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Panel on Commerce and Industry

Meeting on 21 April 2009

**Background brief on
the development of convention and exhibition industry in Hong Kong**

Purpose

This paper provides the background to the development of convention and exhibition industry in Hong Kong and an update on the concerns raised by the Panel on Commerce and Industry on the subject in 2008.

Background

2. The convention and exhibition industry plays a key role in maintaining Hong Kong's leading position as an international business centre. The hosting of conventions and exhibitions can bring about significant direct economic benefits to the local economy in relation to the employment for the exhibition industry as well as other service industries and supporting sectors, such as aviation, hotels, food and beverage, retail, booth design and construction as well as logistics.

3. The successful hosting of the Sixth Ministerial Conference of the World Trade Organization in December 2005 and the ITU TELECOM WORLD 2006 in December 2006 have demonstrated Hong Kong's capability of hosting mega international functions. During the Chief Executive's visit to Beijing in December 2006, the Central Government has re-affirmed Hong Kong's position as a centre for international conventions and exhibitions for the country, and agreed that close co-operation between the Ministry of Foreign Affairs and the Government of the Hong Kong Special Administrative Region be maintained to facilitate large-scale international conventions and exhibitions to come to Hong Kong. In order to brand build Hong Kong as an international convention and exhibition centre, strategic investments have been made by the Government to strengthen the hardware infrastructure such as the development of AsiaWorld-Expo (AWE) where the ITU TELECOM WORLD 2006 was staged. Support has also been rendered

to the Hong Kong Trade Development Council (HKTDC) for its expansion of the atrium link between Phase 1 and Phase 2 of the Hong Kong Convention and Exhibition Centre (HKCEC). The expansion project, which has boosted HKCEC's total dedicated exhibition space by 42%, was completed in early April 2009. To meet the growth in demand for exhibition and conference space in the longer term, discussion is underway for an early commencement of the AWE Phase 2 expansion project which will increase AWE's total exhibition space from 66 000 to 100 000 square metres.

4. On the software infrastructure, Hong Kong has competitive advantages in areas such as its meticulous professional service, security, efficient transport network and business friendly environment. In particular, the protection of intellectual property rights, an advantage which is yet to be matched by many competitors, also helps attract exhibitors to exhibit their high-end products in Hong Kong. In view of the increasing regional competition and the rise in the number of exhibition facilities in the neighbouring regions, the Government is monitoring closely demand for exhibition infrastructure and is taking appropriate measures to enhance Hong Kong's advantages, as well as strengthening and promoting its position, as an international convention and exhibition centre.

Discussion at the Panel on Commerce and Industry

5. The Panel has followed up closely on the provision of convention and exhibition facilities in Hong Kong to ensure that the capacity of local facilities stayed ahead of the industry demand, with a view to maintaining Hong Kong's leading position as an international business centre. Following an overseas duty visit to Dubai, Frankfurt, Las Vegas and Los Angeles to study the development of convention and exhibition facilities in these places, the Panel published a report in January 2008 on its observations and recommendations on the way forward for the development of convention and exhibition industry in Hong Kong, with a view to providing useful reference on how new exhibition venues could be developed in Hong Kong.

Promotion and development of MICE industry

6. At the meeting on 18 March 2008, the Panel noted that the Administration had taken aboard the Panel's recommendations, namely establishing a dedicated body, strengthening physical infrastructure, stepping up marketing efforts and enhancing attractions, nurturing and retaining talents, and collaborating with neighbouring cities in respect of the development of convention and exhibition industry in Hong Kong. The Administration had proposed a host of measures including providing 10 pieces of land dedicated for the development of hotel, setting aside \$150 million to carry out "Meetings, Incentives, Conventions and Exhibitions (MICE)" activities in the next five years, and establishing a dedicated office named "Meetings and Exhibitions Hong Kong" to provide one-stop MICE services. At the policy level, the Government had set up a cross-sector Steering

Committee on MICE led by the Financial Secretary and the Secretary for Commerce and Economic Development¹ to advise on the policies and measures in support of the development of the MICE sector. An Alliance Group comprising the Tourism Commission, Hong Kong Tourism Board (HKTB), HKTDC, Invest Hong Kong and the Economic and Trade Offices, would be set up with a view to identifying MICE opportunities and promoting concerted marketing efforts. Members supported the Administration's proposal to enhance MICE promotion.

