows the information that TDC has to support such a statement;
- (c) whether it knows if TDC will review the practice, if it will, of the details of the review; if it will not, the reasons for that; and
- (d) as the exhibitors of this exhibition may apply for exhibition fee subsidies under the SME Export Marketing Fund ("EMF") which is set

up with public funds, whether it has assessed if the practice of according previous exhibitors priority, which facilitates them in applying for and obtaining subsidies on exhibition fees, will lead to unfair allocation of the limited resources of EMF?

Reply:

Madam President,

- (a) The main objective of the trade fairs presently held in Hong Kong by the Hong Kong Trade Development Council (TDC) is to help local exporters promote their products and contact buyers. As these fairs provide an effective platform for local traders to promote their products and services, they are highly popular and some of them are over-subscribed.
2. Owing to the physical constraints of facilities and space, TDC cannot take in all the applicant companies to take part in its exhibitions. Further, participating in exhibitions is a long-term investment. If TDC cannot guarantee that the exhibitors can continue to participate in the same exhibition in future, the exhibitors, buyers as well as the exhibition itself would be affected. Therefore, TDC has to accord priority to the applications of existing exhibitors according to the usual practice of the international exhibition industry. This mechanism has been in place for many years and working well.
- (b) 3. The criteria of according priority to the applications of existing exhibitors and admitting new exhibitors only in the event of withdrawal

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of existing exhibitors or expansion of the exhibition are in line with the usual practice of the majority of international trade fairs.

(c) 4. In organizing a trade fair, TDC will discuss with the relevant organizing committee or the industry's advisory committee. TDC will also conduct reviews and raise the standard of its exhibitions regularly to meet the practical needs of the industries. The Hong Kong Gifts and Premium Fair is a case in point. Its organizing committee comprises representatives from many trade associations in Hong Kong. The criteria for selecting exhibitors and allocating booths are supported by the organizing committee as well as the industry, and having been working well.

5. TDC will adopt the usual practice of the international exhibition industry to meet the practical conditions of our exhibition facilities. TDC will also maintain close contact with the industries concerned to help them enhance the effectiveness of their promotional activities.

6. TDC recognises the importance of exhibitions in helping Hong Kong companies to promote their products and services. Hence, it has adopted the following measures to enable more Hong Kong companies to participate in its exhibitions:

- splitting up an exhibition: In 2001, TDC split up the popular Hong Kong Gifts and Houseware Fair into two exhibitions held at different times (i.e. the Hong Kong Houseware Fair and the Hong Kong Gifts and Premium Fair). More Hong Kong companies were thus given the chance to participate. In 2003, the Hong Kong Lighting Fair was split from the Hong Kong Electronics Fair to accommodate more exhibitors.

- staging additional versions of existing exhibitions: In light of the shortening cycle of international sourcing, TDC will stage additional versions of existing exhibitions at suitable periods of another season to meet both the sourcing needs of buyers and the marketing needs of manufacturers. This will also help satisfy the increasing demand of Hong Kong businessmen for participating in exhibitions to promote their merchandise. For example, starting from July next year, the Hong Kong Toys and Games Fair in January and the Hong Kong Gifts and Houseware Fair in April will have their summer version as well. These fairs should provide more exhibition opportunities for Hong Kong companies.
- (d) 7. The SME Export Marketing Fund (EMF) provides grants to SMEs for their participation as exhibitors in local, Mainland and overseas trade fairs, exhibitions and study missions, as long as these export-oriented activities are relevant to their businesses and are organized by experienced and reputable organizations.
8. At present, the maximum cumulative amount of grant that a SME may obtain from EMF is \$80,000. The ceiling of the grant offered to a SME for each exhibition or study mission will be equivalent to \$30,000 or 50% of the expenditure incurred by the SME in that activity, whichever is the less. In other words, provided that the grant applied for does not exceed the ceiling and there are still funds under EMF, SMEs are free to choose the type, timing and frequency of their export promotional activities. The chance of obtaining grants from EMF by a SME will not be affected by other SMEs. This practice will not lead to unfair allocation of the limited resources of EMF.