

16th January 2012

CB(1)883/11-12(01)

Bills Committee on Competition Bill
Legislative Council
1 Legislative Council Road, Central
Hong Kong.

cc Commerce & Economic Development
(Commerce and Industry) 1
22-23/F, West Wing, Central Government Offices
2 Tim Mei Avenue, Tamar, Hong Kong

Dear Sirs,

Re: To support HKTDC to be granted exemption from Competition Bill

This is Mok Ka Kit, Sales Manager of Winning Metal Manufacturing Company Limited, I send this letter to reflect my opinion and support on exempting HKTDC (“TDC”) from “Competition Bill”.

All these years TDC has been promoting Hong Kong’s trade and helping SMEs to develop their business by organizing trade fairs in Hong Kong at lower participation fees than those organized by other private organizers. As a non-profit making organization, surplus gained from these trade fairs are being reinvested to further enhance the quality of fairs to attract more buyers to create more business opportunities for the exhibitors. TDC will also invest in trade fairs to help developing business for emerging or niche industries such as Eco Expo Asia, Printing and Packaging Fair, Building Materials and Hardware Fair etc. Private fair organizations will not invest in these fairs as most of them are money-losing events.

Under the proposed Competition Bill, the lower charges for TDC services and promotional activities could be challenged as “predatory pricing” intended to stop private sector entities from offering similar services. Instead of bringing charges down, there is the possibility that TDC may be forced to increase its charges. If TDC is bounded by the Competition Law and forced to raise its charges, SMEs would have to bear the burden, just like in the case of the Links.

TDC sometimes packages an offer of two marketing services to encourage Hong Kong SMEs try out new marketing channels, e.g. free web-site advertising on *hktdc.com* for exhibitors at TDC trade fairs. Such practice may be challenged as “exclusive dealing” under the Competition Law, thereby frustrating TDC’s efforts to encourage SMEs to explore new marketing possibilities.

The TDC is set up by law to implement the government policy to promote trade and it has been proven effective and successful in helping SMEs. It is also the envy of many trade promotional organisations around the world. Any adverse changes to the TDC model would not just impact on the operations of the Council but most importantly, would undermine the usefulness to SMEs who are in need of assistance to help them face the upcoming challenges in the difficult times ahead. The proposed Competition Law only addresses the local context and cannot lay its hand on anti-competition behavior outside of the territory. Hong Kong has worked so hard to becoming a leader in exhibitions industry in the region, we should not let anything happen to undermine this position.

The Competition Bill is designed to address competition among profit-making companies in the private sector, and should not apply to the public sector. HKTDC is an instrument of public sector policy implementation and therefore should be exempted.

In view of the above, considerations, we hope that TDC should be granted exemption from the “Competition Bill”.

Yours truly,

Mok Ka Kit
Sales Manager

MKTDEPT/16JAN/2012