7. Members considered that the Administration should attach importance to building up strategic partnership with the aviation sector so as to leverage on its strength in promoting Hong Kong to overseas countries. If itinerary permitted, senior Government officials should be invited to help promote MICE in their overseas visits.

Strengthening physical infrastructure

8. Members pointed out that Hong Kong had long been a MICE capital in the region. However, the relatively high rental fees charged by the operators of the local convention and exhibition facilities had undermined the competitive edge of Hong Kong as compared with other competitors, such as Singapore, in the long run. While agreeing to the Government's policy that commercial or for-profit activities would not be subsidized, members urged that appropriate strategies would be adopted by the Administration to enhance Hong Kong's competitiveness in the international convention and exhibition arena.

9. The Panel suggested that pending completion of new exhibition facilities, the Administration should take appropriate measures to enhance co-operation between HKCEC and AWE, in order to make fuller use of AWE's facilities to meet the needs of the burgeoning MICE business. The Administration should also consider relocating some existing events from HKCEC to AWE, and provide flexibility in terms of event schedule and venue so as to help attract new events which might prefer the central business district location. The Administration should also gauge the views of the event organizers and participants in order not to lose Hong Kong's well-established trade shows to its competitors. Due care should be taken for staging new trade shows in Hong Kong to avoid clashing with the mega events of the same kind organized in overseas exhibition venues.

10. Noting that there was significant disparity between HKCEC and AWE in respect of their occupancy rate and rental fees, members opined that the Government, being the biggest shareholder of AWE and a Board Member of HKTDC, should play an active role in ensuring a level playing field. The Administration advised that it would strive to retain existing clients by paying heed to their needs and expectation. The Alliance Group would provide a platform for the Government and relevant public bodies to discuss and exchange views on how best MICE should be promoted in Hong Kong.

¹ The Steering Committee comprises representatives from the Government, HKTB, HKTDC, the convention and exhibition industry, the tourism and hotel sectors, universities and training institutions.

11. Upon completion of the Atrium Link extension of HKCEC in early 2009, members considered it necessary to pursue the Phase 3 development of HKCEC without further delay. They suggested that the Administration should consider relocating Wanchai Sports Ground so that a larger site would be made available for the Phase 3 development of HKCEC, or expanding HKCEC above the nearby bus terminal. The Administration advised that relevant Government bureaux and departments were working closely with HKTDC to examine technical issues related to transport and public facilities.

Stepping up marketing efforts and enhancing attraction

12. Some members were of the view that a fair mechanism should be devised to consider providing sponsorship to non-governmental organizations (NGOs), in cash or in kind, to support their staging of mega events in Hong Kong in order to strengthen Hong Kong's image as an international hub in various socio-economic aspects. The Administration advised that efforts would be stepped up to help NGOs and professional bodies to bid for the right to host international conventions in Hong Kong.

Latest position

13. The Administration will brief the Panel on 21 April 2009 on the progress of promotion and development of MICE industry, including the progress of the Phase 3 development of HKCEC.

Relevant papers

Information papers provided by the Administration for the Commerce and Industry Panel meeting on 18 March 2008

<http://www.legco.gov.hk/yr07-08/english/panels/ci/papers/ci0318cb1-1017-3-e.pdf>

Minutes of the Commerce and Industry Panel meeting on 18 March 2008

<http://www.legco.gov.hk/yr07-08/english/panels/ci/minutes/ci080318.pdf>

"Report on the Study of the Development of Convention and Exhibition Facilities in Hong Kong" prepared by the Legislative Council Secretariat for the Commerce and Industry Panel meeting on 18 March 2008

<http://www.legco.gov.hk/yr07-08/english/hc/papers/hc0111cb1-539-e.pdf>

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