

For information
on 19 October 2004

Legislative Council Panel on Commerce and Industry

Hong Kong Trade Development Council's application for the Tamar Site for temporary exhibition use and proposal of atrium link extension to the Hong Kong Convention and Exhibition Centre

Introduction

The Trade Development Council (TDC) has made an application to the Government for the grant of short-term tenancies (STTs) of the Tamar Site for exhibition purposes. It has also submitted to the Government a proposal for the extension of the atrium link to the Hong Kong Convention and Exhibition Centre (HKCEC). This paper informs Members of the Government's decision on TDC's application for the temporary use of the Tamar Site, and our consideration of its atrium link extension proposal.

Temporary exhibition facilities at the Tamar Site

2. On 19 November 2003, the Government announced that it would not be in the public interest to proceed with the Tamar development project until public finances and public acceptability of major capital spending improve; that the Tamar Site would continue to be reserved for reprovisioning the Central Government Offices and the Legislative Council Building; and that meanwhile, the Government

would consider proposals for short term uses of the Site.

3. TDC has made an application to the Government for the grant of STTs of the Tamar Site for the periods 10 April – 8 May and 26 September – 23 October of each year for five years from 2005 to 2009, to accommodate exhibitors on the waiting lists of its annual Gifts & Premium Fair and the Electronics Fair.

4. TDC has advised the Government that there are more than 1,900 and over 800 companies on the waiting lists of its 2005 Gifts & Premium Fair and its 2005 Electronics Fair respectively because these events already occupy all available space at the HKCEC. TDC has also advised us that it had applied to AsiaWorld-Expo Management Limited (“AWE Management”), the operating company of AsiaWorld-Expo (AWE) at Chek Lap Kok, for rental of some exhibition space at AWE for the purpose of these two fairs in the year 2006, and that AWE Management had declined its application. As a result of its failure to obtain exhibition space at AWE, TDC has applied to the Government for the use of the Tamar Site for the two fairs for the specified time slots for the five years of 2005 to 2009. TDC has advised us that other than the Tamar Site, there are no suitable sites and venues which can satisfy the demand for additional space for the two fairs. We note that TDC’s request for the same time slots in consecutive years for the two fairs is consistent with industry practice.

5. We understand that Phase I of AWE will only be completed at the end of 2005. In addition, AWE Management has informed the Government that TDC’s booking requests for the years 2006 and 2007

based on the timing and product scopes formulated by TDC could not be accommodated.

6. The Gifts & Premium Fair is the largest trade show of its kind in Asia. Over 3,400 exhibitors from 33 countries were represented at the Fair held on 28 April – 1 May 2004. Of these, 2,452 were Hong Kong participants. More than 56,000 buyers, over 49% of them from overseas, attended the Fair. According to TDC, in addition to the orders received by the exhibitors, the Fair also brought spin off benefits to the local economy in the region of \$500 million.

7. The Electronics Fair is the second largest trade show of its kind worldwide and the largest one in Asia. The Fair held on 13 – 16 October 2003 attracted 1,950 exhibitors from 22 countries and over 48,000 buyers from 143 countries. We understand from TDC that in addition to the orders received by the exhibitors, the Fair also brought spin off benefits to the local economy in the region of \$450 million.

8. The Government attaches great importance to ensuring that Hong Kong has adequate exhibition facilities to reinforce our position as an international business centre and trade fair capital. Allowing TDC to use the Tamar Site for the two specified periods each year for the three years of 2005 to 2007 to accommodate the hundreds of companies that would like to exhibit their products at each of these two fairs but cannot because there is not enough space at HKCEC and AWE when commissioned will, in our view, be beneficial to the concerned trades, reinforce Hong Kong's position as an international business centre and trade fair capital, and further the development of Hong Kong's economy.

9. In short, the Government is satisfied that there is unmet demand for exhibition space for the periods required by the two fairs in 2005 to 2007 taking into account, inter alia, the additional 100,000 m² exhibition space to be provided by AWE and the timing of its availability, that government support is fully justified for the good of the economy, and that due regard has been given to the Government's interest as a shareholder in AWE and to the private sector's investment. The Government is therefore prepared to permit TDC temporary use of the Tamar Site for exhibition purposes for the periods of 10 April – 8 May and 26 September – 23 October in the three years of 2005 to 2007. The 3-year period (instead of the applied five years) is to ensure that the longer term reservation of the Tamar Site for reprovisioning the Central Government Offices and the Legislative Council Building would not be prejudiced. TDC will be required to pay market rental for use of the Site.

Proposal on HKCEC's atrium link extension

10. TDC has submitted a proposal to the Government on extending the atrium link to the HKCEC. According to the proposal, the extension will provide 19,400 m² of additional exhibition space, an increase of 42% over the existing capacity. This additional space can accommodate approximately 1,000 standard booths. TDC estimates that the project will cost \$1.2 billion, which will be funded by TDC (from TDC's own resources, plus bank loans) and contribution from the operator of the HKCEC. Subject to approval from the Government, TDC hopes to commence works in 2006 and complete the project in 2009.

11. The Government is examining TDC's atrium link extension proposal. We will take into account factors affecting the desirability and feasibility of the proposal, such as the overall supply and demand for exhibition facilities in Hong Kong, the interest of the exhibition and tourism industry, the technical aspects of the proposal, as well as the potential implications on planning, transportation and the environment for the HKCEC vicinity.

12. On TDC's proposals for further expansion of the HKCEC, the policy of the Government is that it will consider the question of support only if it is satisfied that there will be unmet demand taking into account, inter alia, the additional 100,000 m² exhibition space to be provided by AWE and the timing of its availability, and that government support is fully justified for the good of the economy. Due regard will also be given to the Government's interest as a shareholder in AWE and to the private sector's investment.

13. We will keep Members informed of developments.

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